



K E N T U C K Y
SCIENCE & TECHNOLOGY
C O R P O R A T I O N

Kentucky: Encouraging New Entrepreneurs

Mahendra Jain
mjain@kstc.com

www.kstc.com

<http://ksef.kstc.com>



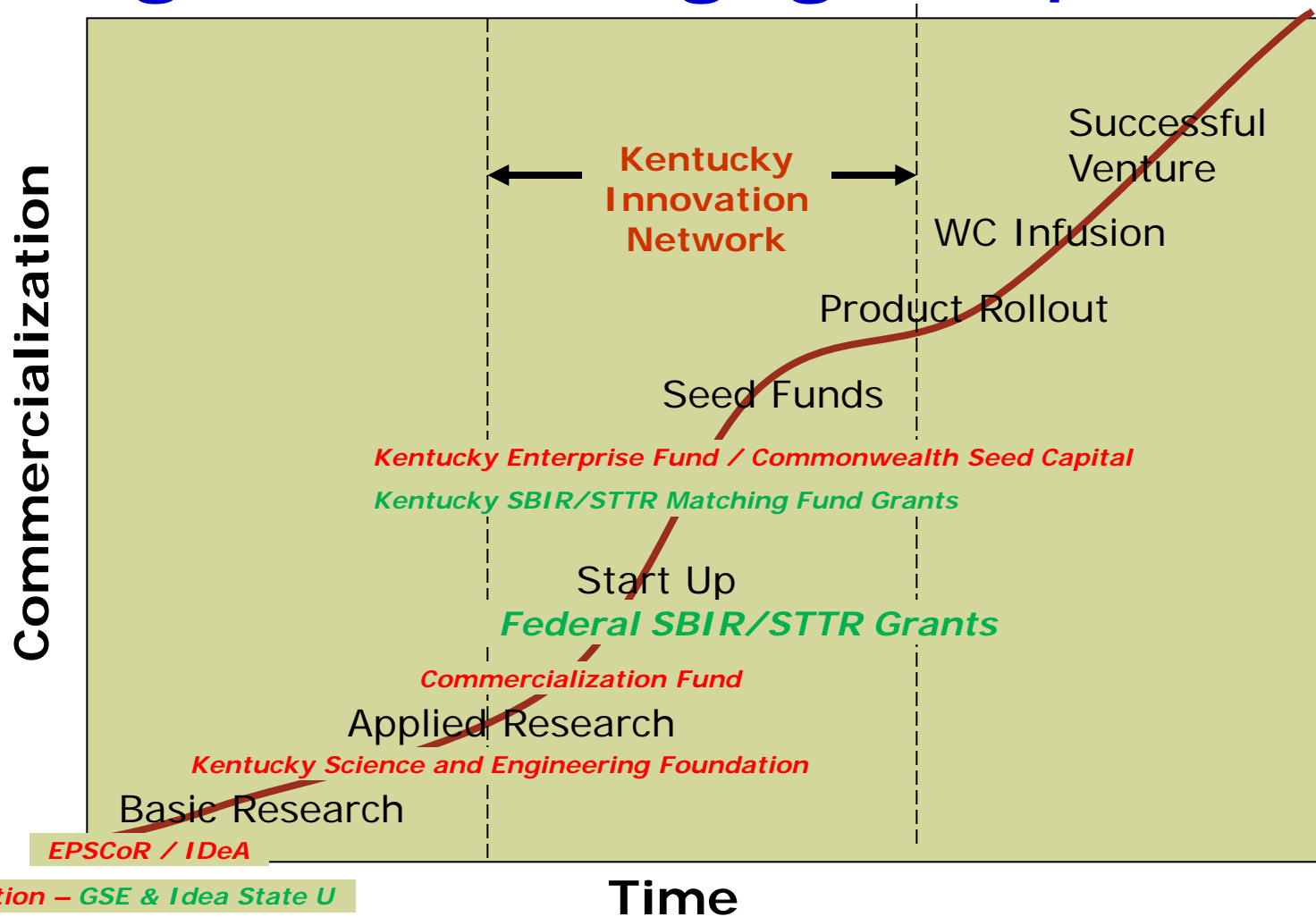
The National Academies:
Learning from Each Other: U.S. and European
Perspectives on SB Innovation Programs
March 19, 2015

Kentucky Programs for Entrepreneurs

Kentucky Offers a Variety of Programs to develop entrepreneurial ecosystem for:

- New Venture Formation – Innovation Driven
- Capitalization
- Business Assistance and Expansion
- Job Creation
- Talent Development

KY Programs Encouraging Entrepreneurs



Programs Designed for ...

