

Innovate Mississippi
MDA – Innovate Mississippi (441-00)
5 Year Strategic Plan
FY2024-FY2028

Mission Statement

The primary mission of Innovate Mississippi is to drive innovation and technology-based economic development efforts with the end goal of facilitating wealth creation through higher paying, quality jobs.

Philosophy

Innovate Mississippi is a public/private partnership often thought of as Mississippi's "Shark Tank" economic development organization. As the state's only group that assists companies in securing early-stage private equity, Innovate Mississippi grows the economy by providing valuable services to Mississippi's technology entrepreneurs and other entrepreneurs in high-growth innovation-based ventures. With the customer's needs at the forefront, we work closely with Small Business Development Centers, MDA, and regional economic development organizations to seamlessly refer companies who fit each group's unique focus.

Innovate Mississippi also focuses on converting the state's research capacity into viable Mississippi companies by working closely with universities and other research and development institutions such as the Engineering Research and Development Center (ERDC) in Vicksburg, the Stoneville, MS USDA Lab and the Stennis Space Center. Our work is a primary component in stemming the "brain drain" from Mississippi since we work to build high-paying jobs that retain highly qualified workers.

Relevant Statewide Goals and Benchmarks

These Statewide Goals and Benchmarks below are pulled directly from the *Statewide Strategic Plan for Performance and Budgetary Success* and are highlighted here because they directly relate to the work of Innovate Mississippi. For most of the benchmarks listed, Innovate Mississippi is the primary group responsible for those metrics, but benchmarks marked with an asterisk (*) are benchmarks where Innovate Mississippi is the only agency or publicly supported group that serves that mission:

Statewide Goal #1: Economic Development

To develop a robust state economy that provides the opportunity for productive employment for all Mississippians

Relevant Statewide Benchmarks:

- *Number of new technology start-ups **
- *Venture capital investments measured in dollars and number of deals **
- *Number of jobs in each of the Mississippi Development Authority's seven targeted industries: advanced manufacturing, aerospace, agribusiness, automotive, energy, healthcare, and shipbuilding*
- *Number of jobs associated with new technology start-ups **

- *Average pay and total payroll of jobs associated with new technology start-ups **

** Innovate Mississippi is the only agency or publicly supported group serving these benchmarks.*

Statewide Goal #2: Education

To make available an accessible, quality public higher education at an affordable cost that prepares Mississippians to become productive, financially self-sufficient members of society while meeting the human resource needs of Mississippi and its employers, including the creation of new jobs through the commercialization of university-based research.

Relevant Statewide Benchmarks:

- *Number of patents obtained by Mississippi public universities in emerging technologies that are commercialized*
- *Number of private sector companies created as a result of activities at Mississippi public universities*

Overview of the Innovate Mississippi 5 Year Plan

Innovate Mississippi's 5 Year Plan doesn't differ materially from our current focus on innovative startups and existing industry innovation. Having generally been funded at just over \$1M of general funds per year prior to FY2017, our funding was cut by approximately 50% that year. Many of our programs were severely curtailed and limited at that time. The effectiveness of each program was closely monitored, and we continued our successful programs even in limited form during that time of limited budgets. With funding restored to \$1M for FY2024, we have been able to implement and update our solutions to meet the needs of Mississippi technology startups.

Since our formation in 2001 to meet the recommendations of the legislatively endorsed State Science and Technology Action Plan, we have made small adjustments, but that plan outlined a responsive private-sector non-profit organization whose Board of Directors is comprised of leadership from the private, academic and public sectors in Mississippi. We remain under that structure today.

Our focus on close scrutiny of program deliverables over the last five lean budget years has brought us to our current structure and during that time period we have eliminated several major programs while adding several more to meet market needs. That process will continue over the next five years and we will continue to benchmark other state and regional programs around the country to determine if there are other high-impact programs that can be effective in Mississippi. In addition, the Covid19 pandemic's affect is not yet known -with additional funding flowing and companies' long-term reactions not yet clear.

