

Ohio

Third Frontier

2008 Annual Report



Ted Strickland, Governor
Lee Fisher, Lt. Governor

Third Frontier

Innovation Creating Opportunity

Mark Barbash, Interim Director
Ohio Department of Development



Department of Development

Ted Strickland, Governor
Lee Fisher, Lt. Governor

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March 2009

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*Ohio Soybean Association/
Ohio Soybean Council*

Ted Strickland, Governor, State of Ohio General Assembly, State of Ohio

Dear Colleague,

I am pleased to present to you the 2008 Ohio Third Frontier Annual Report. It has been another remarkable year, with Ohio once again demonstrating its national leadership in the support of technology-based economic development. This report is a welcome opportunity to tell you how a visionary and bipartisan commitment to Ohio's future prosperity made in 2002 is paying substantial dividends even in these challenging times.

In 2008, Ohio Third Frontier reached another high water mark attracting \$3.5 billion in additional resources to projects and companies. This represents nearly nine new dollars for every one dollar expensed by the Ohio Third Frontier suite of programs, and tripling the original projected program leverage ratio of three-to-one. To date, Ohio Third Frontier has assisted in the creation, attraction, or capitalization of more than 500 companies in our state, whose staff command an average salary of nearly \$65,000 per year. Several highlights stand out:

- The Ohio Third Frontier Advanced Energy Program was launched this year to proactively take advantage of the opportunities created by Ohio's landmark Energy Bill, signed into law in 2008 in response to growing global market demand for advanced and alternative energy products and services. The Advanced Energy Program encourages commercialization of solar, wind, bio-fuels, energy storage and energy efficiency products, and complements our already highly successful Ohio Third Frontier Fuel Cell Program. To date, \$12 million in grants to 17 entities have been awarded to accelerate the development and growth of the advanced energy industry in the State of Ohio.
- Unprecedented collaboration and investment by the Ohio Department of Development and the Ohio Board of Regents is attracting world-class researchers through the Ohio Research Scholars Program. This collaboration solidifies our commitment to bringing the best and brightest talent to Ohio – fueling cutting-edge research to realize our long-term economic development goals. To date, the Ohio Research Scholars Program has awarded \$143 million to attract 26 scholars that will contribute to the growth of scientifically and commercially relevant clusters of research excellence.
- The Entrepreneurial Signature Program took root at the six regionally located networking organizations that assist in the provision of investment capital and associated services to dozens of technology based start-ups throughout Ohio. The Entrepreneurial Signature Program, launched in fiscal year 2007 with more than \$120 million in Ohio Third Frontier grants and associated cost share, is fostering a vigorous entrepreneurial climate throughout Ohio.

We are proud of the accomplishments represented in this report and are committed to making continuous improvements that will keep this initiative vibrant and relevant in a fast-changing economic climate. The Ohio Third Frontier is innovation creating opportunity.

Sincerely,

Mark Barbash
Chair, Ohio Third Frontier Commission
Interim Director, Ohio Department of Development

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Ohio Third Frontier

The OhioThird Frontier represents an unprecedented and bipartisan commitment to expand Ohio's technological strengths and promote commercialization that leads to economic prosperity throughout Ohio. Designed to build world-class research programs, nurture early stage companies, and foster technology development that makes existing industries more productive, OhioThird Frontier creates opportunity through innovation.



Governor Ted Strickland visits American Trim – Lima, Ohio

“Ohio’s \$1.6 billion Third Frontier initiative is a comprehensive, professionally-run effort to build world-class research capacity, promote interaction between research and industry, and commercialize R&D.”

