

# WELCOME

## Dr. Dedric Carter



Chair, Missouri Innovation and Entrepreneurship Strategy Steering Committee  
Chairman, Missouri Technology Corporation

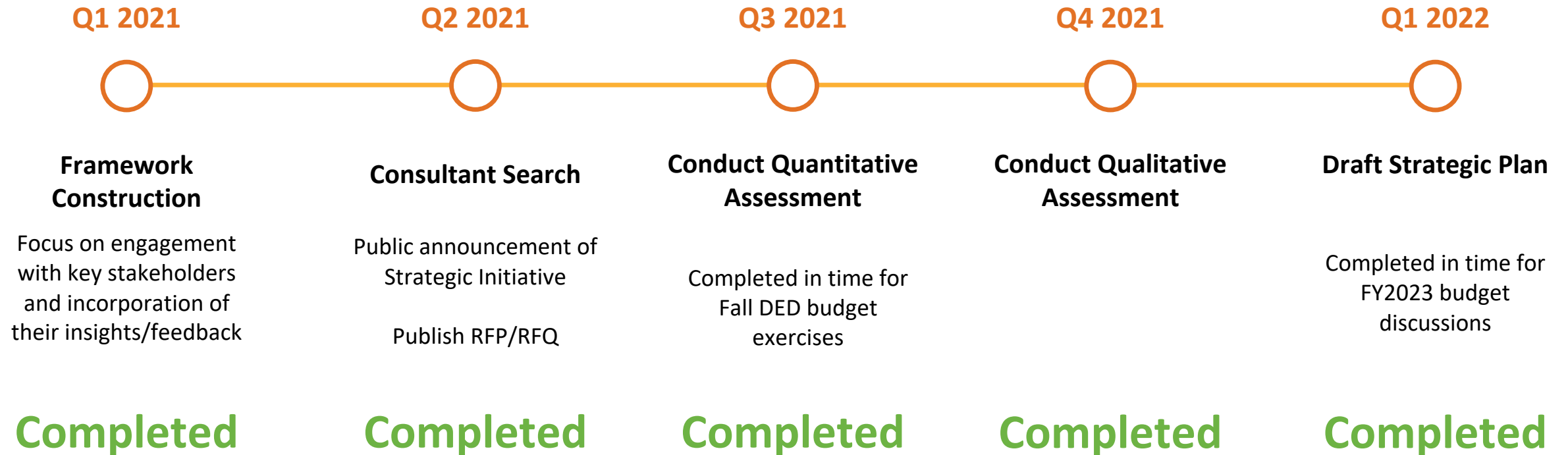


*The Missouri Technology Corporation (MTC) is a public-private partnership created by the Missouri General Assembly to promote entrepreneurship and foster the growth of new and emerging high-tech companies.*

*Our mission is to provide leadership and make strategic investments that help entrepreneurs create and grow technology-based Missouri businesses.*

# Strategic Initiative Timeline

As presented at the January 2021 MTC Board Meeting



# Steering Committee Members



**Winston Bennett**

Entrepreneur  
North Region



**Dedric Carter (Chair)**

Washington University  
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**Bryan Shannon**

