

# Annual Report

2019: for the innovator.



Launch  
Tennessee



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## Letter from the CEO About LaunchTN Strategic Plan Network Partners

# Welcome

# Letter from the CEO

Dear Governor Lee and Members of the Tennessee General Assembly:

As I've traveled around the state during the past year, I've been inspired by the enthusiasm for entrepreneurship shared by our network partners, policymakers, investors, and startup founders. From our bustling urban centers to our wealth of rural communities, each unique, our stakeholders are energized. They share the state's commitment to investing in innovation. And they're eager to work with LaunchTN to empower a collaborative statewide network to create jobs and invigorate local economies.

This has been a transitional year for LaunchTN, but it's also been transformational. Our organization is evolving along a path similarly traveled by the companies we serve: from a startup mindset, scrappy and determined, into



## LAUNCHTN LISTENING TOUR BY THE NUMBERS



**400+**  
stakeholders  
engaged



**1600**  
miles  
logged



**10**  
markets



**40+**  
meetings



**0**  
speeding  
tickets



Memphis



a maturing organization that's adding expertise, enhancing programming, and strengthening connections with partners across Tennessee and beyond.

With a creative spirit and a data-driven, strategic approach to fulfilling our mission, the LaunchTN team has made tremendous strides in 2019 as we build for the future.

One year ago, we said farewell, with gratitude and appreciation, to former CEO Charlie Brock. LaunchTN made significant progress under Charlie's leadership toward building the world-class entrepreneurial ecosystem we all desire. The five-year plan approved by our Board of Directors in July

2018 serves as a blueprint for growth, and we continue to refine our approach as opportunities arise.

In this year's annual report, you'll read about many of the successes of 2019. In addition, I'd like to highlight two distinctive achievements that will show important impact in FY20.

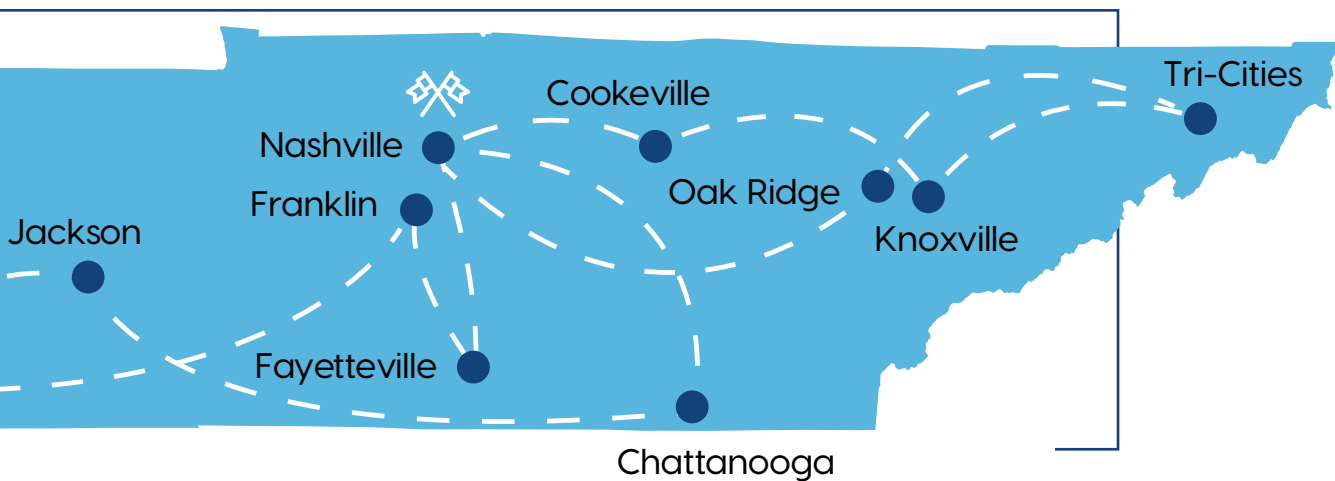
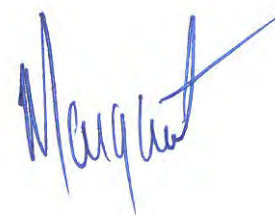
First, we enhanced our Impact Fund so that in FY20 we could launch the Innovation Capital Continuum, adding two new equity initiatives for Tennessee startups: the Blended Capital Fund and the Follow-on Fund. Each is structured to promote new opportunities for capital-seekers.

