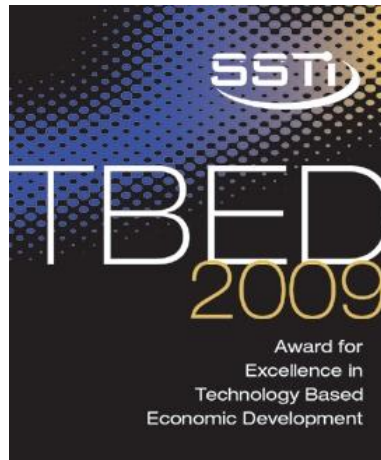


Podcast Interview



Will Indest, Vice President of
Venture Development, TechColumbus
Interviewed by: Phillip Battle, SSTI

*2009 Excellence in TBED Award Winner:
Building Entrepreneurial Capacity*

Mr. Battle: Hello, this is Phillip Battle with SSTI and this is the SSTI Excellence in TBED Awards podcast. I'm talking today with Will Indest, Vice President of Venture Development for TechColumbus. TechColumbus's TechStart Program was the 2009 winner of SSTI's Excellence in TBED Award in the category: Building Entrepreneurial Capacity.

Hey Will, thanks for talking to us today.

Mr. Indest: Hi, good afternoon. Good to talk to you too.

Mr. Battle: Will maybe you can start off just telling us a little bit about TechStart and TechColumbus.

Mr. Indest: Sure. TechStart is a 15 county wide venture development initiative, where we work to first find and coach the best technology startup opportunities in the 15 county regions. Second we try to identify the best of them and fund them. We do that in a variety of ways, all the way from \$50,000 grants, to validate technology and market places, up through pre-seed funding which provides up to \$250,000 loans to startups. Then we are also the manager for Ohio Tech Angels, which is now the second largest angel group in the country.

Mr. Battle: So you guys have put together a fairly comprehensive suite of programs it looks like. We were all very impressed at SSTI. Could you just talk a little bit more about that suite of programs?

Mr. Indest: Sure, one of the things that we recognize was that in the 15 counties that we cover in central Ohio, there are many, many deals that in prior programs before the start of TechStart three years ago, we weren't exposed to. So we spent a lot of time making sure that we're finding the tech startups and the entrepreneurs that can use our assistance. Frankly a lot of the companies and entrepreneurs come to us because we have funding resources. But the vast majority of them before the funding need coaching and mentoring. So we supply domain experts, who are experts in life sciences for example, or information technology startup technologies. We also provide people who are experts in working with companies to develop their business plans, or figure out what the market place might be. Figure out how to best attack setting up the business. So as a team approach, we'll work with each entrepreneur startup to help him or her best advance to the next step.

We don't write a business plan for a company, but we help them to do that and critique it and provide feedback on it. As long as the company or entrepreneur

continues to do their homework, continues to do the work that we together decide is the next step for that company, and then we will continue to engage them. All of these consulting services are free of charge. They are part of the community based support and the Ohio Third Frontier Initiative.

Mr. Battle: Have you found any advantages to taking that comprehensive approach instead of a more piecemeal approach?

Mr. Indest: Absolutely, I think one of the big advantages that we have in central Ohio, is that all of the support is under one roof. There are many communities because of historical reasons, not really because of strategic reasons, but for historical reasons that the organizations for an example, an angel fund would grow up as a separate organization from the organization that is helping the really early entrepreneur to figure out if there is a market place to buy the stuff that he or she is putting forward. I think that's our biggest advantage. What happens is that if a company comes in and initially we think, hey this is really, really early, they need a lot of hand holding, a lot of coaching and mentoring, and a lot of support and then all of a sudden we realize that we were wrong. This is the funding opportunity for angels right now. We can quickly move them from out of the department; we're not that big, but from one group working with them in the early stage to the angel folks and see if we can get them funded.

Mr. Battle: You said that your funding assistance tends to draw companies; do you find that they typically come to you seeking one specific type of service? Or do generally companies that come to you do they participate in more than one of your programs?

