

Grow Me State Initiative: Fostering Tech-Led Economic Development with Equity Capital

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St!Louis
Perfectly Centered. Remarkably Connected.



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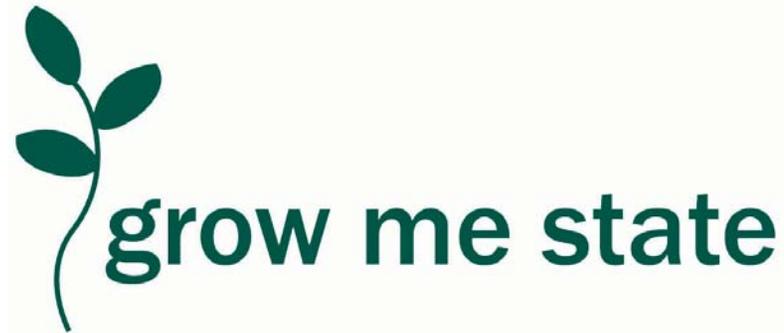
Rich Lunak

President and CEO, Innovation Works

Michael Mozenter

President, Jumpstart Community Advisors

Grow Me State Effort



Entrepreneurship



Missouri Ranks **49th** out of 50 states in entrepreneurial activity with only a ratio of 150 entrepreneurs per every 100,000 adults.

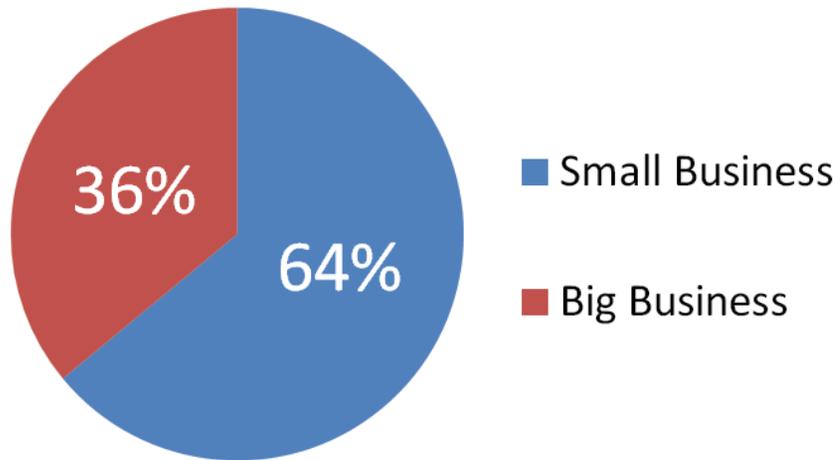


(Entrepreneurial Activity)

U.S. Job Creation

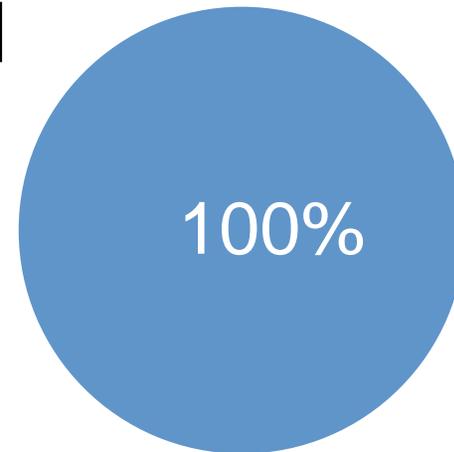


22.5 million net new jobs (gains minus losses) between 1993 and the third quarter of 2008.



(US Dept. of Labor)

...Less than 5 years old



(Council of Competiveness)

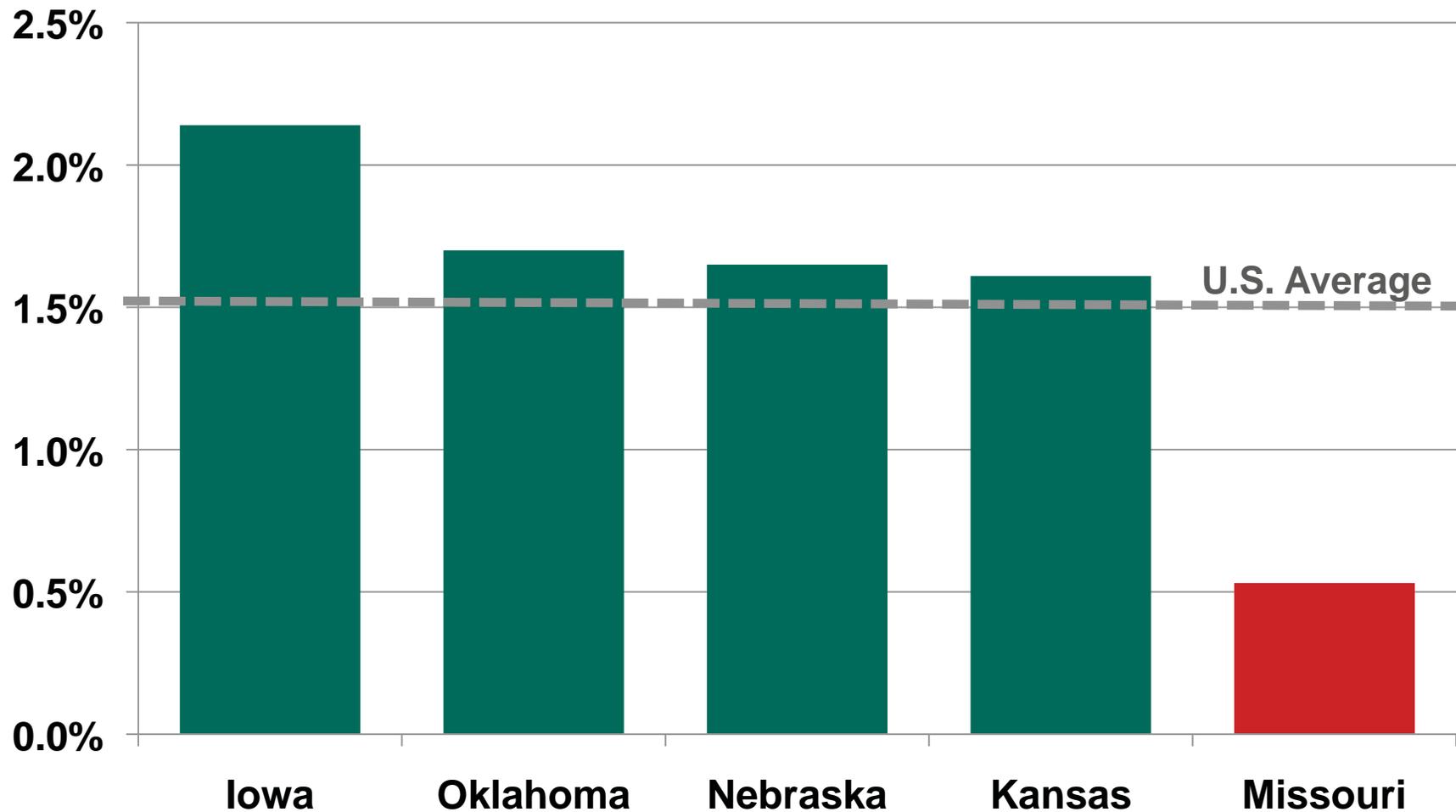
Specifically, “high-growth” entrepreneurial firms are those which create more than 20 jobs.

- Less than 15% of total new companies
- Commercialize an innovative process, product or service
- Created **80%** of total net new jobs in last two decades
- Source of new ideas and technologies for large firms

