

Ohio Third Frontier Commission Meeting

January 17, 2023

Ohio

Department of
Development

Ohio

Third Frontier
Innovation Creating Opportunity

Call to Order, Roll Call, and Approval of the October 18, 2022, Meeting Minutes

New Member Introductions

Technology Validation and Start-Up Fund (TVSF)

Program Purpose

Help transition technology from Ohio research institutions into the marketplace through Ohio startup companies

Two ways to engage the program:

- Phase 1: Validation Projects (Institutional Funds)
- Phase 2: Startup Fund (New Companies)





Phase 1: Validation Projects



- Institutions may apply to create a pool of funds to select and advance its technologies toward commercialization
- Lead applicant must be the institution that owns the IP

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Phase 1

Awards must be matched 1:1 by cash cost share from the institution for:

- \$1,000,000 Allocation
- \$200,000 to \$500,000 Allocation

No cost share requirement for:

- \$100,000 Allocation
 - Internship required



Phase 2: Startup Fund



- Eligible Project: Ohio startups and young companies licensing and commercializing technologies from Ohio institutions
- Awards up to \$100,000 (or \$150,000 for biomedical-related projects)
- No cost share requirements

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Future Rounds:

Round 32

- Application Opens: Jan. 20
- Questions: Jan. 27
- Proposals Due: Feb. 3
- Awards: Approximately April 2023

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Technology Validation and Start-Up Fund (TVSF) Round 30 & 31 Evaluator Recommendation

Redwood Innovation Partners

Redwood
Innovation
Partners



TVSF Round 30 & 31 Evaluation

Herb Bresler PhD, Susan Stanton PhD

January 17, 2023

Outline

- Round 30 review of 1 Phase 1 recommended applicant
- Round 31 overview
- Funding Recommendation
- Analysis and Recommendations

Phase 1 Recommended Funding

Proposal	Lead Applicant	Project Title / Product Focus	Recommended Funding
23-2876	Research Institute at Nationwide Children's Hospital	TVSF Phase 1 Round 30 Proposal	\$100,000

Comments:

- Competent four-person selection committee
- Consistent deal flow within NCH
- Strong track record of licensing and commercializing technologies
- Well documented selection process

Technology Validation and Start-Up Fund (TVSF) Summary: Round 30 Phase 1 Applicant

Proposal	Lead Applicant	Project Title/Product Focus	Recommended Funding
23-2876	Research Institute at Nationwide Children's Hospital	TVSF Phase 1 Round 30 Proposal	\$100,000



Round 31 Overview

- 3 Phase 2 Applications were received, one rejected from an ineligible applicant.
- 2 Phase 2 Applications evaluated, totaling \$250,000.
- Phase 2 Round only.
- Funding of 1 Phase 2 application totaling \$100,000 is recommended.



Round 31 Overview (Continued):

- Round 31 recommendation rate is 50%: 1 of 2 Phase 2 applications.
 - Historical range of prior rounds is 27 to 100%

**TVSF Round 31
Approval Rate by Round**

Round	\$ Recommended	Approval Rate
1 (APR 2012)	\$950,000	35%
2 (AUG 2012)	\$900,000	52%
3 (DEC 2012)	\$610,000	44%
4 (JUN 2013)	\$864,000	30%
5 (FEB 2014)	\$1,462,000	46%
6 (JUN 2014)	\$998,000	39%
7 (OCT 2014)	\$1,100,000	57%
8 (FEB 2015)	\$710,000	37%
9 (JUN 2015)	\$550,000	31%
10 (DEC 2015)	\$925,000	38%
11 (APR 2016)	\$1,239,000	46%
12 (OCT 2016)	\$3,537,269	46%
13 (MAR2017)	\$1,567,500	38%
14 (SEP 2017)	\$498,832	27%
15 (DEC 2017)	\$2,250,000	38%
16 (MAR 2018)	\$2,098,600	52%
17 (SEP 2018)	\$2,100,000	42%
18 (DEC 2018)	\$1,150,000	35%
19 (APR 2019)	\$2,250,000	43%

