



*TESTIMONY PRESENTED TO THE  
FINANCE, REVENUE & BONDING COMMITTEE*

*April 20, 2021*

*Glendowlyn Thames, Interim Executive Director  
Dave Steuber, Senior Program Manager  
CTNEXT, LLC*

*Senate Bill No. 1094 An Act Authorizing Bonds of the State for the State for CTNext and  
The Innovation Places Program*

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Senator Fonfara, Representative Scanlon, Senator Martin, Representative Cheeseman and distinguished members of the Finance, Revenue & Bonding Committee. Our names are Glendowlyn Thames, Interim Executive Director and David Steuber, Senior Program Manager of CTNext, LLC. Thank you for the opportunity to submit testimony on Senate Bill 1094 – An Act Authorizing Bonds of the State for CTNext and The Innovation Places Program.

CTNext was championed by your committee and created by the General Assembly in 2016 and began operations in 2017. Our mission is to promote and seed long-term economic growth in Connecticut through innovation and entrepreneurship particularly in the area of advance technology and emerging growth sectors. Adopted in January of 2018, our strategic implementation plan calls for the following:

- Developing a statewide system of entrepreneurial support services through place-based ecosystem building;
- Facilitating access to capital;
- Retaining and developing in-demand talent through experiential learning; and
- Promoting CT as a place to start, grow, and thrive an innovative company.

Connecticut Innovations (CI), the state's quasi-public venture capital arm, is our parent organization. CI provides the much-needed venture/risk capital to early-stage companies. CTNext invests in the community infrastructure/network/environment and provides de-risking capital to startups (e.g., proof-of-concept grants).

Innovation Places is CTNext's flagship program. Fully launched in 2018, inspired by research at the [Brookings Institution](https://www.brookings.edu/) and based on a model used in cities around the world, Innovation Places cultivates dense, highly networked hubs of innovators and entrepreneurs in four Connecticut cities. Through a highly competitive proposal review process, four cities were chosen by a committee of entrepreneurs and state leaders as



Connecticut's Innovation Place cities: Hartford/East Hartford, New Haven, New London/Groton and Stamford.

Over the past three years each designated Innovation Place has helped to develop their respective ecosystems with investments that include:

- Startup incubators & accelerators
- Lab space for startups and early-stage companies
- Coding and tech talent skill development
- Co-working spaces
- Investment pitch competitions
- Mentoring and business counsel
- And much more.

In essence, our goal with the Innovation Places program is to provide the seed funding to launch programs with real ecosystem-building potential that drive long-term sustainability. Every public dollar we spend is matched 1:1 or greater with private capital. We believe such a private investment requirement validates market need, interest and viability for each project.

In closing, CTNext and CI are the only state entities focused solely on growing NEW innovative firms in CT. For this reason and our demonstrated success in four short years, we believe continuing to build off the momentum and work of CTNext is essential to the continuing improvement of Connecticut's entrepreneurial environment and innovation-based economy. In addition to this written testimony, we have provided you with a brief slide deck presentation with detailed information about our programs, impact, and highlighted success stories.

We are always available and happy to answer any questions you may have about CTNext. Thank you for your partnership and consideration of our mission and work, Last but not least, I thank this Committee for championing the birth of CTNext back in 2016. That decision transformed the environment for entrepreneurship and innovation in Connecticut. Thank you.

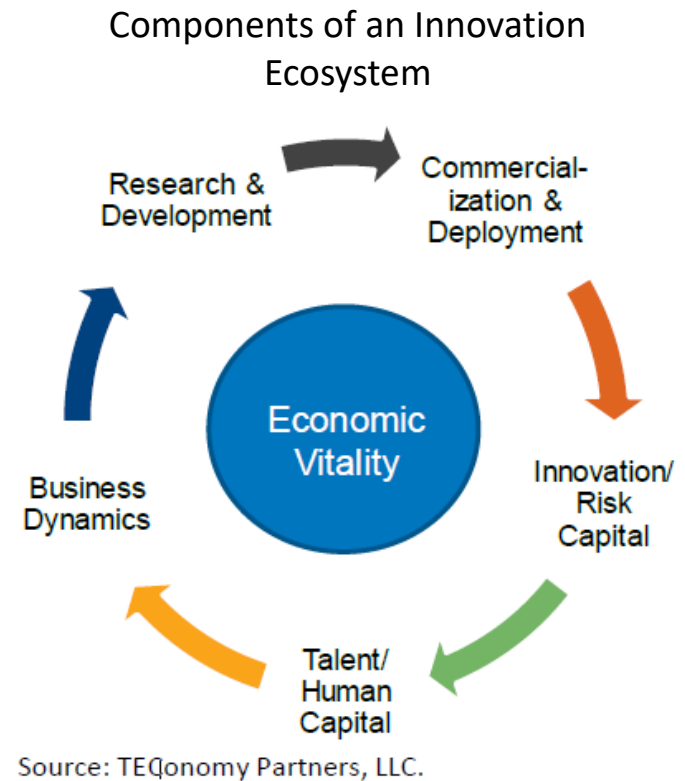


**ctnext**

Supporting and growing  
ecosystems of  
entrepreneurship

# A Roadmap to a Robust Innovation & Entrepreneurship Ecosystem

- ▶ CTNext's mission is to promote long-term economic growth in Connecticut through innovation and entrepreneurship.
- ▶ Our strategic plan calls for:
  1. Developing a statewide system of entrepreneurial support services.
  2. Facilitating access to capital.
  3. Retaining and developing workforce talent through experiential learning.
  4. Promoting CT as a place to start and grow an innovative company.