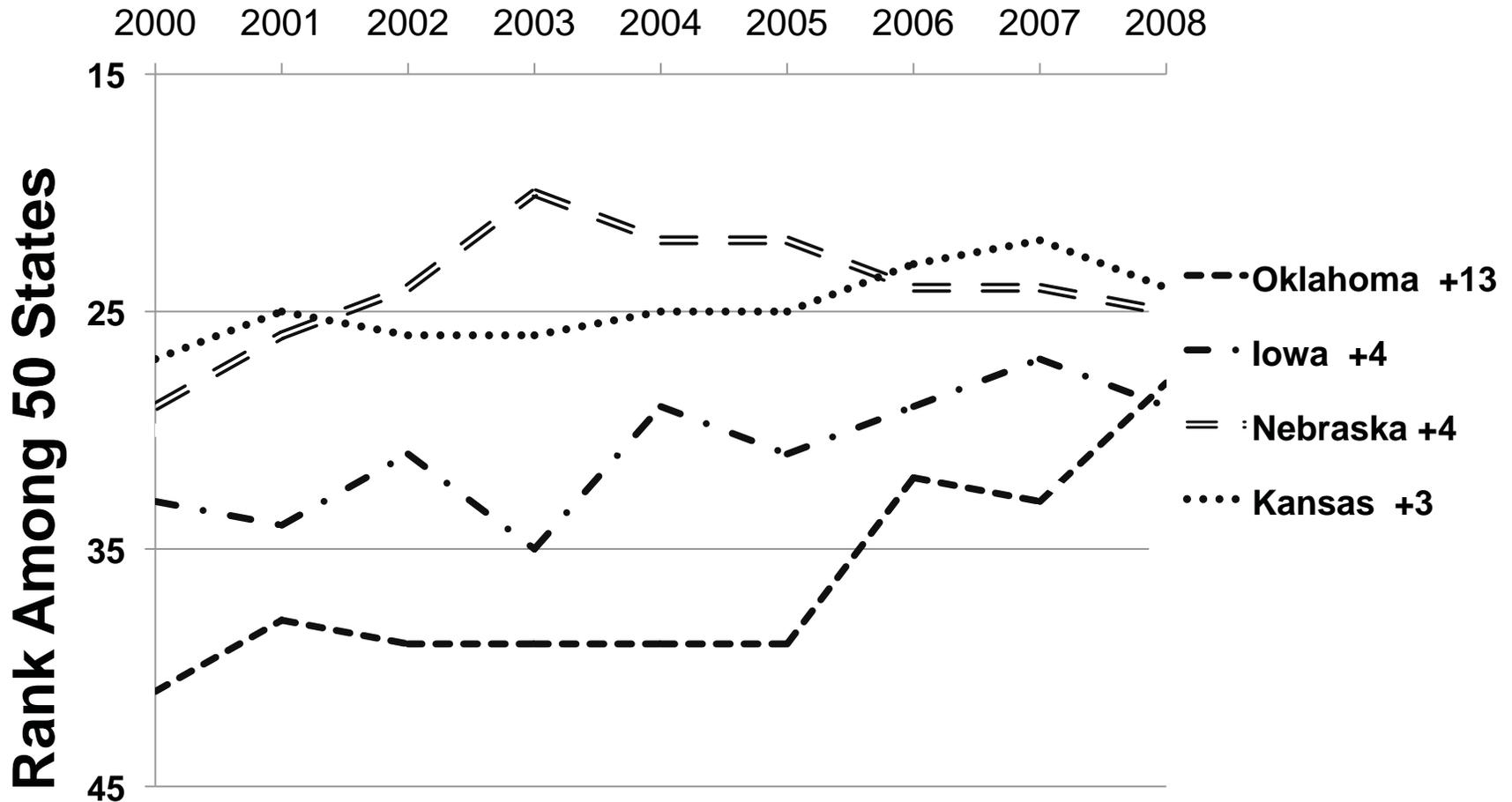
Per Capita Real GDP Growth



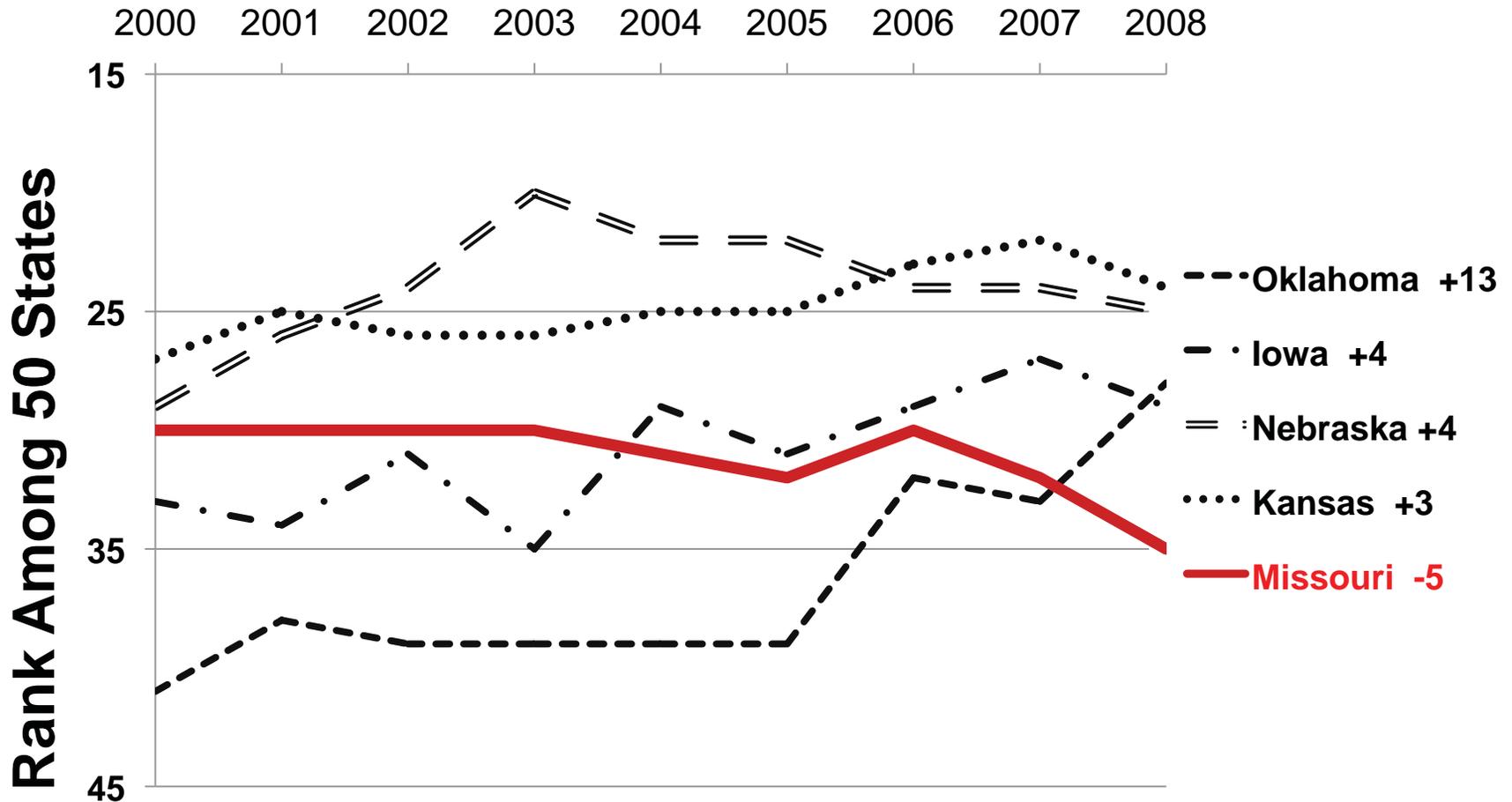
Average Annual Growth of State GDP 1998 - 2008



