# 1008 2018 YEARS INVESTING IN OKLAHOMA

ANNUAL REPORT



- 6 ACCESS TO CAPITAL
- INVESTMENTS
- CELEBRATING 20 YEARS
- VENTURE ADVISORY SERVICES
- ENTREPRENEURIAL DEVELOPMENT
- FINANCIALS

# Our mission is to invest in Oklahoma Entrepreneurs and build High Growth Companies.

#### WHAT WE DO

**Evaluate** the potential of new concepts through a rigorous venture assessment process to determine product-market fit

**Assist** with development of business plans, evaluation of marketing plans and assessment of capital needs

**Provide** guidance in building a management team, choosing an optimal busiess structure and creating financial forecasting

**Assist** with developing an effective investor presentation

**Assist** in obtaining non-dilutive funding through federal and state funding sources or private investment

**Work** with universities to encourage commercialization of university-based innovation

Provide assistance in raising capital

**Make** equity and near equity investments to help start new companies and grow exsisting companies

#### **NATIONAL RECOGNITION**

#### Southern Growth Policies Board

2006 Innovation Award recognized for fresh approaches to solving problems and creating opportunity in the South's rural regions

#### **Kauffman Foundation**

2008 Entrepreneurship Summit recognized as a principal source of high value-added human & intellectual capital

#### International Economic Development Council

2009 Best Practices Award for comprehensive commercialization services

#### State Science & Technology Institute

2010 Excellence in Technologybased Economic Development for increasing Access to Capital

#### Standards for Excellence Institute

2010 Standards for Excellence only second Oklahoma non-profit organization certified

#### Regional Innovation Acceleration Network

2011 Venture Development Market Leader recognized as a leader in this field

#### **OUR PARTNERS**

The Oklahoma Experimental Program to Stimulate Competitive Research (EPSCoR)

Cherokee Nation

**Chickasaw Nation** 

**Choctaw Nation** 

**Greater Oklahoma City Chamber** 

Love's Travel Stops

Muscogee (Creek) Nation

Oklahoma Business Roundtable

Oklahoma Center for the Advancement of Science and Technology (OCAST)

**Oklahoma Manufacturing Alliance** 

**Presbyterian Health Foundation** 

U.S. Economic Development Administration



#### **i2E TEAM**

The i2E management and staff is composed of professionals with extensive experience in technology commercialization, business development, venture investing, finance, organizational.

#### **Scott Meacham**

President & CEO

#### **Rex Smitherman**

Senior Vice President, Operations

#### Sarah Seagraves

Senior Vice President, Marketing

#### Mark Lauinger

Senior Vice President, Client Services

#### Ryan Cargill

Vice President of Business Development

#### **Tom Francis**

Director of Funds Administration

#### Judy Beech

Director of Finance

#### **Carol Curtis**

Venture Advisor & Director of Academic Research Assessment

#### **Richard Rainey**

Venture Advisor & Director, SBRA Program

#### Stacey Brandhorst

Venture Advisor & Director of Venture Outreach

#### Malachi Blankenship

Business Development Manager & Venture Advisor

#### **Darcy Wilborn**

Client Engagement Director

#### Melissa Kempkes

Investment Portfolio Manager

#### **Cindy Williams Henson**

Underwriting Coordinator & Investment Compliance Officer

#### Katelynn Henderson

**Events Specialist** 

#### Shaun O'Fair

**Underwriting Specialist** 

#### Kate Nelson

Client Services Coordinator

#### Jennifer Buettner

**Executive Assistant** 

#### **BOARD OF DIRECTORS**

**Stephen Prescott** Chairman OMRF

Mark Poole Vice Chair

First National Bank of Broken Arrow

#### Michael LaBrie Secretary

McAfee & Taft

#### Leslie Batchelor

Center for Economic Development Law

#### Howard G. Barnett, Jr.

OSU-Tulsa, OSU-CHS

#### Jay Calhoun

**Apis Holdings** 

#### Michael Carolina

**OCAST** 

#### **Steve Cropper**

#### **Carl Edwards**

Price Edwards Company

#### **Tom Evans**

Encompass Financial Services, Inc.