Second, thanks to forward-thinking and strategic leadership of our legislators and administration, our SBIR/STTR Matching Fund doubled for FY20 from \$1.5 million to \$3 million — a boost that enables more of our state's research pioneers to create businesses to commercialize their discoveries.

And of course these are only brief examples of the extraordinary progress we've experienced in 2019. I hope you enjoy reading our annual report, which brings more of our work to life through the voices of founders, investors, students, and corporate partners in our community.

We're grateful for your commitment to Tennessee's entrepreneurial ecosystem, and your support for LaunchTN. I look forward to working with you in the coming years, guided by our vision to make Tennessee the most startup-friendly state in the nation.

On behalf of the team, my very best,  
and thank you,



# About LaunchTN.

We are a public-private partnership that fosters entrepreneurship, **with the vision of making Tennessee the most startup-friendly state in the nation.** We create collaboration among entrepreneurs, the private sector, capital sources, and other stakeholders necessary for growing new businesses and creating jobs in Tennessee.

**20** partners funded state-wide

SBIR Matching Fund Program  
**increased from \$1.5M to \$3M**  
for FY20



**76¢**

of every dollar goes to program-related expenses







# Strategic Plan.

Building on the strategic plan adopted by our Board of Directors in the summer of 2018, **we focus on five strategic priorities:**

## 1 | Capital

Engage angel, venture, and corporate venture dollars from across the state, region, and country, and provide access to alternative funding sources to serve entrepreneurs.

## 2 | Market Access

Curate connections and create programs for established businesses to partner with startups as early adopters, first customers, mentors, investors, and more.

## 3 | Commercialization

Offer resources to facilitate the commercialization of institutional research into startups.

## 4 | Talent

Create tactics to develop, recruit, and retain best-in-class tech and business talent.

## 5 | Environment

Reinforce Tennessee's business-friendly reputation by advocating for policies that support startups and strengthen the entrepreneurial ecosystem.

**View our full plan at [launchtn.org/strategicplan](https://launchtn.org/strategicplan).**

# Network Partners.

We fulfill our mission through close coordination with **nine network partners**. With regional and industry-focused approaches, our partners support entrepreneurs through every stage of growth.





# Entrepreneur Centers

Six regional Entrepreneur Centers provide **curriculum, mentorship, co-working space**, and other support to entrepreneurs.



## ENTREPRENEUR CENTER SUCCESS METRICS FOR FY19

**5,140**

female  
participants  
engaged



**2,280**

minority  
participants  
engaged

**651**

hosted  
events



**2,225**  
startups served

**146**

jobs created  
in Tennessee



**\$96.3M**



investment  
capital raised

*Data provided by Entrepreneur Centers*



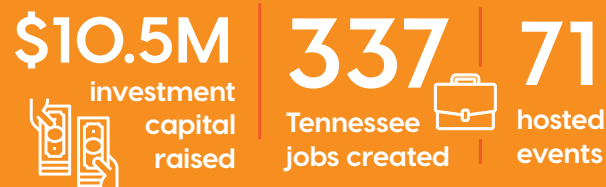
## Mentor Networks

Together with Life Science Tennessee and Tennessee Advanced Energy Business Council, we created the LaunchTN Mentor Networks program to **support entrepreneurs** in industries core to the Tennessee economy.

### MENTOR NETWORKS SUCCESS METRICS TO DATE SINCE 2014:



### BUNKER LABS - NASHVILLE CHAPTER TO DATE



## Supporting Veterans

In 2018, LaunchTN partnered with Bunker Labs Nashville to **support entrepreneurial programming** for veterans and veterans' spouses.