State Ranking of Per Capita Income



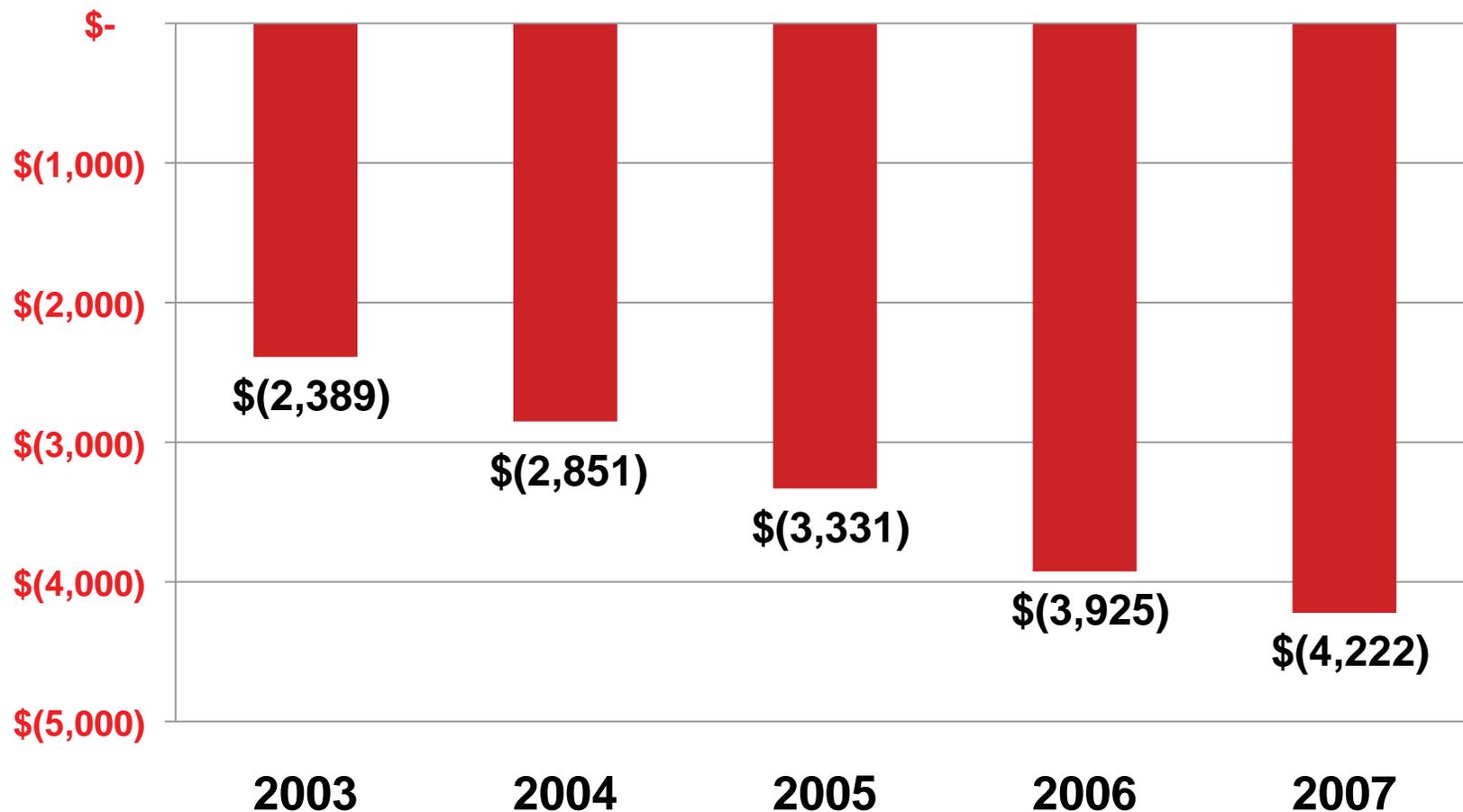
State Ranking of Per Capita Income



Missouri vs. U.S. Per Capita Income



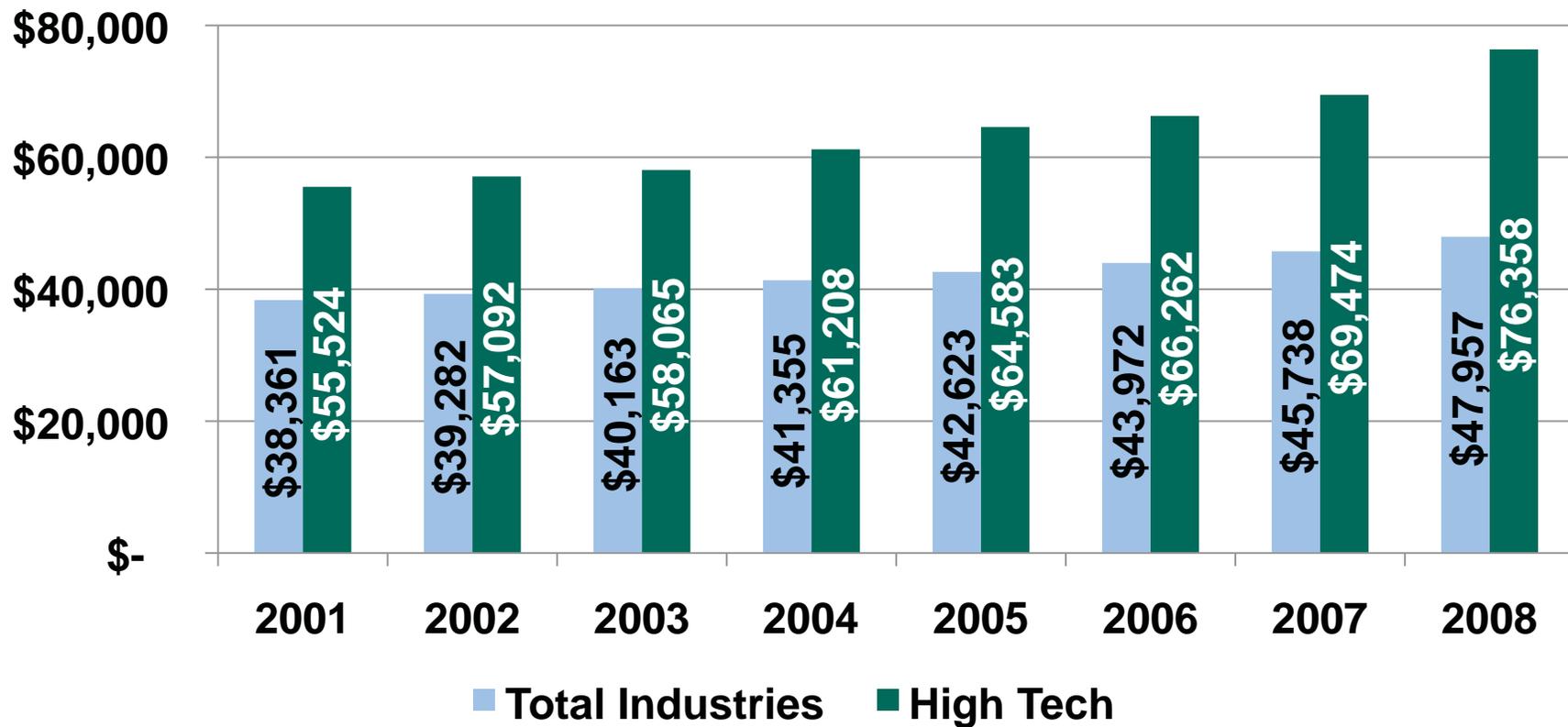
Increasing Gap Between Missouri Per Capita Income and U.S. Average