#### Philip Eller

Eller Detrich, P.C.

#### Chris Fleming

RECHO. LLC

#### **Cheryl Hill**

Hill Manufacturing/Hill Equipment

#### Danny Hilliard

Chickasaw Nation

#### Ronnie Irani

**RKI Energy Resources** 

#### Joseph J. Ferretti

University of Oklahoma Health Sciences Center

#### **Brad Krieger**

Arvest Bank

#### Philip Kurtz

CareATC

#### **Hershel Lamirand III**

Capital Development Strategies

#### Merl Lindstrom

#### Fred Morgan

The State Chamber

#### Mark Nance

American Fidelity Corporation

#### **David Pitts**

Bank SNB

#### Ryan Posey

HSI Sensing

#### Teresa Rose Crook

Communities Foundation of Oklahoma

#### Meg Salyer

Accel Financial Staffing

#### Claudia San Pedro

Sonic Corporation

#### **Darryl Schmidt**

**BancFirst** 

#### Craig Shimasaki

Moleculera Labs

#### **Brien Thorstenberg**

Tulsa Regional Chamber

#### Rose Washington

Tulsa Economic Development Corporation

#### Roy Williams

Greater Oklahoma City Chamber

#### **Richard Williamson**

T.D. Williamson

#### **Duane Wilson**

LDW Services, LLC

**Over our 20-year history**, i2E's nationally recognized services have provided business expertise and funding to more than 700 of Oklahoma's emerging small businesses.

With more than \$62 million of investment capital under management, we are focused on serving Oklahoma companies in all phases of the business life cycle, from startups looking for initial capital to established businesses seeking funding to expand their markets or products.

We strive to create more high paying jobs in Oklahoma while diversifying our economy. We help launch new products into the marketplace more efficiently and more quickly while providing guidance to bring more funding to Oklahoma's researchers and entrepreneurs.

Through our proven business and venture development process, we turn innovations into successful enterprises ... i2E.

Scott Meacham President & CEO

#### **ACCESS TO CAPITAL**

i2E has been a primary source of concept, seed stage, start-up and early growth investment capital for Oklahoma's emerging small businesses for nearly two decades. The rigorous approach of its investment process has built a reputation for producing companies that are well positioned for success in the market place.

i2E's portfolio of Oklahoma-based companies attracted \$762,415,415 in private investment from banks, venture capital funds, angel investors and other strategic investors.

**TBFP Concept Fund** This fund is designed to provide Oklahoma start-up companies with pre-seed, proof-of-concept funding to develop a marketable concept or product. Since 2012 the Concept Fund has been self-sustaining.

Oklahoma Seed Capital Fund This early stage fund targets new companies and existing companies looking to move into a new product or market. This investment enables companies to build a business infrastructure around their concept or product, take their concept to market or scale concepts that have reveived market validation. Investment terms are typically convertible debt or preferred equity on market terms and involve a rigorous due diligence and approval process. The Oklahoma Seed Capital Fund is a state appropriated investment fund through the Oklahoma Center for the Advancement of Science and Technology, managed by i2E.

Accelerate Oklahoma! Fund This early stage fund provides critical capital and co-investment for critical capital and co-investment for Oklahoma entrepreneurs at specific stages of their companies' lifecycles. Investment terms are typically convertible debt or preferred equity on market terms and involve a rigorous due diligence process.

**SeedStep Angels** This is a network of Accredited Oklahoma investors who provide capital, strategic advice and mentoring to emerging growth companies to help them succeed. Typical investments range from \$50,000–\$500,000 with individual members making investment decisions.

Oklahoma Angel Fund I & II The Oklahoma Angel Funds target companies with high-growth potential that require capital to assist with proof of concept, go to market, scaling or expansion into new products and/or new markets. The fund is designed to capitalize on the growth in entrepreneurial activity and venture financing, primarily in the state of Oklahoma, and in selective states within the region.

