

**Testimony before Congress of the United States, U.S. House of Representatives
Committee on Small Business | Innovation and Workforce Development Subcommittee
Hearing on “SBA Programs Spurring Innovation”
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**Written Testimony by:
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Chairwoman Velazquez, Ranking Member Chabot, Subcommittee Chairman Crow, Subcommittee Ranking Member Balderson and distinguished members of the Committee; thank you very much for the opportunity to participate in today’s hearing.

My name is Javier Saade and I am Founder & Managing Partner of Impact Master Holdings and Venture Partner at Fenway Summer Ventures. Impact Master Holdings is a firm that works with and invests in companies that touch on technology, digital inclusion, economic development and impact capital. Fenway Summer is a venture capital firm that has backed about fifty young companies innovating at the intersection of finance and technology.

I serve on the Boards of Trustees of Pan American Development Foundation and The Nature Conservancy in Maryland + DC, and Board of Directors of Foundation for Puerto Rico. I also hold seats on the Board of Directors of a Presidio and Rothschild owned financial services firm, Global Board of Advisors of DocuSign, Inc., Corporate Social Responsibility Board of Univision Communications and Advisory Board of Harvard’s Rock Center for Entrepreneurship.

Previously I served as Associate Administrator, Chief of Investment and Innovation of the U.S. Small Business Administration and held a seat on the U.S. Securities & Exchange Commission’s Committee on Small and Emerging Companies. I led the \$30 billion Small Business Investment Company (SBIC), \$2-3 billion/year Small Business Innovation Research (SBIR), ~\$200 million/year Small Business Technology Transfer (STTR) and Growth Accelerator Fund Competition programs.

In my transition back to the private sector I served as Executive in Residence at Columbia’s Columbia Technology Ventures, Senior Fellow at Georgetown’s Beeck Center for Social Innovation + Impact, Mentor at Stanford’s Latino Entrepreneurship Initiative (LBAN) and in recent past served as a Mentor at Techstars. My foundational career years were forged at organizations that include McKinsey & Company, Abbott Laboratories, Booz Allen & Hamilton and Bridgewater Associates.

My testimony today will specifically focus on SBA’s Growth Accelerator Fund Competition (GAFC) program and the overall innovation and entrepreneurial ecosystem in the United States. That said, if needed, I am happy to address inquiries on other topics, including SBIR and STTR.

The data underpinning this testimony is a matter of public record and is mostly sourced from a recent Federal Research Division, Library of Congress report as well as other government and private sector sources.

GAFC was launched in 2014 under my watch. A bit of backdrop may be helpful to set the stage. The program's genesis and initial conception is rooted in President Obama's first term, specifically the domestic and economic policy agenda that gave birth to among other things: the JOBS Act, Startup America and TARP. There was a lot happening back then with our economy, most of it was bad. A focus on a more inclusive and accessible innovation-driven economy was a key part of the domestic agenda. In some measure, this continues to be the case in the Trump administration. As you know, the economy turned around and regardless of the headwinds it faces today like global trade uncertainty, permanent job dislocation, and high concentration of capital and wealth – our economic indicators are strong, driven in large part by innovation and tech-driven productivity gains.

The economic recovery and expansion has generated prosperity unevenly. It is now more uneven than before the 2007-2008 crisis. The previously mentioned concentration of capital (debt and equity), insatiable demand for technical talent and the magnetic effect of a handful of thriving global economic centers of activity – among other factors – has left tens of millions of people behind. Most left behind are those from underrepresented groups, hard to up-skill or less educated workers, and rural communities.

This dynamic is magnified in our innovation economy: venture capital's geographic, gender and racial persistent homogeneity, evolving business formation pathways, relentless automation of life and work and lack of diversity in private and public company C-suites and boardrooms among others. These affect the productive capacity and growth potential of our economy.

The government's role investing in the building blocks of innovation, empowering innovators, setting the stage for high quality job creation, catalyzing discoveries to support national priorities and clearing a path for anyone with talent to access opportunity can't be understated.

The American innovation ecosystem is one of our country's crown jewels and has been the leading source of economic growth and productivity for more than half a century. The ecosystem includes science and discovery, applied research, raw ideation, at risk capital, forward-looking policy, skilled labor, a safe and sound financial system, efficient capital markets, consumers, and healthy competition. All are critical ingredients and the Growth Accelerator Fund Competition (GAFC) plays a small but important part in our country's ecosystem.

GAFC had two goals, which it accomplished:

- 1) Leveling the playing field with funding for and increased attention to entrepreneurial ecosystems that support innovation-economy development and entrepreneurship in parts of the country with fewer conventional sources of capital.
- 2) Focusing and supporting ecosystems and companies owned by, managed by, or focused on traditionally underserved groups, such as women, minorities, veterans, and those in rural or poor communities.