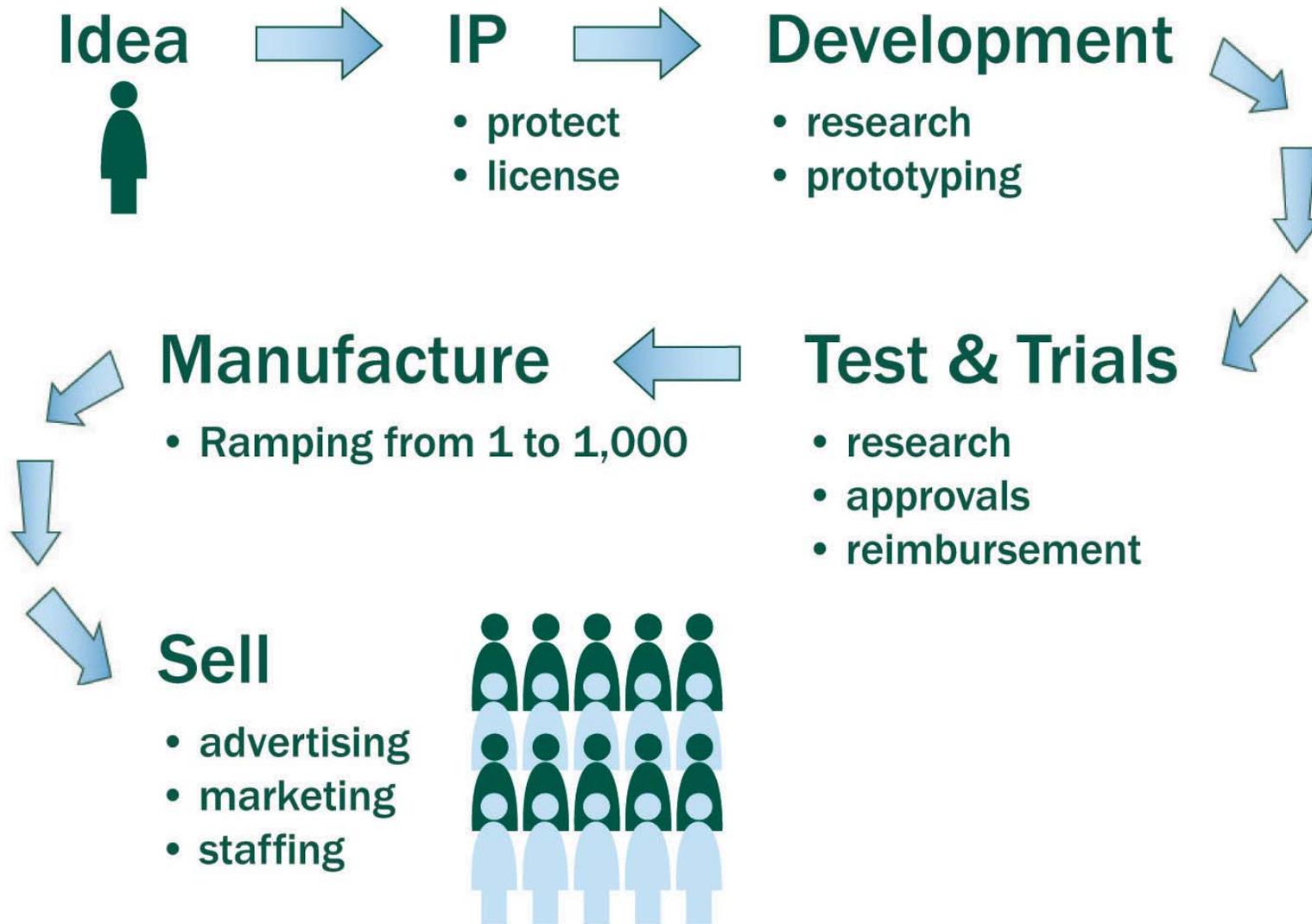


Missouri Wages: 2001 - 2008

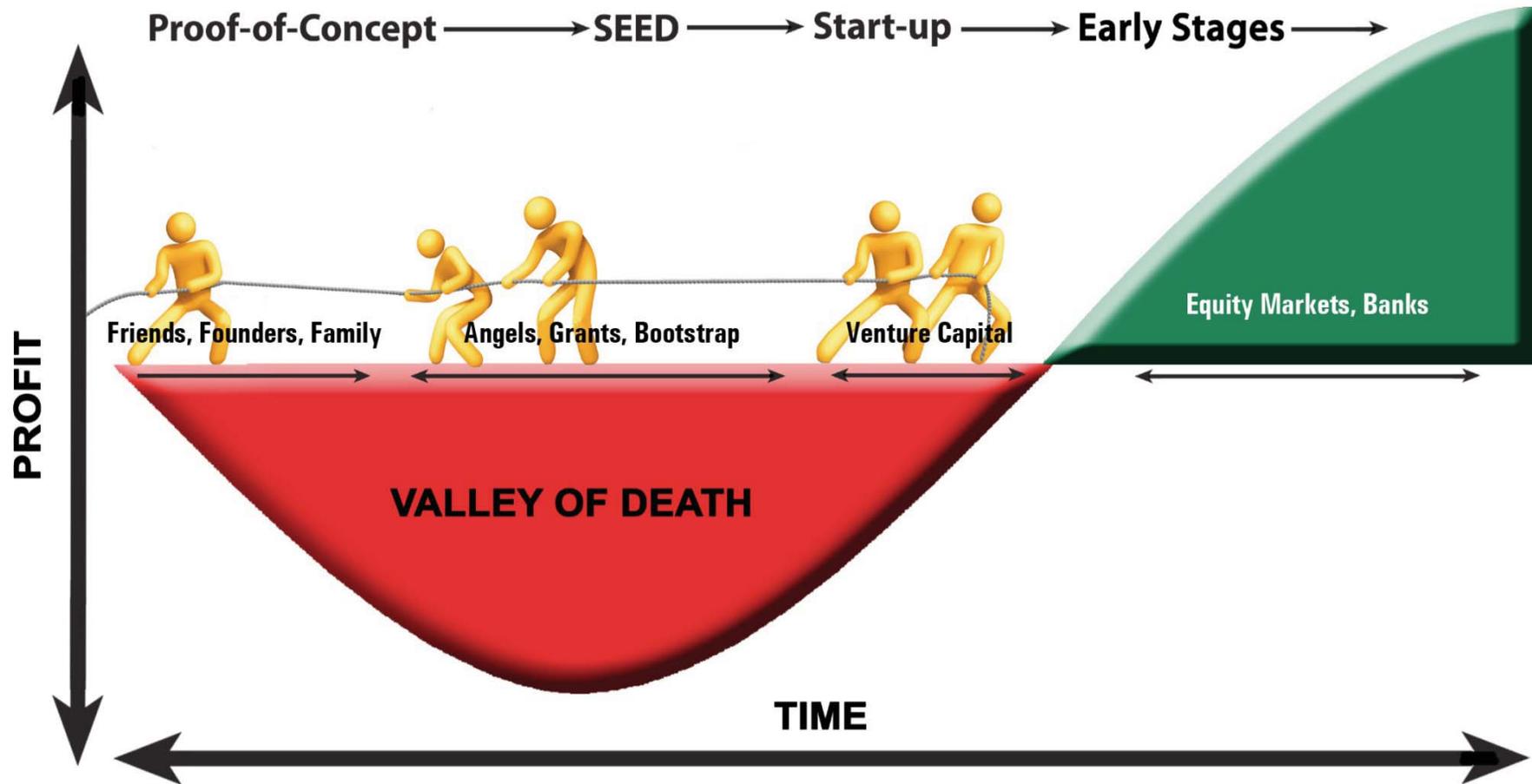


Annual Wages for All Industries vs. High Tech Industries in Missouri