Round	\$ Recommended	Approval Rate
20 (NOV 2019)	\$1,350,000	43%
21 (FEB 2020)	\$3,944,000	56%
22 (JUN 2020)	\$1,398,630	53%
23 (DEC 2020)	\$900,000	50%
24 (MAR 2021)	\$2,092,900	55%
25 (JUN 2021)	\$800,000	75%
26 (OCT 2021)	\$1,700,000	55%
27 (FEB 2022)	\$850,000	43%
28 (APR 2022)	\$2,499,976	64%
29 (JULY 2022)	\$850,000	100%
30 (OCT 2022)	\$3,700,000	71%
31 (JAN 2022)	\$100,000	50%
Overall	\$45,945,707	
Average	1,531,524	48%



Phase 2 Recommended Funding

Proposal	Lead Applicant	Project Title / Product Focus	Recommended Funding	Licensing Institution
23-3764	Smart Response Technologies	Delphini	\$100,000	Air Force Research Laboratory

- Smart Response Technologies uses Automatic Speech Recognition Software-as-Service Package for English and Spanish transcriptions of phone conversations in Public Safety Applications including correctional institutions, and 911 and 988 calls.

Round 31 Analysis & Recommendations

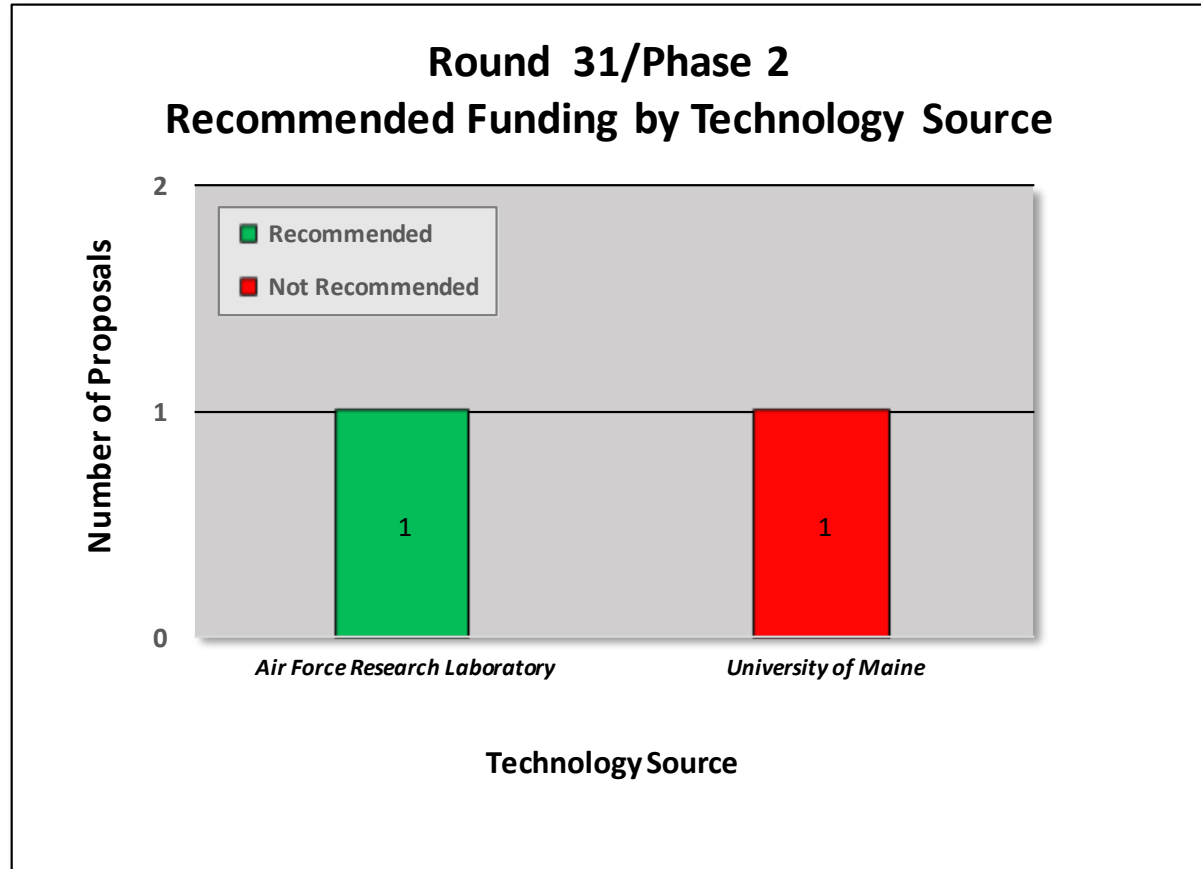


Phase 1 Carry Through and Reapplications

- Phase 1 Carry Through:
 - There were no Phase 2 applicants that previously received Phase 1 funding.
- Phase 2 Reapplications:
 - There was 1 Phase 2 first time reapplication.