In FY2018, Innovate Mississippi helped form private non-profit coding academies to help fill the hundreds of coding and computer science openings at Mississippi companies. Innovate

Mississippi conceived and organized these coding academies and is still the administrator of this program, but they are now an independent nonprofit. Because these coding academies have their own leadership and governance structure under their own non-profit, their activities are not outlined in this strategic plan. We still administer much of their activities, but because all of their costs are pass-through, their costs and our reimbursements of those costs are not included in our audited or prepared financial statements.

Innovate Mississippi's External / Internal Assessment

- 1) Positive, but still not completely clear: Emergence from the Covid19 pandemic
 - Remote connectivity has provided a very useful connection to maintain support statewide.
 - Entrepreneurial clients are now more used to – and even expecting – remote connectivity rather than in-person meetings. This greatly improves efficiency in serving our clients.
 - Many entrepreneurial clients are pursuing their new ideas as a “side hustle” and the pandemic has caused many of them to re-think their priorities and concentrate more on their potential startups.
- 2) Positive Impact: New Federal Funding Opportunities
 - The CARES Act and subsequent federal funding increases have dramatically increased the opportunities to apply for federal funding and there is a large focus from the federal government on innovation and technology entrepreneurship.
 - All current funding opportunities are competitive, and many require match, but Innovate Mississippi is attempting to apply for every opportunity within our mission profile.
 - Current limited resources somewhat hamper our ability to prepare winning proposals for these competitive grants.
- 3) Neutral to Positive: Crowdfunding
 - Growth of approved portals under federal crowdfunding regulations by the Securities and Exchange Commission could open tremendous new efficiencies and some pitfalls in the early-stage investment space and would definitely impact our approach to securing funding for Mississippi's deserving companies.
 - Intra-state crowdfunding regulations enacted in Mississippi in early 2015 are likely to enable and improve funding for early stage companies in Mississippi and plans are already in place to implement improvements to Innovate Mississippi's programs to utilize intra-state crowdfunding platforms.
 - Currently, both interstate and intrastate crowdfunding are used primarily for funding real estate investments, but the space must be closely monitored to see if these tools can be used to expand funding opportunities for Mississippi's technology startups.

- 4) Negative – Economic Outlook for Investors:
 - Investors in early-stage companies have been greatly expanding their investments over the last few years, but there are several indications that investment is slowing and that investors are tightening up their criteria for investment and lowering valuations of startups. This has been a regular topic of conversation, but no data has been observed yet to know if this will have a big impact on Mississippi’s technology startups.
- 5) Neutral: Reliance on Federal Support: Previously all of our existing industry programs relied on federal support, including our *InnovateMEP Mississippi Program* (Department of Commerce), *Make it in America* (Department of Commerce), *Innovation Deployment* (Appalachian Regional Commission), *MS-FAST* (SBA) and *E3* (Economy-Energy-Environment)/*CHP* (Combined Heat and Power) (USEPA/Department of Energy). This reliance on federal funding (& availability of state match) made these programs vulnerable as federal program priorities changed or as the availability of state match changed. For FY2024 and beyond, although we will continue to pursue federal funds, we have only one federal grant – from the Small Business Administration (SBA). This program does require match, but loss of this program would not materially affect our operational abilities.

Innovate Mississippi’s organizational structure is designed to provide maximum flexibility in responding to market needs. Innovate Mississippi’s board is predominantly private business CEO’s and entrepreneurs but also includes representatives of the four research universities, IHL, and the State Community College Board.

Our organizational structure ensures a connection to the market, while our measurement and operational systems ensure that programs are cost effective in achieving the desired results. Within each program below, we strive to benchmark other successful programs from around the country – both statewide and in larger cities. This benchmarking sometimes leads to somewhat new programming on how we grow entrepreneurial ventures, but all of that activity happens within the broader programs outlined below.

