# VENTURE ENGINE

## 2021-2022 Pilot Assessment

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## METHODOLOGY

The quantitative results shared in this report are extracted from the Venture Engine database, which captures information such as industry sectors, affinity groups, fundraising totals, growth stage, status of a company's IP, referral partners and a startup's location.

This report will also showcase testimonials from Venture Engine founders and participating corporations across the state who have been engaged in our programming.

# INTRODUCTION

## Illinois Science & Technology Coalition History

The Illinois Science & Technology Coalition (ISTC) is a member-driven non-profit, nonpartisan organization that cultivates technology-based economic development throughout Illinois. Authorized by state statute in 1989 as Illinois' technology adviser, we serve as a convener, catalyst, and champion for Illinois' research, science, and technology communities. By providing our members and partners with a shared voice, the ISTC delivers measurable economic impact and positions Illinois as a national innovation leader.
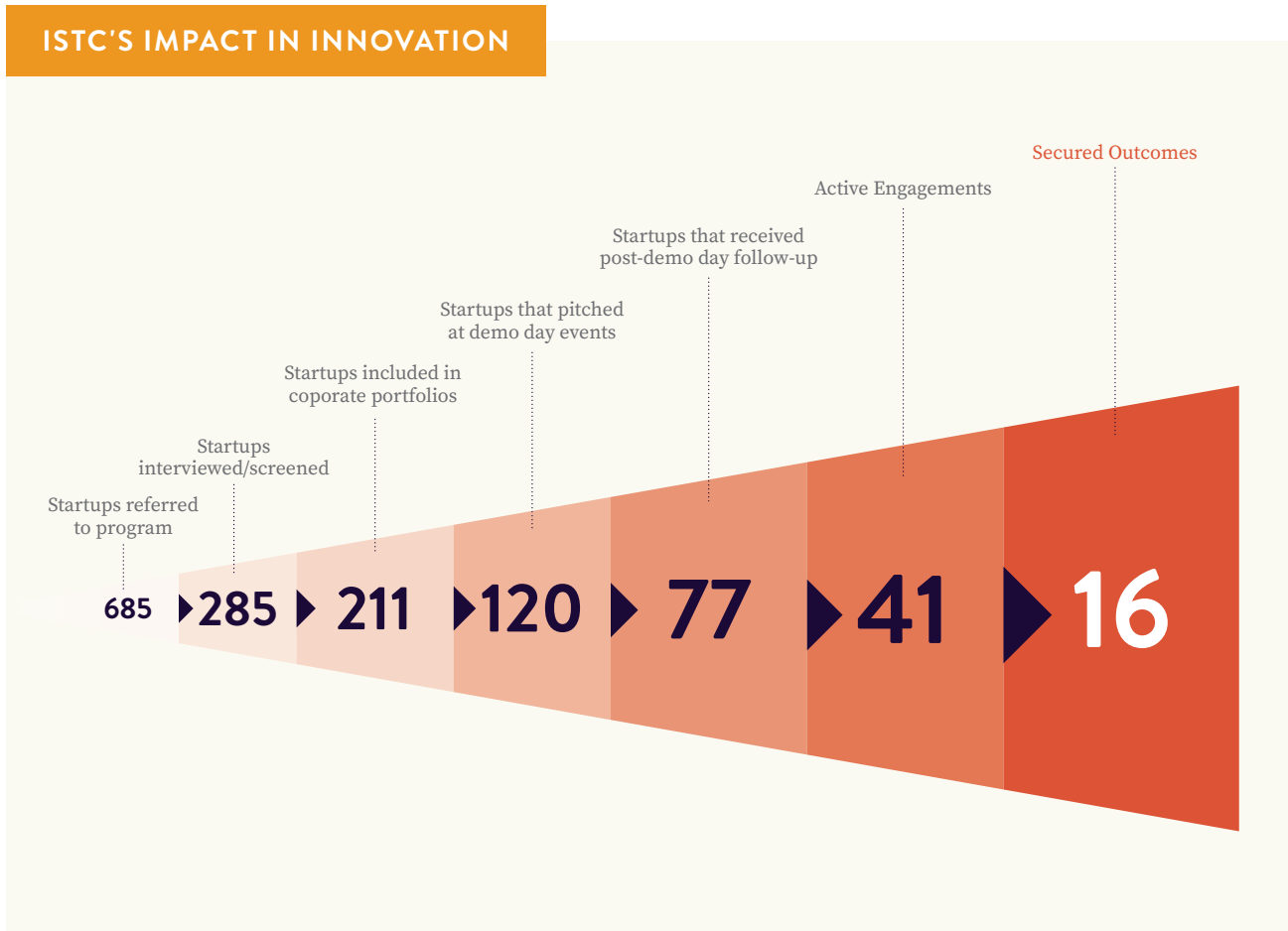
## ISTC Mission

Our mission is to measure, connect, and enrich the Illinois innovation economy. We catalyze IDEAS to IMPACT, through our pillars of innovation, data, education and advocacy. Our members include Fortune 1000 companies, Universities, Federal Labs, and nonprofits across the state.

