

# Austin Technology Incubator

Update for Austin City Council EOC

1/11/2016



1989

>\$1 billion of impact

“Best in class”

Future proofing Austin

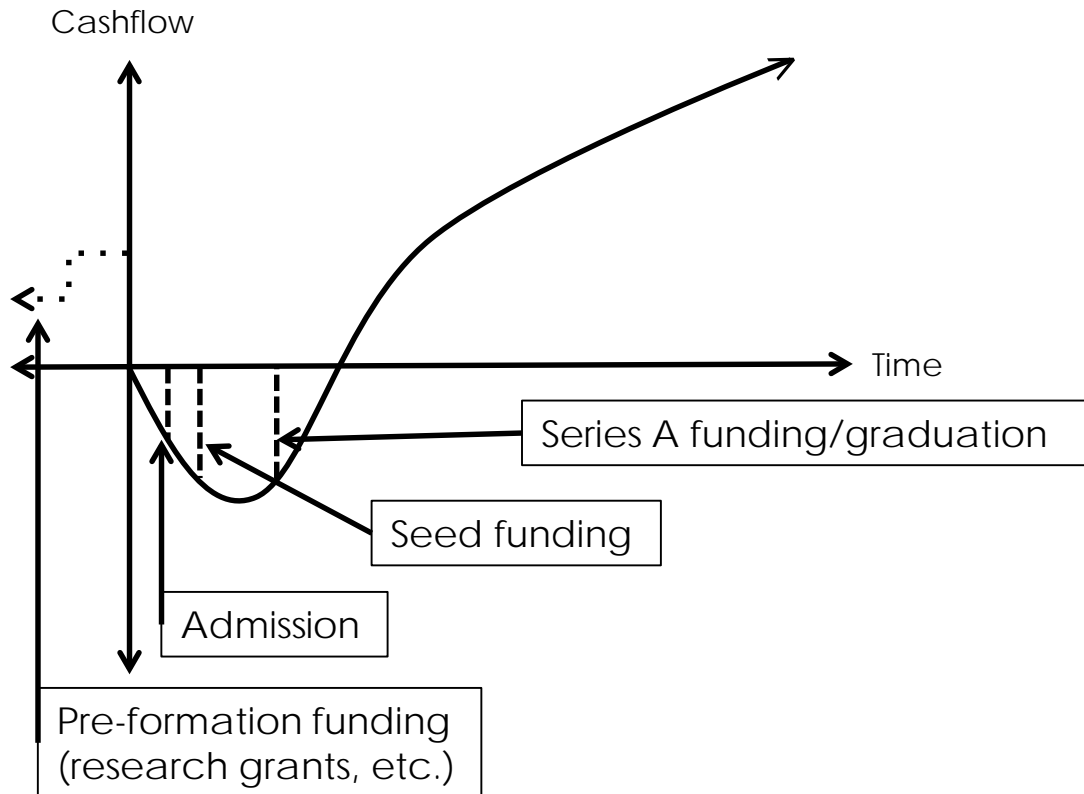
# The Austin Technology Incubator

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- UT-Austin's startup incubator
- UT *and* non-UT startups
- Focus areas:
  - Energy
  - Health/Bioscience
  - Wireless/Communications (ICT)
  - Enterprise software
  - Water technologies
  - Transportation technologies

## Startup company lifecycle



ATI works in the proto-company, pre-seed, seed, and Series A phases of company growth

# What ATI does – “we get you funded”

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| Graduating<br>“class”                        | 2012          | 2014          |
|--|---------------|---------------|
| <b>Funding<br/>success<br/>rate</b>          | 85%           | 93%           |
| <b>Raised<br/>&gt;\$1M</b>                   | 13            | 15            |
| <b>Raised<br/>&gt;\$5M</b>                   | 7             | 4             |
| <b>Total capital<br/>raised<br/>(9/2015)</b> | \$335 million | \$116 million |

Note: ATI “classes” are usually composed mostly of companies that have been incubated during the prior two years, although there is some overlap between classes.