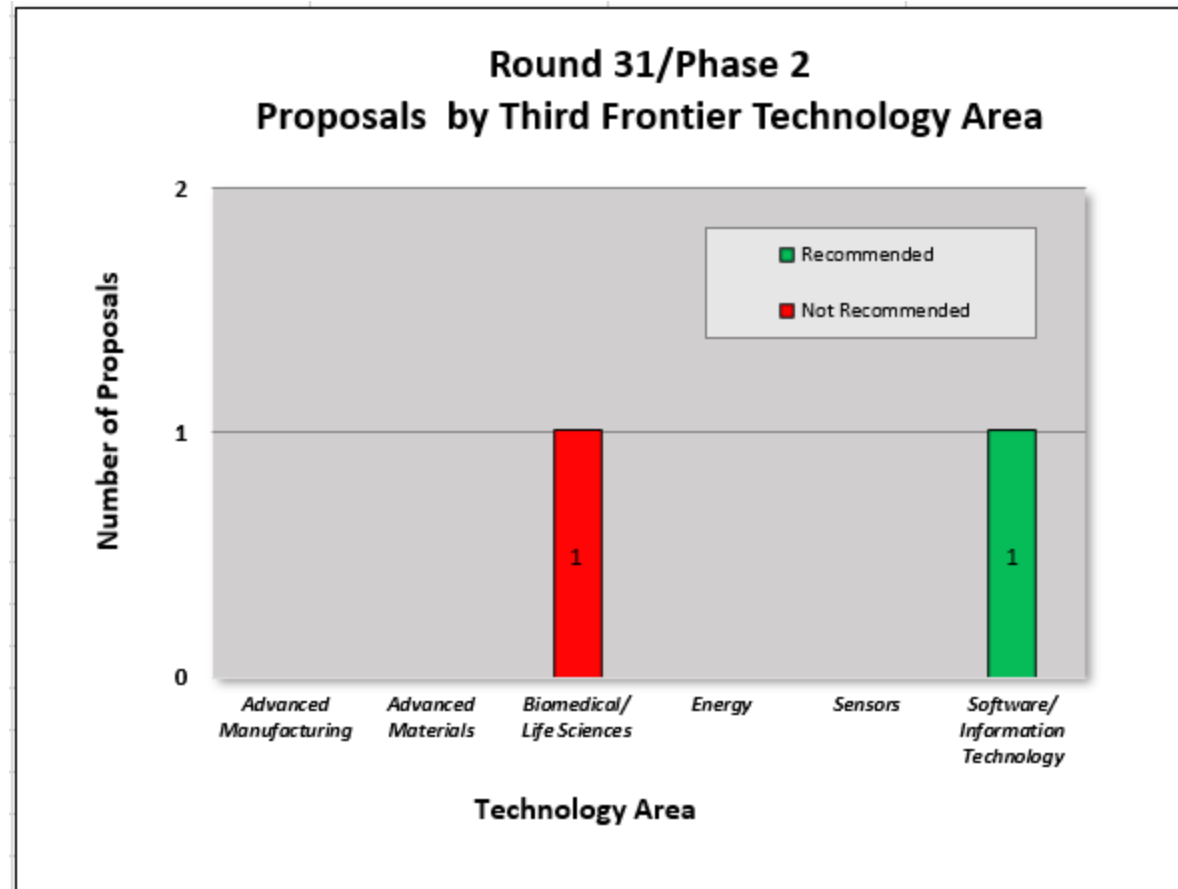


AFRL and a University of Maine were the only applicants



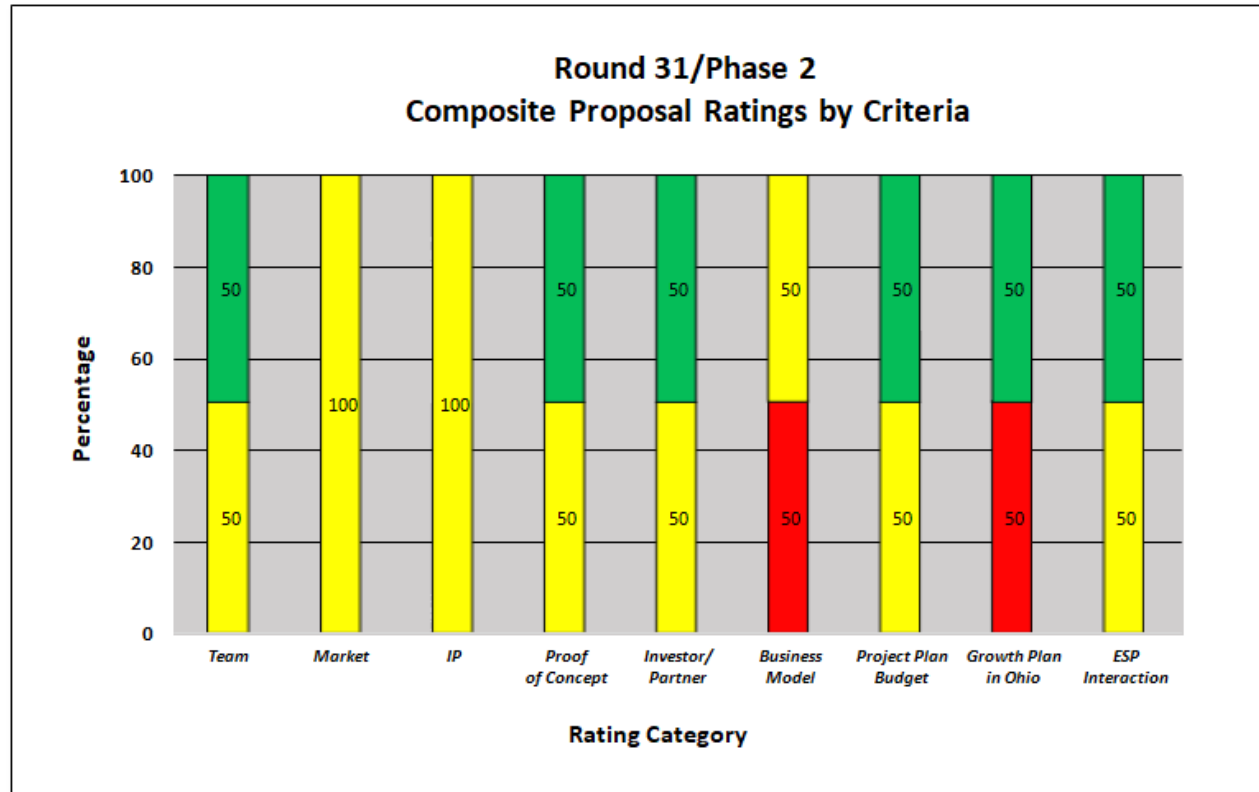