“

**A statewide network of entrepreneur resource centers is rare – we’re thrilled to be a part of this system in partnership with Launch Tennessee.**

At times we get to be a resource, and other times we’re on the receiving end of a wealth of connectivity. One of our symbiotic areas of focus is growing tech talent right here in Tennessee, and the support of LaunchTN with our Dev Catalyst program has been essential.

”

Lisa Garner  
Executive Director, theCO







# Programming

**Capital 1**

**Market Access 2**

**Commercialization 3**

**Talent 4**

**Environment 5**

## 1

# Capital.

## Innovation Capital Continuum



### 3 EQUITY INITIATIVES

Impact Fund · Blended Capital Fund · Follow-on Fund

During FY19, we developed the Innovation Capital Continuum, which we launched in FY20. The ICC provides **in-demand capital solutions for scalable early-stage companies.** By creating a continuum of capital resources for Tennessee startups, we promote financial opportunity for all citizens.

# The Impact Fund

In 2017, we established the Impact Fund, providing 20 seed-stage investments at \$50,000 to \$150,000 each in startups solving social, environmental, and economic problems. **Among our first investments: Hera Health Solutions.**

The Memphis-based company's vision is to provide access to conveniently sustainable medicine. Today, Hera's patent-pending Eucontra offers patients an implant that reabsorbs into the body, providing a safe and effective pharmaceutical delivery solution.

“

We are honored to be a portfolio company of the LaunchTN Impact Fund. The matching investment from LaunchTN for our Series Seed investment round was crucial for our R&D and to hit key milestones.

The networking opportunities through events like 36|86 Entrepreneurship Festival have also made a big difference by allowing our team to connect with other key investor groups, mentors, and advisors.

**These unique opportunities really highlight why we are excited that Tennessee is our home.**



**Idicula Mathew**

Cofounder + CEO, Hera Health Solutions



# Angel Investor Tax Credit

Over the past two years, we've encouraged participation in Tennessee's Angel Tax Credit program, one of the ways the state is creating a more **favorable environment** for early-stage capital formation.

## 2018 METRICS

**\$3.28M** dollars leveraged 



**+\$1M** credits approved + pending

51  
unique  
investors  
applied



49.1%  
are  
new  
angels

checks  written



average ..... \$101,250  
median ..... \$50,000



“

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**LaunchTN and its network of support organizations is an extremely coordinated and effective statewide effort. The team has been invaluable in helping us navigate the ecosystem in the region.**

We recently launched TechFarms Capital with the mission to enhance entrepreneurial ecosystems by investing in and developing tech startups throughout the Southeast US region. We found extreme value in the 36|86 event. It was well-executed and the caliber of the startups we got to meet exceeded our expectations.

---

”

Kelly Reeser  
Managing Director, TechFarms Capital

# 2

# Market Access.



LaunchTN Market Access programs curate connections between startups and established businesses who become early adopters, first customers, strategic partners, or advisors.

Our LEAP initiative helps to curate introductions and reduce barriers for startups.

This year, we've created a roadmap to add to our toolkit. The goal: to help us build corporate engagement and yield stronger connectivity with Tennessee startups.

## THE NEW TOOLKIT

- Enhanced onboarding of corporate partners
- Digital platforms
- Regular events
- A structure for implementing a pilot with a business partner



Since inception in 2018, we've held 8 LEAP sessions with 7 corporate hosts resulting in **68 meetings and 12 paid engagements.**



“

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Entrepreneurs across the state from Mountain City to Memphis have changed the face of the economy in Tennessee. LaunchTN, with intention and focus, is working every day to connect budding entrepreneurs with resources so that Tennessee will continue to benefit from the transformational growth that comes from a healthy and vibrant startup community.