Entrepreneur  
Kansas City Region

## Honorable Governor Mike Parson



# Deborah Cummings



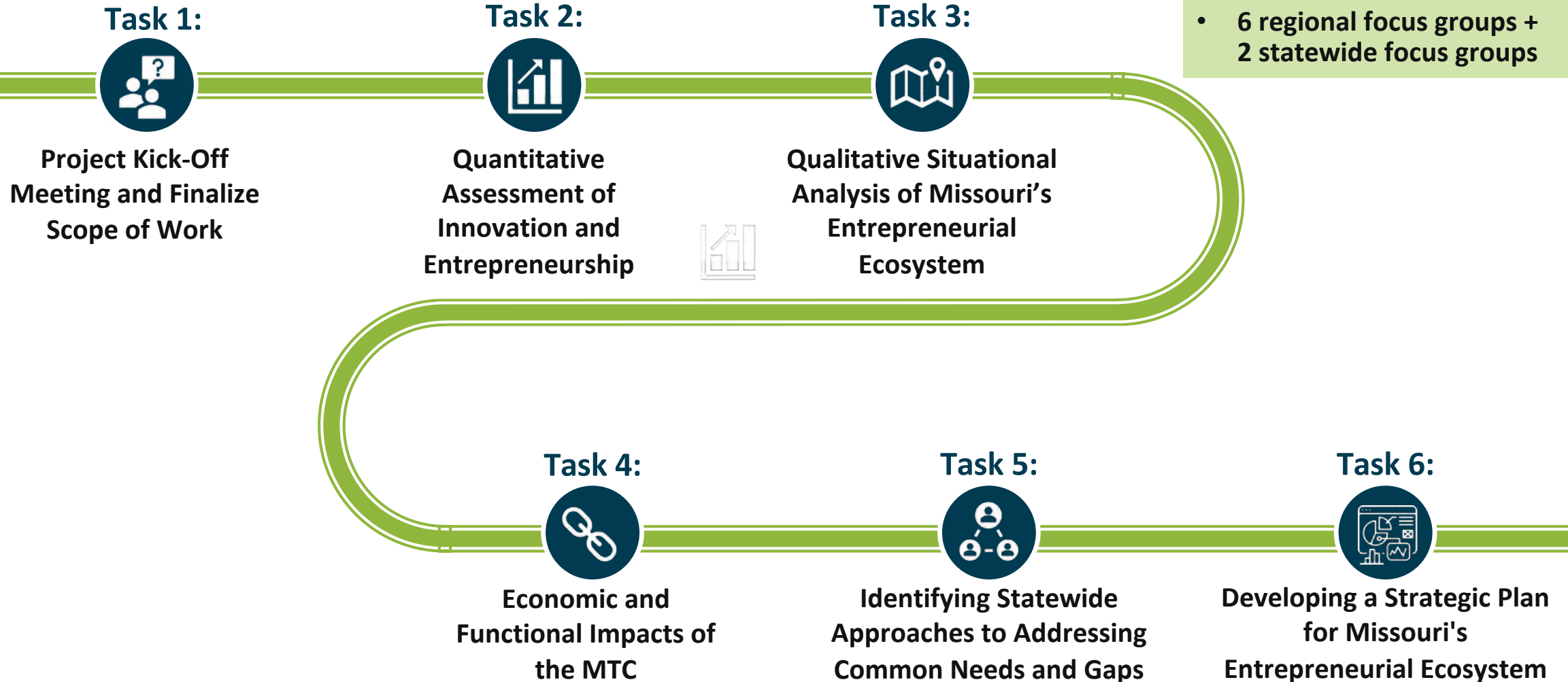
Principal and Managing Director, TEconomy Partners, LLC.