# Supporting CT Startups & Entrepreneurs

CTNext and Connecticut Innovations are the only state entities exclusively focused on growing new businesses in CT.



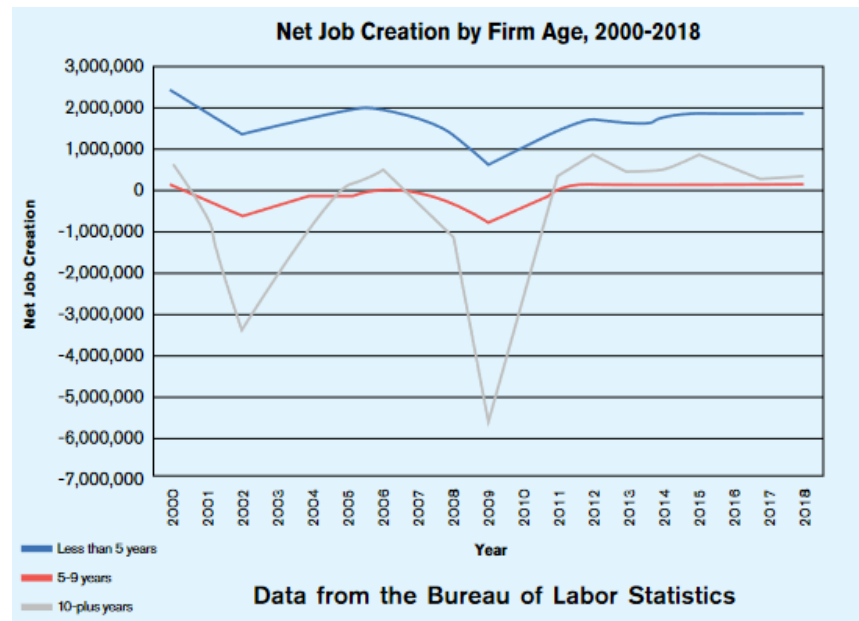
- ▶ Established by the Finance, Revenue & Bonding Committee and the General Assembly through Public Act 16-3.
- ▶ Catalyzing the “innovation ecosystem” – a network of public and private resources, programs, and institutions working together to help entrepreneurs grow new businesses.
- ▶ Providing direct assistance to new businesses, including capital, mentorship, networking, talent and skills development.



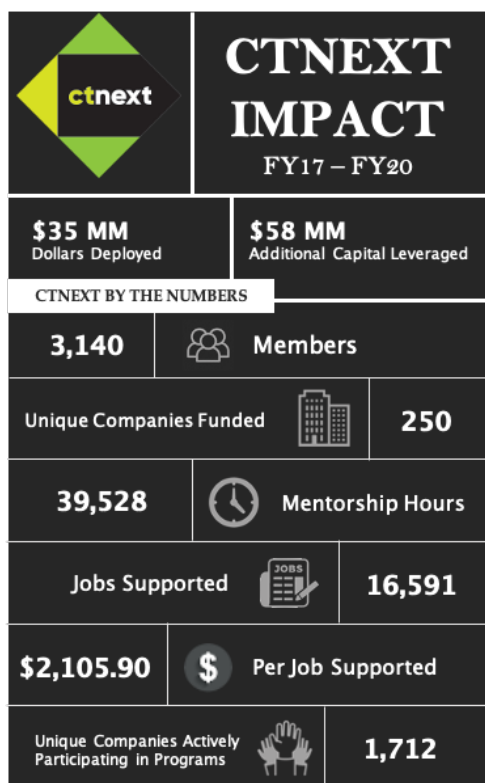
- ▶ Connecticut's public venture capital arm with \$176 million in assets under management, invested in 205 local companies. CI makes direct equity investments in new CT startups.
- ▶ A quasi-public entity and CTNext's parent organization.

# Why support new businesses?

- ▶ Where do new jobs come from? Big businesses? Or small businesses?
- ▶ The surprising answer: Most jobs come from NEW businesses!
  - ▶ “New businesses account for nearly all net new job creation...” – Kauffman Foundation



## Supporting and Growing Entrepreneurship in Connecticut



- ▶ Since 2017, CTNext has supported:
  - ▶ Over 3,100 early-stage CT companies
    - ▶ 37% identify as woman-, minority-, veteran- or disability-owned.
  - ▶ Over 16,000 early-stage sector jobs through its network
- ▶ CTNext is helping to create a positive perception of CT as a state where:
  - ▶ New startups can grow
  - ▶ Young people and tech talent can build great careers
- ▶ Every day, CTNext programs actively benefit entrepreneurs and early-stage companies, as well as the state's higher education institutions and their students with entrepreneurial ambitions.