Biomedical/Life Sciences fraction is half of applicants

(50% vs Round 20 – 31 Average of 56%)



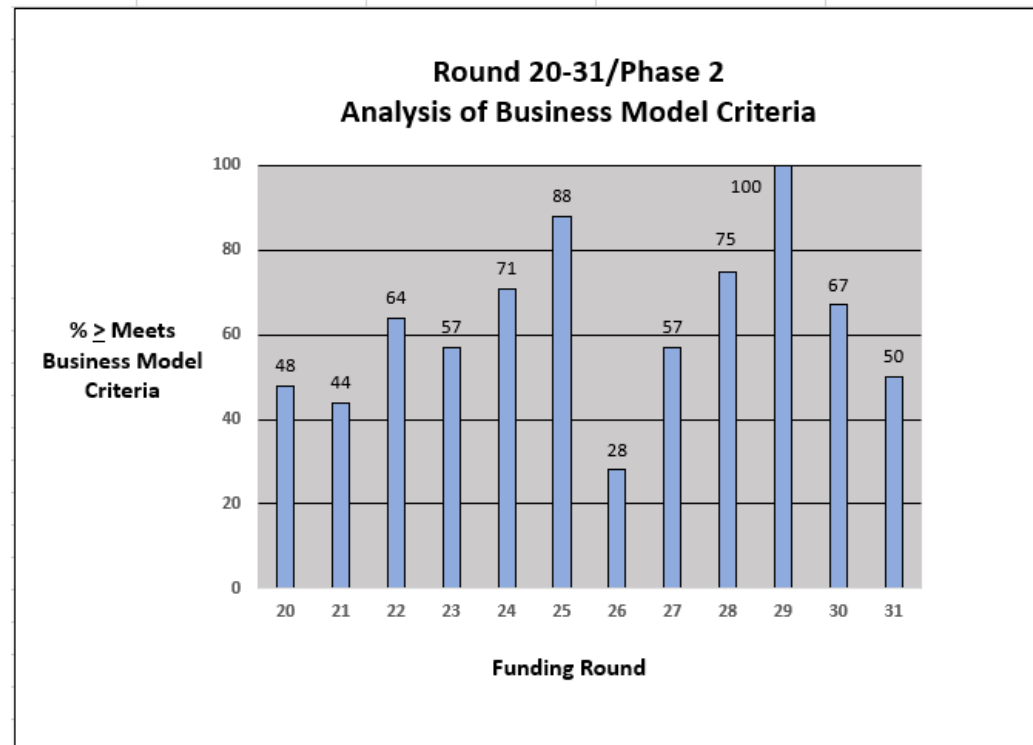
Phase 2 composite rankings show:

- Team, Proof of Concept, Investor / Partner, Project Plan Budget, and ESP Interaction were the highest rated criteria
- Business Model and Growth Plan in Ohio were the lowest rated criteria



Phase 2 Business Model Analysis

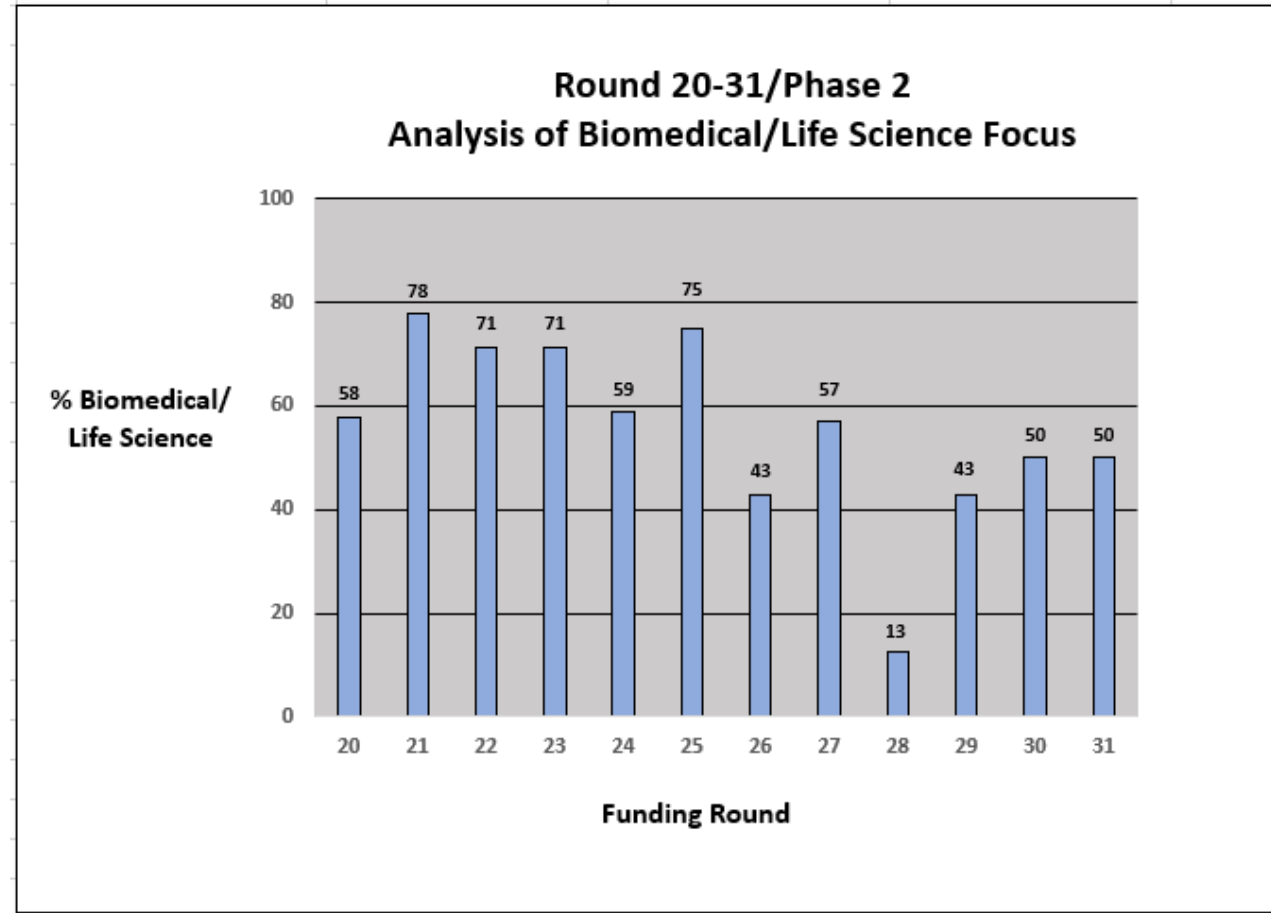
- Business model average in Round 20-23 was 53% average \geq meets
- Rounds 24 to 31 average was 67% average \geq meets
- Average over all 12 rounds is 62%