# Catalyzing Innovation: Strategies for Missouri to Drive Innovation and Entrepreneurship

February 16, 2022



# Project Scope of Work

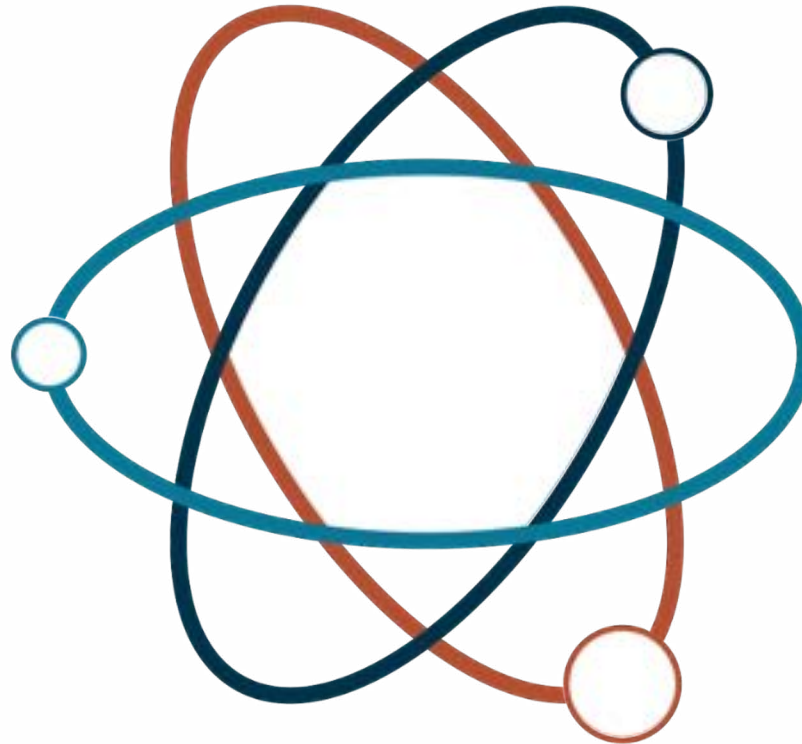


# Innovation and Entrepreneurship play a critical role in driving economic vitality in Missouri

Positive impacts include:

## Driving Productivity Growth and New-Wealth Creation

- New and improved products
- Enhanced production technology and productivity
- Technology-based solutions to industry problems
- Output and employment expansion
- Increased exports
- Income generation for Missourians
- Enhanced tax base
- Economic sustainability
- Enhanced image and awareness of Missouri



## Improving the Human Condition

- Technology-based solutions to humanity's problems
- Economic expansion (output)
- Increased employment opportunities
- Enhanced workforce education
- Innovation and intellectual property generation
- Broaden participation in the innovation economy

## Commercializing New Technologies

- New business development and business sectors
- Economic diversification
- Output and employment expansion

# MTC plays a vital role in supporting Missouri's traded-sector entrepreneurs

## MTC's Cumulative Economic Impacts, FY2014-FY2021



**Investments:** 11 Innovation Centers,  
42 MOBEC Orgs, 139 IDEA Fund Companies  
**Total MTC Investment: \$75.7M**  
• State Investment: \$63.6M  
• Federal Investment: \$12.1M



**Output:**  
\$6.4 Billion



**Employment (Job Years):**  
34,532



**Wages and Benefits:**  
\$2.1 Billion



**State and Local Taxes:**  
\$175.6M

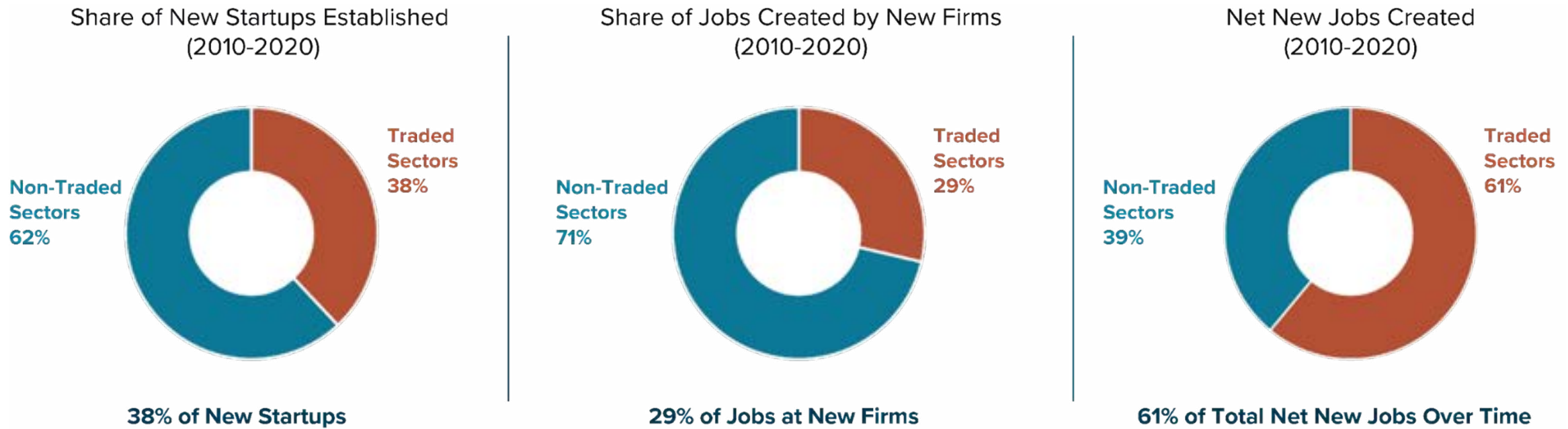
Every \$1 invested in MTC by the State of Missouri generates:

- \$100.74 in economic activity, and
- \$2.76 in state and local tax revenue.