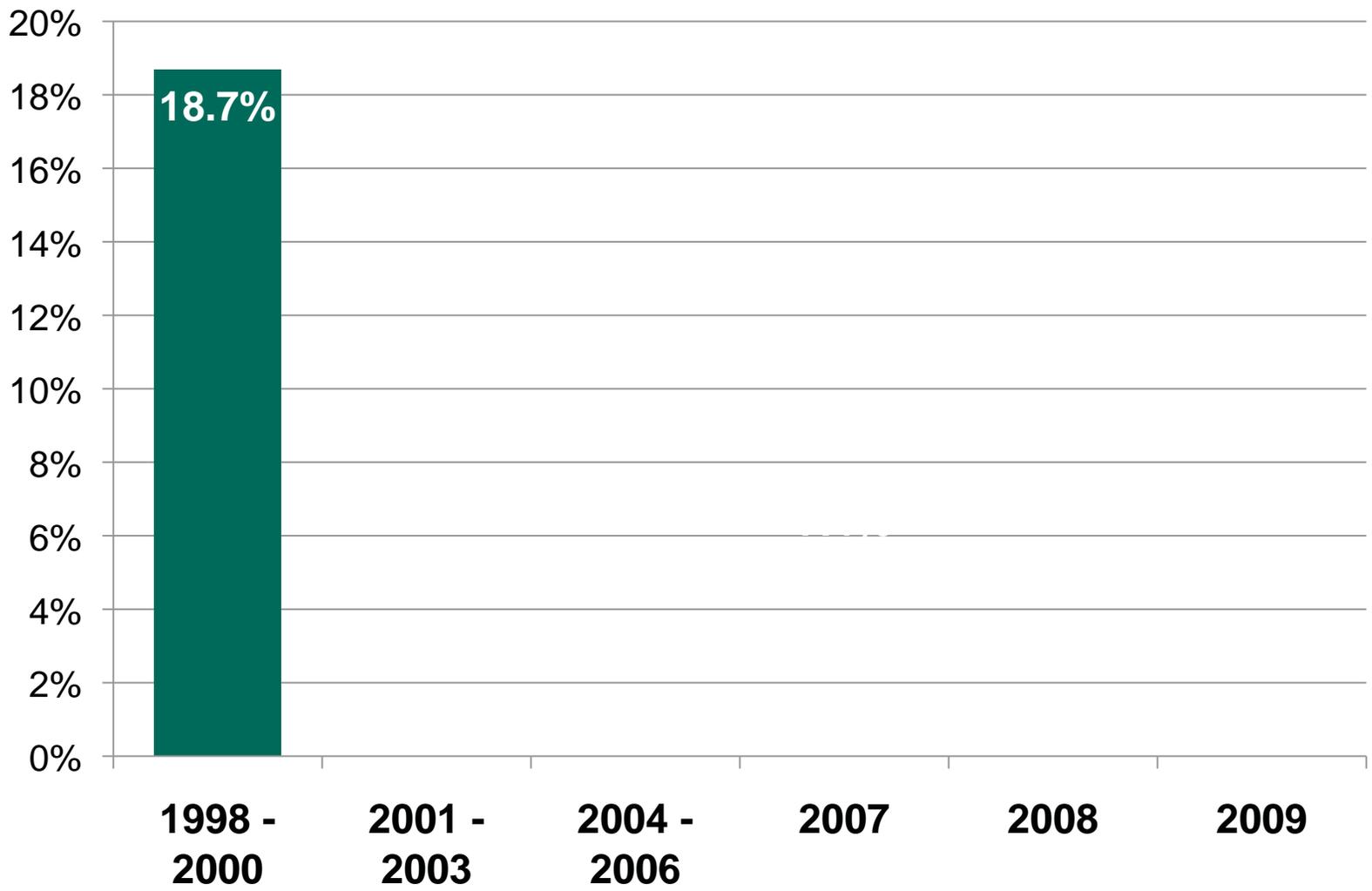




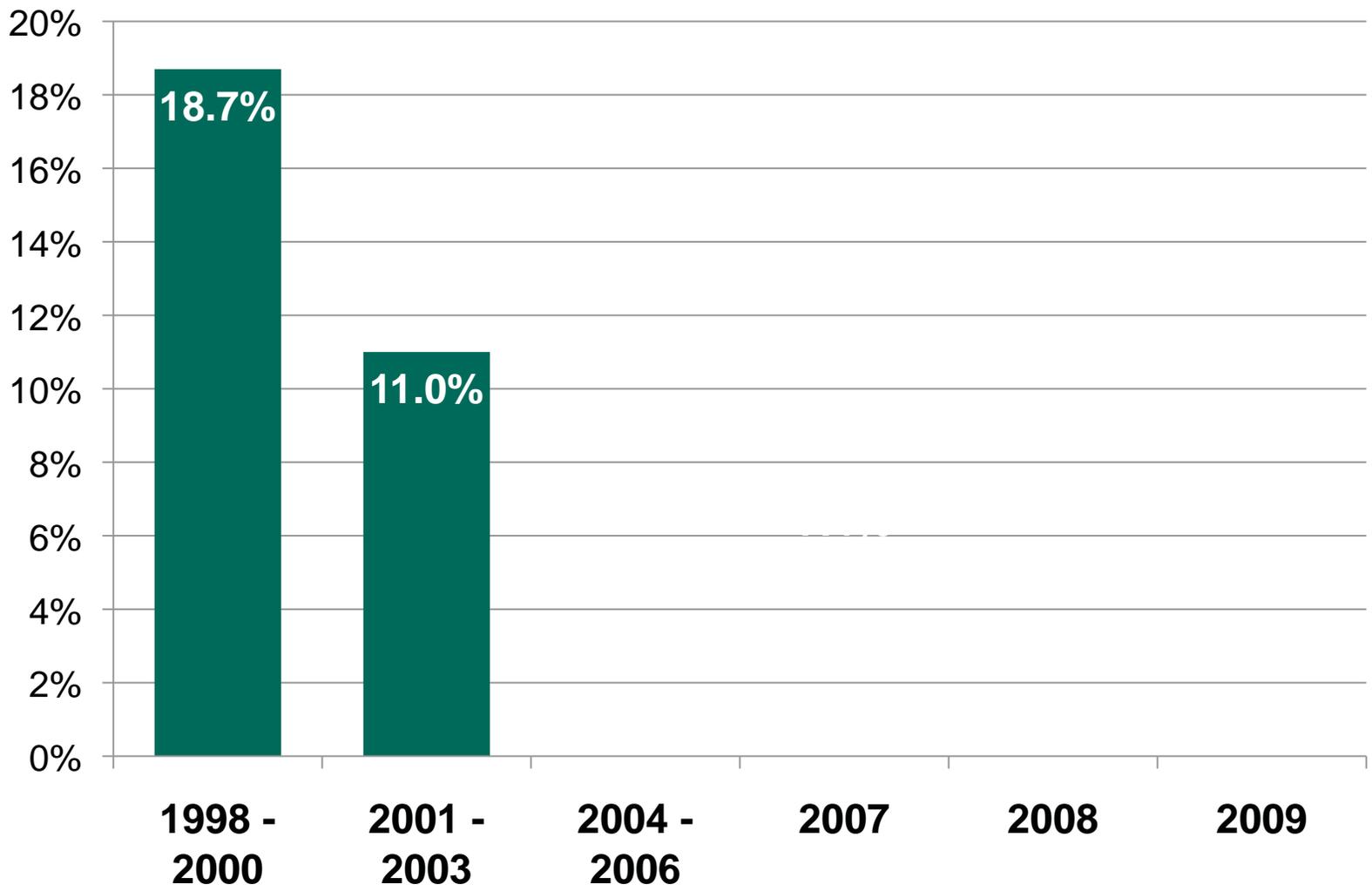
#1 Challenge: The Valley of Death



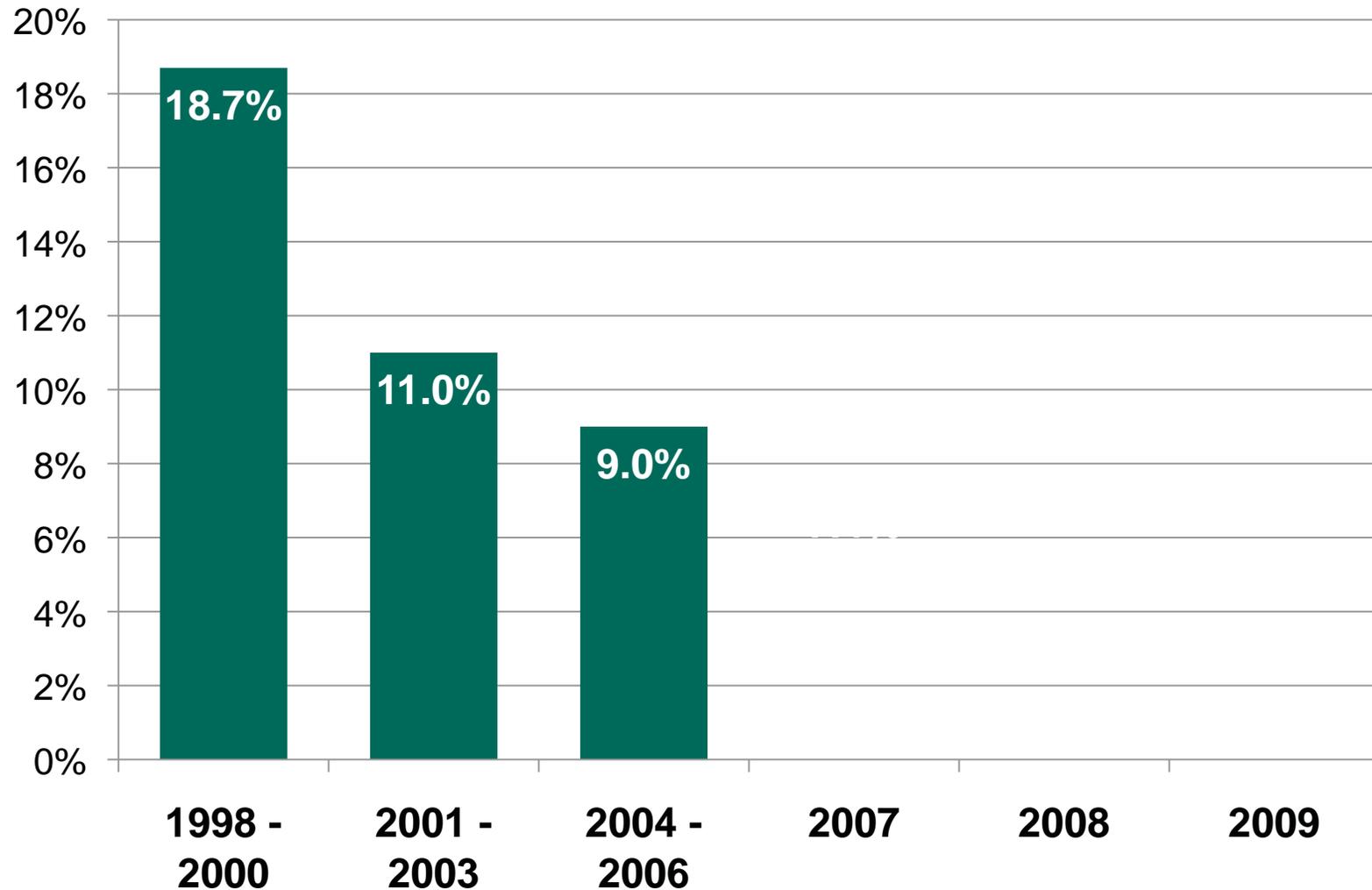
Missouri's Share of Midwest Venture Capital