Observation: Business Model low seen in Round 26 appears to be an anomaly.

Phase 2 Biomedical/ Life Science Focus

- All 12 Rounds average 56% Biomedical/ Life Science



Technology Validation and Start-Up Fund (TVSF) Summary: Round 31 Phase 2

Proposal	Lead Applicant	Project Title/Product Focus	Recommended Funding	Licensing Institution
23-3764	Smart Response Technologies	Delphini	\$100,000	Air Force Research Laboratory



Pre-Seed Fund Capitalization Program Awardee

Ohio TechAngel Fund V

Ryan Helon
Rev1 Ventures

Rev1 Ventures Ohio TechAngel Fund V & Ohio Third Frontier Funds Update

January 17, 2023



Rev1 Ventures

*Helping entrepreneurs build great companies with
venture capital funds and targeted Startup Studio services*

- \$130 million capital under management
- Nationally recognized seed investor by Pitchbook and CB Insights
- Powerful strategic partnerships

Major research institutions driving \$3 billion in annual R&D investment

35 Mid-Market to Fortune 15 corporations

- Startup Studio, network, partnerships, and track record create strong deal flow
- Rev1 is driving significant impact in Central Ohio and Columbus –

“A top city for scaling startups” Kauffman Foundation

- **Strong partnership with Ohio Third Frontier / Ohio Department of Development**



Startup Impact | 2013 - 2021

\$4.1B

Startup Impact

Revenue | Capital | Exits

1,172

Clients

136

Companies Funded

\$72.7MM

Invested

Central Ohio

\$2.07B | 1068 | 107 | \$49.3MM

Rev1 Ventures' Recent Successful Exits

CONFIDENTIAL

Growth equity round
completed March
2022

updox

Evercommerce

Acquisition completed
December 2020

CONFIDENTIAL

Acquisition completed May
2022

 **Myonexus**
THERAPEUTICS

 **SAREPTA**
THERAPEUTICS

\$165 million acquisition /
option exercise completed
February 2019

 **able**

 **Bullhorn**

Acquisition completed
January 2022

 **SupplyDynamics**

 **EXIGER**

Acquisition completed
August 2022

 **Flyreel**

 **LexisNexis**
RISK SOLUTIONS

Acquisition completed May
2022

 **Matterport**

GORES HOLDINGS VI, INC.

SPAC acquisition completed
July 2021

Ohio TechAngel Funds

- Founded in 2004 by John Huston
- Rev1 became fund manager in in 2015
- Supported by Rev1 infrastructure since inception
- Five funds totaling \$25.3 million formed from 2004-2016
- Grew to one of the largest series of angel funds in the U.S. with 300+ members
- John Huston and Rev1 CEO Tom Walker were founding Directors of the Angel Capital Association (ACA)
- Parker MacDonell also served on ACA Board of Directors
- **ACA engagement brought attention to Ohio and impact of Third Frontier on angel fund formation and growth in Ohio tech startups**