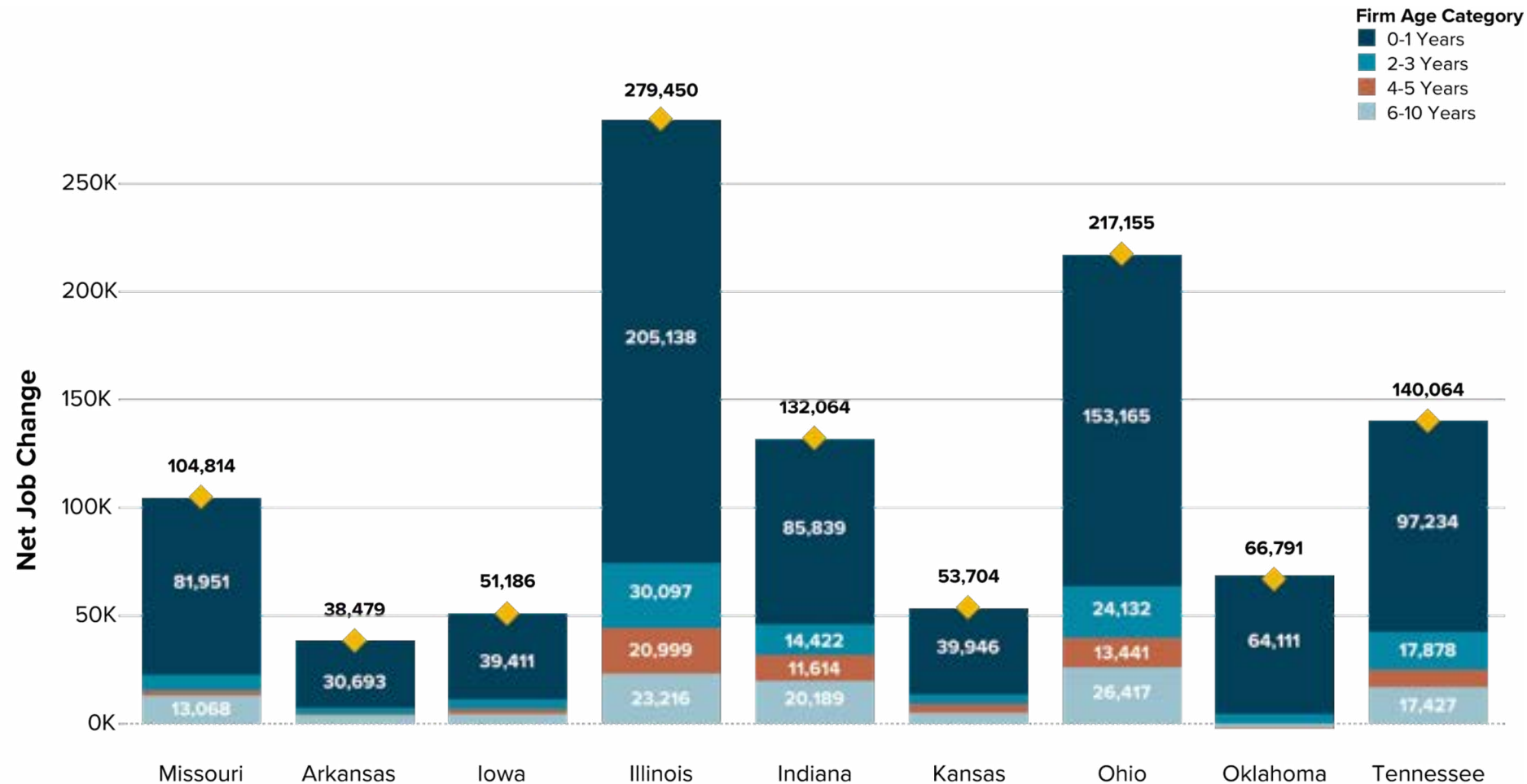
Note: Of the 11 Innovation Centers funded over the time period, 9 are still currently operating and providing programmatic services.