The program is now in its fifth year and there is certainly room for improvement, which we will cover later on. The following table is a high level summary of GAFC:

2014	\$2.5 million	50 winners	31 states, Washington, DC, and Puerto Rico
2015	\$4.4 million	88 winners	39 states, Washington, DC, and Puerto Rico
2016	\$3.4 million	85 winners	38 states and Washington, DC
2017	\$1 million	20 winners	As above*
Total	\$11.3 million	187 winners	45 states, Washington DC and Puerto Rico
<i>Note: *In 2017 \$1 million was granted to 20 past winners - total prizes 243 to 187 winners</i>			
<i>Note: In 2019 \$3 million has been set aside for up to 60 winners.</i>			
Jobs created or supported:	14,237 (imputed estimates, both accelerators and startups)		
Full Time Equivalents:	3,055 (startups FTEs 2014-2016)		
Capital Raised by Startups:	\$609,243,433 (startup fundraising estimate)		

Innovation-driven entrepreneurial ecosystems are effective and proven. Accelerators, which got real traction right after the 2008 financial crisis, offer programs that typically last 3-6 months and provide shared services, mentorship and technical assistance. The premise is to develop what many term a minimum viable product (“MVP”) or prototype that enables agile and fast testing of ideas. Typically accelerators connect entrepreneurs to consultants and provide assistance in the preparation of pitches needed to obtain angel investment and other forms of seed capital – such as SBIR and STTR capital. Success in the accelerator and innovation ecosystem world is punctuated when companies leave the nest; they are acquired or otherwise exit the program with additional investment. Some research points to the fact that accelerated startups obtain more and/or faster funding than those using other avenues.

Entrepreneurial Ecosystem Models

42% of GAFC winners self-identified as hybrid models (hybrid models combine aspects of accelerators, incubators, co-working spaces, non-profit organizations and local government economic development programs), followed by 35% as accelerators, 16% as incubators, 5% as co-working spaces and 2% as tinker/maker spaces.

Incubators and accelerators are more likely to offer high-growth, tech-driven startup mentorship and commercialization assistance, but they are less likely to provide services to underserved communities (such as women, veterans, minorities, or economically disadvantaged groups or locations) than hybrid models.

Accelerators sometimes include a small capital infusion in exchange for equity or future equity. Incubators are much less likely to provide small amounts of angel money or seed capital, or specialized or structured loans, than accelerators or hybrid programs. Hybrid models on the other hand, research found, are less likely to use a selective process to choose participating startups than accelerators or incubators. All models provide their startups with introductions to customers, partners, suppliers, advisory boards, and other players, as well as opportunities to pitch ideas and startups to investors, along with capital formation avenues such as demo days.

About one-quarter of GAFC winners provided seed funding to their most promising startups. Of those that took an equity stake, the average was 5.5% in exchange for an average investment of \$1,827,600.

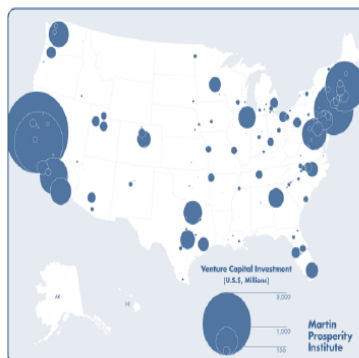
Key innovation ecosystem models and their characteristics are shown in the table on next page:

	Incubators	Angel investors	Accelerators	Hybrid
Duration	1 to 5 years	Ongoing	3 to 6 months	3 months to 2 years
Cohorts	No	No	Yes	No
Business model	Rent; non-profit	Investment	Investment; can also be non-profit	Investment; can also be non-profit
Selection	Non-competitive	Competitive, ongoing	Competitive, cyclical	Competitive, ongoing
Venture stage	Early or late	Early	Early	Early
Education	Ad hoc, human resources, legal	None	Seminars	Various incubator and accelerator practices
Mentorship	Minimal, tactical	As needed by investor	Intense, by self and others	Staff expert support, some mentoring
Venture location	On-site	Off-site	On-site	On-site

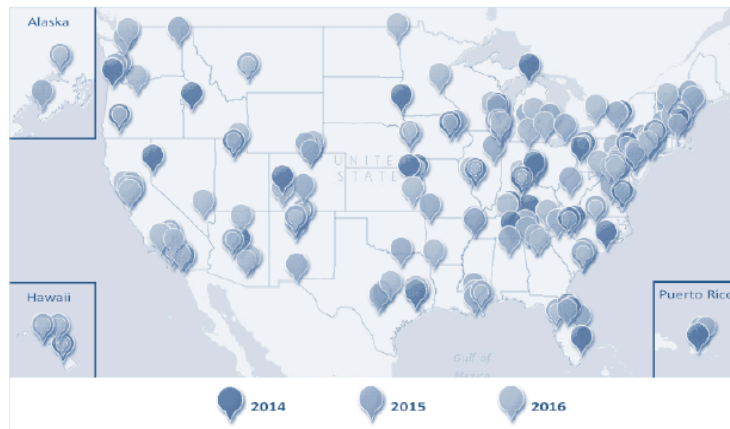
Source: Ian Hathaway, "Accelerating Growth: Startup Accelerator Programs in the United States," Brookings Institution, February 17, 2016, <https://www.brookings.edu/research/accelerating-growth-startup-accelerator-programs-in-the-united-states/>.

Entrepreneurial and Innovation Activity Geography

Successful entrepreneurs and their companies create jobs and deliver tax revenues to the IRS and equally important, to their state and local government. Areas with more entrepreneurial activity have better economic outcomes. On this topic, it is well known that about 80% of venture capital (a couple hundred billion dollars per year) is managed by firms and invested in companies located in five states. The map on the left below highlights the concentration, the map on the right depicts where GAFIC supported ecosystems are located – a much more geographically dispersed universe.



Source: Richard Florida, "A Closer Look at the Geography of Venture Capital in the U.S.," *CityLab*, February 23, 2016, <https://www.citylab.com/life/2016/02/the-spiky-geography-of-venture-capital-in-the-us/470208/>.