**By helping the ideas of today become  
the businesses and jobs of tomorrow,  
LaunchTN has become a key component of  
Tennessee's flourishing business climate.**

---

”

Tennessee Rep. Patsy Hazlewood

# 3 Commercialization.

## SBIR/STTR Matching Fund

The SBIR/STTR Matching Fund program helps innovators commercialize their R&D by providing matching grants to Tennessee recipients of federal grants.

### SBIR/STTR MATCHING BY THE NUMBERS



Looking ahead to FY20, innovators in our state will have the benefit of a \$3 million SBIR matching fund, doubled from the prior year, to support advancing their pioneering work from the lab to the marketplace.

# Microgrants

The LaunchTN Commercialization Microgrants program is **available to Tennessee early-stage companies that are developing technology with a plan for advancing it into the marketplace.**

**Our micrograntee SBIR win rate is 50%,** compared to the national average of <20%.

“



**Megan O'Connor, PhD**

Cofounder + CEO, Nth Cycle

The microgrant was extremely helpful in securing non-dilutive capital for Nth Cycle's technical development. We had applied to several SBIRs before this one and had no luck winning any funding.

**With the help of this microgrant, we were able to hire an SBIR consultant who coached us on how to draft our winning National Science Foundation application.**

We've also been fortunate to receive matching funds from LaunchTN based on the NSF grant, which will extend our company's runway six months, putting us in a much better position to scale the company quickly!



# 4

# Talent.



## Discover Entrepreneurship Program

We partner with three organizations to make innovation and tech education curriculum accessible to Tennessee students. Each program is **free to high schools and community organizations across the state.**



### LAUNCHING BRIGHT IDEAS

LAUNCH Chattanooga

Step-by-step entrepreneurship experience, from ideation to business model



### CHANGE AGENTS

Fathom, Nashville

Curriculum focused on entrepreneurial approach to civic engagement



### DEV CATALYST

theCO, Jackson

Coding and holistic tech education platform

## Job Board

We debuted the LaunchTN Job Board in April. For the first time, **talent in the startup community** has a single go-to source for Tennessee organizations looking to hire.



JOB BOARD AT A GLANCE  
APRIL 17-JUNE 30, 2019



# 136

jobs posted  
April-June  
2019



1,205  
unique  
users

3,416  
page  
views



1,299  
clicks  
on jobs



40-50  
companies hiring  
at any time

### LAUNCHCODE COMPLETION RATES



69% FINISHED UNIT 1  
(Computer Science)



45% FINISHED UNIT 2  
(Computer Science  
+ Web Development)



32% FINISHED UNIT 3  
(Full Stack Web Dev)

## LaunchCode

LaunchTN partnered with the Tennessee Board of Regents and Southwest Tennessee Community College to pilot LaunchCode, a free coding course, in the Memphis region. The program provides **training for people of all backgrounds and experiences, creating a steady talent stream for the local tech entrepreneurial landscape.** Our inaugural cohort attended classes two nights a week from February to July 2019.



# Internship Program

The LaunchTN 2019 Summer Internship Program kicked off in May. **With summer posts in fields from data science to communications and chemical engineering**, our cohort enjoyed a broad taste of the entrepreneurial experience.

Midway through the program, our interns convened at the Nashville Entrepreneur Center for a full day of networking, workshops, and panels for professional development.

“

We have worked with LaunchTN on various initiatives, but this was by far one of the most rewarding for both me and my team. Our goal this summer was to offer our interns not only the satisfaction of completing an internship, but also a sense of accomplishment when they look back at the real world, forward-thinking, and innovative assignments they were tasked with completing. **Their aptitude, positivity and eagerness outpaced all of our expectations.** We hope that they have garnered as much intrinsic value from us during this internship as we have derived from their work.