# Over the course of the last decade, most net new jobs created in Missouri were due to the success of the state's traded sector firms

- Traded sector firms, those that are serving customers and markets beyond the residents and businesses in their community, play an outsized role in Missouri's economy. By bringing new dollars into Missouri's economy, these "traded sector firms" exhibit a strong multiplier effect: new jobs are created as exporting firms buy from local suppliers and as workers buy from local businesses.



However, relative to the other benchmark states, the employment contribution from Missouri's young firms is not as robust as they age



## Despite significant progress in recent years, a key challenge for Missouri is consistent funding to support the growth of young firms

- Given the importance of innovation and entrepreneurship to economic development in the 21st century, there is a desire among many in the state to elevate these themes as policy priorities.
- The defunding of MTC in FY18 sent a strong negative message throughout the ecosystem. This has left founders, programs, and initiatives questioning whether the support and resources they need will be available.
- Creating opportunities for more traded sector firms to grow and scale in Missouri must be the principal goal of this strategic effort.

# This strategy seeks to address five key ecosystem challenges facing Missouri



## CHALLENGE 1:

While the amount of risk capital dollars invested in Missouri has grown, the number of deals has declined, making risk capital difficult to access for many entrepreneurs across Missouri.



## CHALLENGE 2:

Entrepreneurial support services and physical infrastructure remain less accessible among underrepresented minorities and those living in rural areas.



## CHALLENGE 3:

There is untapped potential at Missouri's research institutions that is limiting ideation and entrepreneurship.



## CHALLENGE 4:

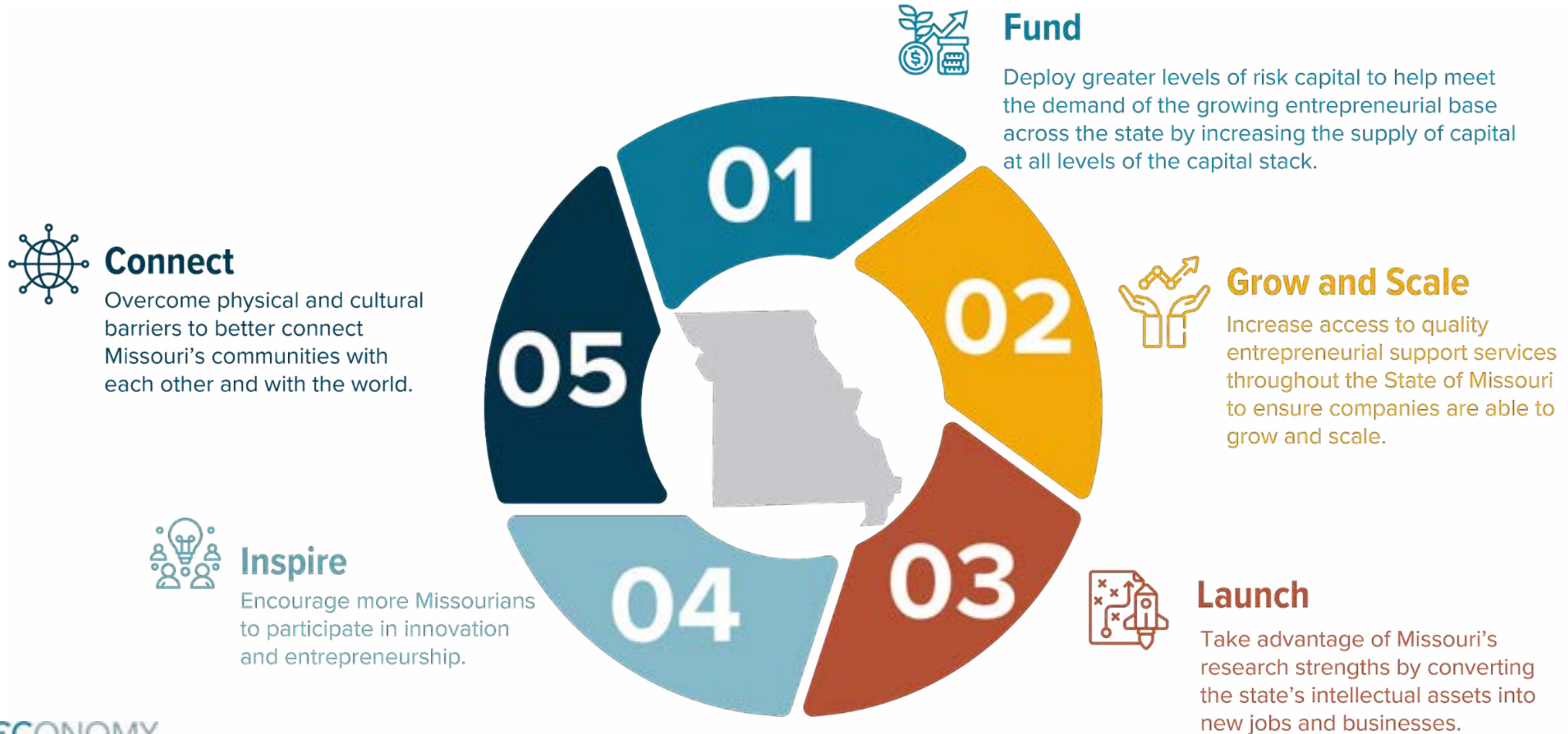
Not enough Missourians are participating in innovative and entrepreneurial endeavors, thereby making access to talent difficult for many startups and growing