Student Entrepreneurs

- High School and College / University

Entrepreneurial Innovators

- Researchers and Faculty at an University

Entrepreneurs

- Business

Student Entrepreneurs

Governor's School for Entrepreneurs

- Where Creative, Free-thinking Teens are Empowered to Share and Develop Their Ideas for Innovative Products and Services
- Develops High School Students as Entrepreneurs through a Summer Learning Program
- Provides Dynamic Opportunities to Learn About Entrepreneurship and Put Their Ideas into Action
- Summers of 2013, 2014, and 2015
- www.kentuckygse.com

Idea State U

(Created and funded by KY Cabinet for Economic Development)

- Kentucky's Statewide Business Plan Competition
- Designed to Encourage Innovation and Entrepreneurship by Rewarding Student-Teams from Colleges and Universities
- Open to Both Graduate and Undergraduate Students
- Competition Emphasis on Business Concepts
- Business Plans, Table Top Displays, and Pitches Scored by Independent Judges
- Total Prize: \$100K (Plans, Concepts and Special Pool)
- www.ideastateu.com (2014: 80 students, 26 teams)

Entrepreneurial Innovators

Kentucky Science and Engineering Foundation (KSEF)

KSEF Goals

- Proactively Fund Home-grown, Peer Reviewed Research Ideas that Lead to:
 - Capturing Innovations in Intellectual Property (IP)/Patents
 - Technologies with Commercial Potential
 - Training Students and Post-doctoral Fellows
 - Accelerating New R&D Collaborations
- Enhance the Capacity of Organizations and People to Successfully Compete at National and International Levels

Kentucky Commercialization Fund

Program Goal

- Help Universities in Commercializing Promising Technologies, from the Lab to the Marketplace, by Their Transfer to an Existing Business or the Creation of a New Start Up
 - Testing, Validation, and Scale-up of Technology
 - Market Opportunity Assessment
 - Technology Valuation
 - Commercialization Plan Development

Entrepreneurs

Kentucky SBIR/STTR Program

- Pre-application Assistance
 - One-on-one Consultation
 - Outreach SBIR/STTR Seminars
 - Workshops and Conferences: Regional / National
 - **Phase Zero Grants (up to \$4,000)**
 - **Phase Double Zero Grants (up to \$4,000)**
 - SBIR Connect Meetings: Louisville and Lexington
- Post-award Assistance
 - **Kentucky SBIR/STTR Matching Grants**
 - Review of Comments
- Entrepreneurial Leave: University of Louisville and University of Kentucky

SBIR/STTR Phase Zero and Phase Double Zero Grant Program

Program Goal

- Enable Small Businesses and Faculty Entrepreneurs to Prepare High-quality, Competitive SBIR/STTR Phase I and Phase II Proposals for Any of 11 Participating Federal Agencies

Award Size

- SBIR/STTR Phase Zero Grant up to \$4,000
- SBIR/STTR Phase Double Zero Grant up to \$4,000

Kentucky SBIR/STTR Matching Funds Program

(Created and funded by KY Cabinet for Economic Development)

- Program Initiated and Funded by CED-OOE Since 2006
- Provides Matching Funds for Both SBIR and STTR Grant Awards
- Phase I
 - Matches Up to 100% but Not to Exceed \$150,000 for Exploration of Technical Merit or Feasibility of an Idea or Technology
- Phase II
 - Matches Up to 100% but Not to Exceed \$500,000 Per Year for Two Years to Support Full-scale R&D and Business-related Tasks