# CTNext Programs

- ▶ **Company Development Resources**
  - ▶ Startup Advisors
  - ▶ Mentor Network
  - ▶ Member Directory
  - ▶ Small Business Innovation Research (SBIR/STTR) Acceleration
- ▶ **Direct-to-Company Grants**
  - ▶ Entrepreneur Innovation Awards
  - ▶ Growth Company Grants
  - ▶ Technology Talent Bridge
- ▶ **Ecosystem Development Grants**
  - ▶ Innovation Places
  - ▶ Higher Education Initiative
  - ▶ CTNext Partnership Grants
- ▶ **Future Investments: Connecticut Innovations**
  - ▶ Equity Financing
  - ▶ Venture Debt
  - ▶ Angel Investor Tax Credit
  - ▶ Connecticut Bioscience Innovation Fund



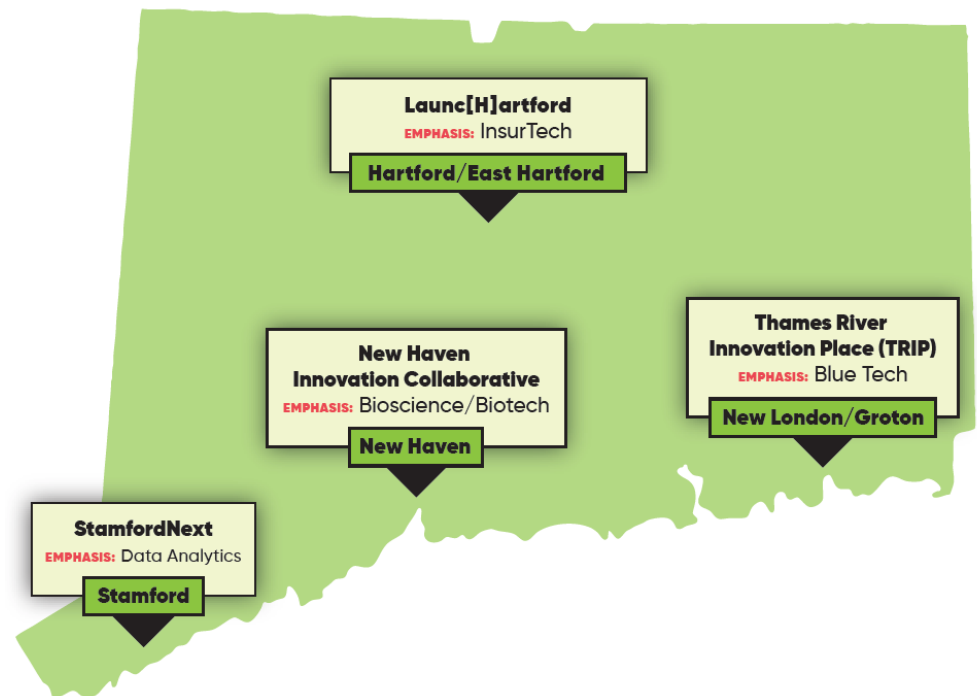


## Innovation Places

A catalyst for ecosystems of entrepreneurship

## Innovation Places (2018 – Present)

- ▶ Fully launched in 2018, Innovation Places is CTNext's flagship program.
- ▶ An entrepreneur-led effort cultivating ecosystems of innovation in CT's cities.
- ▶ A 2017 statewide competition selected four communities for targeted investment.
- ▶ Each community has primary, but not exclusive, strategic industry focus:
  - ▶ **Hartford/East Hartford:** InsurTech
  - ▶ **New Haven:** Biotech
  - ▶ **New London/Groton:** Blue Tech
  - ▶ **Stamford:** Data Analytics