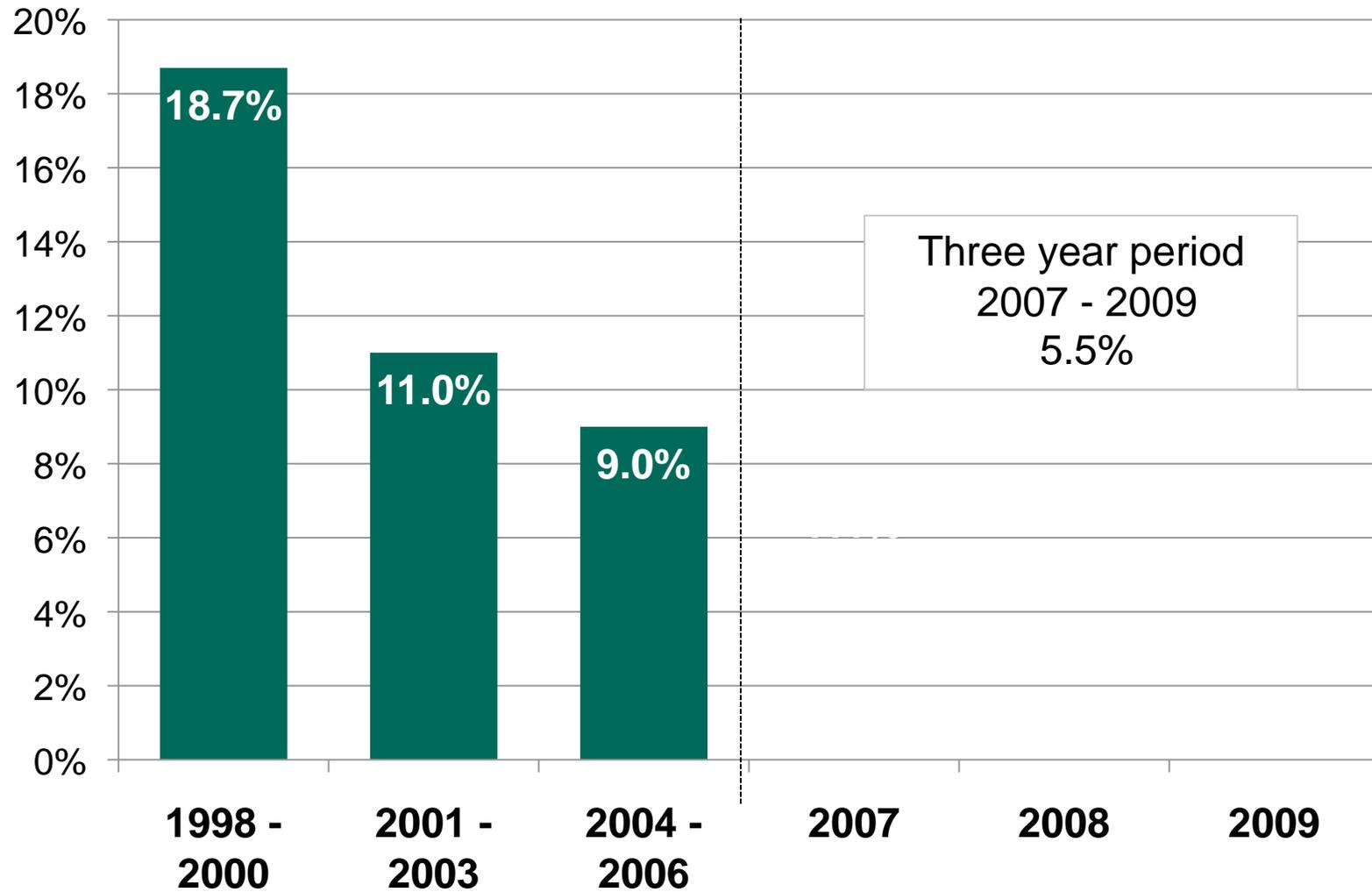
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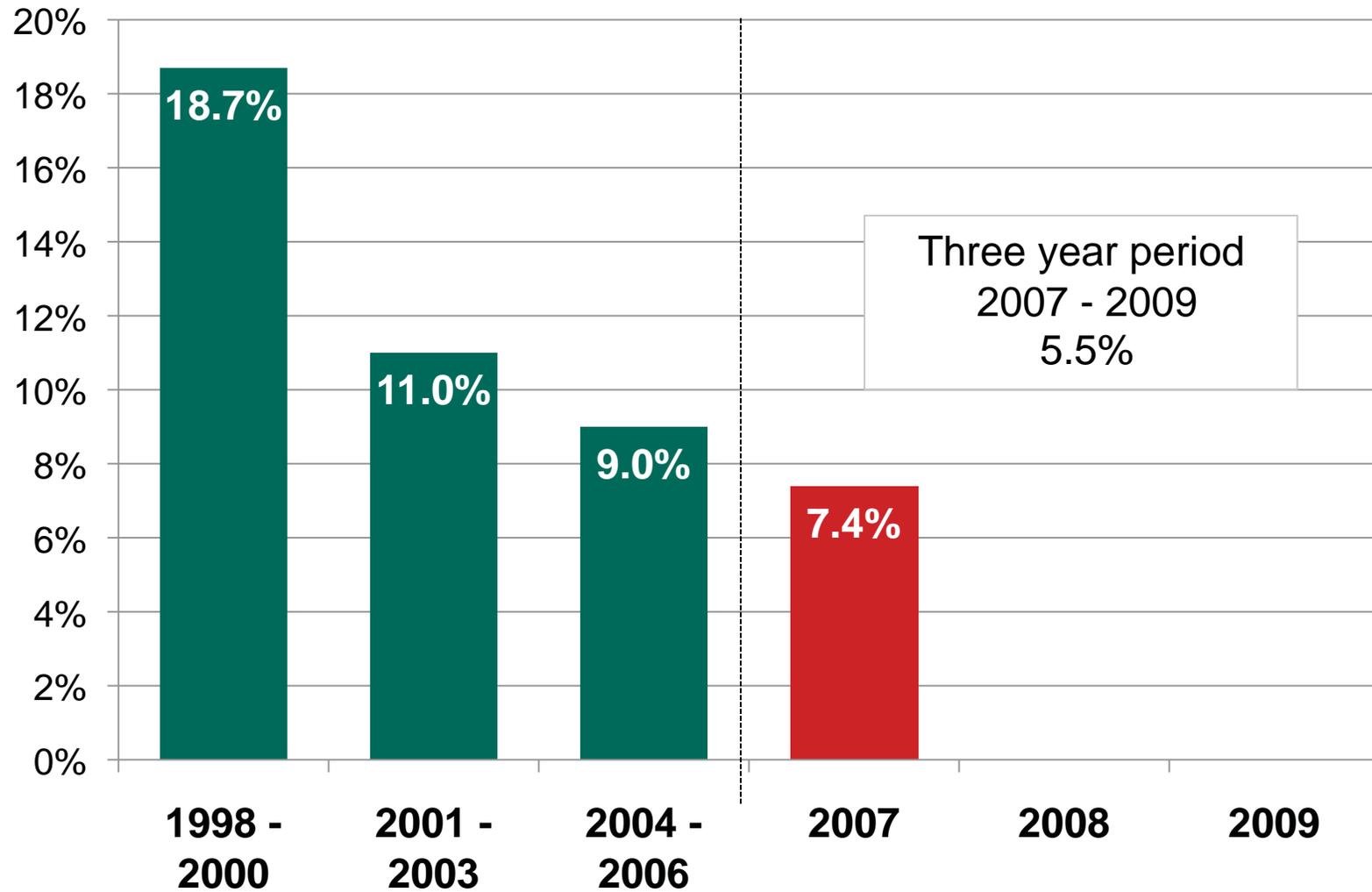
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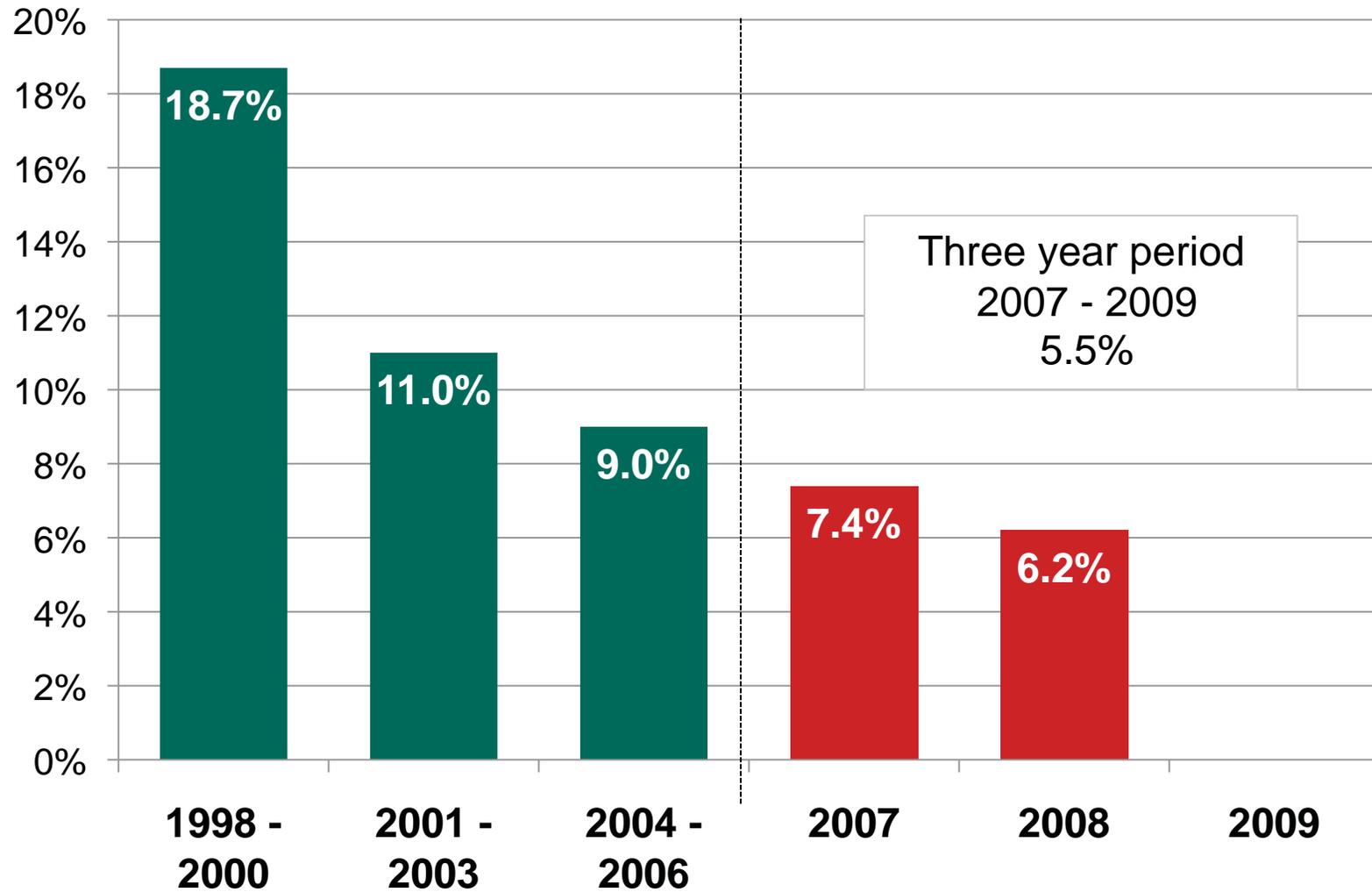
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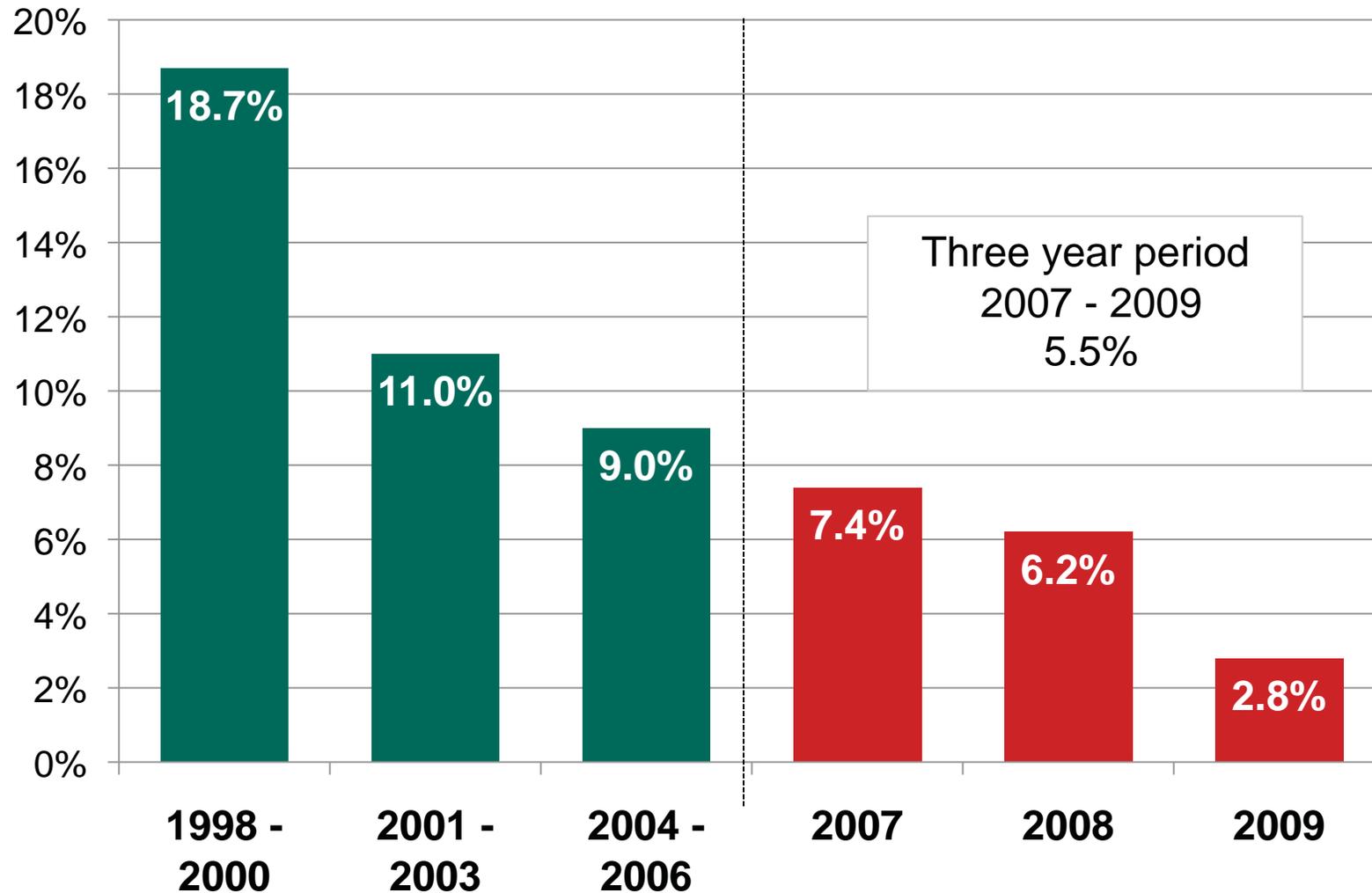
Missouri's Share of Midwest Venture Capital



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Missouri's Share of Midwest Venture Capital



Disconnect between an idea and a business



Missouri ranks **9th** among states in attracting federal R&D grants



Yet, Missouri ranks **27th** in university start-up businesses

Successful research doesn't automatically translate into commercialization

Capital Formation Study



 **Bloch School of Business**

Mark E. Parry, Ph.D.