We track all clients through our process and report to our Board of Directors on metrics for operational efficiency. We also measure job creation, investment and other major outcome criteria through surveys and direct interaction with companies. All of these metrics are reported and discussed with our Board of Directors and MDA quarterly. The effectiveness of each program drives decisions about the continuation, suspension, or dropping of programs relative to the funding available.

Goals, Objectives, Strategies and Measures by Program

Program #1: Entrepreneurial Development

Goal A: Provide world-class coaching and connections for Mississippi entrepreneurs that will guide them through successful development of their businesses.

Objective A.1: Provide a strategic development framework for entrepreneurs that successfully guides them through the development process – balancing technical and business considerations

- Output: # of companies engaged in entrepreneurial development
- Outcome: # of jobs created from entrepreneurial companies
- Outcome: Payroll from new jobs created
- Efficiency: State cost per job created

Strategy A.1.1.: Utilize the organization’s collective experience and expertise to assist all engaged entrepreneurs in utilizing the tools within Venture Capital Tools (www.venturecapitaltools.com) for each entrepreneurial client.

- Outcome: # of new entrepreneurial companies
- Outcome: # of companies engaged in the entrepreneurial development process
- Outcome: # of companies becoming “investor ready” and moving on to the capital formation team

Objective A.2: Provide connections to mentors, service providers and public pitch opportunities for entrepreneurs to get direct feedback.

Strategy A.2.1: Connect appropriate mentors and service providers and organize public events as forums for company pitches.

- Outcome: # of mentors in mentor network
- Outcome: # of public pitches by Mississippi entrepreneurs

Goal B: Inspire business development and self-employment through providing opportunities for Mississippians to engage in entrepreneurship

Objective B.1: Cultivate opportunities for Mississippians to hear about and to engage in entrepreneurial activities

Strategy B.1.1: Speak to groups about entrepreneurship opportunities in Mississippi, including civic, school, college and others. Secure earned media.

Strategy B.1.2: Utilize Startup Weekends, Startup Days and other formats to engage Mississippians in entrepreneurship

- Output: # of events held
- Output: # of Mississippians participating

Program #2: Capital Formation

Goal: Connect appropriate investment capital to investor-ready companies

Objective: Connect eligible companies to investment capital

- Outcome: Direct investment into companies
- Outcome: Payroll from new jobs created from direct investment

Strategy 1: Enroll investors from Mississippi and surrounding states in the Mississippi Angel Investor Network and connect them with qualified entrepreneurs

- Output: # of company pitches to investors
- Output: # of investors added to the statewide investor network
- Output: # of investors meeting with companies
- Output: # of companies funded

Strategy 2: Connect investors to explore the formation of Angel Funds of pooled investor capital to invest in companies

- Output: # of Angel funds in formation
- Outcome: # of Angel funds officially formed
- Outcome: Amount of Capital available in formed Angel Funds

Strategy 3: Connect qualified companies to the Mississippi Seed Fund and assist them in securing the approval of the Mississippi Seed Fund Investment Board

- Output: # of companies funded
- Output: # of jobs created through funding (included in jobs figure above)

Attachment: Outputs, Efficiencies, & Outcomes

Outputs	FY2022 Actual	FY2023 Estimate	FY2024 – FY2028 Goals
Number of new entrepreneurial companies			
Number of active, engaged entrepreneurial companies			
Number of mentors in network			
# of public pitches by MS Entrepreneurs			
# of Startup Weekends held			
Startup Weekend Participants			
# of company pitches to investors			
# of investors meeting with companies			
Number of Angel Investors added to network			
Efficiencies			
State Cost per entrepreneurial job created			
Investment Return on State Dollars (Ratio)			
Outcomes			
Cumulative Entrepreneurial jobs created			
Companies becoming “investor-ready”			
Companies funded			
Investments made in entrepreneurial companies (\$ millions)			