Ohio TechAngel Fund V

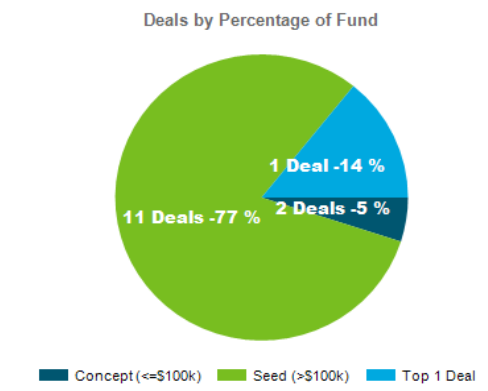
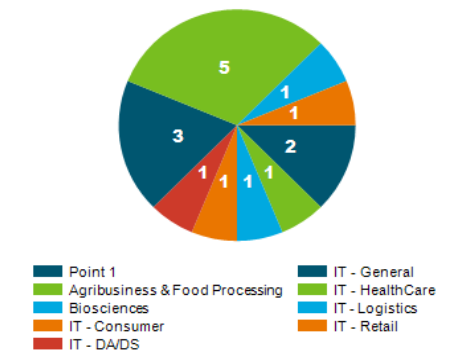
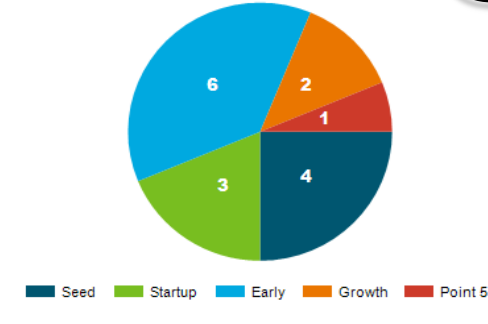
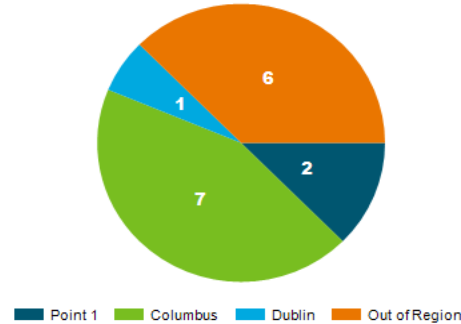
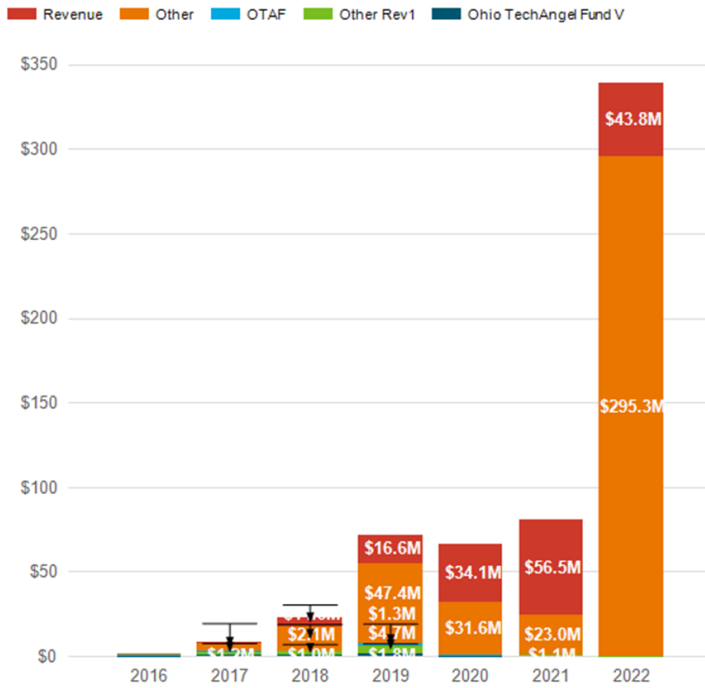
- \$5.7 mm fund, comprised of:
 - \$3.2 mm member capital
 - \$2.5 mm Third Frontier / Ohio Department of Development loan
- Fund History:
 - Formed 2016, first investment 2016
 - 64 units @ \$50,000/unit
 - \$4.2 mm invested in 14 portfolio companies





Ohio TechAngel Fund V: Portfolio Summary

Fund Leverage	Angel	OTAF	OTAF Sidecar	Venture Capital	Strategic Partner	Other Rev1	Bank Loan	Other	Total	Leverage	Revenue	Total	Leverage Ratio w/ Grants + Revenue	Jobs
Ohio TechAngel	\$14.3	\$1.2	\$4.6	\$165.0	\$109.9	\$9.8	\$12.2	\$112.1	\$429.1	102.6	\$156.5	\$585.6	140.09	108