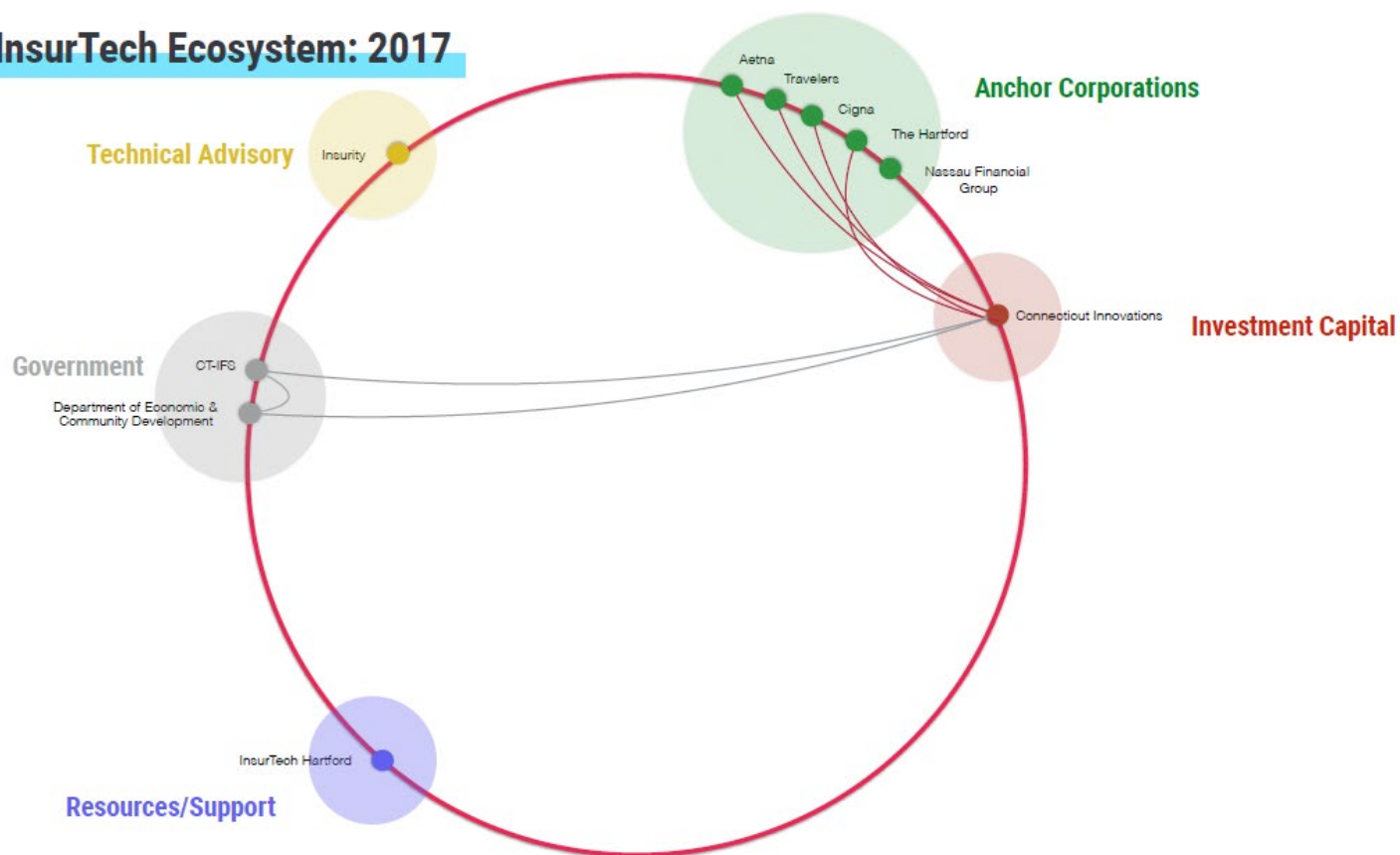


# Cultivating Innovation Ecosystems

- ▶ Inspired by research at the [Brookings Institution](#), Innovation Places cultivates dense, highly networked hubs of innovators and entrepreneurs in CT's cities.
  - ▶ A development model tested across the US and the world, including Boston, MA; Brooklyn, NYC; Barcelona, Spain; Pittsburgh, PA; St. Louis, MO; Houston, TX.
- ▶ Each new project leverages existing community institutions (major industries, corporations, universities, etc.), and prioritizes geographic density for emergent, additive benefits.
- ▶ Projects to support and cultivate startups are developed by local working groups of business, academic and civic leaders, then vetted by the CTNext statewide board of entrepreneurs.
  - ▶ Example projects include support for:
    - ▶ Startup incubators & accelerators
    - ▶ Coding and tech talent skill development
    - ▶ Co-working spaces
    - ▶ Investment pitch competitions
    - ▶ And much more...

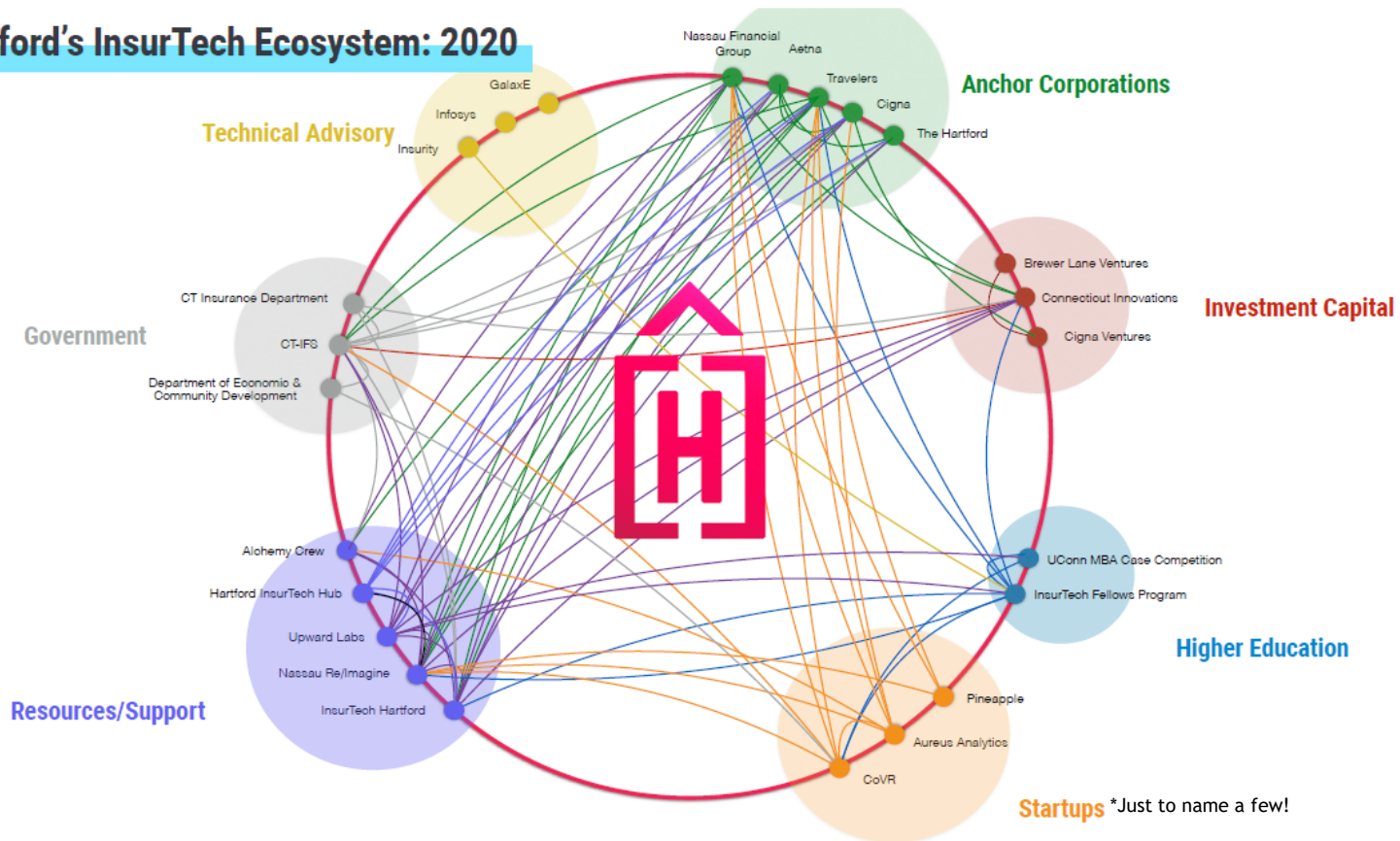
# What does an example “innovation ecosystem” look like?