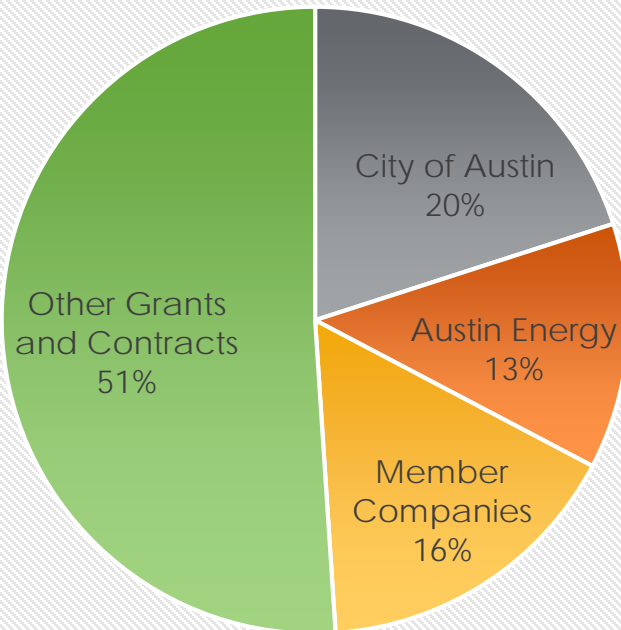
Source: surveys; interviews; media reports; ATI analysis. Analysis incomplete due to partial reporting by alumni companies.



# How CoA supports ATI

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ATI CY 2015, 100% = \$1.6M (approx)



- City of Austin
- Austin Energy
- Member Companies
- Other Grants and Contracts

Other sources of support:

Ewing Marion  
**KAUFFMAN**  
Foundation



**ati**

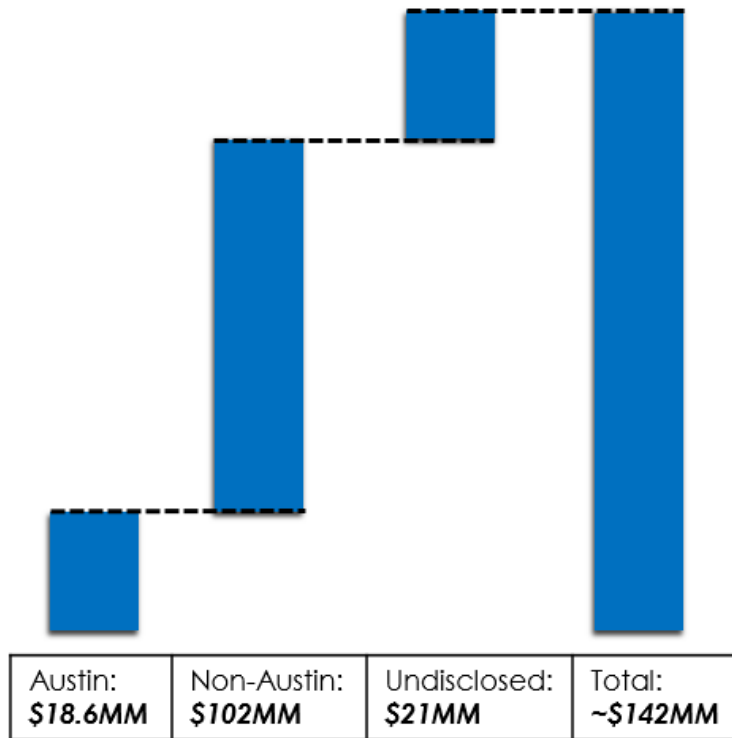
- ATI graduate companies' **economic impact 2003-12**
  - 6,500+ local jobs
  - \$20M+ local tax impact
  - \$880M local economic impact
- **Annual *average* economic impact** of ATI incubatees (2007/08-2012/13)
  - \$41M local economic impact (\$1 of City investment in ATI generates \$67 of local economic activity)
  - \$1 of City investment in ATI leveraged by \$130 outside investment in ATI companies
  - 324 local jobs



