Entrepreneurship, Innovation & Venture Capital

Paula Sorrell
Vice President – Entrepreneurship, Innovation & Venture Capital
Entrepreneurship, Innovation, and Venture Capital Team

Mission –
• Grow and **diversify** Michigan’s economy through
  • **technology innovation**, commercialization, and acceleration of fast-growing companies, to
  • create **more and better jobs** and
  • enhance the dynamism of our economy to make Michigan more attractive and **competitive** in the long-run.
Four Key Areas

- Create the Pipeline
- Incubate the Company
- Accelerate the Company
- Leverage New Capital
Selected 2011 Midcontinent Commercialization Gaps

(Commercialization Gap = R&D spend vs. VC investment)

Source: ASTRA, PwC MoneyTree/NVCA, Mercury research
Michigan’s VC Investment Growth

Each State dollar invested through our fund of funds vehicles has leveraged roughly $7 in venture capital invested into Michigan companies, and has helped increase VC assets under management to $3.6 billion (from $520 million in 2002).

*Only includes data for VMF I & II and 21st CIF.*
MichiganBusiness.org

MEDC Resources

- Customers
- Talent
- Capital
- Facilities
- Technical Support
- Business Advice
Michigan’s Entrepreneurial EcoSystem

Capital Access Programs
- Mich Angel Fund
- Venture Matching Program
- BRCC
- Pre-Seed Fund
- Business Accelerator Fund
- DARPA Matching Program
- ARRA-e Matching Program
- Emerging Technology Fund

Universities
- MUCI/MIE
  - Corporate Relations Network
  - Tech Transfer Talent Network
- MTRAC
- SPARK Bootcamp
- Technology Venture
- MIE
- Lab Training
- Sales Training
- Export Marketing Program
- Technology Assistance Program
- Customer Service Survey
- Med Device Consortium
- Photonics Consortium
- MichBio
- MMTC
- First Customer Program - MTEC
- First Customer Program - MMTC
- First Customer Program - IRILEE
- SRI
- MVCA

Service Providers
- SBTDC
- SBTDC Growth
- SBTDC Regional
- GLEQ
- BBC
- Detroit Creative Corridor
- Inforum
- Accelerate Michigan

Smart Zones
- MAREC Muskegon
- MLSIC Plymouth
- Grand Rapids
- SMIC Kalamazoo
- SPARK East
- Tech Town
- MMTC Houghton
- Incubator
- Technology Innovation Center - E. Lansing
- Kettering
- CMU Research Corporation
- Automation Alley
- Starting Block & Stream
- Mid-Michigan Innovation Ctr
- Lakeshore Advantage
- Van Andel Institute
M-TRAC

- Tranch funds based on milestones
- Universities focus on sectors
- Outside Advisory Board
- 16 schools received Coulter foundation funds, 10:1 ROI
- MEDC funded programs:
  - U of M – advanced transportation
  - U of M – medical school
  - MSU – agro-bio
  - Michigan Tech – advanced materials
  - Wayne State – medical school
BBC Entrepreneurial Training & Consulting

- Training for all federal SBIR/STTR programs
- Hands-on writing assistance
- History: Since 2002, helped bring $87MM in SBIR/STTR, $11:1 ROI
Small Business Development Center Tech Team (SBDC)

- No-cost advice from experienced business people
- Strategic Development
- Technology Roadmapping
- Business plan reviews
- SBIR reviews
- Investor pitch coaching
- Helped Companies Raise on avg. $60MM/yr
Programs to Help with Customer Acquisition

• First Customer Program
  – Sales training
  – Crowd funding training
  – Professional Consultants

$12.7 Million in Follow on Funding
Next Energy

- Offices, Labs, Testing and Validation Platforms

- Demonstration & Meeting Center
- 18,500sf of Lab Space
- Alternative Fuels Testing Platform
- V2G MicroGrid Testing Platform
Database of manufacturers willing to do early runs, short runs, and prototypes
Program Development Criteria

• Is there a clear inefficiency in the market and a public benefit in addressing the need?

• Can a small amount of properly structured state dollars create enough private leverage to have a meaningful impact on the problem?

• Can the state’s capital be deployed by expert, private sector decision-makers whose interests are aligned with the state?
How is Success Measured?

• Monthly Measurements
  – Company Creation
  – Job Creation
  – Follow-on Funding

• Quarterly Measurements
  – Customer Satisfaction
Michigan’s Tech Future: Robust Company Creation and Attraction of Private $$

- 35 venture firms
- $4 billion under management
- State ranking: 11th
- 3,000 companies in ecosystem
- 240 new companies/year
- # of VC deals: 68
ROI: Leverage of Private Funds into Early Stage Tech Companies

* first year of detailed reporting required of contracts, quality was sketchy
Questions

• Paula Sorrell
• paula@Michigan.org