

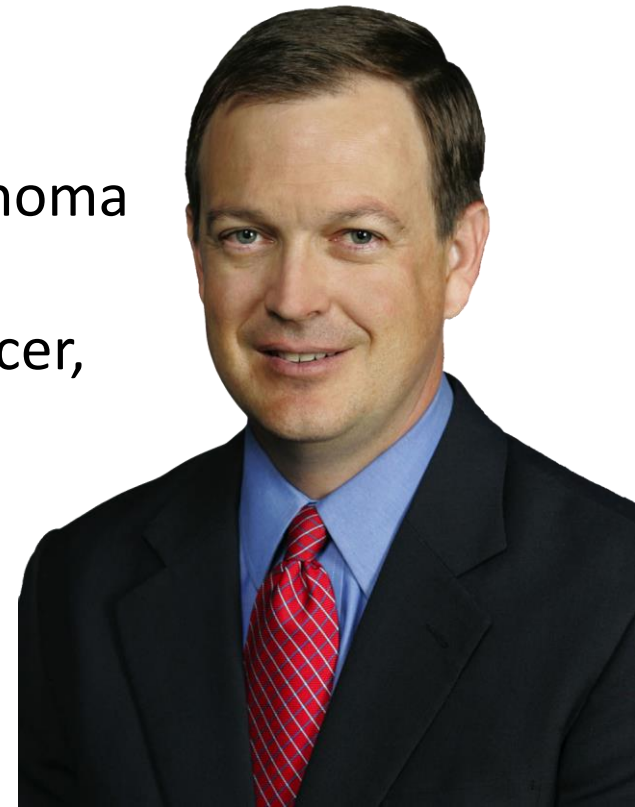


How to Start More Companies and Grow More Jobs in Your State

Scott Meacham
President and CEO

About Scott

- President and CEO, i2E, Inc.
- Director at Crowe & Dunlevy law firm
- He previously served as chairman of the law firm's banking and financial institutions practice group.
- He was the 17th State Treasurer of Oklahoma
- Previously served as Chief Executive Officer, General Counsel and Lending Supervisor of First National Bank & Trust of Elk City.



About i2E

Stature: **Nationally Recognized**

Legal Status: **Private not for profit**

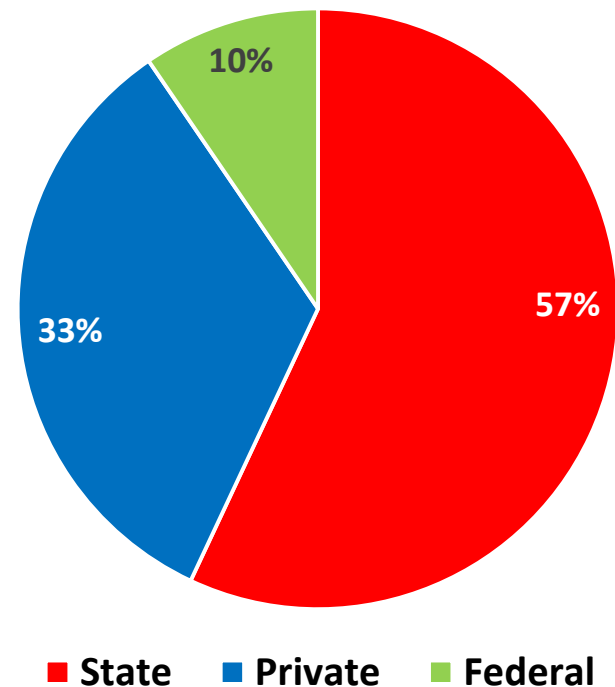
Service Area: **State of Oklahoma**

Formed: **1998**

Staff: **20**

Board: **Oklahoma leaders:
business, academic and government**

FY2014 Funding Sources



National Recognition

Southern Growth Policies Board

2006 Innovation Award recognized for fresh approaches to solving problems and creating opportunity in the South's rural regions

Kauffman Foundation

2008 Entrepreneurship Summit

recognized as a principal source of high value-added human & intellectual capital

International Economic Development Council

2009 Best Practices Award for comprehensive commercialization services

State Science & Technology Institute

2010 Excellence in Technology-based Economic Development

for increasing Access to Capital

Standards for Excellent Institute

2010 Standards for Excellence only second Oklahoma non-profit organization

Regional Innovation Acceleration Network

2011 Venture Development Market Leader recognized as a leader in this field

The Local Economy



i2E's Mission



Why should **your** state care about starting new companies?

