

Ohio Third Frontier delivers big results

The TechColumbus TechStart program shines as an example of how state funding accelerates the tech economy.

Ohio Third Frontier is the state of Ohio's tremendously successful program that focuses investments on the state's innovation economy. These investments are made to create new discoveries and to commercialize discoveries in Ohio that create high wage jobs in growth industries. Commercialization happens when existing companies apply a discovery to enhance or create new products and services, or when an entrepreneur builds a new company on a platform technology derived from a discovery. As Ohio Third Frontier marks its seventh year in

"By every measure, Ohio Third Frontier is fulfilling its commitment to catalyze innovation, giving rise to competitive products, companies and even new industries," said Norm Chagnon, Executive Director of the Ohio Third Frontier Commission. "Ohio Third Frontier's success comes from a focus on strengths, statewide and regional, to fill critical economic gaps, accelerating the transition of innovation into sustainable business activity and jobs throughout Ohio. The real promise of our short term success is the positioning of the state to be a leader in global growth industries such as energy, health, and environment that can support long term economic and job opportunities for all Ohioans."

Norman Chagnon, Executive Director
Ohio Third Frontier Commission

existence, results show that it's achieving its goals and that it's needed in the future to continue the advancement of Ohio's innovative economy.

Created in 2002 to build world-class research

programs, to nurture early-stage companies and to foster technology development that makes existing industries more competitive globally, Ohio Third Frontier represents an unprecedented commitment to leverage Ohio's technological strengths and promote commercialization that leads to economic prosperity throughout Ohio. Areas of investment include advanced and alternative energy, biomedical, advanced materials, electronics and advanced propulsion.

Dublin, City of Columbus, Franklin County, Research Institute at Nationwide Children's, Huntington Bancshares, Columbus Chamber, OSU Fisher School, NCT Ventures, Greif and the City of Upper Arlington. A \$22.5 million project, TechStart is the largest of its kind in Central Ohio.

In the two years since its inception, TechStart has helped to more than double the number of promising companies across the region. Among

is giving us access to the support we need to get us to the next milestone," said Markel Snyder, founder and CEO.

Funding may be of primary importance, but it takes more than money to bring an innovative idea to market. "TechColumbus' coaches, mentors and entrepreneurs-in-residence help transform a company's personal passion for an idea into a successful business model that works, attracts customers and gets funded," Indest says.

Another promising company that recently received funding is Toobla, a Web-based service that allows users to collect online content, organize it into folders that can easily be shared with others. The company received a combined \$800,000 from TechColumbus and the Southeast Ohio ESP based in Athens. With technical assistance from TechStart, Jake Saxbe, the company's founder is currently preparing the company for due diligence for possible funding from the Ohio TechAngels fund, an early-stage or "angel" fund affiliated with TechColumbus.

Ohio

Third Frontier

Innovation Creating Opportunity

For every dollar invested by Ohio Third Frontier in funding and coaching startups, \$23 have been invested by others. That ability to attract other investors is what makes Ohio Third Frontier and Entrepreneurial Signature Program partners so successful.

The Entrepreneurial Signature Program (ESP) is the only statewide initiative that focuses exclusively on forming, coaching and funding tech startups that build on regional strengths. "Starting new companies is the hardest but most transformative thing we can do, which is why the rate of startup creation is universally regarded as the key indicator of a vibrant tech economy," says Will Indest, TechColumbus Vice President of Venture Development.

"Since we kicked off the Central Ohio ESP, we have seen a dramatic increase in the quantity and quality of idea flow that will lead to the creation of new companies across the entire 15-county region," Indest says. "State investments in these young companies are heavily leveraged, attracting private investment up to 50 times the state investment. Given the research and technology assets in this region, the probability that we will create several significant tech companies here in the next five to 10 years is quite high, but only if we sustain the effort to get there."

By helping form companies and get them firmly rooted in Ohio, the ESP helps ensure that Ohio, not the coasts, will reap the benefits of their growth, Indest said. Part of the Central Ohio ESP is TechColumbus' TechStart program. Funded primarily through a \$15 million three-year grant obtained in 2006 from Ohio Third Frontier, TechStart provides funding, coaching and mentoring to early stage technology-based companies in 15 counties in Central Ohio.

In addition to Ohio Third Frontier funding, TechStart has received \$7.5 million in additional grants from community partners Ohio TechAngel Fund II members, Nationwide Insurance, OSU, OhioHealth, Village of New Albany, City of

TechStart business development services is the TechColumbus incubator, which houses 25 start-up companies.



Dave Maetzold,
Palestra.net

One of those companies is Palestra.net, a national online network of 152 college reporters who deliver news about what's happening on their campuses. The company has been in the incubator for three years and employs 22 full-time workers. "We could not

have found a better spot to locate our business," says Dave Maetzold, co-founder and assistant managing editor. "It's important for us to be in the right environment and from the minute you walk in the door it says innovation; it says technology."

To date, \$4.2 million in TechStart funds have been directly invested in Central Ohio startups. TechStart funding has assisted 45 companies in information technology, bioscience and advanced materials.



Markel Snyder,
GotGame Media

GotGame Media, an Internet-based social network that connects prospective athletes with more than 20,000 coaches across the country, received a \$50,000 TechGenesis grant from TechStart last year. The funding is dedicated to conducting market research, building a beta site and company formation. "In addition, TechColumbus



Jake Saxbe, Toobla

"We're in the social network space that may have scared away investors, but TechColumbus took a chance on us and is helping us show investors that we'll offer them a viable return on their investment," Saxbe said. "The support

TechColumbus has given us is rare – they care about us and want us to succeed and grow as a company."

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