## Hartford's InsurTech Ecosystem: 2017



# What does an example “innovation ecosystem” look like?

## Hartford's InsurTech Ecosystem: 2020



## Inclusive Economic Development

- ▶ Innovation Places is focused on economic development in CT's cities, making the active participation of each city community essential to our success.
- ▶ Diversity and inclusion is a core principle guiding our local project development processes and board member selection.
- ▶ Highlighted recent projects include:
  - ▶ **Girls for Technology** – Provides computer programming and other 21st century job skills workshops for Hartford high school girls and young women.
  - ▶ **Blue Stream** – A partnership with the Women's Business Development Council, helping military spouses in New London/Groton and others with ties to the local blue economy to launch new ventures.
  - ▶ **Economic Justice Fund** – Business support services paired with investments in minority-owned businesses in New Haven.
  - ▶ **Immigrant Entrepreneurship Incubator** – A new business incubator helping recent immigrants to launch brand new businesses in Stamford.

## Focused on Results & Value

- Every new Innovation Places project aims at long-term sustainability.
- Every public dollar spent is matched 1:1 or greater with private capital.
  - Private investment requirement validates market interest and need for each project.
  - Maximizes economic value returned on limited public investment.
- Highlighted Reported Results Since 2018:
  - Total Jobs Supported: 4,315
  - Total Companies Created or Scaled Up: 739
  - Increased Direct & Indirect Capital Investment in Local Companies: \$409.75 million
  - Total Event Attendees: 31,130



## Improving CT's National & International Visibility

- ▶ Hartford – **#5 – Cities Where Tech Talent is Actually Moving** ([Inc. Magazine 2021](#))
- ▶ CT Ranked the **4<sup>th</sup> Most Innovative Economy in U.S.** ([Bloomberg 2020](#))
- ▶ Hartford – **5<sup>th</sup> Best U.S. City for Young Entrepreneurs** ([LendingTree 2020](#))
- ▶ Hartford – **#21 in the World's Top 100 Emerging Startup Ecosystems** ([Startup Genome 2020](#))
- ▶ New Haven/Wallingford Named as **Top Destination for Millennials** ([National Association of Realtors 2019](#))
- ▶ Hartford Ranked the **4<sup>th</sup> Best U.S. City for Women Entrepreneurs** ([Seek Business Capital 2019](#))
- ▶ CT Ranks **4<sup>th</sup> in Bioscience VC Investment Per Capita** ([TEconomy Partners 2018](#))





# Success Stories

Examples of Innovation Places ecosystem  
investments

# Innovation Places – Highlights

## NEW HAVEN INNOVATION COLLABORATIVE

- ▶ Created Ives Squared, a national award-winning inclusive front door to innovation offering public access to prototyping tools, paired with expert advice and training from experienced entrepreneurs.
- ▶ Launched Collab, a community-centered accelerator supporting hundreds of CT entrepreneurs.
- ▶ Founded the Holberton School to make job-ready coding skills accessible and affordable.
- ▶ Supported the SCSU BioPath to connect faculty and students with bioscience companies, laboratory training and internships.
- ▶ Funding the renovation of the Pierce Laboratories, directly across the street from Yale Medical School, to alleviate a key market shortage for wet laboratory space for startups.