Ewing Marion Kauffman/Missouri Endowed Chair
in Entrepreneurial Leadership

Objective: Learn Missouri's current capital environment and its impact on technology commercialization and economic growth.

State Per Capita Expenditures



Per Capita Commitments to Capital Formation Programs

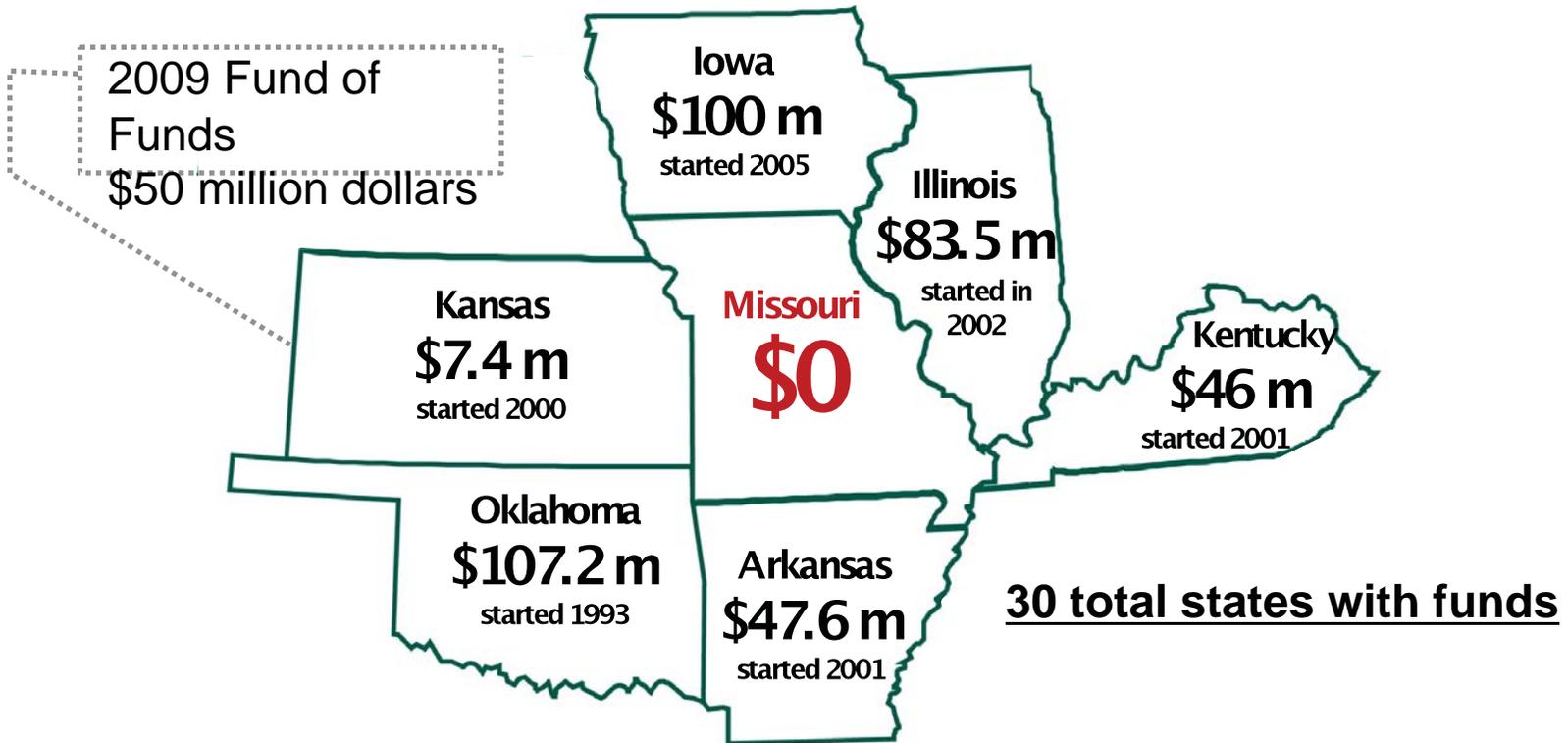


Parry, M. (2007) *Missouri's Need for Risk Capital*. University of Missouri-Kansas City.

Seed Capital Co-Investment Fund



Neighboring States with State Funded Seed and Venture Capital Funds



(National Association of Seed & Venture Funds, 2008)

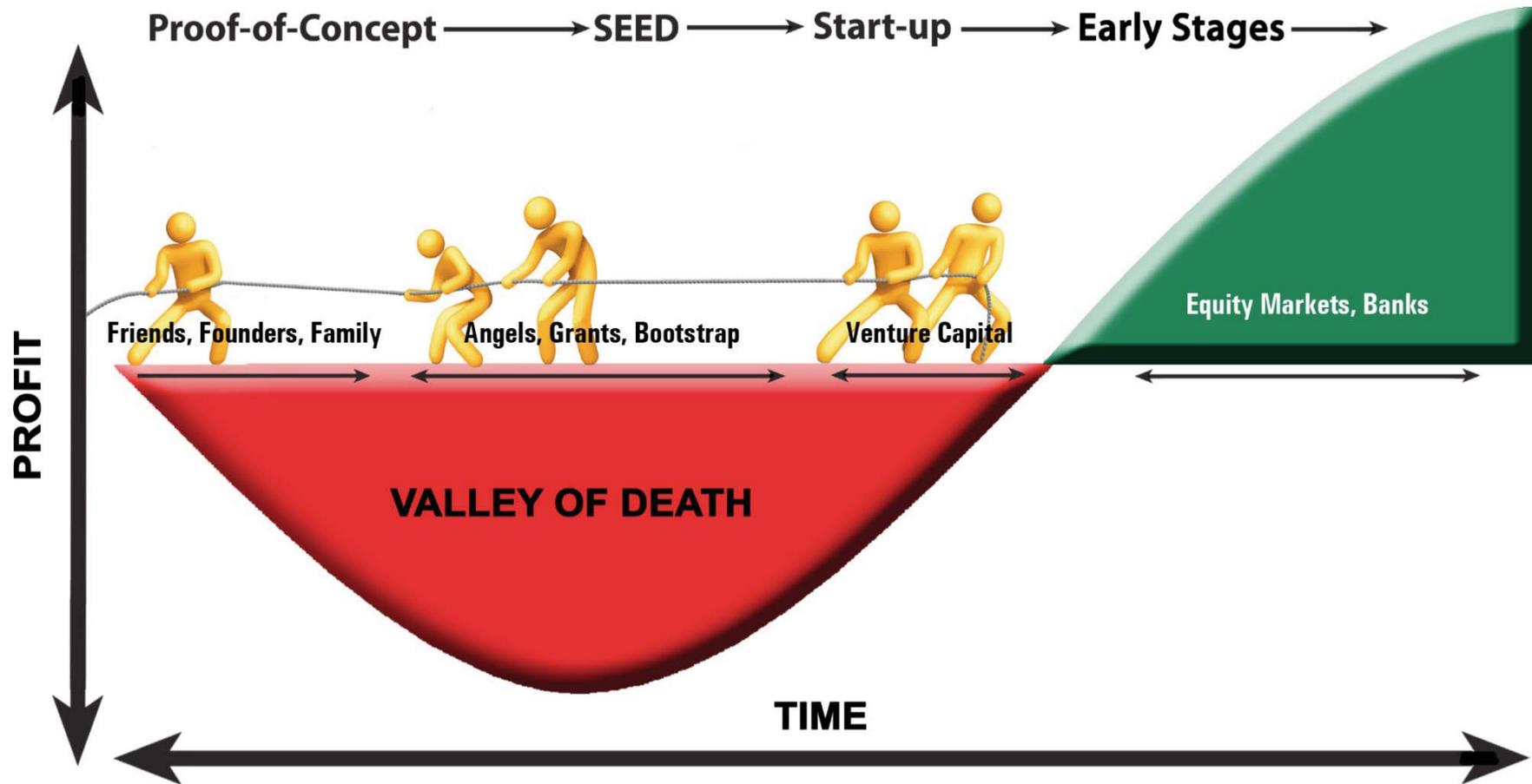
22 States with Angel Tax Credits

STATE	CAP	STATE	CAP
ARIZONA	\$20 million over 5 years	NEW MEXICO	\$750,000
<u>ARKANSAS</u>	\$6.25 million per year	NORTH CAROLINA	\$7.5 million per year
COLORADO	\$750,000 per year	NORTH DAKOTA	\$3.5 million per year
HAWAII	No cap	OHIO	\$20 million aggregate
INDIANA	\$12.5 million per year	<u>OKLAHOMA</u>	No cap
<u>IOWA</u>	\$10 million aggregate	OREGON	\$14 million aggregate
<u>KANSAS</u>	\$6 million per year	RHODE ISLAND	\$1 million every 2 years
MAINE	\$30 million aggregate	VERMONT	\$2 million aggregate
MARYLAND ¹	\$6 million per year	VIRGINIA	\$3 million per year
NEW JERSEY	No cap	WISCONSIN ²	\$5.5 million per year