**Lee Jestings, Enexor BioEnergy, Franklin**



## INTERNSHIPS BY THE NUMBERS

33

interns



19 FEMALE



12 MALE

2 NON-BINARY

18

in-state schools



15

out-of-state schools

13



week  
internship  
average

interns were  
hosted by

17 + 6

Tennessee  
companies

Entrepreneur  
Centers



17



interns extended their role  
past the internship term,  
either accepting a full-time  
role or part-time and  
project-based work



“

**Before my internship, I wasn't exposed to entrepreneurship.**

But now, after interning with Start Co., I want to do something from the ground up – 100%. I worked with seven companies this summer, doing research into things like logistics, medical devices, and on-demand delivery, and we also hosted weekly pitch practice and office hours to provide feedback and support for our companies. I plan to stay in touch with Start Co. and definitely attend events and keep learning.

”

Abdullah Aldakheel  
Start Co. (University of Memphis)

# 5

# Environment.



## Policy

### WEEK ON THE HILL

LaunchTN's annual Week on the Hill connects entrepreneurs and innovators with legislators to discuss key challenges that small businesses face today.

This year, AgLaunch, Bunker Labs, EO Nashville, Life Science Tennessee, Nashville Tech Council, and Tennessee Advanced Energy Business Council **collaborated with us to bring entrepreneurship and innovation to the forefront of our legislative process.**

Together we delivered a high-impact week packed with special events and connections between policymakers and the job creators they represent.



### WEEK ON THE HILL BY THE NUMBERS

entrepreneur &  
innovator exchanges  
with legislators

**647**

**113**

meetings held  
with legislators



## TECONOMY REPORT

With support from the Kauffman Foundation, we enlisted TEconomy to help us get a clear vision of Tennessee's entrepreneurial landscape. The report included policy recommendations to address gaps in our state's startup ecosystem. Here are those policy points, and our actions in response:

### Recommendation 1

Invest in startup activity as a core economic development pillar by doubling appropriation.

**Result:** *The 2019 General Assembly increased our operating budget by \$300,000, and doubled our FY20 SBIR/STTR Matching Funding, administered by LaunchTN with the support of the Department of Economic and Community Development, to \$3 million.*

### Recommendation 2

Draw on lessons learned and input from LaunchTN and its Network Partners to design a capital initiative.

**Result:** We launched the Innovation Capital Continuum, featuring three equity initiatives: *the Impact Fund*, the *Blended Capital Fund*, and the *Follow-on Fund*.

### Recommendation 3

Engage the private sector in the state's startup and innovation agenda.

**Result:** *Our LEAP initiative curates connections between Tennessee startups and corporate hosts seeking innovative solutions to business challenges.*

### Recommendation 4

Provide tech transfer and industry engagement support to regional universities that lack formal industry liaison and tech transfer staff.

**Result:** *We hosted SBIR/STTR workshops at 10 sites, including Tennessee State University, Tennessee Tech University, and East Tennessee State University.*

### Recommendation 5

Pilot and scale talent programs with partner agencies and organizations.

**Result:** *We debuted the LaunchTN Job Board to share employment opportunities at startups and technology companies across the state.*