## Innovation Places - Highlights



- ▶ Created the Naval Maritime Consortium, a network of 73 companies connecting the regional supply chain, large customers, government and academic institutions to maximize incoming economic prosperity in the areas of submarine production and offshore wind.
- ▶ Launched the RD86 incubator for budding restaurants and food concepts.
- ▶ Supported the IGNITE initiative, networking entrepreneurs, enhancing business development skills, and engaging youth in STEM learning experiences.



# Innovation Places - Highlights



- ▶ Launched the new UConn Data Analytics Technology Incubation Program at the Stamford campus to support student and community startups, pairing teams with leading academics and experienced entrepreneurs.
- ▶ Sponsored the recurring Stamford Innovation Week annual conference, drawing thousands each year to highlight and lift up the city's startup community.
- ▶ Successfully piloted the Governor's Innovation Fellowship, pairing some of CT's most promising young graduates with great jobs at up-and-coming CT companies. This program is now being scaled statewide under CTNext.

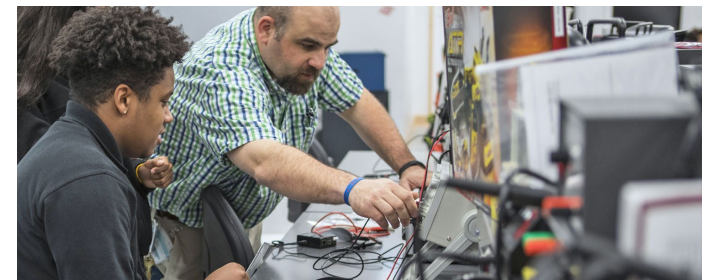
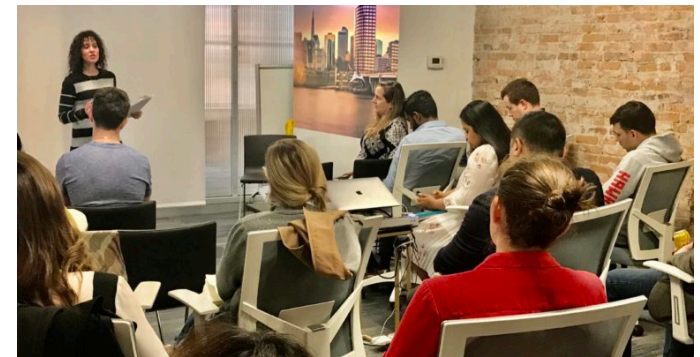




# Innovation Places - Highlights

## LAUNCH HARTFORD

- ▶ Created a new InsurTech startup ecosystem in Hartford, capturing activity and partnerships previously leaving CT.
  - ▶ Established the Hartford InsurTech Hub accelerator in partnership with Aetna, CIGNA, The Hartford, Travelers, White Mountains & USAA
  - ▶ Established the Nassau Re/Imagine Insurtech incubator
  - ▶ Supported growth and development of InsurTech Hartford programming
- ▶ Digital Health CT initiative launched with Hartford HealthCare, Trinity College & UConn School of Business to support growth of MedTech startups.
- ▶ Supported entrepreneur access to programs at MakerspaceCT, reSET, and talent development initiatives for Hartford youth through YMCA Teen Tech Center & Girls for Technology.
- ▶ Worked with Techstars and Stanley, Black & Decker to support advanced manufacturing startups in Hartford and launch Hartford's first globally-promoted Startup Week.



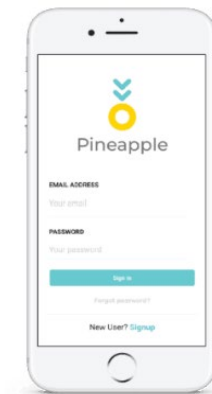


## Success Stories

Examples of the companies we've helped to  
launch, scale and grow

## Pineapple/Company Profile

- ▶ South African startup, founded in 2016
- ▶ Innovative approach to buying insurance employing a user-friendly phone app.
- ▶ Drawn to Hartford by potential for collaboration with the major insurance companies headquartered here, access to capital/VC investment, and the counsel and industry knowledge they could find here.
- ▶ Won Connecticut Innovations VentureClash; member of Insurtech Hartford Accelerator's second cohort.
- ▶ In January 2021, Pineapple opened its U.S. office in Hartford. They are currently working on multiple projects, including a partnership with Travelers.



## Encapsulate/Company Profile

- ▶ Developing “tumor on a chip” technology that can implant a patient’s own cancer cells on a digital chip and grow them outside the body. The system greatly increases the number of possible treatments that can be tested in the quickest possible time.
- ▶ Founders Armin Rad and Reza Amin are graduate researchers in UConn’s new Masters of Engineering in Global Entrepreneurship program, a CTNext Higher Ed Fund grantee. The company’s lab is housed in UConn’s Technology Incubation Program (TIP) facility, another CTNext Higher Ed recipient organization.
- ▶ Recently named a member company in the first cohort of Hartford’s new Digital Health medtech accelerator, a collaborative initiative launched through Innovation Place’s Launc[H]artford program. The company is also a recent winner of CTNext’s EIA and was a member of the first cohort of CTNext’s new Mentor Network.
- ▶ In 2020 won the International Space Station U.S. Laboratory and Boeing “Technology in Space” Prize. Encapsulate received \$500,000 and the opportunity to conduct research projects on board the International Space Station (ISS).