Linear Health Sciences

Ryan Dennis is a physician who grew up on a pig farm in Macomb, OK. He attended the Oklahoma School of Science and Mathematics and received his medical degree from the College of Medicine at the University of Oklahoma Health Sciences Center. Now, he is a physician and an entrepreneur who has founded a local medical device company, Linear Health Sciences. Dennis and his partner at Linear created the Orchid Valve, a patented technology to prevent accidental disconnects of IV tubing from patients in hospitals.

The concept was conceived after Dennis witnessed repeated disconnections among his hospital patients. Statistics show that one in four IV lines are accidentally disconnected from patients. When this happens, it is painful, messy, and time consuming to replace the line – and costly.

"I cannot think of a better investment partner than i2E. They have given us room to learn and grow but certainly ensured investors interests were always protected along the way."

Ryan Dennis, MD Founder, Linear Health Sciences

# **TBFP Concept Fund**

#### 2017 ECONOMIC IMPACT

\$10.8M
Annual Revenues

Full Time Employees

\$6.2M
Annual Payroll

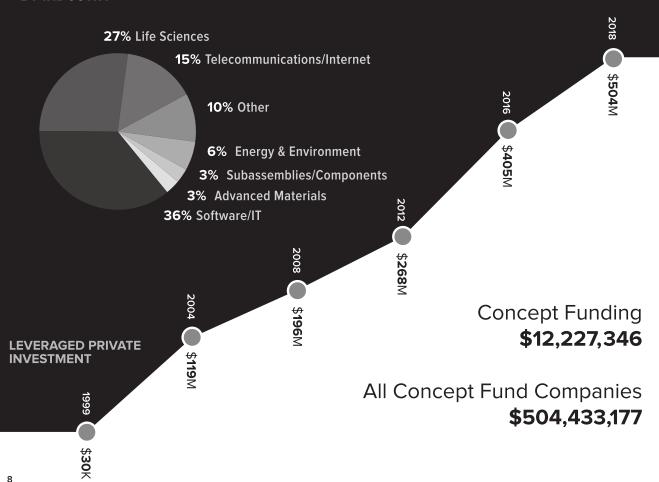
4. New Patents Issued

\$54,540 Average Wage 17%
Job Growth

#### **IMPACT SINCE 1999**

\$12,227,346 has been invested in 126 companies with repayments totaling \$6,156,208. For every dollar invested by the state, TBFP clients have raised \$53 in private capital and created 1,140 new jobs.

#### **BY INDUSTRY**



# Oklahoma Seed Capital Fund

#### **2017 ECONOMIC IMPACT**

\$24M
Annual Revenues

**244**Full Time Employees

\$15M
Annual Payroll

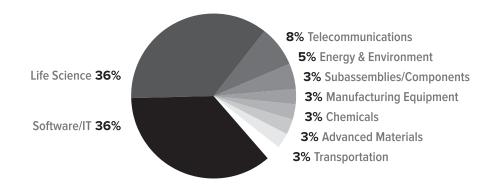
15
New Patents Issued

\$92,197
Average Wage

#### **IMPACT SINCE 2007**

Since 2007 the Seed Fund has invested \$21,675,000 in 37 companies leveraging over \$329,423,000 in private capital and created 362 new jobs.

#### **BY INDUSTRY**



# FY2018 Closed Investments

#### Accele BioPharma, Inc. AccelerateOK – \$50,000 Oklahoma City

Accele Biopharma is a business accelerator that provides bioscience startups with the management and financial resources needed to take groundbreaking science from the laboratory to commercialization.

#### BlyncSync Technologies, LLC Concept Fund – \$50,000 Oklahoma City

BlyncSync offers a proprietary safety software platform designed to address the increasing problem of fatigue related accidents in the trucking industry.

# Clear River Enviro, Inc. Seed Fund II, Angel Fund I, Accelerate – \$1,000,000 Edmond

Clear River Enviro has developed a proprietary hospital and surgery-based technology used to destroy unused DEA Controlled Substances (opioids) and EPA regulated pharmaceuticals.