# 36|86 Entrepreneurship Festival

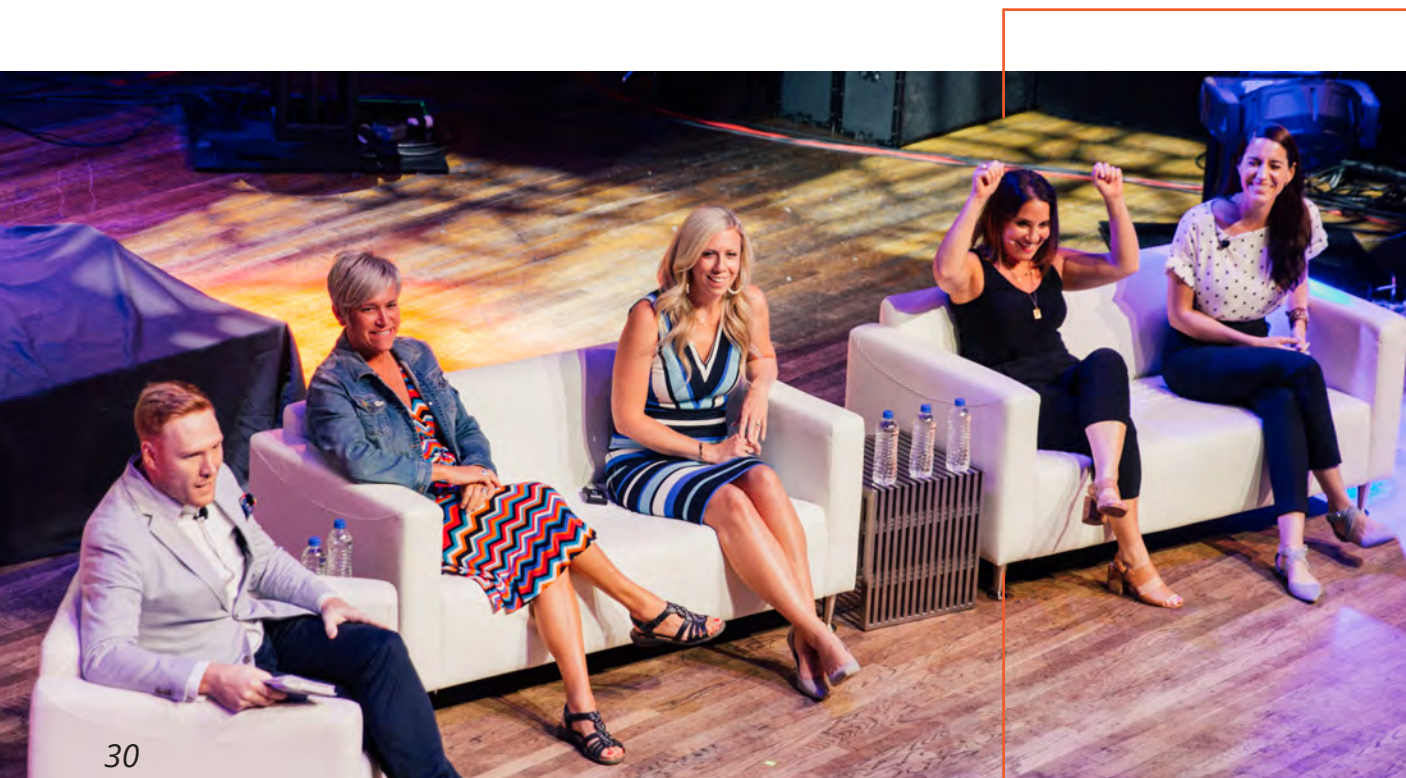
For two days in August, more than 1,200 founders, investors, and ecosystem builders came together in Nashville for LaunchTN's seventh-annual 36|86 Entrepreneurship Festival.

With **innovative programming, investor speed dating, networking, and our signature rooftop happy hour**, the conference took over four downtown honkytonks and wrapped up VIP-style at Live On The Green.

36|86 is our marquee event — a prime opportunity to shine a spotlight on Tennessee's diverse entrepreneurial

community and thriving innovation economy. It's a chance for investors to meet founders, for entrepreneurs to mingle with like-minded businesspeople, and for policymakers and thought leaders to share insights, guidance, and lessons learned.

Among our 100+ voices: Apple's Jeff Bigham, Tennessee Gov. Bill Lee, Cooperative Capital's Kwaku Osei, Singtel's Tiffine Wang, Hadiyah Mujhid from HBCUvc, Maria Aspan from Inc. magazine, and AllianceBernstein's Seth Bernstein.