## CHALLENGE 5:

There is a lack of connectivity among the various components of Missouri's I&E ecosystem, both literally (e.g., broadband) as well as figuratively (e.g., perceived competition and siloed efforts).

# To respond to these challenges, five strategies to support innovation and entrepreneurship are recommended



## Strategy One: Fund - Deploy greater levels of investment capital to help meet the demands of the growing entrepreneurial base.



While recognizing that the amount of risk capital dollars invested in Missouri has grown, it is also important to note that the number of deals has declined. This suggests a shift towards larger, later-stage investments and fewer early-stage deals making it difficult for many entrepreneurs across Missouri to access risk capital. In interviews with key stakeholders, there was broad consensus on the need for active efforts in Missouri to continue to increase the level of indigenous risk capital in the state to promote increased deal flow.

# Strategy One: Fund - Actions

## **Action 1. Catalyze additional investment capital funds across the capital stack.**

- Support the creation of additional indigenous pre-seed, angel, seed, and early-stage venture capital funds in Missouri.
- Provide additional non-dilutive grant funding through an SBIR/STTR matching grant program as well as matching dollars for non-profit organizations that provide direct cash grants.
- Pilot innovative financing options, such as revenue-based financing for business models that do not traditionally attract risk capital dollars and direct investments for founders from underserved populations (demographic or geographic).

## **Action 2. Incentivize angel investments.**

- Create a transferrable angel investment tax credit equal to 25 percent of an investment in a Missouri company.
- Encourage Angel Networks by providing funding under Action 1 to off-set costs of professional fund management, network administration, and due diligence.

## **Action 3. Evaluate the creation of Missouri Rural Vitality Funds to provide collateral for entrepreneurial loans.**

- Undertake a feasibility analysis to better understand the viability of creating a financing mechanism in which a private citizen seeking to invest in their rural community could make a commitment of a personal and/or alternative asset to serve as collateral from which banks could make loans to local entrepreneurs within their rural community/county.

# Steering Committee Members



**Jim Eberlin**

Entrepreneur  
St. Louis Region



**Bryan Shannon**

Entrepreneur  
Kansas City Region



## Strategy Two: Grow and Scale – Increase access to quality entrepreneurial support services throughout Missouri to ensure companies are able to grow and scale.