GAFIC winners reported that they received the following benefits:

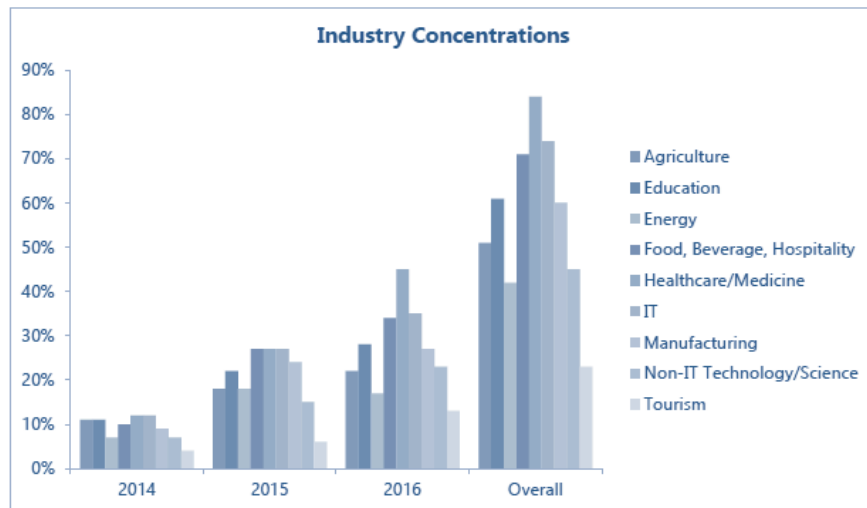
- Increased credibility brought by receiving a federal financial award
- Improvements to the local entrepreneurial culture
- Increased participation in the local entrepreneurial community
- Support of groups / regions not typically served by the VC community
- Increasing the number of startups launched and jobs created
- Belonging to a national network of entrepreneurial ecosystems and their practices

In regions with less robust innovation ecosystems and lower levels of venture capital financing, accelerators become more important as a funding source. Areas with established accelerator and other ecosystem ingredient presence yield higher seed financing activity. Three-quarters of accelerator and incubator activity happens in California, New York, Florida, Illinois, Missouri, Massachusetts, Ohio, Pennsylvania, and Texas.

This is not to be construed as a call to focus solely on the other forty-one states and territories. For instance, an entrepreneurial ecosystem located in an Opportunity Zone in Chicago or one located in Menlo Park but focused on women entrepreneurs are both in fact filling gaps.

Key Characteristics and Demographics of GAFC Winners

Half of GAFC winners described themselves as focused on an industry (such as life sciences or food) or a location (such as rural areas). 41% of the winners described themselves as focused on a demographic (such as women, Native Hawaiians, or veterans) or technology (such as biotech or cleantech). 10-20% described their organizations as being focused on a product, a service, or being a social enterprise. The bar chart in the next page provides with a summary.



Among the GAFC winners, healthcare/medicine was consistently the most represented category among their startups, followed by information technology (IT) and food/beverage/hospitality. Other well-represented sectors include education, manufacturing, and agriculture. Non-IT technology/science, energy, and tourism were the least represented.

Over time the SBA has awarded GAFC prizes to an increasing number of organizations that were owned or led by other underserved populations, such as racial minorities, veterans, and women.

21% of the winners had startups that were owned or led by American Indians, Alaska Natives, or Native Hawaiians. 18% had startups that were owned or led by individuals with disabilities, 70% had startups owned or led by individuals with limited access to capital, 61% had startups located in or serving economically disadvantaged areas, 42% had startups located in rural areas, 80% had startups owned or led by individuals who were racial minorities, 42% had startups owned or led by veterans, and 90% had startups owned or led by women.

GAFC winners are from 45 states, Washington DC, and Puerto Rico. Delaware, Mississippi, Oklahoma, Vermont, and Wyoming have not won any awards so far. California is home to the most winners.

Quarterly reporting shows that the average amount raised by the accelerators from outside investors (excluding the \$50,000 from the SBA) was between \$1,413,106 and \$2,636,024 and that approximately one-fifth of the winners had an operating budget greater than \$1,000,000. Funding from a single source—such as angel investors, corporations or local government funding typically comprised less than 10% of a typical GAFC winner’s operating budget.

Conclusions & Recommendations

The program can certainly be improved, but the data and results point to GACF being a successful component of supporting the American entrepreneurial ecosystem. This is especially the case with STEM-driven early stage ventures not fully served by other agency entrepreneurial programs. At a high level, some items Congress and the agency should think about:

- Establish more permanent support from a policy and funding perspective.
- Enhance the pathways for the thousands of startups being supported to “graduate” and access programs such as SBIR and STTR.
- Improve coordination with other federal agency and state, city programs. All fill different and important niches and include DOE’s Sunshot Incubator Program, HHS’ Iginite Accelerator, DHS’ Emerge Accelerator, NIH’s I-Corp and NSF’s Partnerships for Innovation. All of these have connective tissue to SBIR and STTR, which is also overseen by the U.S. Small Business Administration.
- Enforce tighter administration of the program and more robust reporting and metrics.
- Examine intra-agency overlap with other entrepreneurial support programs.
- Simplify connective tissue between SBIR/STTR and GAFC.
- Improve and continue underrepresented group and geographic gap outreach.
- Think about having different levels of award prizes.
- Tighten communication between accelerators and the SBA and with each other.
- Report on and provide mechanisms to network and distill best practices.
- Based on results and metrics, change the definition of eligible organizations.