(\$000,000s)

- 108 jobs
- \$165 mm VC raised by portfolio companies
- 6 exits
- 8 active companies

Rev1 Managed Funds with Third Frontier Loans

Fund	Fund Vintage Year	Fund Size	Total Amount Borrowed	Total Amount Repaid	Date Principal & Interest Repaid*	Loan Balance
Future Value Fund I	2021	\$ 10.0	\$ 1.0	\$ -	N/A	\$ 1.0
Rev1 Fund I	2017	21.0	6.2	4.4	N/A	\$ 2.0
Rev1 NCH Fund I	2017	4.9	1.9	1.9	4/18/2019	-
Ohio TechAngel Fund V	2016	5.7	2.5	2.6	9/16/2022	-
Catalyst Fund V	2014	7.4	3.4	3.6	4/14/2022	-
Ohio TechAngel Fund IV	2014	6.7	3.0	3.0	3/25/2022	-
TOTAL		\$ 55.6	\$ 18.0	\$ 15.5		\$ 2.9
N.B.						
(\$000,000s)						

\$18 million borrowed across six loans since 2014

\$15.5 million repaid – four loans fully repaid

Expect to repay final two loans as funds have exits

High School Tech Internship Program Update

**Governor's Office of
Workforce Transformation**

Eric Leach
Deputy Director

High School Tech Internship Pilot v3.0

- Opportunity for Ohio employers to receive reimbursement for establishing a recruitment pipeline by hosting high school interns in tech-related roles
- Provide businesses with tech talent
- Equip students with valuable work experience at an early age. Interns perform job duties similar to those expected of an entry-level employee
- Technology roles focus on
 - Software Development
 - Data, Cloud, and IT infrastructure
 - Cybersecurity
 - Other in-demand technology-focused roles

HSTI Previous Performance

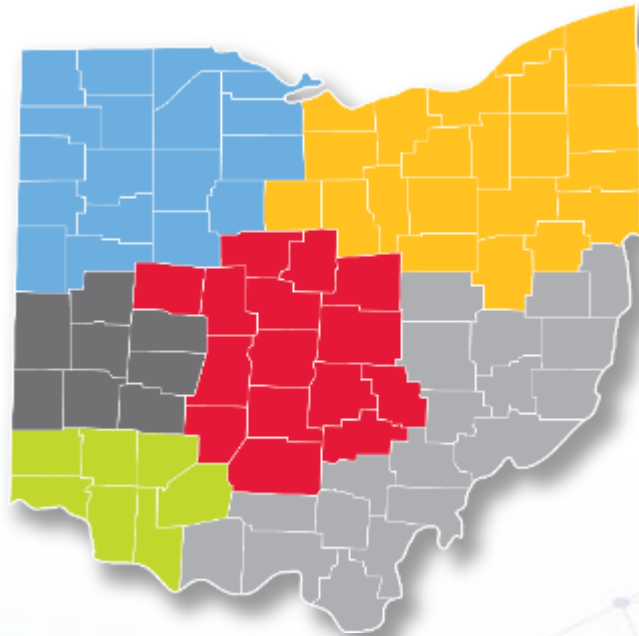


2021

**70 Internships
18 Counties**

2022

**38 Internships
7 Counties**



- Educational entities and businesses described past program design as overly burdensome
 - Cited a lack of resources to successfully implement the program and create lasting partnerships

2023 Program Changes

- Introduction of Intermediaries
 - Strategic Ohio Council for Higher Education (SOCHE) and INTERalliance of Greater Cincinnati
- Expanded Program Duration
 - January 3 – October 1
- New Wage Reimbursement Model
 - 200 hours or more: Full Reimbursement
 - 120-199 hours: Two-Thirds Reimbursement



Funding Purpose

- Reimbursement of student wages
 - With a new enhanced program design, additional funds are necessary for anticipated program growth

Future Program Plans

- Intermediary Model Expansion
 - Intermediary in each JobsOhio region
 - Enhanced support for educational entities and businesses statewide
 - Increased outreach and partnerships
 - Increased student internships and tech-related role exposure

Funding Request
\$500,000

Next Meeting

April 18, 2023



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Other Business / Adjournment