## 36|86 BY THE NUMBERS

**1,200+**   
attendees



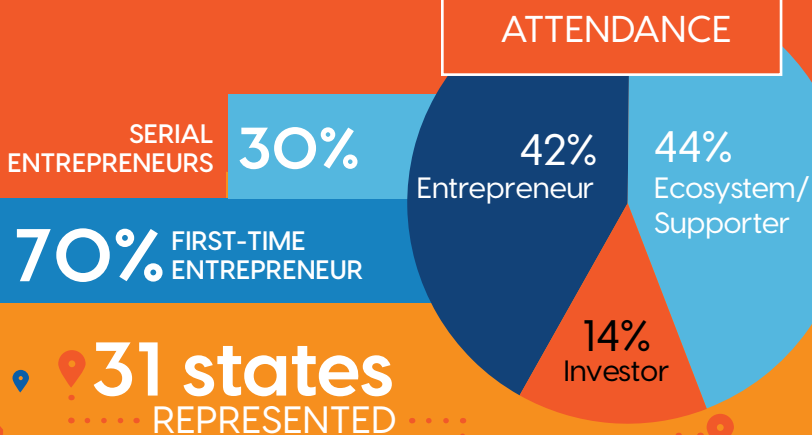
**41% FEMALE** **59% MALE**

**53%** female or underrepresented speakers



### 36|86 PAVILION AT LIVE ON THE GREEN

Under a big tent at Nashville's annual outdoor music festival, our four-day activation featured mini-pitch competitions, a **startup and tech job fair**, and, in partnership with our friends at the Adventure Science Center, a kids and robotics day.



**TOP FIVE STATES**

TENNESSEE  
GEORGIA  
CALIFORNIA  
TEXAS  
KENTUCKY/NY





# 36|86 Entrepreneurship Festival

## MY BUSINESS MATCHES

On the second day of 36|86, Wildhorse Saloon became Speed Dating HQ, as **investors and entrepreneurs gathered for more than 300 meetings**. The platform applies a compatibility scoring module to coordinate meaningful connections.

**300+**

entrepreneur +  
investor/corporate  
meetings

**50%**

out-of-state  
investors  
representing 23 states

MY BUSINESS MATCHES





## \$120K IN PRIZES

The spirit of competition flourished at 36|86 this year with live pitch contests. The caliber of our competitors is **a testament to the Tennessee entrepreneurial spirit and the next generation of innovative leaders across our state.**




## LAUNCH TN PITCH COMPETITION

**9** STARTUPS  
nominated by  
our statewide  
partners

**1** WINNER  
**POSSIP**   
Grand Prize and  
Crowd Favorite = **\$60K**

## STUDENT EDITION PITCH COMPETITION

 1st Place (\$25K) **Quantum Lock**  
University of Tennessee – Knoxville

 2nd Place (\$15K): **eLab Repairs**  
University of Tennessee – Chattanooga

 3rd Place (\$10K): **Qardian Labs**  
University of Tennessee – Knoxville

 Crowd Favorite (\$10K): **Cogentis Therapeutics**  
Vanderbilt University

**12**  
student-led  
startups



# Outreach

## THE PITCH

We rebranded our weekly newsletter in June as **The Pitch: Entrepreneurial News You Need**. Curated to include original content about LaunchTN initiatives, **partner news** from our network, **events** in our statewide startup ecosystem, and featured positions from the **LaunchTN Job Board**, The Pitch now reaches an audience of 3,500 — and growing.



## LAUNCHTN + 36|86 BLOG

A dynamic mix of content focuses on sharing **Tennessee success stories**, **boosting our audience**, and **driving readers to our programming**. News mingles with “Disrupt the Continuum” previews, tips for upgrading your 36|86 experience, and tales from our ever-intrepid traveling staff.

BLOG POST - JUNE 26



## 5 FEDERAL AGENCIES AT YOUR SERVICE WITH SBIR GUIDANCE

*LaunchTN's SBIR Road Tour features virtual, 1:1, and lunch-and-learn sessions with innovation experts.*



## DISRUPT THE CONTINUUM

In March, we launched Disrupt the Continuum, a biweekly podcast exploring issues and challenges in the startup world, featuring **engaging, casual conversation with entrepreneurs, investors, and ecosystem builders**. Season 1 listeners enjoyed interviews taped live on-site at 36|86, plus an episode with our CEO Margaret Dolan looking back at her first few months with LaunchTN, and a preview of 36|86 with Director Lindsey Cox.