# Bringing California dollars to Austin

7

Origin of ATI member and alumni company investments



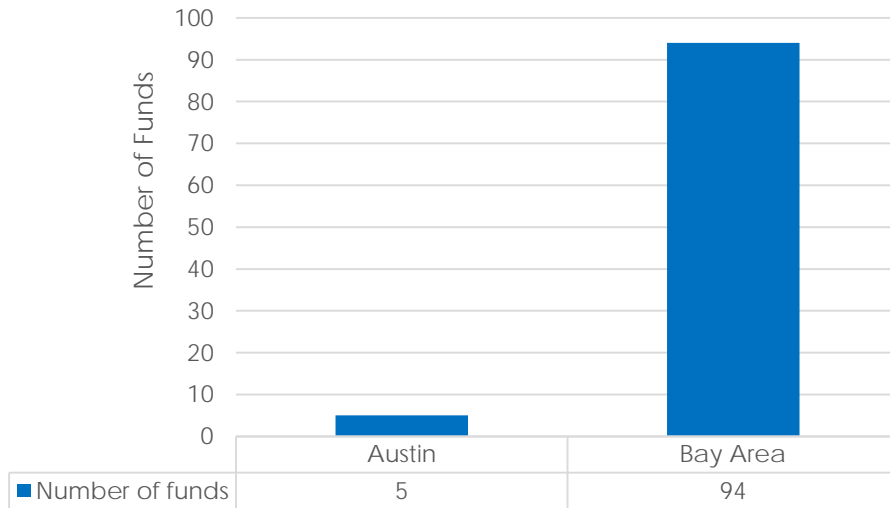
Recent examples

| Company                 | Amount raised | Source   |
|-------------------------|---------------|--|
| SpredFast               | \$24 million  | Silverlake Capital, CA                                 |
| Aeglea Bio-Therapeutics | \$44 million  | Lilly and Novatis Ventures, IN and MA                  |
| Seismos                 | \$4 million   | Javelin Ventures, Osage University Partners, CA and PA |

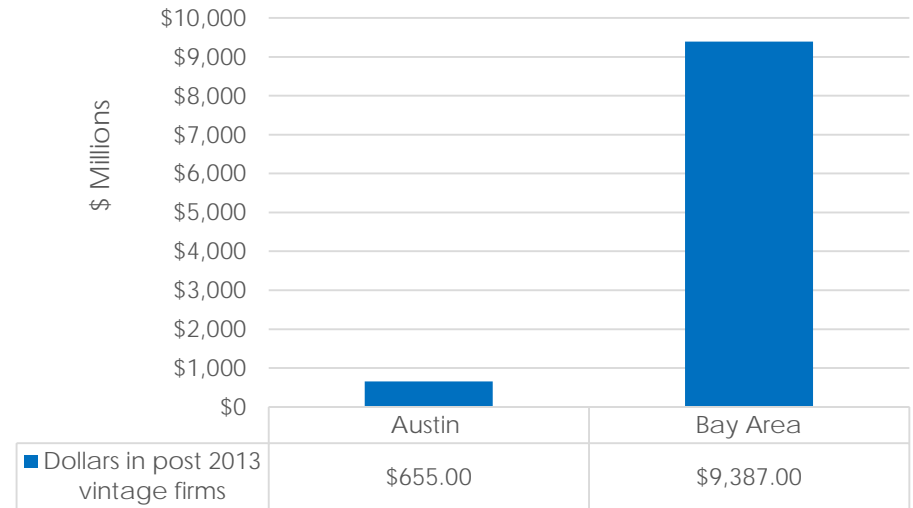


# Importance of ex-AUS investment dollars <sup>8</sup>

Number of post-2013 vintage VC funds exceeding \$75 M



Dollars in 5 largest post-2013 vintage VC funds\*



There are currently **11** post-2013 vintage VC funds in the Bay Area that are equal to or greater in value than Austin's 5 largest post-2013 funds combined.

- ATI led/co-led the founding of these initiatives:
  - Pecan Street, Inc.
  - CleanTX
  - symBIOsis
  - SxSW Eco
  - Texas Wireless Summit
  - Defense Energy Summit
  - National Security Technology Accelerator (NSTXL)
  - 3 Day Startup
  - Smart Cities Innovation Summit
- Community/industry boards (partial list):
  - Greater Austin Chamber of Commerce
  - Austin Technology Council
  - BIO-ATX
  - 3 Day Startup
  - Pecan Street, Inc.
  - City of Austin Electric Utilities Commission
  - Texas Renewable Energy Industry Association (TREIA)
  - Clean Tech Open

There are more than 350 mentors in ATI primary mentor network, plus an extended network of specialists, investors.