Additional Information

- 1) Growth Accelerator Fund Competition (GAFC) -- Private Sector Partners*
- 2) GAFC -- Winners
- 3) GAFC -- Quotes
- 4) GAFC -- Case Studies + Success Stories

* Private sector entities that have invested in or otherwise provided value to GAFC winners.

GAFC Private Sector Partners

American Airlines	Louisiana Business Incubator Association
Baptist Community Ministries	Lyndhurst Foundation
Blackstone Charitable Foundation	Manuel D. & Rhoda Mayerson Foundation
Blue Cross and Blue Shield of Louisiana	Mary Freeman Wisdom Foundation Massachusetts Clean
Boston College	Energy Center
Brown-Forman	Massachusetts Life Sciences Center
Capital One	Microsoft Corporation
Chase Bank	Midwest Foods
Cherokee Preservation Foundation	Mildred V. Horn Foundation
Chicago Community Trust	New Belgium Brewing
Clemson University	Ohio Third Frontier
Coastal Community Foundation of South Carolina	Pathfinder Foundation
Colorado Health Foundation	Patrick Family Foundation
Colorado Impact Fund	Paypal
Colorado Office of Economic Development and	PNC Bank
International Trade	Procter & Gamble
Dick & Betsy DeVos Family Foundation	Roane State Community College
Douglas F. & Marion S. Attaway Foundation	Robert Wood Johnson Foundation
Duke Energy Foundation	Robin Hood Foundation
Exxon Mobil	Roy & Patricia Disney Family Foundation
Ewing Marion Kauffman Foundation	San Diego Regional Economic Dev Corporation
Eugenie and Joseph Jones Family Foundation	Shell
Fifth Third Bank	Siemens
Franks Family Foundation	Silicon Valley Bank
Gaylord and Dorothy Donnelley Foundation	Singing for Change
Goldring Family Foundation	Spaulding Paolozzi Foundation
Google	SunTurst
Greater Cincinnati Foundation	Surdna Foundation
Guggenheim Partners	Target
IBM	Texas 4000
InnovateMass Program	Union Bank of California
James Graham Brown Foundation	University of Southern Florida
JPMorgan Chase	U.S. Bank
Keller Family Foundation	VentureWell
Kickstarter	Verizon
Legler Benbough Foundation	W.K. Kellogg Foundation
Lemelson Foundation	Walton Family Foundation
Linn County Economic Development Fund	Wells Fargo
Local Initiatives Support Corporation	Whole Foods

GAFC Winners (Alphabetical by state, city, name)

Alabama

Birmingham: Velocity (2015)

Madison: Rocket City Launch (2014)

Alaska

Anchorage: Launch Alaska (2015, 2016)

Homer: Alaska Small Business Incubator, LLC (2015)

Arizona

Flagstaff: Native American Business Incubator Network (2016)

Phoenix: BioAccel (2016); CPLC Pickle House (2015); SEED SPOT (2015, 2016)

Scottsdale: Edson Student Entrepreneur Initiative (2014)

Tucson: Arizona Center for Innovation (2014); Startup Tucson (2016)

Arkansas

Fayetteville: Startup Junkie Consulting (2015)

Little Rock: Local First Delta Spark (2016)

California

Costa Mesa: Urban Workshop (2016)

La Jolla: mystartupXX/mystartupxx at University of California, San Diego (2014, 2015, 2016)

Los Angeles: Los Angeles Cleantech Incubator (LACI) (2015, 2016); MedTech Innovator (2016)

Oakland: Impact Hub Oakland (2015)

Redwood City: NewSchools Ignite/WestEd Research Partnership (2016)

San Diego: CONNECT (2016); Hera Labs (2015, 2016); La Cocina's Business Incubator Program (2016); Rosie Network's Military Entrepreneur Center (2016)

San Francisco: Equita (2015); FAST (2016)

San Jose: Manos Accelerator (2015)

Colorado

Alamosa: San Luis Valley Local Foods Coalition (2015)

Boulder: MergeLane (2015, 2016); Unreasonable Institute (2015)

Durango: Southwest Colorado Accelerator Program for Entrepreneurs (SCAPE) (2016)

Fort Collins: Innosphere (2016)

Loveland: Warehouse Business Accelerator (2015)

Telluride: Telluride Venture Accelerator (2014)

Connecticut

Hartford: LaunchPad for Impact (2015)

Westport: Refinery (2014, 2016)

District of Columbia

Washington: EatsPlace (2014); Halcyon Incubator (2015); Launch Pad (2015); Mess Hall (2015); Village Capital (2016)

Florida

Fort Pierce: Pioneer Business Incubator (2015)

Longwood: Sunshine Labs (2014)

Miami: Venture Hive (2014)

Orlando: Starter Studio (2014); VentureScaleUp (2015)

Tampa: FirstWaVE Accelerator/Tampa Bay WaVE, Inc. (2015, 2016)

Georgia

Atlanta: FOCUS Incubator/BIG Accelerator (2015, 2016); NeuroLaunch (2016); Points of Light Civic Accelerator (2016)

Rome: Makervillage (2015)

Hawaii

Honolulu: XLR8UH (2015, 2016)

Kahului: Maui Food Innovation Center—Maui Accelerator Program/Maui Food X-celerator (15,16)

Kailua-Kona: GVS Transmedia Accelerator (2014, 2015, 2016)

Waimanalo: Ho'okahua Capacity-Building Accelerator (2016)