- ✓ Nearly **all of the net new jobs** in the economy over the last 20-plus years have come from new companies.
- ✓ Those new companies come from the **50 percent of startups that survive** five years or more.
- ✓ These are the **“gazelles”** — companies that, according to MIT economist Dr. David Birch, make up only about **4 percent** of the companies created, yet produce **70 percent** of the nation's new jobs.
- ✓ Twelve Oklahoma companies receiving **\$4.5 million** in i2E Seed Funding have had a **direct** economic impact of **\$37.3 million** and an **indirect** impact of **\$11.8 million**.

SOURCE: Oklahoma Department of Commerce Survey

How state's can impact the success rate of start-ups

- More than half of new businesses fail in the first four years. Research indicates that this high failure rate is caused primarily by lack of proper planning and lack of capitalization.
- A Harvard Business School study indicated that the participation of Angel investors increased new firm survival rates by 27 percent.
- A study by the State of Washington noted that the 5 year survival rate for companies (retail and non-retail) that receive **both** capital and business assistance was **90%**.
- **ADVICE + CAPITAL = MORE SUCCESSFUL START-UPS**

Capital is not the only answer...
you also have to have innovation

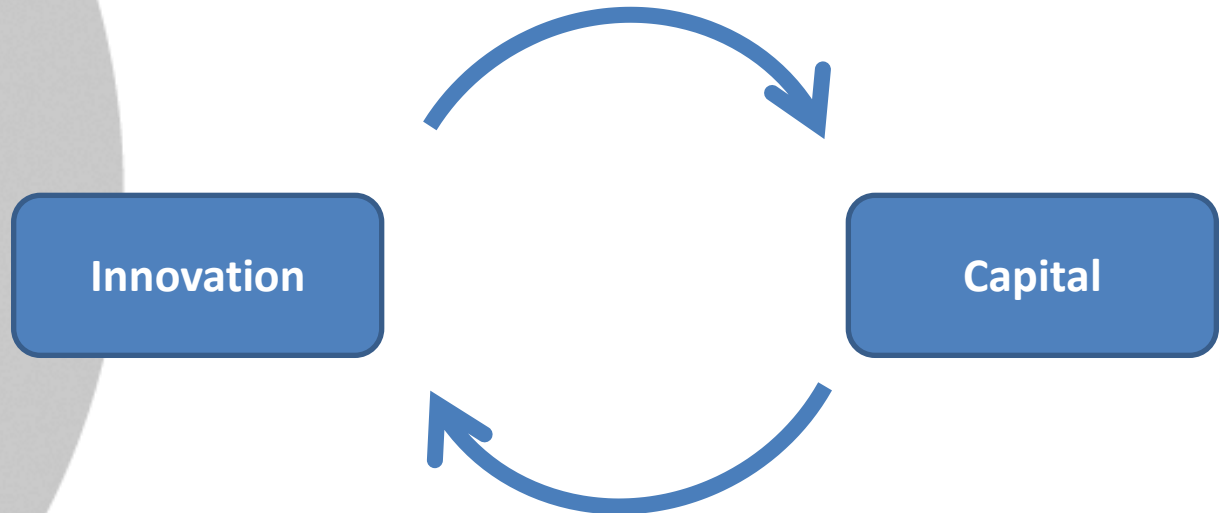


"The wheel was great.
What have you done for me lately?"

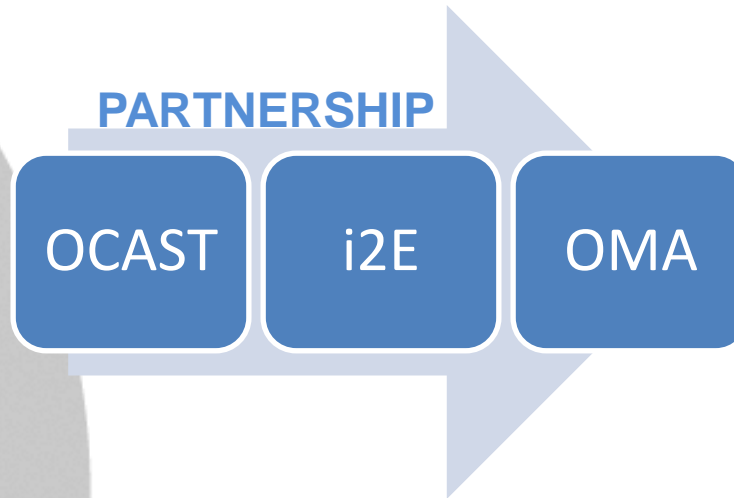
Innovation Drives the Number and Quality of Start-Ups