## Elidah/Company Profile

- ▶ Gloria Kolb, CEO and co-founder of Monroe-based Elidah, created Elitone, an innovative medical device that works to eliminate female urinary stress incontinence.
- ▶ An engineer, longtime entrepreneur and mother, Kolb began wrestling with the idea of a device-based solution more than six years ago. She and her husband founded their biomedical company in the couple's home in Sandy Hook.
- ▶ Elitone's success as a treatment exceeded expectations. More than 95% of users find it helps relieve – and in most cases, eliminate – their problem.
- ▶ Elidah has received support from UConn's TIP incubator and CTNext, which provided Elidah with both financing and mentoring support. Elidah also earned SBIR funding from NSF and NIH, as well as an Acceleration and Commercialization Grant from CTNext.
- ▶ In 2019, Elidah won a \$20,000 grant at the inaugural CTNext Mentor Network Pitch Event. Kolb was a top ten finalist in Google's Women Startup Challenge, "Women Who Tech," out of a field of 800+ applicants.



## Tru Optik/Company Profile

- ▶ Founded in 2013, Stamford-based Tru Optik has become the de facto standard for privacy-compliant data-driven targeting, audience measurement, data management and identity resolution across streaming media, including OTT/CTV, streaming audio and cloud-based gaming. Its solutions are defined by an unmatched combination of scale and precision that maximizes value for stakeholders across the streaming media advertising ecosystem.
- ▶ Andre Swanston, CEO and co-founder of Tru Optik, has led the company's business and product development since its inception. He has become a frequently quoted national expert on streaming media and advanced advertising.
- ▶ Tru Optik started out working in a private office at one of the CTNext sponsored coworking spaces, has worked with CTNext's Technology Talent Bridge program and recently brought on a hire from the Governor's Innovation Fellowship to expand its skilled talent recruitment.
- ▶ Connecticut Innovations invested \$2.5 million in Tru Optik.
- ▶ In October 2020, Tru Optik announced its acquisition by TransUnion, a global information, insights and communications corporation.



## Peak Performance/Company Profile

- ▶ Jonathan Norton, Army Ranger and combat veteran, founded Peak Performance three years ago. Jonathan invented the company's flagship product RopeSafe after witnessing a student almost fall to his death when his rope was nearly severed on a sharp edge during a rappel. Inspired by what he saw, Jonathan created RopeSafe, a dual-use rope protector and load-bearing anchor strap that stays in position, exceeding all safety standards.
- ▶ In June 2020, Peak Performance was awarded an Air Force Small Business Innovation Research (AF SBIR) contract to work with government agencies to develop and test *RopeSafe Infrared* - an innovative edge protection solution that greatly improves operator and victim safety during limited visibility rescue operations.
- ▶ RopeSafe is a CTNext EIA winner, a Growth Grant recipient, and works with our Startup Advisor. His work in our SBIR/STTR training program helped Jonathan win the AF SBIR contract.



# Building Momentum

Economic recovery post-COVID



## CTNext Financial Update

- ▶ **Immediate Need:**

- ▶ \$7.5 million to support the Innovation Places program in the second year of the biennium, FY 23.

- ▶ **Options/Ideas for Beyond the Biennium:** Continuing our momentum and accelerating economic recovery in Connecticut's cities.

- ▶ \$22.5 million in additional funding over three years for Innovation Places at current expenditure levels:
    - ▶ FY 24 – FY 26: \$7.5 million each year
  - ▶ Provide further funding to add up to three new IP communities:
    - ▶ FY 23 – FY 26: \$6 million per year (\$2 million each)
  - ▶ Additionally, extend overall CTNext programming by one year, through FY 24
    - ▶ FY 24: \$10 million



**ctnext**

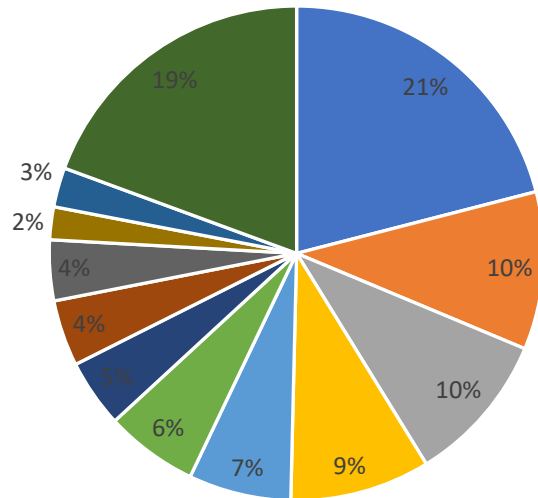
**Thank you!**

# Appendix



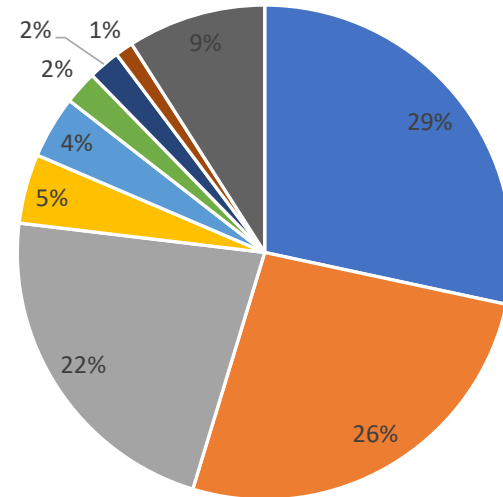
# CTNext Member Demographics

Industry



- Information Tech
- Academia
- HealthCare
- Clean Tech
- Service Provider
- Bioscience
- Media
- Non Profit
- Manufacturing
- Retail
- Engineering
- Other