Idaho

Nampa: James E. Hogge Technology and Entrepreneurial Center (2014)

Illinois

Champaign: I-Start (2015)

Chicago: Bunker Labs (2016); Good Food Business Accelerator Incubator without Walls (2014, 2016); Fulton-Carroll Center (2015); Impact Engine (2015); PROPEL at the iBIO Institute (2016); WiSTEM (2016)

East Hazel Crest: Park Forest Maker Space (2014)

Glencoe: Windy City Harvest (2016)

Park Forest: SouthWorks MakerLab in Park Forest (2015)

Indiana

Anderson: Flagship Accelerator Program (2015)

Fort Wayne: Northeast Indiana Innovation Center (2016)

Iowa

Cedar Rapids: Entrepreneurial Development Center, Inc. (2015); Iowa Startup Accelerator (2014, 2015)

Kansas

Independence: Fab Lab ICC (2016)

Lawrence: Bioscience & Technology Business Center (2014, 2016)

Topeka: 712 Innovations (2014)

Kentucky

Covington: UpTech, Inc. (2014)

Louisville: Chef Space (2016); LVL1, Inc. (2015); XRateHealth (2014, 2015, 2016)

Louisiana

New Orleans: Idea Village (2015); New Orleans BioInnovation Center (2016); PowerMoves.NOLA (2015);

Propeller: A Force for Social Innovation/Propeller (2015, 2016)

Shreveport: Cohab (2016)

Maine

Portland: E2Tech—Environmental & Energy Technology Council of Maine (2015); Maine Center for Entrepreneurial Development (2015)

Maryland

Baltimore: FastForward (2016)

Columbia: Accelerator for the Commercialization of Technology (2014)

Rockville: Relevant Health (2015)

Massachusetts

Beverly: North Shore InnoVentures, Inc. (2016)

Boston: Fraunhofer TechBridge (2015); InciteHealth (2015); Smarter in the City (2014)

Lowell: EforAll (2016)

Somerville: Greentown Labs (2015)

Worcester: Massachusetts Biomedical Initiatives (2016)

Michigan

Battle Creek: Inge's Place (2015)

Detroit: NextEnergy (2015)

Harbor Springs: Coolhouse Labs (2014)

Lansing: Lansing PROTO (2016)

Minnesota

Minneapolis: NEON Business Incubator (2016)

Missouri

St. Louis: BioSTL Fundamentals (2016); Prosper Women Entrepreneurs Startup Accelerator/Prosper Startup Accelerator/Prosper Women Entrepreneurs (2014, 2015, 2016)

Montana

Bozeman: 406 Labs (2015, 2016)

Nebraska

Omaha: Year of the Startup (2015, 2016)

Nevada

Las Vegas: Mill (2016)

Reno: Center for Unique Business Enterprises (2014)

New Hampshire

Keene: Hannah Grimes Center (2015)

Lebanon: New England Pediatric Device Consortium (2016)

New Jersey

Bridgeton: Rutgers Food Innovation Center—Rutgers Food Accelerator (2014)

Ironia: Great Turning Advisors Social Business Accelerator (2015)

New Mexico

Albuquerque: ABQid (2016); Creative Startups Accelerator/Creative Startups (2015, 2016); IGNITE Community Accelerator (2016); Native Entrepreneur in Residence Program/Native Entrepreneur in Residence (2015, 2016)

New York

Brooklyn: Manufacture New York (2014, 2015); Veteran Incubator (2016)

Buffalo: Upstate Accelerator (2016)

Ithaca: Passenger to Pilot: Empowering Women Entrepreneurs (2015); Southern Tier Hardware Accelerator (2014)

Long Island City: Coalition for Queens (2015, 2016)

New York: Harlem Biospace (2016); KiiLN—Keystone for Incubating Innovation in Life Sciences Network (2015);

Minority Venture Partners Accelerator (2015)

North Carolina

Charlotte: City Startup Labs (2014); RevTech Labs/RevTech Labs & QC FinTech (2014, 2015)

Cherokee: Cherokee Center for Cultural Art and Technology (2016)

Durham: First Flight Venture Center (2015, 2016)

Wilmington: Center for Innovation and Entrepreneurship (2014)

North Dakota

Grand Forks: Autonomous Alley (2016)

Ohio

Cleveland: VictoryStart (2015)

Cincinnati: The Brandery (2014); First Batch (2015); Mortar (2016)

Toledo: University of Toledo Launchpad Incubator (2016)

Oregon

Medford: Sustainable Valley Technology Accelerator/Sustainable Valley Technology Group (2014, 2015)

Portland: Authentically Confederated Tribes of Warm Springs (2016); ONABEN (2015); Oregon BEST StartSpace (2015); Portland State University Business Accelerator (2014)

Pennsylvania

Allentown: Bridgeworks Enterprise Center (2014)

Harrisburg: Ben Franklin Techcelerator (2016)

Philadelphia: University City Science Center (Digital Health Accelerator/Phase 1 Ventures) (2015, 2016)

Pittsburgh: AlphaLab Gear/Alpha Lab (2014, 2016); Neo Lab: Fast Track to Inclusiveness (2014)

Reading: IDEA Food Accelerator (2015); Jump Start Incubator (2014)

Puerto Rico

San Juan: Codetrotters Academy/Accelerator (2015); EnterPRize Accelerator (2015); Piloto 151 (2014)

Rhode Island

Providence: Social Enterprise Greenhouse Accelerator (2015)

South Carolina

Charleston: Dirt Works Incubator Farm (2014); Local Works (2015, 2016)

Greenville: Greenville Chamber Minority Business Accelerator Program (2015)

North Charleston: Fresh Future Farm, Inc. (2015)

South Dakota

Sioux Falls: SDTBC Business Launch Boot Camp and Accelerator

Tennessee

Chattanooga: CO.LAB (2015); Launch Chattanooga (2016); Launch TN (2016)

Crossville: Cumberland Business Incubator (2014)

Memphis: Start Co. Integration Accelerator (2014, 2015); ZeroTo510 (2016)

Nashville: Jumpstart Foundry (2014); LaunchTN Network (2016)

Texas

Austin: DreamIt Ventures (2014); Texas Health Catalyst (2016)

Texas (cont.)