A Healthy Start-Up “EcoSystem” Requires **Both** Capital and Innovation

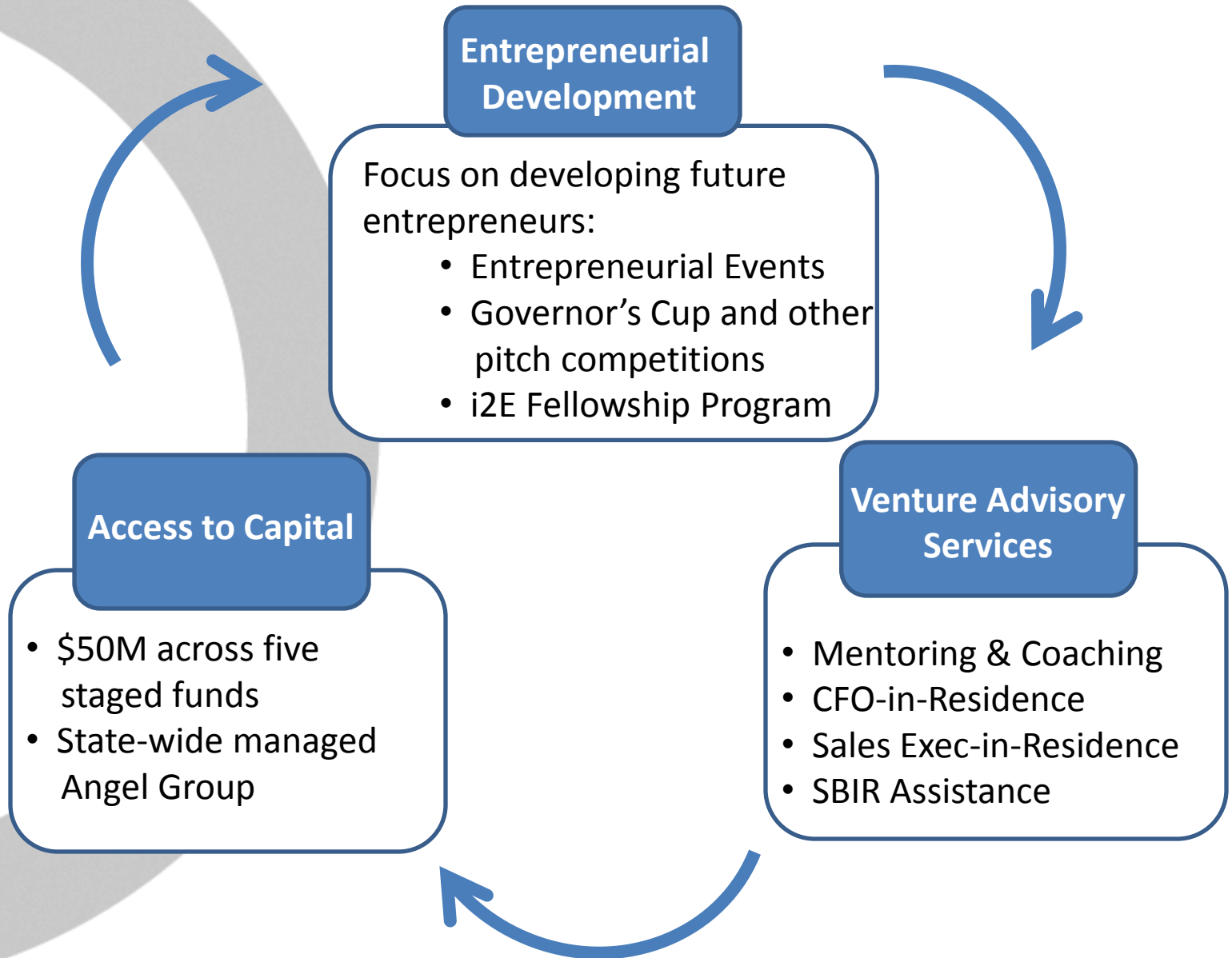


Oklahoma Innovation Model

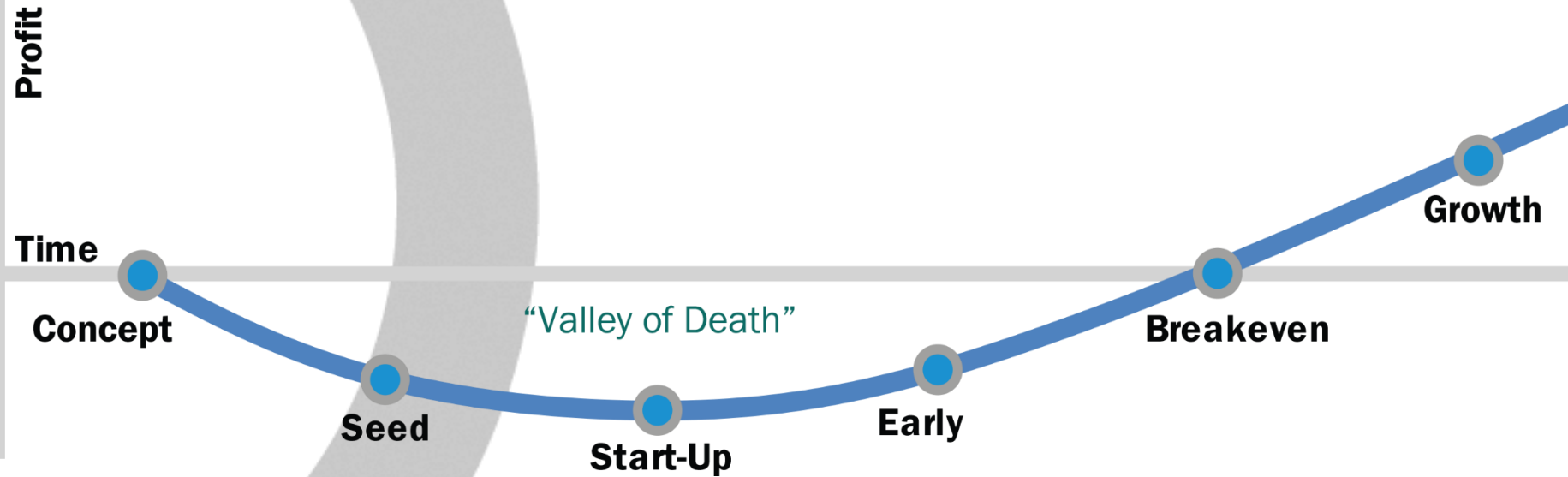


- OCAST- Basic and applied research support
- Proof-of-Concept process for all potentially viable early stage technologies
- i2E- Business advisory services and funding through various stages of company development
- OMA- Technical Assistance and advice to Oklahoma's manufacturers. Works closely with New Product Development Center located at Oklahoma State University

i2E Services



Capital Funding Stages



i2E Staged Funding



Accelerate Oklahoma!

Stage: Concept through Growth

Purpose: Proof of Concept, Seed, Startup and Growth Stage investments in high growth businesses

Fund Size: ~ \$30m

Investment Range: ~ \$100k - \$1m

Stage: Concept through Growth

Purpose: Proof of Concept, Seed, Startup and Growth Stage investments in high growth businesses

Fund Size: ~ \$13m

Investment Range: ~ \$100k - \$1m

Key Program Guidelines

- Oklahoma Based
- Less than 500 employees
- 1:1 Capital leverage at deal level
- Strong growth plan: Unique IP or other “protected” market position
- Exit Strategy with 5-7 year investment horizon

Restrictions

- No retail, commercial real estate development or oil and gas production
- No acquisitions, partial owner equity purchases, or debt repayments



- 45 accredited Oklahoma investors
- Angel Capital Association – Best Practices
- High Quality deal flow
- Joint due diligence / Aggregated capital
- 25 companies; \$5.0M invested



How have we done?

i2E Success Story

Over 600 Oklahoma companies served since 1998

Economic Impact: Oklahoma Department of Commerce analysis of i2E's active portfolio of 184 clients **in 2012** showed:

- **Economic Impact** **\$228 million**
- **Current Jobs** **2,427**
- **Disposable Income Created** **\$91.7 million**

i2E Success Story

Money brought into the State in 2013

79% of 2013 revenues from sales outside of Oklahoma

High Quality Job Growth:

i2E companies: 32% growth /Avg. wage \$74,935
Statewide : 1.2% growth /Avg. wage \$40,123

i2E Success Story

Investment & Leveraged Private Capital:

- i2E Funded Investment \$26.4 million
- Leveraged Private Capital \$510.9 million

Increase in Success Rates:

- National failure rate Over half in first 4 yrs
- i2E companies Over 2/3 making it past 4 yrs
- Increase 41%



moleculara labs

Developing a diagnostic test that can identify a treatable Autism related disorder called PANS or PANDAS



MONSCIERGE

Global player in the interactive software industry and have a deal with the largest hotel chain in Europe



Developed an air permeable film for use as a waterproof barrier layer for outerwear garments; partnering with Polartec, a major global manufacturer of consumer outerwear

The cost of doing nothing

Alexion Pharmaceuticals Inc. is a publicly traded biopharmaceutical company with a market cap of **\$30.73 billion**, worldwide sales of \$1.5 billion, and is ranked No. 2 on the 2012 Forbes list of Innovation Companies. Alexion's blockbuster drug Soliris is founded on a technology that came from Oklahoma Medical Research Foundation.

Crescendo Bioscience, recently purchased by Myriad Genetics for **\$270 million**, was founded in Oklahoma in 2002 as Riley Genomics, on a technology developed at the Oklahoma Medical Research Foundation for a quantitative blood test for rheumatoid arthritis.



Questions?



Thank you

www.i2E.org

Growing Oklahoma's Emerging Small Businesses