Kentucky SBIR/STTR Matching Funds

Program Goals

- Augmentation of the Federal Grant Work
- Facilitate a Competitive Phase II Application
- Increase Federal Funds to the State (EPSCoR; IDeA)
- Enhance Tech Development for Commercialization
- Bridging the Gap between Phase I and Phase II
- Fill the Critical Funding Need to Retain Jobs and Continuity in Work and Business Development
- Enable Business to Protect Intellectual Property
- Facilitate Business Cluster Development

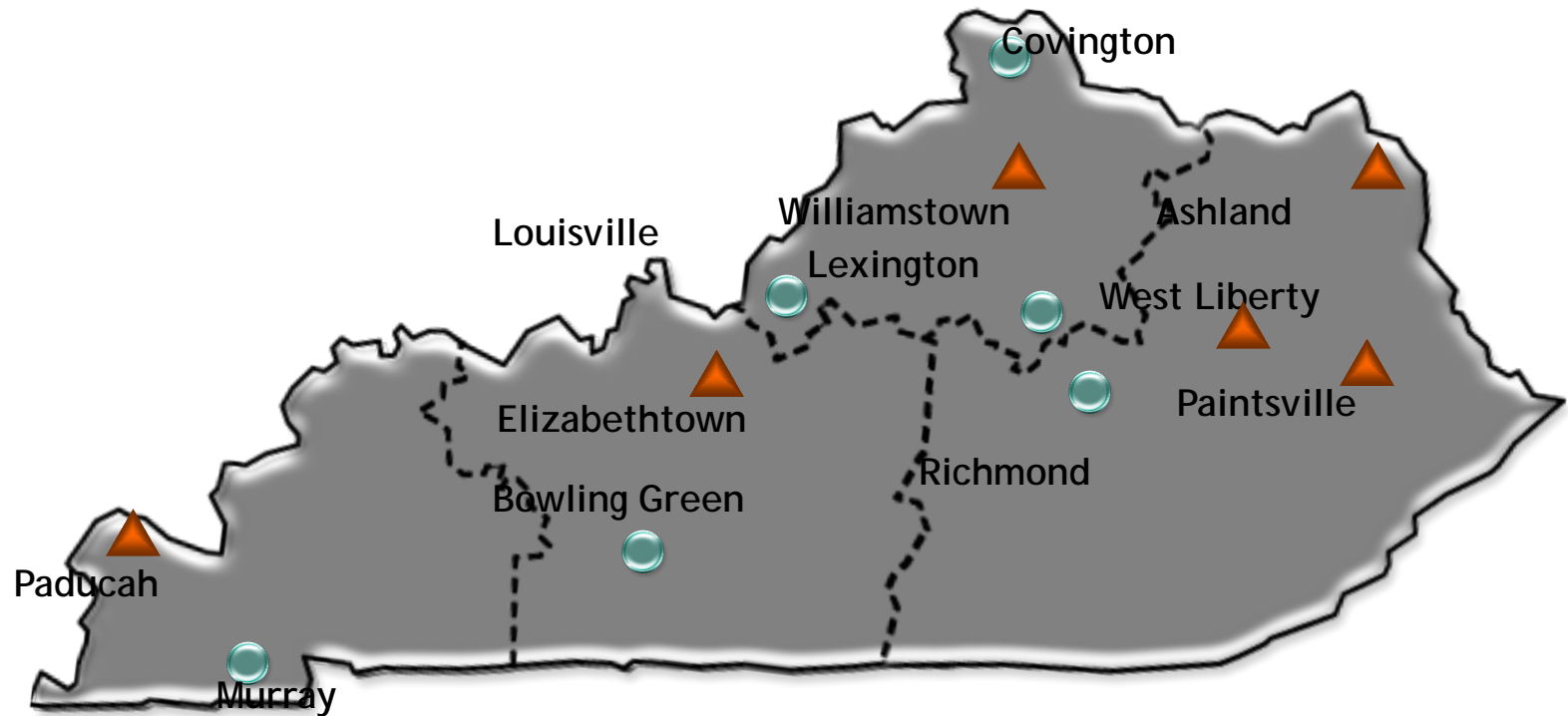
Kentucky Innovation Network

(Created and funded by KY Cabinet for Economic Development)