Over the past decade, Missouri has experienced a significant rate of new formations of traded sector firms. While Missouri has made many strides in recent years with regards to supporting these new establishments, there are many concerns that the entrepreneurial support assets and resources are not always equally available. In particular, those Missourians living in rural areas and those who are underserved (including women, veterans, immigrants, rural entrepreneurs, and LGBTQTIA+ individuals), face challenges in accessing essential ecosystem services.

# Strategy Two: Grow and Scale – Actions

## **Action 4. Develop a statewide Entrepreneurial Pathways Program.**

- Direct and connect entrepreneurs to the entrepreneurial service organizations located across the state that are best suited to meet their needs.

## **Action 5. Foster regional efforts to provide quality entrepreneurial support services to high-potential, high-growth traded sector startups.**

- Mentorship Networks: develop networks of seasoned mentors who provide guidance to promising companies.
- Entrepreneurs-in-Residence: ensure value-added assistance to companies that are fundable but lack C-level talent.
- Physical Hubs: support the physical places that serves as a region's entrepreneurial focal point.

## **Action 6. Connect Missouri's corporate partners and anchor institutions with startups thereby creating a "stickiness" to Missouri for the entrepreneurial endeavor's ultimate success.**

- Provide Corporate Partnership Grants to develop "first customer" programs that help support startup growth and educate entrepreneurs on how to work best with corporations (and vice-versa).
- Develop networking platforms and accelerator programs that link corporations with promising startups and technologies.

# Steering Committee Members



**Wendy Guillies**

Kauffman Foundation  
Kansas City Region

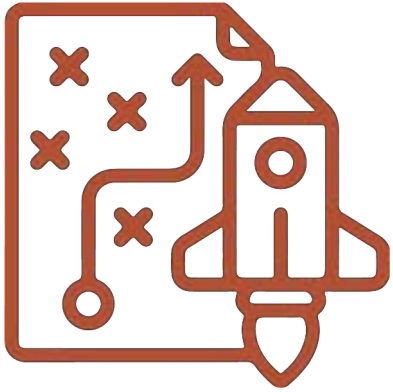


**Maria Meyers**

UMKC Innovation Center and  
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Kansas City Region



## Strategy Three: Launch and Cultivate – Take advantage of Missouri’s research strengths by converting the intellectual assets into market opportunities.



Developing a vibrant environment that encourages basic and applied research at colleges, universities, and within industry is essential if Missouri is to catalyze further innovation-led economic growth. It is also critical that Missouri can transfer the intellectual property developed at its colleges and universities into new products, services, businesses, and ultimately, new jobs and investment.

Currently, there is untapped innovation and entrepreneurial potential within Missouri’s research institutions. Unless there is intentional focus on converting the intellectual assets of Missouri’s research institutions into market opportunities, ideation will not occur.

# Strategy Three: Launch and Cultivate – Actions

**Action 7. Reenergize the Research Alliance of Missouri (RAM) as a mechanism for bringing together the major research institutions of the state to solve common innovation continuum challenges.**

- Streamline processes that help researchers work with companies across the state and with each other.
- Develop working groups around key sectors related to Missouri's R&D strengths.
- Encourage collaborations that help the state's research institutions better compete for federal research funds.

**Action 8. Leverage the federal I-Corps program and provide startup services statewide to encourage commercialization activity.**

- Work with RAM and other regional entrepreneurial support efforts to scale the program across a greater number of colleges, universities, research institutions.
- Identify ways to provide follow-on support services for promising graduates of the I-Corps program leveraging Strategy 1 and Strategy 2.

**Action 9. Provide comprehensive assistance for SBIR/STTR awards to further drive commercialization across the state, especially at Missouri's research institutions.**

- Leveraging Strategy 1, Action 1, develop a program to assist potential, current, and past SBIR/STTR awardees.