## Water

Technologies focused on reducing waste and consumption while improving efficiency

- Seeded with grant via Pecan Street, Inc.

## Transportation

Technologies to enable intelligent vehicles and infrastructure

- Seeded with grant via Ridescout

## Cybersecurity

Technologies focused on infrastructure and grid security

## Waste

Technologies to streamline waste control, recycling and reprocessing

# APPENDIX

## Austin Technology Incubator update to EOC



1/11/2016

# The Austin Technology Incubator

A-1

- **The startup incubator of The University of Texas at Austin**
  - **Longest established** venture incubator in the US
  - Regarded by state, federal government as a “**best practices**” incubation program
- **Financial markets success**
  - ATI startups have raised almost **\$700 million** in investor capital\*
  - The ATI portfolio has provided a **3X return** to investors\*
- **Economic impact**
  - ~**\$1 billion** in economic value, >**6,500 jobs** for Austin\*\*
- **University entrepreneurship and startup support**
  - Support students in **14 UT-Austin schools and colleges**
  - “Touch” **176 teams** of UT entrepreneurs/pre-entrepreneurs (2015)
- **Research and teaching support**
  - 5 teams of UT **researchers** use ATI as a “laboratory”
  - Provide distinctive support for competitive **grants**, including ERC
  - **Teach**, or lecture in, courses in 5 UT-Austin schools/colleges

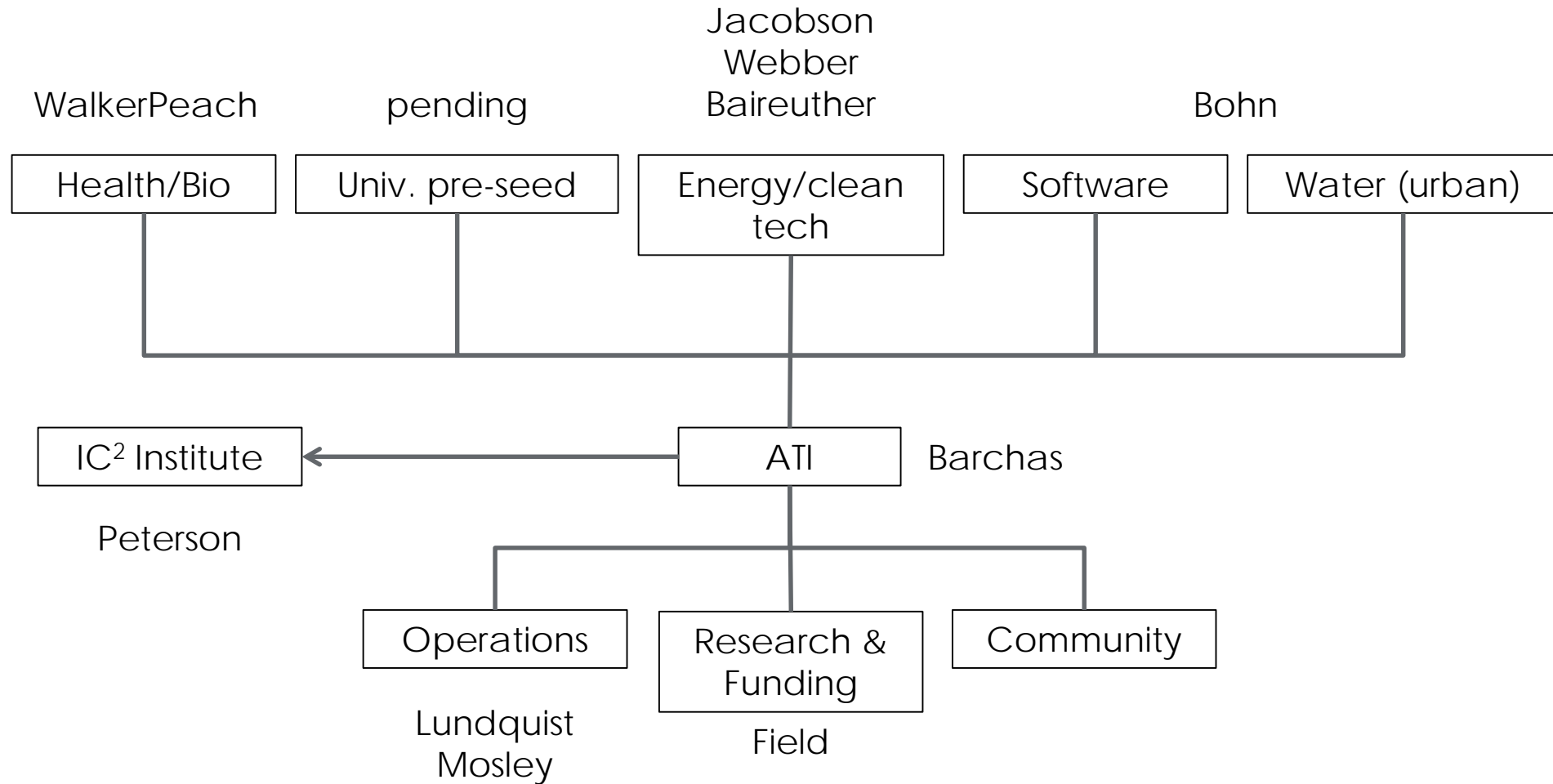
\* 2006-present (internal analysis)