# DEHA Concept fund – \$26,000 Oklahoma City

DEHA, LLC aims to develop small molecule inhibitors that will be beneficial to traumatic brain injury and stroke patients.

# Digital Six Labs, Inc. Seed Fund II – \$675,000 Oklahoma City

Digital Six Labs provides engineered wireless IoT solutions and components for commercial and industrial markets.

#### GradeScale, LLC Concept fund – \$31,000 Edmond

Gradescale has developed a data analytics tool for colleges and universities to utilize to improve student scholastic performance to increase retention rates.

#### iRecommend, Inc. Seed Fund II, Angel Fund I, Accelerate Fund – \$1,100,000 Tulsa

iRecommend is the nextgeneration recommendation engine built on artificial intelligence and machine learning to leverage available big data from thousands of data feeds.

#### Linear Health Sciences, LLC Seed Fund II, Angel Fund I, Accelerate – \$750,000 Norman

Linear Health Sciences is seeking FDA regulatory approval for a new break away technology for IV lines and catheter tubes.

#### MaxQ, LLC Seed Fund II, Angel Fund I – \$425,000 Stillwater

MaxQ is a provider of validated cold chain packaging solutions for the life sciences industry.

#### Otologic Pharmaceutics, Inc. Seed Fund II, Accelerate – \$200,000 Oklahoma City

Otologic Pharmaceutics is commercializing promising technologies to address hearing loss and dysfunction.

#### Progentec Diagnostics, Inc. Accelerate – \$500,000 Oklahoma City

Progentec is developing an industry-first series of biomarker-based diagnostic tests for Lupus patients.

#### Raw Space for Rent, Inc. Seed Fund II – \$250,000 Oklahoma City

Raw Space For Rent offers an online community marketplace to connect people looking for unique short-term rental space to a listing base of space to rent.

#### Simergent, LLC Seed Fund II – \$500,000 Norman

Simergent is developing a peritoneal home dialysis system for international markets.

#### Tallgrass Therapeutics, LLC Concept Fund – \$50,000 Edmond

Tallgrass Therapeutics is pursuing development of novel nutritional supplements for prevention of necrotizing enterocolitis in premature infants.

#### Tetherex Pharmaceuticals Seed Fund II & III, Accelerate – \$999,966 Oklahoma City

Tetherex is focused on the clinical development of an anti-PSGL-1 antibody for the treatment of inflammatory and thrombotic diseases.

#### Worth Aviation Concept Fund – \$50,000 Tulsa

Worth introduces proprietary technology to increase aviation incident claims accuracy by utilizing experienced licensed analysts and innovative technology.

Total: \$6,656,966

#### **FY2018**

	CONCEPT	SEED	ACCELERATE	ANGEL FUNDS	TOTALS
Number of Closed Investments	5	9	8	5	27
Total Amount of Closed Investments	\$207,000	\$3,537,486	\$1,762,486	\$1,149,994	\$6,656,966

#### **Inception through FY2018**

	CONCEPT	SEED	ACCELERATE	ANGEL FUNDS	TOTALS
Number of Closed Investments	142	63	49	10	264
Number of Closed Companies	126	34	29	9	198
Total Amount of Investment	\$12,227,346	\$19,675,365	\$14,909,678	\$2,249,994	\$49,062,383