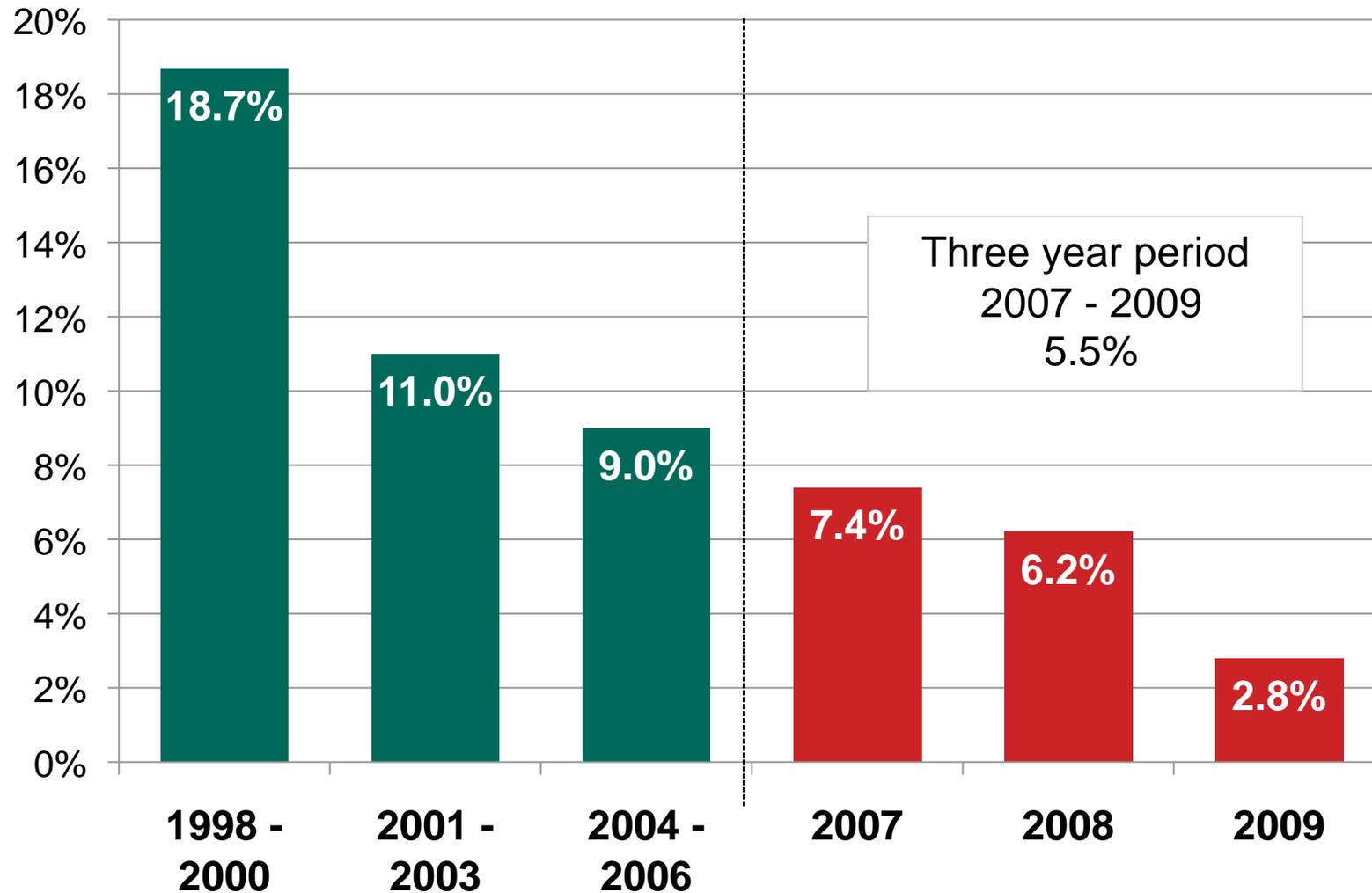
¹ Maryland Angel Tax Credit only applies to biotech companies

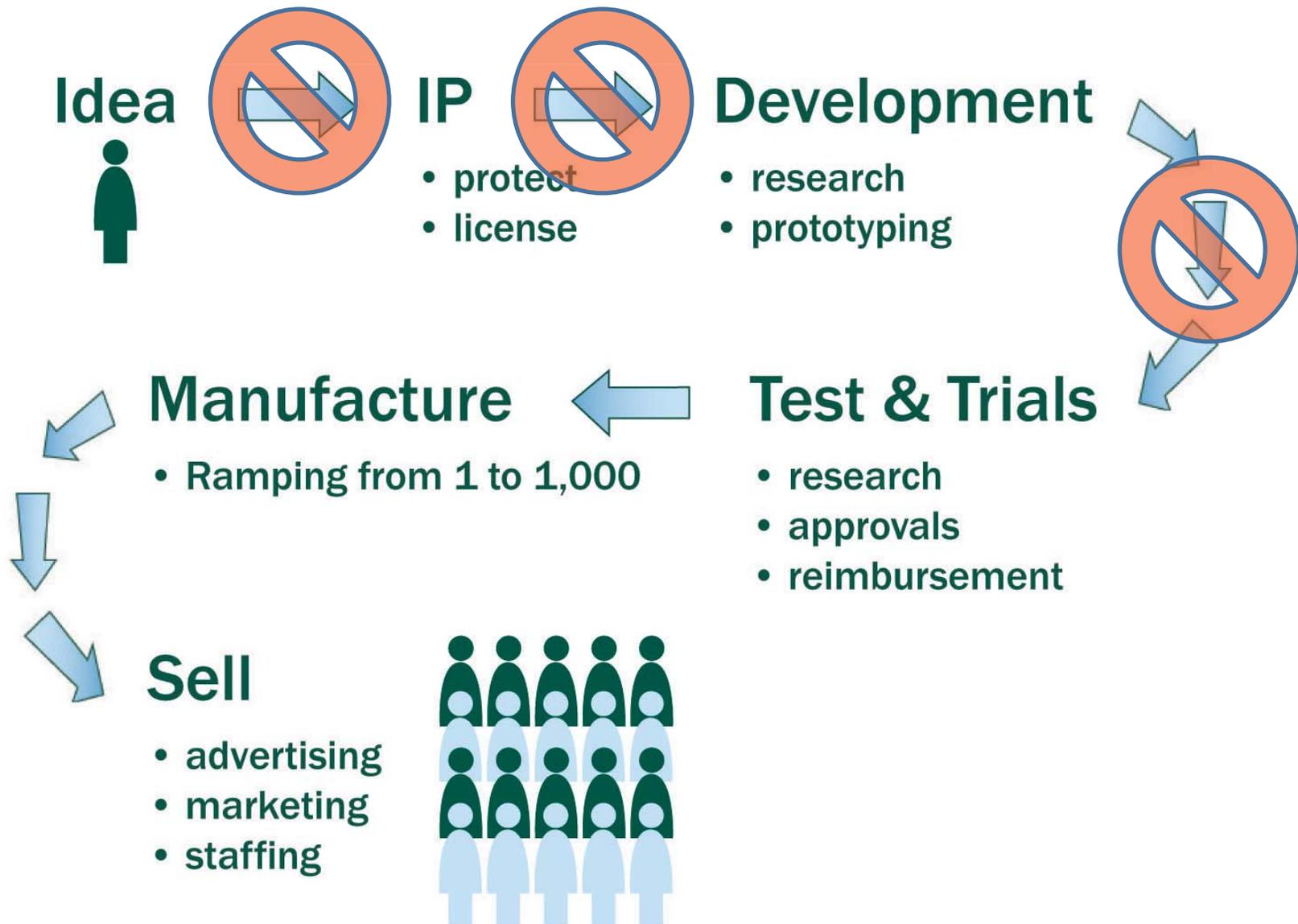
² Wisconsin Legislature approved **\$18 million** cap starting 1/1/2011

#1 Challenge: The Valley of Death



Missouri's Share of Midwest Venture Capital





Investing in Innovation:

- **Proof of Concept Loans**
 - small forgivable loans to start-up companies
- **Seed Capital Revolving Fund**
 - state fund to co-invest in seed stage companies with private investors
- **Angel Capital Tax Credit**
 - incent investors to enable high-risk, high-growth start-ups
- **Missouri Technology Corporation**
 - Tech-based Economic Development programs for entrepreneurship: Innovation Centers, SBIR assistance, etc.

Investing in Innovation:

- **Economically Targeted Investment**
Encourage the Governing Boards of Missouri's 116 state and local pension funds to establish proactive policies for In-State Private Equity Investment

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