

**Testimony of Chris Ostoich
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Good morning. My name is Chris Ostoich - and I'm an entrepreneur. I'm on my third entrepreneurial tour of duty - as co-founder and marketing leader at LISNR, an internet of things and connected device company headquartered in Cincinnati, Ohio.

I would like to thank Chairman Chabot personally and the members of the Small Business Committee for inviting me here today.

I started my first company in Cincinnati in 2006. I started that company because of a pain I felt personally - the pain of being new in a city and in a job.

I was new. I was disconnected. I was missing professional and social networks that mattered, and I'm not talking about the digital kind. I wanted to have a life that was full of meaningful relationships at home and at work - so I did what most rational people would do in this situation. At 28 years old, I took every dollar to my name, moved into my parents' basement, got a job at night waiting tables for extra cash - and went to work building this company.

What I found very quickly was this: in any successful entrepreneurial ecosystem, you will always have these three things:

- Entrepreneurs with scalable ideas
- Investors willing to back those ideas
- Customers willing to engage and buy products

Cincinnati at this time was a little short on all three. It was clearly not the first place on earth one would think to build a tech company. We had no accelerators. We had no incubators. We had very little venture capital available to startups like mine.

What I didn't know was that there was something very special in the works that was set in motion years before. There were things already happening that would soon make Cincinnati and the rest of Ohio flyover country no more.

In 2002, the Ohio Third Frontier was established to change the trajectory of Ohio's economy. The \$2.1 billion initiative provides funding to Ohio technology-based companies, universities, nonprofit research institutions, and other organizations to create new technology-based products, companies, industries, and jobs. It also set up regional investment entities in cities all over Ohio including Cincinnati, Columbus and Cleveland.

By 2006 the Ohio Third Frontier was starting to reach local communities. Our regional investment arm of the Third Frontier was established in CincyTech - and they were about to begin making their first investments.

My first company, BlackbookHR, was funded in 2008 by CincyTech and a syndicate of angel investors. By 2013, BlackbookHR had become one of the human resource industry's leading software solutions for employee engagement.

In 2013, I started LISNR with my friend and P&G marketing veteran Rodney Williams. LISNR is a new communication protocol similar to Bluetooth; however, we are simply using sound to connect devices. In three short years, LISNR has grown to 40 employees and will reach 80 by the end of 2016. Just last week, we announced our \$10 million dollar Series B financing led by the one of the most successful corporate venture capitalists in the world, Intel Capital.

CincyTech has participated in each company I've led and in almost every round of capital we have raised. Collectively, companies that I have started have raised more than \$20MM of venture capital and, in total, companies that I have started in Cincinnati now employ 60 people at an average salary of approximately \$70,000.

And I am just one representative from this great community. There are hundreds more like me in Cincinnati and other cities in Ohio right now. In fact, many people are saying the Midwest offers the best opportunity for growing companies outside of Silicon Valley. The math behind their logic is fairly straightforward: the Midwest makes up 19% of the country's GDP, we generate almost 20% of its patents, we have some of the best engineering schools in the world and we have the largest concentration of Fortune 500 companies in the country, yet the region ONLY draws 5% of the country's venture capital.

That's where State and Federal government comes in. As I mentioned previously, there are 3 things any successful startup ecosystem needs to be successful. . . entrepreneurs with scalable ideas, people willing to invest in them and companies willing to do business with them. We still do not have access to enough capital and would not survive without programs like the Ohio Third Frontier.

Today the world has changed in Ohio and in Cincinnati specifically. Here are examples of the Third Frontier's influence.

Since 2007, CincyTech has invested more than \$25.5MM into 59 companies in Cincinnati. Those companies have generated more than \$509MM in follow-on investment capital. More than 760 jobs have been created and these companies have created almost \$160MM in revenue.

The Brandery, Cincinnati's top 10-ranked brand-focused startup accelerator, has accepted companies from 40 countries and 40 states into their accelerator program and has launched 56 companies that have generated \$120MM in follow-on funds.

Cintrifuse is a network connecting the region's high-potential, venture-backable startups to advice, talent, funding, and customers. With over 35 ecosystem partners, 50+ participating local

corporations, 75+ mentors and advisors, and a \$57MM Fund of Funds, Cintrifuse leverages the power of its network to serve over 160 startup members and improve their chances of success.

We've come a long way in less than a decade - and one thing's for sure, Ohio is flyover country no more.

Thank you again for having me here today - it's been an honor.