– National Governor’s Association and
Pew Center for the States

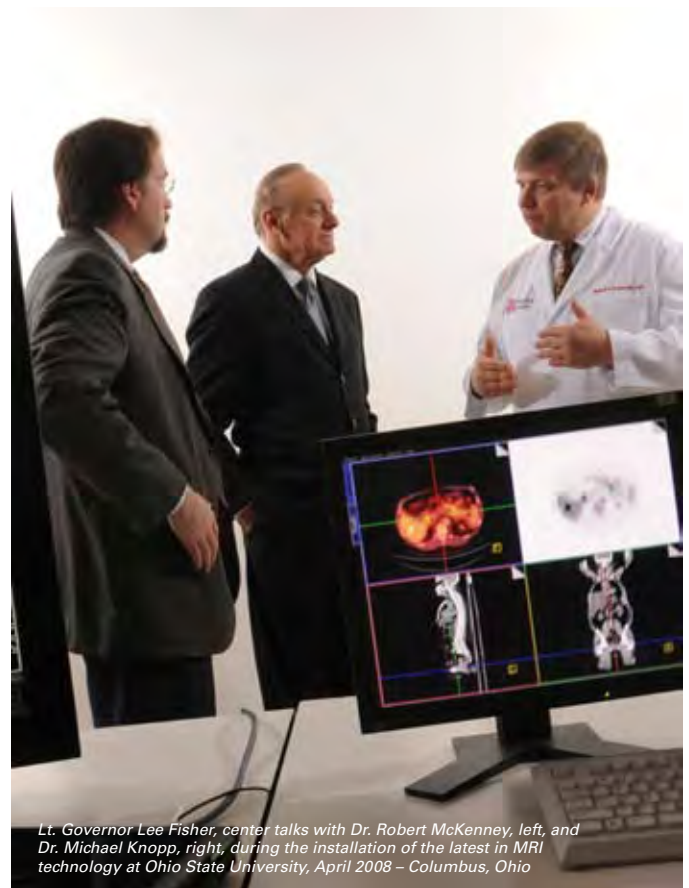
OhioThird Frontier targets its investments to support technology areas that represent Ohio’s key competitive opportunities:

- Advanced and Alternative Energy
- Biomedical
- Advanced Materials
- Instruments-Controls-Electronics
- Advanced Propulsion

OhioThird Frontier catalyzes targeted growth in existing and emerging industry clusters by:

- Increasing the quantity of high quality, commercially relevant research that accelerates growth for Ohio companies
- Expanding access and availability of investment capital to create, grow and attract technology-based enterprises
- Growing and nurturing an increasingly experienced pool of entrepreneurial management talent capable of turning an idea into a company
- Addressing the technical needs of existing companies pursuing new products and production processes
- Contributing to the expansion of a technologically proficient workforce.

With a comprehensive strategy and a focus on our strengths, OhioThird Frontier is helping to create the industries and jobs that are shaping Ohio’s economic future.



Lt. Governor Lee Fisher, center talks with Dr. Robert McKenney, left, and Dr. Michael Knopp, right, during the installation of the latest in MRI technology at Ohio State University, April 2008 – Columbus, Ohio

FY 2008 Financial Information

Total Expenditures: \$177,230,394

Sources: Third Frontier Research and Development Fund; Wright Capital Fund; Biomedical Research and Technology Transfer Trust Fund; Third Frontier Action Fund

Awards:

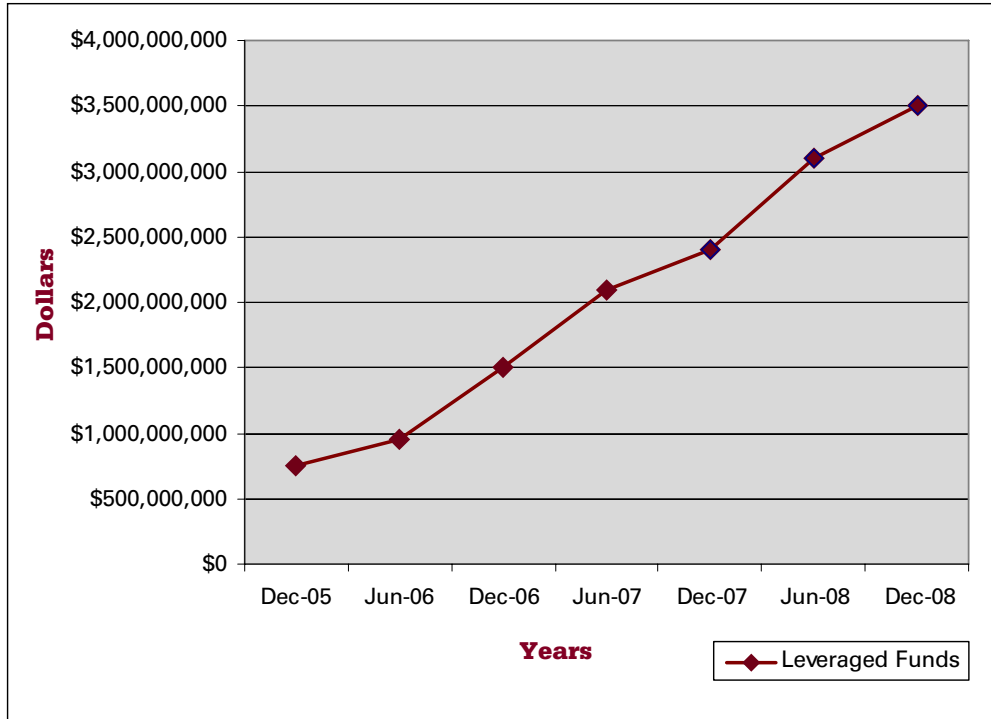
Program	Number of Awards	Amount (dollars)
Third Frontier Fuel Cell Program	12	\$8,820,520
Third Frontier Advanced Energy Program	17	\$12,037,236
Success and Pre-Seed Fund Initiative	7	\$8,500,000
Engineering & Physical Science Research and Commercialization Program	5	\$24,275,000
Biomedical Research and Commercialization Program	6	\$22,862,078
Wright Projects	7	\$22,479,248
Ohio Research Scholars Program	10	\$42,000,000
Ohio Research Commercialization Grant Program	8	\$2,789,580
Third Frontier Internship Program	*	\$1,500,000
Targeted Industry Attraction	2	\$1,250,000
Research Incentive	N/A	\$6,000,000
NextGen Network	N/A	\$20,000,000
Administrative Expenses	N/A	\$4,716,732
Total Expenditures		\$177,230,394