1998

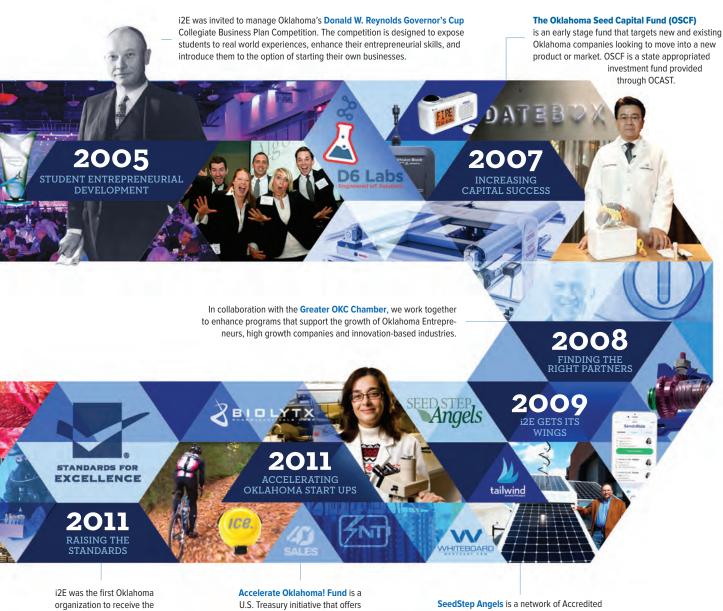
The organization opened the doors for business as a public/private partnership with the Oklahoma Center for the Advancement of Science and Technology (OCAST). The mission was to assist the entrepreneurial community in growing Oklahoma's technology-based economy.

i2E hosted the first **Who Wants to Be an Entrepreneur?** workshop sponsored by
Oklahoma EPSCoR. This annual event is open to
college entrepreneurs, students, and faculty who
want to learn how to start their own business.



Since 2005, i2E has been supporting entrepreneurship at the collegiate level through our annual business plan competition, now known as the **Love's Entrepreneur's Cup**, named for our locally owned signature sponsor, Love's Travel Stops.

Through a U.S. EDA grant with matching funds from Oklahoma's four largest Native American tribes, the Oklahoma Business Roundtable, and OCAST, the **GrowOK** program is designed to explore the product/market fit of a new business concept for Rural Oklahomans.



Standards for Excellence

certification for non-profits by the Standards for Excellence Institute.

critical capital and co-investment for Oklahoma entrepreneurs at specific stages of their companies' lifecycles.

Oklahoma Investors who provide capital, strategic advice and mentoring to emerging growth companies.



Since 2001, twelve i2E clients and their technologies have been acquired by strategic industry partners accelerating these Oklahoma based products and services to reach global markets. Almost all of these companies continue operations in Oklahoma.

## Venture Advisory Services

Our venture advisors work closely with each client, assisting them in the commercialization of their concept from initial technology development to business launch to scaling of proven concepts. These services involve assessing product-market fit, determining optimal go to market strategies, business planning, determining capital needs and positioning for funding.

The Venture Assessment Program (VAP) helps entrepreneurs perform market analysis and investigate the commercial opportunity of their business.

**The GrowOK** program is designed to explore the product/market fit of a new business concept focused on opportunities in rural Oklahoma.

The Oklahoma Small Business
Research Assistance (SBRA) program
offers the resources and expertise
to successfully compete for federal
grant funding. i2E co-directs this
program with the Oklahoma Center
for the Advancement of Science and
Technology.

In FY2018 i2E provided advisory services to **110** entrepreneurial companies. We helped position **20** companies for funding with a total of **33** clients obtaining more than **\$110M** in private equity capital.

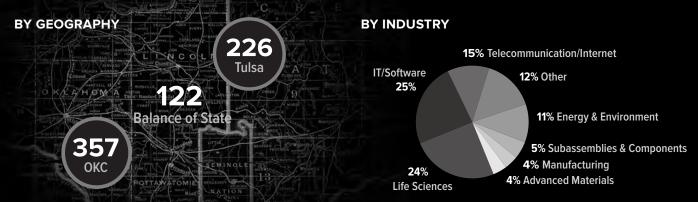
#### 2017 ECONOMIC IMPACT

\$186.3M 1330 603 29% 43 \$99.2M Annual Revenues Full Time Employees New Products Job Growth New Patents Issued Annual Payroll

Over the last 20 years, i2E client companies have:

- Created 3,283 new jobs
- Raised \$762,415,000 in capital
- Paid a wage 73% higher than the state average
- Launched approximately 1500 new products
- Received 680 issued patents

i2E's 705 client companies sell 76% of their products outside of Oklahoma.