Mr. Indest: They generally come to us because we have these very early investment dollars which everyone in the state knows is not a lot of us. The space we work in is much earlier than any venture capitalist would typically entertain, or even many angels would typically entertain. So yes, when they come to us, they may come to us for they think they are ready for angel funding. We'll bring them to an angel meeting and show them the type of companies that an angel group is looking at and say, really before you're ready for this you need to do this, this and this and help them find the right place in the commercialization continuum.

We're dealing with everything as raw intellectual property coming out of Ohio State University all the way through companies that are generating now \$5 million - \$10 million in revenue. So it's a broad spectrum and their needs are very varied. Having a team of about 20 people, some part-time consultants, some full-time employees that are working on those issues across that broad

spectrum, and having the ability to identify and assign the right resource to the opportunity when we realize what it really needs is I think, one of the biggest strengths we have.

Mr. Battle: Are a lot of the entrepreneurs that come to you, are they coming out of the university?

Mr. Indest: A lot of the ideas are coming out of the university. A lot of times what happens is that there will be a piece of interesting intellectual property that would come out of a specific department. The professor may or may not be interested in being the CEO of a startup, but there are other people that are. For example the Fisher School of Business at the Ohio State University now has a very robust and exciting entrepreneurship program and a business plan competition. As these ideas are developed in maybe say the Engineering Department, they are paired up with MBA students who want to be entrepreneurs, and they compete in the business plan completion. For example last year, the three top winners in the business plan completion, number 1, 2 and 3 then all came to us for the next step of some will receive funding, all received coaching and mentoring to figure out where to go from there.

Mr. Battle: I know you offer an Entrepreneurs-In-Residence program that sometimes helps commercialize some of these ideas by matching them with an experienced entrepreneur. Can you say a little bit about that program?

Mr. Indest: One of our funding vehicles, we call a pre-seed funds, it's earlier than angels, but it's after the little tech-genesis grants that I mentioned earlier. Its \$250,000 and is the first real money going into a company or an idea. Entrepreneurs-In-Residence are typically people who are number one, domain experts in one area or another. Number two, have significant experience as an entrepreneur themselves. So these are CEOs, COOs, or CTOs of startups that are in this role, frankly looking for their next gig. What they do for us is they will do the due diligence on these pre-seed companies, the candidates, and then the ones we choose to fund; they will play an operating role. So we may fund a company and then we'll put one of our EIRs in as say the COO of a company for two days a week. They are on our payroll, but they are working in the company. The whole idea is to get that company to the next level. Entrepreneurs-In-Residence are at the same time looking for their next opportunity to become part of a startup in the community. So they really like it because it gives them a view to a lot of really good startups in the community.

Mr. Battle: Have you guys learned any unexpected lessons along the way that might be of interest to somebody trying to emulate the kind of success you've had at TechColumbus?

Mr. Indest: I think the biggest lesson that we've learned is that we need to over communicate with our entrepreneurs. When we started this, now going on four years, we had our deal flow. This is the people approaching us looking for help, or for funding. It was about \$200,000 - \$250,000 a year and it's doubled, so about \$500,000 a year in the last four years. I think what we've learned over that time is that we have to be crystal clear and transparent about what we do. As an organization how we can help, but also what we don't do. For what we do now is that the very first meeting that we take with an entrepreneur we lay out a set of: this is what we will do and what we will bring to this relationship, but this is what we expect you to bring to this relationship too. The big example is that as people come to us and say, hey I have this great idea will you write my business plan? Our answer is no, but we will help you write your business plan, or critique your business plan, and here's how you start. Frankly some people don't come back. They think that we're here to do the business plan writing and that example is not, it's to facilitate them writing the best business plan they can to succeed. So over communication I guess is my answer.

Mr. Battle: Well thank you very much for speaking with us today, I appreciate it.

Mr. Indest: Sure.

Mr. Battle: If our listeners would like any more information about TechStart and TechColumbus they can visit the website at www.techcolumbus.org. For more information about the awards program you can visit SSTI's website at <http://www.sstiawards.org/>. Thanks again Will.

Mr. Indest: Thank you.