### TOP EPISODE - MARCH 25



**Capital, 36|86,  
and the benefits of  
doing business in  
Tennessee**

INTERVIEW WITH  
LAUNCH TENNESSEE CEO  
MARGARET DOLAN

**809**  
TOTAL DOWNLOADS



Jammer CEO Marcus Cobb, interviewed on-site at 36|86 for Season 2 of Disrupt the Continuum.



# Team

Margaret Dolan, President & CEO  
Brittany Burgess, Director of Partnerships  
Tia Coffey, Office Manager & Executive Assistant to the CEO  
Lindsey Cox, Director of Operations & Government Affairs  
Jami Creel, Marketing Manager  
Morgan Dent, Talent Program Manager  
Khrys Hatch, Program Coordinator

Wendy Malloy, Director of Communications  
Allie Mikels, Commercialization Program Manager  
Susan Parham, Finance & Accounting Manager  
Topher Price, Operations Coordinator  
Jill Van Beke, Chief Program Officer  
Ashlin Wildun, Partnerships Coordinator



# Board of Directors

**Bob Rolfe**

Commissioner  
Tennessee Department of Economic & Community  
Development (Chairman)

**Calvin Anderson**

President  
Clear Strategies Group

**A.J. Bahou**

Partner  
Waller Lansden Dortch & Davis, LLP

**Tom Ballard**

Chief Alliance Officer  
Pershing Yoakley & Associates (Emeritus)

**Alan Bentley**

Assistant Vice Chancellor  
Center for Technology Transfer & Commercialization  
Vanderbilt University

**Stephen Crawford**

Senior Vice President & Chief Technology Officer  
Eastman Chemical Company

**Dr. Brian DeBusk**

Chief Executive Officer  
DeRoyal Industries, Inc.

**Bruce Doeg**

Shareholder  
Baker Donelson Bearman Caldwell & Berkowitz (Emeritus)

**Shawn Gliner**

Founder & Chief Executive Officer  
Pendant Biosciences, Inc.

**Marci Harris**

Chief Executive Officer  
POPVox

**Dr. H.M. "Hash" Hashemian**

President & Chief Executive Officer  
Analysis and Measurement Services Corporation

**Patsy Hazlewood**

State Representative  
Tennessee State Legislature

**Susan Lynn**

State Representative  
Tennessee State Legislature

**Kristina Montague**

Managing Partner  
The JumpFund

**Dr. Brian Noland**

President  
East Tennessee State University

**Dawn Patrick**

Managing Partner  
Cherry Bekaert

**Dr. Stacey Patterson**

Vice President for Research,  
Outreach and Economic Development  
University of Tennessee, Knoxville

**Julia Polk**

Chief Strategy Officer  
Decode Health

**Denny Wayne Robinson**

County Executive  
White County Tennessee

**Richard Smith**

Regional President of the US  
and Executive Vice President of Global Support  
FedEx Express

**David S. Waddell**

President, Chief Executive Officer  
& Chief Investment Strategist  
Waddell and Associates, LLC.

**Bo Watson**

State Senator  
Tennessee State Legislature

**Frank Williamson**

Founder & CEO  
Oaklyn Consulting

**Dr. Thomas Zacharia**

Laboratory Director  
Oak Ridge National Laboratory



# SAVE THE DATE

Aug. 26-27, 2020

[attend3686.com](http://attend3686.com)

Aug. 28

[attend3686.com](http://attend3686.com)



@3686fest



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Thanks to partners like Launch Tennessee, we are developing both a workforce and the infrastructure needed to continue making our state the nexus for the jobs of the future. Partnerships like this empower homegrown entrepreneurs and

**bolster Tennessee's global reputation  
as a business-friendly destination.**

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”

Gov. Bill Lee

# Launch Tennessee

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Connect with **@LaunchTN**