\*\* 2003-12 (BBR, University of Colorado analysis)



# ATI people and programs

A-2



# ATI comparative metrics

A-3

| Category                                     | Comparator (period)                     | Comparator dollars raised | ATI dollars raised (approx)           |
|--|---|---------------------------|---------------------------------------|
| University incubation                        | Berkeley SkyDeck (since 2012)           | \$32M                     | \$457M                                |
| University incubation                        | Stanford StartX (since 2011)            | \$700M                    | \$571M                                |
| Private accelerator (Austin)                 | Techstars Austin (Sept-Jun 2014/15)     | \$23M                     | \$100M (1Q15)                         |
| Private accelerator (global)                 | Techstars' 15 global nodes (since 2007) | \$1.3B                    | \$0.659B                              |
| Federal university commercialization program | NSF I-Corps (4 years since founding)*   | \$45M (\$13M private)*    | \$30M (\$29M private) (SEAL program)* |

Source: ATI analysis; web sites; discussions with personnel. ATI numbers incomplete due to partial reporting.

\* NSF I-Corps, 4 years, 232 teams, 454 students, 428 mentors; ATI SEAL, 8 years, 50 teams, 100 students, 100 mentors. Most I-Corps teams have not received funding past Phase 1 SBIR.



# ATI-Bioscience benchmarked

A-4

| Comparison factor                                 | ATI-Bioscience  | QB3  |
|---|---|--|
| Region/communities served                         | <ul style="list-style-type: none"><li>• Austin</li></ul>                  | <ul style="list-style-type: none"><li>• Bay Area, plus rest of California</li></ul>  |
| Affiliated higher education/research institutions | <ul style="list-style-type: none"><li>• UT-Austin</li><li>• ACC</li></ul> | <ul style="list-style-type: none"><li>• UCSF, UC-Berkeley, UCSC, UC-San Diego, UCLA, UC-Merced, UC-Davis, Stanford University, the Salk Institute, Lawrence Berkeley National Laboratory</li></ul> |
| Affiliated medical schools                        | <ul style="list-style-type: none"><li>• None</li></ul>                    | <ul style="list-style-type: none"><li>• UCSF, Stanford, UCLA, UC-San Diego, UC-Merced</li></ul>  |
| Wet lab facilities (ft <sup>2</sup> )             | <ul style="list-style-type: none"><li>• None (none)</li></ul>             | <ul style="list-style-type: none"><li>• 4 (40,000)</li></ul>   |
| "Owned" investment funds (dollars managed)        | <ul style="list-style-type: none"><li>• None</li></ul>                    | <ul style="list-style-type: none"><li>• 2 (\$36M)</li></ul>  |
| Companies reviewed                                | <ul style="list-style-type: none"><li>• &gt;100</li></ul>                 | <ul style="list-style-type: none"><li>• Unknown</li></ul>  |
| Companies incubated                               | <ul style="list-style-type: none"><li>• 15</li></ul>                      | <ul style="list-style-type: none"><li>• 201</li></ul>  |
| Investment received by incubated companies        | <ul style="list-style-type: none"><li>• \$213M</li></ul>                  | <ul style="list-style-type: none"><li>• \$512M</li></ul>   |
| Jobs created                                      | <ul style="list-style-type: none"><li>• 66 (2014/15)</li></ul>            | <ul style="list-style-type: none"><li>• 76 (2013)</li></ul>  |