* Twelve regionally-based organizations coordinate the deployment of internship funds at up to \$3,000 per position.

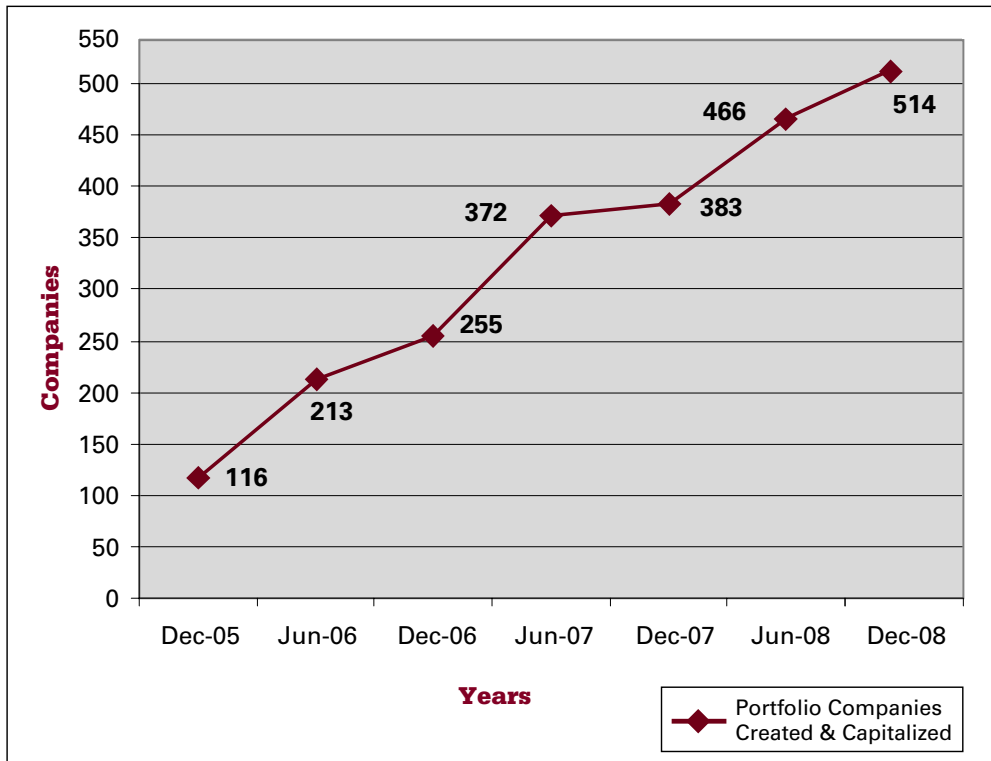
Performance Metrics

Performance Criteria	As of 06/30/08	As of 12/31/08
State Funds Awarded	\$873,462,907	\$892,915,492
State Funds Expended	\$343,299,994	\$402,980,005
Cost Share Reported	\$891,522,131	\$912,882,262
Leveraged Dollars	\$3,075,785,242	\$3,517,236,062
Leverage Ratio	8.9 : 1	8.7 : 1
Direct Jobs Created and Retained	6,795	7,757
Companies Created, Attracted, Capitalized	466	514
Average Salary	\$64,237	\$67,654
Cost Per Job	\$50,520	\$51,951