Dallas: EMERGE powered by Tech Wildcatters (2015)

El Paso: RedSky (2015)

Houston: Circular Board (2016); Fannin Innovation Studio (2016); SURGE Accelerator (2016)

San Antonio: Break Fast & Launch (2014); Live Work Unit Accelerator (2015)

Utah

Salt Lake City; BoomStartup Online (2016); Sustainable Startups (2014, 2015)

Virginia

Arlington: Eastern Foundry (2015); Jefferson Education Accelerator (2016)

Hampton: Peninsula Technology Incubator (2014, 2015)

Manassas: Prince William Science Accelerator (2016)

Richmond: Lighthouse (2015)

Williamsburg: AccelerateHER™, Inc. (2016)

Washington

Seattle: WIN for Life Sciences Entrepreneur Mentoring Program (2016)

Spokane: Ignite Northwest (2015)

Tacoma: The Wedge (2016)

West Virginia

Beckley: West Virginia Hive (2015)

Wardensville: New Biz Launchpad (2016)

Wisconsin

Kenosha: Launch Box Growth Accelerator (2014)

Milwaukee: Manufacturing Diversity Institute (2016); Vetransfer (2014); WERC Bench Labs (2015)

GAFC Quotes

"We've served as a pillar tenant in the turnaround of the Over-the-Rhine neighborhood in Cincinnati. Many of our startups have also opened and will open offices around the area which has contributed to the revitalization of what used to be one of the country's most dangerous neighborhoods."

"The SBA prize and our ability to use that cash to accelerate our activities have helped grow the program internationally. We received 110 applications from 21 countries and 21 US states. This impacts Charlotte as a national/global player in innovative financial technology. It has helped us close a partnership with Wells Fargo."

"...highly promoted in our local media and we received quite a bit of attention and kudos for the recognition. Boise State was very impressed and we are now invited to the table when discussions of economic development programs on campus arise. President Obama recently visited Boise State, and their original inquiry was about the TECenter -we believe in large part because we were one of the winners of this award!"

"The SBA grant inspired and enabled us to launch Piloto Labs, a unique and innovative non-profit comprised of over 15 grass roots organizations in the startup and tech ecosystem that collaborate in the creation of innovative programs and activities for the next generation of Puerto Rican entrepreneurs."

"Jumpstart Foundry is bringing the corporate and startup worlds closer together in the Nashville area through continued partnership, corporate innovation engagements, and events. We have established a partnership with Vanderbilt's undergraduate entrepreneurship club, which will create a pipeline to retain high quality talent in Nashville, provide strong interns for emerging companies, and raise awareness of entrepreneurship as a viable career path."

"The SBA announcement and subsequent visit by the local SBA office, and city and state officials was covered by local press, and was an excellent validation of the strength of the Roxbury neighborhood of Boston and the role that underserved communities can have in the high-tech sector. In our first 7 months of operation, we have hosted dozens of meetings and presentations with and by leaders in the Boston area tech sector. Roxbury, specifically Dudley Square is now of interest to the whole city, and it should no longer be a "surprise" for innovative new businesses to rise up here."

"Due in large part to the support of the SBA, Sustainable Startups has been able to provide a supportive, collaborative community for early-stage, values driven entrepreneurs, many from underserved communities. The SBA prize allowed us to open a new, larger co-working and incubation facility in downtown Salt Lake at the end of 2014. A year ago, there was no community for individuals interested in entrepreneurship and looking to take the first step. Now that community exists."

"XLerateHealth is intimately involved in Louisville's local startup community, and as such, we bring awareness to the economic importance of fostering young startups. We have also established a partnership with I.D.E.A.S. 40203, a Louisville community development organization, to pair artists with startup companies in an effort to encourage creativity and collaboration in the business world. Outside of our direct impact on Louisville, XLerateHealth's graduates have reported individual positive effects on their own communities."

"DreamIt Access, a multi-year commitment to launch minority-led startups in New York and Philadelphia, has helped build a more diverse startup ecosystem by recruiting and developing high potential tech startups with ethnically diverse founding teams. Sponsored by Comcast Ventures, DreamIt Access has launched 25 minority-founded startups since 2011. With receipt of the SBA prize, along with a Pennsylvania Department of Community & Economic Development award, DreamIt Ventures recently launched DreamIt Athena, an accelerator track focused on providing female startup founders with hands-on support to hone their ideas...

"The SBA prize facilitated the relocation of the business incubator to an emerging part of Reno (Midtown Reno) and increase capabilities of the incubator"

"Since our program's inception, UpTech has had a very unique partnership with Northern Kentucky University (NKU). This collaboration has been particularly effective in impacting students across the university --pairing them with our startups to yield real-world experience. What started out as a unique differentiator for our program with the NKU College of Informatics (given our program's focus on informatics) now includes many partnerships, including with the Haile/U.S. Bank College of Business, the Chase College of Law, and several other campus units."