Provides Business Assistance through 13 Locations

- Business Development Consultation
- Business Model Consultation
- Validation and Market Assessment
- Assistance with Growth Strategy
- Access to Service Providers
- Access to Professional Networks
- Connections to Potential Suppliers / Business Partners
- Access to Funding Resources and Capital Networks
- Coaching throughout Fundraising Efforts

Kentucky Innovation Network



Seed Capital

- **Kentucky Enterprise Fund (KEF), Kentucky New Energy Ventures Fund (KNEV), and Rural Innovation Fund (RIF)**
 - Provides Seed-stage Capital to Kentucky-based Companies
 - Encourages Private Investments
- **Commonwealth Seed Capital Fund (CSC)**
 - Independent, Nonprofit Fund that makes Debt or Equity Investments in Early-stage Kentucky Business Entities
- **VenCap**
 - Venture Capital Funding to Kentucky Companies who have Attracted a Lead Investor
- **Enterprise Angels, Louisville; Bluegrass Angels, Lexington, KY**
- **Vogt Invention and Innovation Award (\$250K)**

Tax Credit Programs

- **Kentucky Small Business Credit Initiative**
 - Increases the Availability of Credit by Reducing the Risks Lenders Assume while Making Loans to Small Businesses
 - Credit Enhancement Program – Helps Lenders Finance Creditworthy Small Businesses that would Typically Fall Just Outside the Norms
- **Kentucky Small Business Tax Credit**
 - Offers Nonrefundable Tax Credit to Businesses Hiring One or More Eligible Individuals and Investing at Least \$5K in Equipment or Tech.
 - Eligibility - Businesses Typically have 50 or Fewer FTEs
- **Angel Investment Tax Credit**
 - Offers Tax Credits of up to 50% of an Investment in Kentucky Small Businesses
 - Each Investment must Get Certified in Advance

Incubators and Accelerators

- bioLOGIC Corporation, Covington, KY
- UpTech, Covington, KY
- Advanced Science and Technology Commercialization Center (ASTeCC), Lexington, KY
- Coldstream Research Campus, Lexington, KY
- MetaCyte Business Lab, Louisville, KY
- Nucleus, Louisville, KY
- i-Hub, Louisville, KY
- The Centre for Business and Research, Owensboro, KY
- WKU Small Business Accelerator, Bowling Green, KY

Supporting Mentoring Programs

- Lexington Venture Club
- Lexington-Startup-Advantage
- Geeks Night Out, Lexington
- 5Across, Lexington
- Venture Connectors, Louisville
- SBIR Connect, Lexington / Louisville

Kentucky SBIR/STTR: Status

(Created and funded by KY Cabinet for Economic Development)

- **Program Impact:**

- \$50,582,222 in 208 grants to 103 SBCs
- Jump in National Ranking: from 44th in FY02 to 26th in FY13
- Job Creation: 500+ high tech
- Intellectual Property: 138 Patents
- Licensing Arrangements: 15
- Several Awardees Already Selling the Products
- Leveraged \$88, 764, 359 in Federal SBIR/STTR Grants
- Private Capital Investment: \$10M+ (Two Companies Acquired)

Kentucky's Entrepreneurial Activity Ranking

- **Per 2011 Kauffman Entrepreneurial Index**

Kentucky's Entrepreneurial Activity has Grown

- ✓ 5th Fastest Rate from 2001 to 2010
- ✓ 3rd Fastest Rate between 2008 - 2010
- ✓ 8th Highest Rate among All States in 2011

- **Per University of Nebraska-Lincoln Report**

Kentucky Ranked 4th in 2013 State Entrepreneurship Index

- ✓ Based on Data from the *Bureau of Labor Statistics, the IRS Statistics of Income Bulletin, the U.S. Census Bureau, and the U.S. Statistical Abstract*
- ✓ ND (2.72), CA (1.91), NY (1.79), **KY (1.78)**, NH (1.71), CT...

Questions?