Current member  
companies

- 28

Current pipeline  
companies

- 29

Development Portfolio  
companies/proto-  
companies

- ~140

Incubation network  
schools (funded)

- UT-SA
- UTEP
- TAMU
- ACC



Patent-pending algorithms and associated hardware that enhance the performance of existing cardiac devices (e.g., heart failure diagnosis, pacemaker “tuning”). (class ‘16)



Novel engineered human enzymes that degrade the amino acids L-methionine (L-Met), or L- arginine (L-Arg) in the circulation. These drugs target the dependence of different tumors on L- Met or L-Arg for survival. (class ‘16)



Advanced post-surgical adhesion barrier. First application: tendon repair. (class ‘16)

# Health/Bio sciences portfolio

A-7



Development of microRNA-based treatments of human obesity by specifically targeting peripheral white and brown adipose tissues.



Preclinical-stage biopharmaceutical company developing small molecule therapeutics for cancer stem cells in the central nervous system for the treatment of glioblastoma multiform and other brain cancers. (Class '16)



Lumos Pharma is a biotechnology company dedicated to developing a treatment for Creatine Transporter Deficiency (CTD) patients and their families.



Developing treatments for niche, orphan drug indications for which there is no effective therapeutic option. First application: pleural diseases.



# Energy & Cleantech portfolio

A-8



Bractlet accurately forecasts savings from energy efficiency projects allowing for more projects to get funded and executed. (class '16)



Decentralized, scalable, and secure SAAS middleware enabling sustainable energy solutions for electric vehicles, buildings and micro-grids. (class '16)



J R Thermal develops novel technologies for heat transfer and thermal energy. (class '16)





Proprietary algorithms that allow real-time monitoring of oil and CO2 flow, without shutting down production, reducing waste and downtime in the enhanced oil recovery market.



Replacement blades for large wind turbine installations.



# IT/Wireless portfolio

A-10



SaaS Platform for live events that allows clients and their agencies to design mobile and digital engagement strategies.



Multi-sourced, data analytics and action platform targeting compliance function in financial services.



Intelligent retail analytics and in-store marketing platform based on facial recognition and demographic biometrics.



SAAS Platform for B2B channel marketing automation.



The logo for MACROLYNK, featuring the word "MACRO" in black and "LYNK" in blue, with a registered trademark symbol.

Dramatically improves supply chain operations by automating the routine and promoting collaborative solutions to the exceptions through enterprise social networking.

The logo for Riskpulse, featuring a stylized graphic of three slanted bars in red, orange, and green above the word "Riskpulse" in a bold, sans-serif font.

Suite of risk management tools targeting supply chain and logistics dependent customers.

The logo for STACKS, featuring a stylized graphic of a stack of papers or a fan-like shape to the left of the word "STACKS" in a bold, sans-serif font, with "BY THE MAGAZINE CHANNEL" in smaller text below it.

Digital content ingestion, atomization, and delivery engine targeting both archived and current magazine content.

The logo for STRUCTURED POLYMERS, featuring the words "STRUCTURED" and "POLYMERS" in a bold, sans-serif font, with a small hexagonal icon to the right of "POLYMERS".

Novel inks for 3-D Printers. Technology expands polymer ink library from <10 to >1,000.

The logo for ati, featuring the lowercase letters "ati" in a bold, blue, sans-serif font.



Low-cost noise-abatement technology for marine environments. (class '16)



Intelligent water meters for the smart grid. (class '16)



System for real-time chemical analysis of water and other fluids that can be performed at the well site. Enables real-time and accurate onsite testing of drilling fluids and frac water. (class '16)