"The major news is that the SBA Accelerator Grant helped us seal the deal on a \$3.5M grant from the Mayor's Office & the NYCEDC on December 4th, 2014. That will allow us to bring at least 280 high quality, middle class jobs to Sunset Park (which is an 87% minority community that was deeply affected by Hurricane Sandy in 2012). Plus, we are now working on a workforce training program with NYCSBS and the Dept of Labor/Commerce."

G AFC Case Studies + Success Stories (Five)

Profile: Supporting Cleantech for the Local Economy

The Los Angeles Cleantech Incubator (LACI), a 2015 and 2016 G AFC winner, aims to "build an ecosystem that supports innovation in sustainable technologies, de-risks the commercialization process, and helps companies deliver market-ready cleantech solutions while fostering the creation of well-paying jobs and support services." It is a private nonprofit organization founded in 2011 as a "cluster-driven economic development initiative supported by the City of Los Angeles, the Los Angeles Department of Water & Power, and the Community Redevelopment Agency of Los Angeles." LACI's startups operate in agriculture, education, energy, information technology (IT), manufacturing, and non-IT technology/science.

LACI is led by a racial minority, a veteran, and a woman, and it has used G AFC funds to support a number of diversity programs, including a steering committee on women in cleantech and a diversity and inclusion advisory council. Similarly, its startups are led/owned by racial minorities, veterans, women, and those who have limited access to capital from traditional sources or are located in or serving an economically disadvantaged area. LACI is a strong believer in diversity: "Diversity is not solely a social issue. It is also the key to the robust and enduring technological innovation needed to overcome the global resource and ecological dilemma[s] that face the world today." It has been recognized by UBI Global, a Sweden-based data and advisory firm specializing in mapping and highlighting the world of business incubation, as "one of the most innovative business incubators in the world." It has helped 67 companies raise \$135 million in funding, created 1,500 jobs, and delivered more than \$335 million in long-term economic value for the city of Los Angeles.

Source: FRD, "Survey of 2014• 16 G AFC Winners"; LACI, "Homepage," accessed September 28, 2017, <http://lincubator.org>; "First Impact Report on Economic, Environmental and Social Performance of Clean Technology Companies Released by Los Angeles Cleantech Incubator," *Bsusinesswire.com*, July 12, 2017, <http://www.businesswire.com/news/home/20170712005997/en/Impact-Report-Economic-Environmental-Social-Performance-Clean>.

Profile: Supporting Small Businesses in Federal Government Contracting

Eastern Foundry is a young, Arlington, Virginia-based co-working startup community that won the G AFC award in 2015, the same year it was founded. Its niche is helping small government contractors build federal sales capabilities, primarily in the education, energy, healthcare/medical, and IT fields. In order to compete with large government contractors, participating in a co-working setup such as Eastern Foundry can help small government contractors "consolidate the buying and resources of a community of small businesses so that [they] can engage with the market effectively."

Started by four veterans, Eastern Foundry acts as a modified incubator/accelerator, offering educational resources, physical workspace, professional services, and community for innovative tech startups. "The inspiration and core of the business model are rooted in the proven incubator and accelerator models modified to the dynamics of the government contracting market. . . . The growth cycle for government companies is quite long so [it has] to have a model that support[s] companies over years," according to one of founder, Geoff Orazem.

After opening its first location in Crystal City in December 2014, Eastern Foundry expanded to a second location in Rosslyn in June 2016, which houses 138 small government contractors. Eastern Foundry has "a lot of aspirations in growing in different cities and different communities." Aside from the G AFC prize and a small amount of personal capital, Eastern Foundry is supported largely through membership dues.

Source: FRD, "Survey of 2014• 16 G AFC Winners"; Tajha Chappellet-Lanier, "Eastern Foundry is Bringing a Little Startup Shine to the Government Contracting Space," *fedscoop.com*, July 25, 2017, <https://www.fedscoop.com/eastern-foundry-incubator-federal-contractors/>; Jill R. Aitoro, "Eastern Foundry to Launch Government Contracting Incubator, Signs Lease in Crystal City," *Washington Business Journal*, November 4, 2014, https://www.bizjournals.com/washington/blog/fedbiz_daily/2014/11/eastern-foundry-to-launch-government-contracting.html; Eastern Foundry, "Homepage," accessed September 29, 2017, <http://eastern-foundry.com/>.

Profile: Developing Entrepreneurship in Local Underserved Communities

The Cincinnati-based Mortar accelerator hybrid, a 2016 GAFC winner, aims to "enable underserved entrepreneurs and businesses to succeed; creating opportunities to build communities through entrepreneurship." It offers a traditional accelerator course, access to retail pop-up space, and access to capital for local businesses in the Over-the-Rhine neighborhood, a traditionally working-class area that is more than 75 percent African American. When asked about its challenges, a Mortar representative responded: "One of the most significant challenges Mortar faces is accessing capital. For many Cincinnati entrepreneurs, especially those coming from low-income homes, access to traditional capital is nearly impossible." The organization believes that "by targeting underserved and redeveloping communities, we're offering these nontraditional entrepreneurs the opportunity to use their inherent talents to not just make a dollar, but to positively participate in the rise of Cincinnati." After only three years in business, Mortar's founders believe that "Cincinnati has definitely already benefited from our entrepreneurship program, leading to improved quality of life, business ownership, job creation, and a flourishing local economy."