"The VAP experience helped us understand that limiting our focus to just one vertical would allow us to put all our efforts into excelling in that space, differentiating ourselves from other companies and offering a superior product fit for that specific market."

Laura Fleet Esq.
CEO and Co-founder, SendaRide

#### ENTREPRENEURIAL DEVELOPMENT

Our Entrepreneurial Development programs encourage entrepreneurship through a variety of events and activities including a statewide collegiate business plan and pitch competition that expose students to early stage businesses with practical, hands-on application of what they are learning in the classroom.

#### **Entrepreneurial Summit and Who wants to be an Entrepreneur**

The Oklahoma Entrepreneurial Summit is a half day event that targets startup veterans, first time entrepreneurs and other Oklahomans wanting to explore starting their own business. The Summit offers information on local funding sources and business resources that are vital to assisting entrepreneurs in starting, growing or expanding their businesses.

In the afternoon, we kick off Who Wants To Be (WWTB), which is open to college-level entrepreneurs, students and faculty members. The session includes the must-haves for a business plan, the how-to for developing financial documents, and the "do-this" for creating an energizing and compelling investor pitch.

#### Love's Entrepreneur's Cup

Team building, academic diversity, market research and financial projections are all key elements that go into creating a winning team in the Love's Entrepreneur's Cup. Students take what they've learned in the classroom and apply it to real world opportunities as they assemble a team, identify a product, research the market, formulate financial projections, write business plans and then pitch the opportunity to a panel of potential investors.

In its 14-year history, nearly 2150 college students have taken the Love's Cup challenge, producing over 600 innovative ideas from 36 campuses statewide and awarding over \$1.8 million in cash, \$125,000 in scholarships and \$231,000 in fellowships.



## MaxQ



MaxQ was a 2011 Donald W. Reynolds Governor's Cup (now known as the Love's Entrepreneur's Cup) competitor with a business plan based on a core insulation technology that could be used in aerospace applications to insulate cube satellites. Others who reviewed the business proposal suggested the market for space insulation was fairly limited. As a result, MaxQ started exploring how other industries could

use lightweight, efficient insulation and, ultimately, identified pharmaceutical shipping as the market to pursue.

The company now provides packaging systems that are specifically designed to hold and transfer lifesaving and temperature-sensitive biologics, including blood and vaccines. The proprietary technology is based on advanced breakthroughs in thermal insulation sciences.

In four years, they have an established scalable manufacturing operations in Stillwater and before their last round of i2E-led funding of \$889K in July 2017, their product was used by 25 U.S. hospitals, three blood banks and one hospital in Canada. Now, MaxQ is in 36 hospitals and five blood banks, has opened communications with eight more and is mapping out a network of national and global distributors.

"i2E has been a tremendous asset to MaxQ. They have helped us with team development, getting strategic members on board, growing our manufacturing operations in Stillwater and investment."

> Saravan Kumar CEO and Co-Founder

#### **FINANCIAL REPORT**

June 30		
FY2018	FY2017	
1,857,278	1,552,965	
3,965,672	5,676,560	
542,516	657,564	
_	8,035	
1,017,795	1,022,179	
264,288	215,004	
64,260	45,599	
15,000		
13,310,592	12,401,909	
18,545	40,012	
21,055,946	21,619,827	
171,671	85,424	
128,673	112,494	
33,595	51,979	
333,939	249,897	
2,767,080	2,558,735	
17,954,927	18,811,195	
20,722,007	21,369,930	
21,055,946	21,619,827	
	1,857,278 3,965,672 542,516 1,017,795 264,288 64,260 15,000 13,310,592 18,545 21,055,946  171,671 128,673 33,595 333,939  2,767,080 17,954,927 20,722,007	