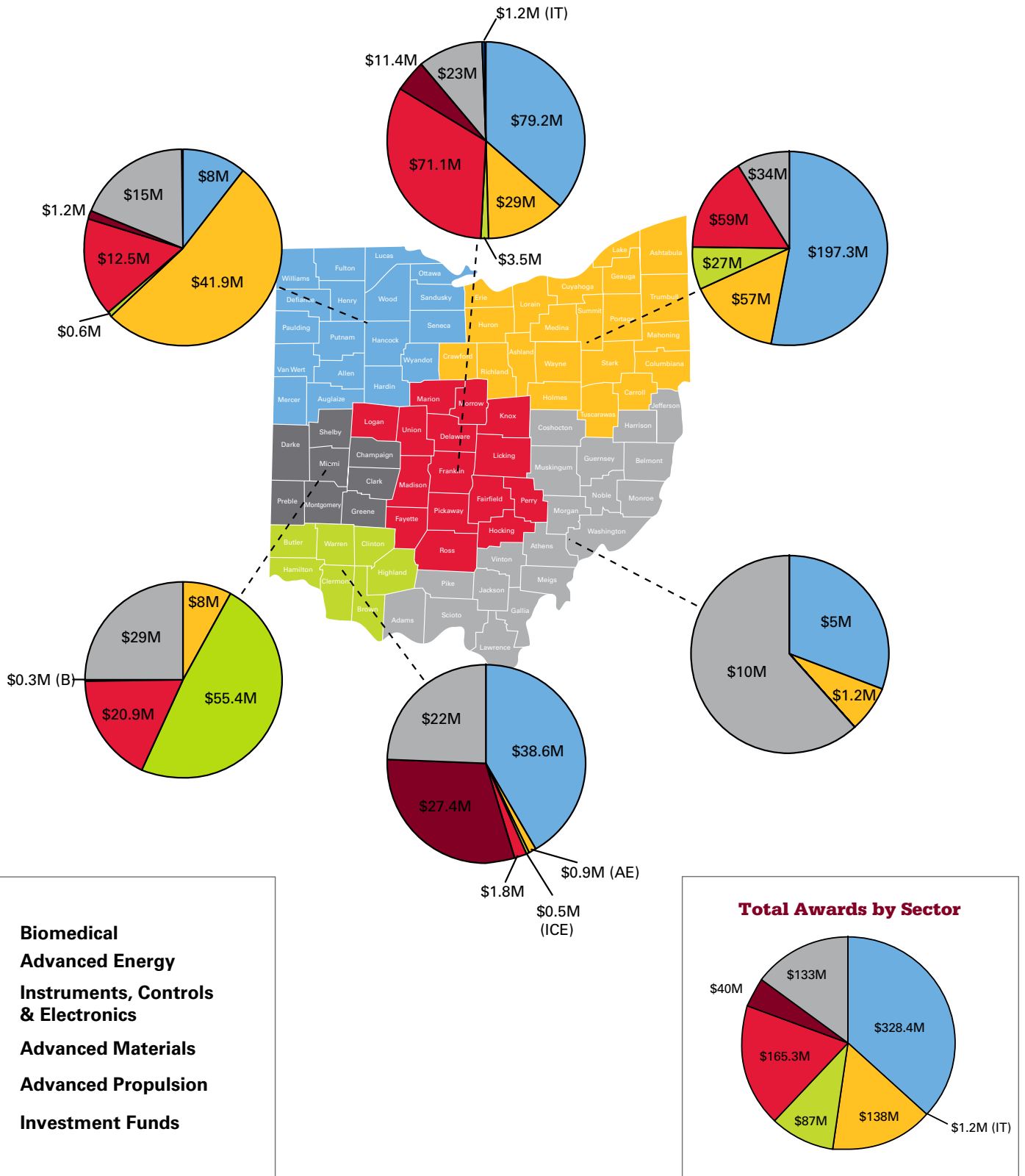
Funds Leveraged



Companies Created/Capitalized



Ohio Third Frontier Funds Awarded by Sector





**Department of
Development**

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