For the most promising startups, Mortar provides small amounts of angel or seed money and specialized or structured loans. In total, between 2014 and 2016, Mortar invested \$21,000 in its startups. Four Mortar-trained startups secured additional funding upon graduating from the program. Mortar estimates that 36–40 startup jobs could be directly or indirectly attributed to the GAFC award. The organization has a diversified funding base, with half of its annual operating budget coming from family/friends/self, corporate, and local government contributions. The other half comes from a variety of foundations, banks, and other financial institutions.

Mortar has gained a lot of support and publicity in its three short years. Two of its three cofounders, Derrick Braziel and William Thomas, were featured in *Forbes* magazine's 2016 "30 under 30" list as social entrepreneurs. The third cofounder, Allen Woods, has dedicated his career to empowering minority business owners, bringing people who often feel like outsiders into the entrepreneurial community. In July 2017, AOL cofounder Steve Case visited Mortar as part of his "Rise of the Rest" tour, which aims to bring attention and capital to startups and talent between the east and west coasts. Also in July 2017, Mortar was featured on *NBC Nightly News*.

Source: FRD, "Survey of 2014• 16 GAFC Winners"; Mortar, "Homepage," accessed September 29, 2017, <https://wearemortar.com/>; *NBC Nightly News*, "These Cincinnati Residents are Building New Businesses as Their Neighborhood Changes," July 31, 2017, <https://www.nbcnews.com/nightly-news/video/these-cincinnati-residents-are-building-new-businesses-as-their-neighborhood-changes-735669315965>; Caroline Howard with Emily Inverso, "2016 30 Under 30: Social Entrepreneurs," *Forbes*, accessed September 29, 2017, <https://www.forbes.com/pictures/qkhd45ml/derrick-braziel-29-wil/#7fba6f6675e1>.

Profile: Supporting Women and Minorities in Tech

2015 GAFC winner Minority Venture Partners Accelerator (MVP) is a nonprofit program that helps women- and minority-owned startups commercialize their digital, social, and mobile innovations. Ultimately, its mission is to "increase and expand minority and women-led tech companies across the tri-state area." MVP works with the New York Institute of Technology's School of Management to provide minority tech founders with "access to tech talent, knowledge, mentors, networking, and startup capital in order to successfully bring their product/service to market." MVP considers itself a hybrid incubator/accelerator that supports the development of new technologies and prototypes and then connects entrepreneurs to industry partners. MVP was cofounded and launched by Vanguard Consulting Group, a venture-in-residence at the institute's Center for Entrepreneurial Studies. In 2016, D. Bernard Webster, a managing partner at MVP and Vanguard, reported that MVP "is committed to generating funding to invest growth capital into more than 90 companies over the next four years."

Source: FRD, "Survey of 2014• 16 GAFC Winners"; Minority Venture Partners Accelerator, "Homepage," accessed September 29, 2017, www.mvpaccelerator.com/; Carolyn Brown, "New Startup Accelerator Addresses Needs of Minority and Women Entrepreneurs Who Have Limited Access," *Black Enterprise*, March 3, 2016, <http://www.blackenterprise.com/small-business/new-technology-business-accelerator-addresses-needs-of-minority-and-women-entrepreneurs/>.

Profile: Supporting Women Startups in STEM

Three-time GAFC winner [mystartupxx](#) (MSXX) is a university-based accelerator focusing on women in STEM—providing them with mentorship, education, and avenues toward funding. MSXX's ultimate goal is to increase and encourage diversity in entrepreneurship. It is housed within the Rady School of Management at the University of California, San Diego, and claims to be "the only accelerator that focuses on females and STEM while they are still at universities." The MSXX program involves building teams, assessing markets, creating value propositions, validating business models, understanding the financing strategies needed to launch a business, and working with mentors and advisors who provide guidance and encouragement. As part of a university, MSXX can't provide funding to startups but it does help connect its students with potential investors to get their feet in the door.

MSXX reports that venture capital (VC) funding is "a huge challenge for women because only approximately four percent of [venture capitalists] are female, and only three percent of VC funded companies have a female CEO." MSXX also states that "mentorship and networking are challenges for women because of the small pool of successful entrepreneurs who have started and run a tech-based company." The MSXX program has developed an ever-growing, diverse community of founders to support and network with one another. The accelerator has supported 26 female-led startups, which have raised more than \$8 million in funding. Since its creation in 2012, the program has grown exponentially, a factor that MSXX cofounder Lada Rasochova attributes to the GAFC program. She considers GAFC "one of the best programs we have experienced. It put us on the map and led to us raising funds from the state."

Success Story: One MSXX student, Rady alum Ashley Van Zeeland, launched the life sciences startup Cypher Genomics in the accelerator and later developed it into a very successful business. Last year, the company was acquired by the biotechnology firm Human Longevity, where Van Zeeland is currently the chief technology officer.

Source: FRD, "Survey of 2014• 16 GAFC Winners"; [mystartupxx](#), "Homepage," accessed September 28, 2017, <http://rady.ucsd.edu/centers/ciid/mystartupxx/>; Lada Rasochova, "How We Won \$50,000 in SBA Growth Accelerator Fund Contest," [xconomy.com](#), September 12, 2016, <http://www.xconomy.com/san-diego/2016/09/12/how-we-won-50000-award-in-sba-growth-accelerator-fund-contest/#>.

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