	June 30		
Statements of Activities	FY2018	FY2017	
Revenues			
OCAST Contracts	1,497,632	1,700,268	
Fund Management Fees	984,680	764,562	
Accelerate Oklahoma Investment Funding	_	1,179,024	
Accelerate Oklahoma Admin Revenue	_	47,772	
Client Service Fees	141,000	174,278	
Event Sponsorships and Fees	455,338	437,617	
Corporate Contributions	289,000	293,525	
Tulsa Business Development Initiative	_	42,557	
Rural EDA Grant Revenues	105,264	24,164	
Realized & Unrealized Gains/Losses -Investments	(901,851)	7,175,194	
Interest Income-Investments	375	25,151	
Other Income	105,712	49,363	
Total Revenues	2,677,150	11,913,475	
Expenses			
OK Technology Commercialization Center	1,314,791	1,498,668	
Technology Business Financing Program	180,210	192,960	
i2E Seed Capital Fund	735,740	876,091	
Accelerate Oklahoma Program	22,890	67,697	
Love's Cup	343,626	309,327	
Tulsa Business Development Initiative	_	42,557	
OK Bioscience Institute	135,404	139,825	
i2E Management Co	159,393	36,003	
Rural EDA Grant	107,895	24,767	
Ascend BioVentures, Inc.	11,613	_	
Non-Program	313,511	276,429	
Total Expenses	3,325,073	3,464,324	
Excess of Revenues Over Expenses	(647,923)	8,449,151	
Net Assets at Beginning of Year	21,369,930	12,920,779	
Net Assets at End of Year	20,722,007	21,369,930	

#### **INSTITUTIONAL GOVERNANCE**

i2E strives to have the highest standards of corporate governance practice and ethical conduct by all board members and staff.
Consistent with those intentions, i2E has received the Standards for Excellence Certification.

Board of Directors Charter of Governance: Sets and ensures fidelity to i2E's mission. Reviews and approves organizational strategy, goals, plans, and budgets. In addition the board is charged with establishing policies, approving major engagements in public policy, and ensuring that management systems are in place for compliance.

**EXECUTIVE COMMITTEE CHARTER:** The function of the Executive Committee is to exercise powers of the Board of Directors on matters which arise between regularly scheduled Board meetings or when it is not practical or feasible for the Board to meet. This Committee also reviews and monitors all compensation, benefit and human resource policy matters, plus monitors and evaluates the performance of the corporation's CFO.

#### FINANCE AND AUDIT COMMITTEE CHARTER:

The primary purpose of this Committee is to assist the Board of Directors in fulfilling its fiscal oversight responsibilities. It serves as an independent and objective party to monitor the integrity of the Corporation's financial accounting and reporting processes and internal control system.

#### NOMINATING AND GOVERNANCE COMMITTEE

**CHARTER:** The Committee assists the Board in developing and overseeing the Corporation's policies and procedures regarding Board composition and recommendations of candidates for nomination to the Board.

Board engages two Investment Committees, The Oklahoma Seed Capital Fund Investment Committee and the Accelerate Oklahoma Committee, to consider and approve application.

**INVESTMENT COMMITTEE CHARTERS:** The

for investment within the requirements of investment programs.

RESOURCE DEVELOPMENT COMMITTEE: The primary function of the Resource Development Committee is to assist i2E in attaining sustainability of its programs and services and to diversify its funding sources by formulating strategies for fundraising in the short and long-term, establish clear goals for sustainability

of the organization, and achieve diversity in funding sources, as well as, assisting the Board of Directors in identifying and cultivating donors and funding partners on the behalf of 12F

#### CODE OF ETHICS AND CONFLICT OF INTEREST:

The i2E Code of Ethics and Conflict of Interest Policy outlines principles and standards of honesty and ethical accountability by which all board members and employees agree to adhere to with respect to the company and its associates.

**BOARD EVALUATION:** The Board completes a board evaluation survey biannually. The results of the evaluation are compiled and presented to the full Board for review and biannual discussion.

i2E, Inc. is a 501(c)(3) private not-for-profit corporation focused on growing innovative small businesses in Oklahoma and making a positive impact on the state's economy. i2E receives state appropriations from the Oklahoma Center for the Advancement of Science and Technology and is an integral part of Oklahoma's Innovation Model.