# ATI class of 2012

A-13

| Graduate Company                         | Total \$ Raised | Status                       |
|--|-----------------|------------------------------|
| Agile Planet                             | ~1.7 million    | Acquired                     |
| Atonometrics                             | ~1.8 million    | Active                       |
| Axelo (Analogix Development Corporation) | ~1.5 million    | Active                       |
| Calxeda                                  | ~104 million    | Defunct                      |
| Dorsan Biofuels                          | ~70 thousand    | Acquired                     |
| Famigo                                   | ~2 million      | Defunct                      |
| Firefly LED Lighting                     | ~3 million      | Acquired                     |
| GameSalad                                | ~11 million     | Active                       |
| Ideal Power Converters                   | ~26 million     | IPO (NASDAQ: IPWR)           |
| itzbig                                   | ~4 million      | Acquired                     |
| Nitero                                   | ~3 million      | Active                       |
| Notice Technologies                      | ~250 thousand   | Active (DBA Polygraph Media) |
| OpenAlgae                                | ~3 million      | Active                       |
| Qcue                                     | ~2 million      | Active                       |
| RFMicron                                 | ~6 million      | Active                       |
| RRE Solar                                | ~16 million     | Active                       |
| Savara Pharmaceuticals                   | ~45 million     | Active                       |
| Spredfast                                | ~80 million     | Active                       |
| Terapio                                  | ~8 million      | Active                       |
| Unwired Nation                           | ~6.5 million    | Active                       |
| WiMax.com                                | Not Funded      | Defunct                      |

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# Companies helped by ATI

A-15

**Admission Pipeline – 300-350 companies annually.** Through office hours, community outreach and referrals, our professional staff reaches approximately 300-350 companies each year. When these companies are not a fit for ATI incubation, we offer them guidance and direct them to more appropriate community resources. Companies that may benefit most from ATI receive additional business support services (~150 companies.)

**UT-Related Activities – 150-175 companies annually.** Startups emerging from the labs and dorm rooms at the university have the potential to become thriving viable businesses in Austin. ATI attempts to identify and reach each of these companies, directing the most promising among them into our summer Student Entrepreneurship Acceleration and Launch (SEAL) program.

**Community Events – 750-1000 companies annually.** ATI hosts and participates in many highly-impactful community events each year. In addition to reaching community members, we also interact with many companies through this channel. Events like SXSW Interactive, Eco and Health and MedTech allow us to contact hundreds of companies each year. Many of whom later go on to apply for ATI membership.

**Full member companies – 30 companies** – Companies who successfully apply to the incubator and pass our rigorous due diligence/success committee process are admitted as full members. ATI currently has 25 member companies and has recently graduated another 5 companies



*35 events reaching nearly 14,000 people*

## **ATI Wireless & Biosciences Events (including ATI SEAL program)**

- *ATI-hosted/co-hosted events*
  - Texas Wireless Summit – 250 attendees
  - ATI Lunch and Learn Series (10 total events) – 250 attendees
  - Entrepreneur's Lounge – 1000 attendees
  - Wireless Seed-Stage Forum (incl. ATI SXSW Fast Pitch) – 100 attendees
  - 3-Day Startup Events (4 separate events) – 400 attendees
  - Defense Energy Summit (IT Security Focus) – 1300 attendees
  - ATI SEAL Program Decision Day – 150 attendees
- *ATI Exhibitions & Presentations at Major Events*
  - SXSW Accelerator – 2500 attendees
  - SXSW V2V – 500 attendees
  - SXSW Health & MedTech Expo – 2500 attendees
  - San Antonio Venture Forum – 100 attendees
  - Austin Forum – building Austin's Biotech Sector – 250 attendees
  - Longhorn Startup Showcase – 500 attendees

## **ATI Clean Energy**

- *ATI-hosted/co-hosted events*
  - SXSW Eco – 3000 attendees
  - Press Conference w/ Mayor Adler (CleanTech Economic Impact Study) – 75 attendees
  - DOE National Incubator Initiative for Clean Energy Events (5 events) – 300 attendees
  - Defense Energy Summit – 1300 attendees
  - Clean TX Events (power lunch series and 1-off events) – 1000 attendees



- Developed novel power conversion topology, which utilizes semiconductor switches and advanced software controls to achieve major gains in size, weight, cost and efficiency.
- Beta tested with AE in 09-10
- Tested with the City of Austin (Austin Convention Center) and The University of Texas at Austin



- Filed an IPO in 2013 after raising capital from Battery Ventures and TETF
- One of only six cleantech IPOs nationwide in 2013
- Currently employs 22 full time workers in Austin
- Current Market Cap of \$71 Million
- All products designed and manufactured in the US