# Steering Committee Members



**Nadia Shakoor**

Entrepreneur  
St. Louis Region



**Benjamin Johnson**

BioSTL  
St. Louis Region



## Strategy Four: Inspire – Encourage more Missourians to participate in innovation and entrepreneurship.



Few things are as vital to the long-term prosperity of Missouri's entrepreneurial ecosystem as having access to the talent needed to grow and scale high-potential, high-growth firms. Interviews with key stakeholders suggest that not enough Missourians are participating in innovative and entrepreneurial endeavors either because they have never been connected to these firms and are unaware that they exist, or they believe that they are not a fit to an entrepreneurial opportunity. Ensuring that all Missourians have the pathways to develop the skills needed to pursue entrepreneurship or engage in the innovation economy is a critical dependency of this strategic plan.

# Strategy Four: Inspire – Actions

## **Action 10. Improve access to entrepreneurial programming for students in middle/high school and at community colleges and universities.**

- Develop a statewide effort to improve access to programs that encourage student entrepreneurship through training, contests, and entrepreneurial-focused events.

## **Action 11. Fund an internship program that connects startups with talent.**

- Connect students with paid internship opportunities thereby providing startups and small businesses the opportunity to recruit their future workforce.

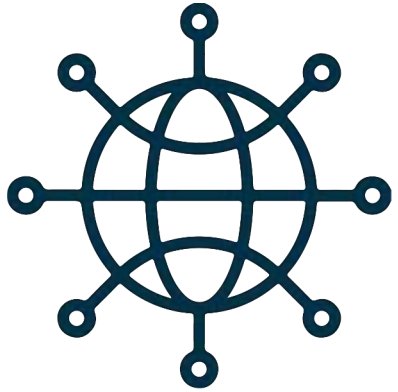
## **Action 12: Offer entrepreneurial education across Missouri through regional partnerships.**

- Deliver nationally recognized approaches to lean startup education, while also tailoring each program to the unique circumstances of specific regions and providing an entryway into support services.

## **Action 13: Enhance Missouri's storytelling capacity to encourage more Missourians to be entrepreneurial.**

- Implement a storytelling campaign through aggressive marketing, public relations, and signature events that celebrates successful entrepreneurs who can serve as role models for would-be entrepreneurs currently sitting on the side-line unsure how to engage.

## Strategy Five: Connect – Overcome physical and cultural barriers to better connect Missouri’s entrepreneurial ecosystems with each other and with the world.



There is a lack of connectivity among the various components of Missouri’s innovation and entrepreneurial ecosystem, both literally (e.g., broadband) as well as figuratively (e.g., perceived competition and siloed efforts). Over the last ten years, while Missouri has made major strides in entrepreneurship/innovation, there is still a sense that the state is still not reaching its full potential due to a range of disconnects and other environmental factors that are impeding further growth.

- Inter- and intra-regional competitiveness is hindering the ability to realize “One Missouri.”
- There is a disconnect with internal and external perceptions in the state regarding the importance of innovation and entrepreneurship to Missouri’s economy.
- Available and affordable high-speed Internet is recognized as the greatest business infrastructure need across Missouri, and the greatest threat to Missouri’s innovation climate.

# Strategy Five: Connect – Actions

## **Action 14: Realize One Missouri: Improve connectivity within and between regions.**

- Foster connectivity amongst and between the various ecosystem partners from across the state via a variety of means, including: conferences, technology showcases, pitch competitions, recognition/celebration events, workshops for entrepreneurial-related activities and training, cross-regional mentorship programs, etc.

## **Action 15: Link Missouri's innovation and entrepreneurial ecosystem to the world through an external marketing campaign.**

- Undertake an external marketing campaign that communicates to key audiences, both domestically and internationally, the depth and breadth of Missouri's unique resources and opportunities that the state provides for advancing the innovation economy.

## **Action 16: Deploy broadband infrastructure across Missouri.**

- Leverage federal resources to fund broadband infrastructure in underserved areas of the state. Ultimately, if Missouri's lack of broadband infrastructure is not addressed, this strategy cannot successfully impact all entrepreneurs.

# Steering Committee Members



**Lisa Nichols**

Entrepreneur  
St. Louis Region



**Maria Flynn**

Entrepreneur  
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## Dr. Dedric Carter



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Chairman, Missouri Technology Corporation

**THANK YOU  
& BREAKOUT ROOMS**