Geography, by County



- Hartford
- New London
- Litchfield
- Fairfield
- Middlesex
- Windham
- New Haven
- Tolland
- Out of State



# Overview of Other CTNext Programs

## ▶ **The Higher Education Innovation and Entrepreneurship Fund**

- ▶ Fosters collaboration among institutions of higher education and strengthens institutional ability to encourage and catalyze innovation and entrepreneurship, and to attract and retain top STEM and entrepreneurial talent.

## ▶ **CTNext Partnership Grants**

- ▶ Designed to support the establishment and growth of organizations and programs supporting entrepreneurs at the local or industry-specific level.
- ▶ The public/private “partner” organizations help supply entrepreneurs with business development tools, mentoring, technical services, and dynamic workspaces, all of which help to build the ecosystem the state needs to spur startup growth, expansion and innovation.

## ▶ **The Entrepreneur Innovation Awards (EIA)**

- ▶ Shark Tank–style pitch event held three times a year where founders and young companies present innovative project ideas to a panel of judges and a live audience for the opportunity to win a \$10,000 grant.

## ▶ **Growth Company Grants**

- ▶ Growth-stage companies receive a \$25,000 grant to use for sales, marketing, and strategic/organizational development. Funding has supported things like a commercial installment of MVP products, strategic customer targeting and product testing.

# Overview of Other CTNext Programs

## ▶ **Technology Talent Bridge**

- ▶ Funding up to \$25,000 to companies that offer paid internships to college students to fill a near-term hiring need.
- ▶ Targeted to support statewide goals in talent retention and access to skilled hires.
- ▶ Leveraging partnerships at Connecticut higher education institutions and small businesses.

## ▶ **The Small Business Innovation Research (SBIR/STTR) Accelerate CT**

- ▶ Application training and support, strategic counsel and planning assistance to Connecticut companies seeking federal funding through SBIR/STTR agencies such as NIH and DOD.
- ▶ Additional services like workshops, webinars and reimbursements for National SBIR/STTR Conferences.

## ▶ **Mentor Network**

- ▶ Experienced entrepreneurs, executives and investors to help accelerate the growth of Connecticut's most promising early-stage ventures through a matched mentor/mentee assignment and various group networking and mentoring sessions.

## ▶ **Startup Advisor**

- ▶ Guidance and advisory services to startups.
- ▶ Introductions to the overall Connecticut landscape of resources and networks to service early-stage companies.

# Financial History of CTNext Forecasted through June 30, 2021

(\$ in millions)

LINE ITEMS	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 FORECAST	Totals
<b><u>REVENUES:</u></b>						
Bond Revenues	12.850	12.350	10.350	5.000	12.350	52.900
DECD TTB Funding		0.500	-	-	-	0.500
Other	0.063	0.146	0.314	0.196	0.100	0.819
<b>Total Revenues</b>	<b>12.913</b>	<b>12.996</b>	<b>10.664</b>	<b>5.196</b>	<b>12.450</b>	<b>54.219</b>
<b><u>PROGRAM EXPENSES:</u></b>						
<b>Innovation Places:</b>						
Innovation District Grants	-	6.900	5.177	2.615	7.500	22.192
Business Dev. / Planning Grants	0.491	-	-	-	-	0.491
<b>Other Initiatives:</b>						
Strategic Deployment	3.296	2.487	2.999	1.669	1.930	12.381
University Based Activities	-	1.201	1.338	2.210	1.800	6.549
Other	0.084	-	0.307	0.143	0.025	0.559
<b>Total Program Expenses</b>	<b>3.871</b>	<b>10.588</b>	<b>9.821</b>	<b>6.637</b>	<b>11.255</b>	<b>42.172</b>
<b>ADMIN FEES:</b>						
<b>Compensation:</b>						
Salaries	0.400	0.398	0.442	0.395	0.450	2.085
Fringe	0.320	0.291	0.334	0.346	0.379	1.670
Professional Fees & Other	0.177	0.655	0.717	0.843	0.807	3.199
<b>Total Admin Expense</b>	<b>0.897</b>	<b>1.344</b>	<b>1.493</b>	<b>1.584</b>	<b>1.636</b>	<b>6.954</b>
<b>Total Expenses</b>	<b>4.768</b>	<b>11.932</b>	<b>11.314</b>	<b>8.221</b>	<b>12.891</b>	<b>49.126</b>
<b>Operating Gain / (Loss)</b>	<b>8.145</b>	<b>1.064</b>	<b>(0.650)</b>	<b>(3.025)</b>	<b>(0.441)</b>	<b>5.093</b>