# VENTURE ENGINE

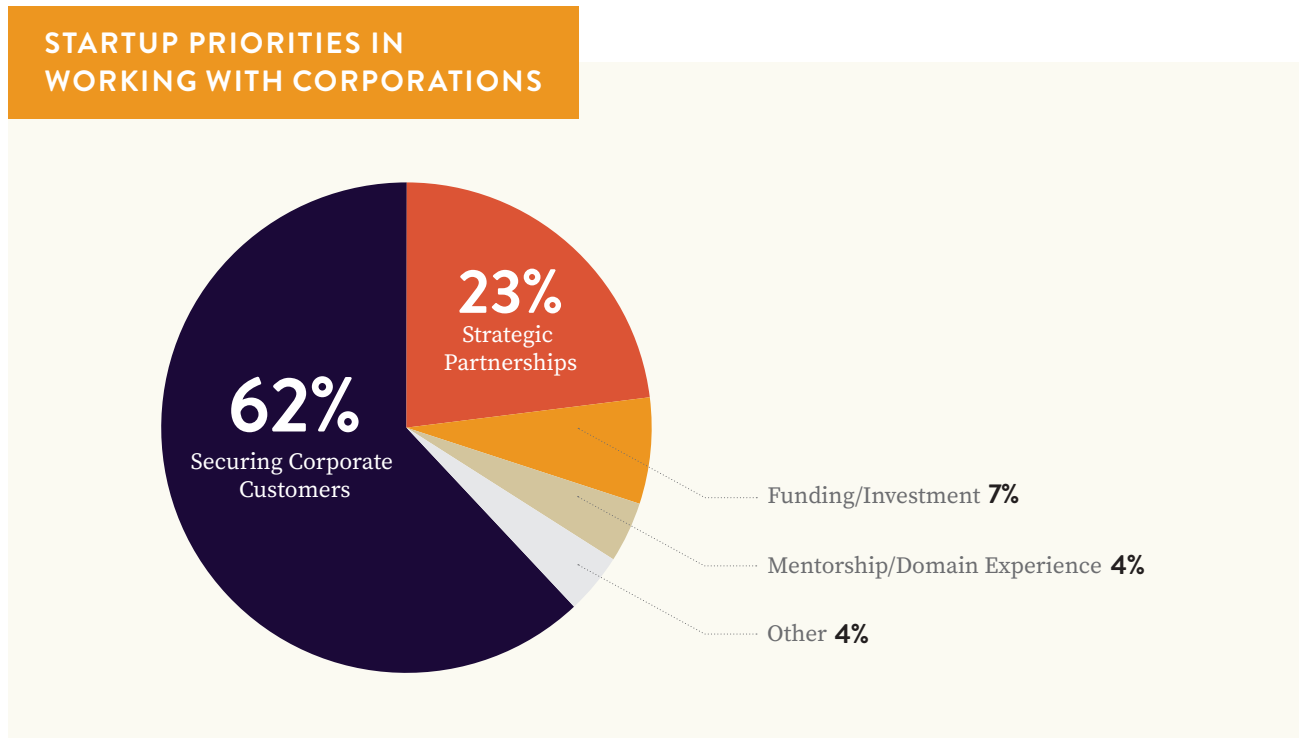## Impact in Innovation: The History of Corporate Startup Challenge

In 2013, ISTC launched the Illinois Corporate Startup Challenge (CSC), a national award–winning program that connected global corporations with the entrepreneurial community for mutual benefit. The program assembled a class of Fortune 1000 corporations every six months and helped them forge impactful partnerships (pilots/contracts, strategic partnerships, investments, and mentorship) with startup and emerging growth companies.

**ISTC'S IMPACT IN INNOVATION**

Startups referred to program
685

Startups interviewed/screened
285

Startups included in coporate portfolios
211

Startups that pitched at demo day events
120

Startups that received post-demo day follow-up
77

Active Engagements
41

Secured Outcomes
16

molex®
+
nucurrent
ADVANCED WIRELESS POWER

ADM®
+
VERIFLOW

HYATT®
+
sproutsocial

## The Launch of Venture Engine

Building upon the success of the CSC program, Venture Engine became the reimagination of the program with a more active and equity focused approach. VE was launched in 2021 after 85% of corporate survey respondents said that startup connectivity drives success for their organizations. Subsequent outreach to startups across the IL ecosystem also revealed that corporate engagement / investment was a significant factor in the growth of their businesses.

Our 2021 survey of startups, in alignment with our 2016 CSC Report, found that 85% of startups wanted corporate connections. Their biggest priorities in working with corporations are outlined below.

### STARTUP PRIORITIES IN WORKING WITH CORPORATIONS



62% Securing Corporate Customers

23% Strategic Partnerships

Funding/Investment **7%**

Mentorship/Domain Experience **4%**

Other **4%**

Venture Engine began facilitating and nurturing corporate/startup partnerships for investments beyond capital, focused on the priorities expressed by startup founders including, securing customers, strategic partnerships, joint-ventures, pilots, mentorship, and domain experience. In order to bring more corporate participants and their expertise to the platform, ISTC partnered with World Business Chicago and TechNexus Venture Collaborative to harness the power of each organization's long term commitment and impact within the innovation sector. Most recently, the State Treasurer's Office, via the Illinois Growth and Innovation Fund (ILGIF), came on as a sponsor of the program. The Venture Engine program has also partnered with several support organizations creating resources for our startups. To date, we've partnered with Banner Witcoff for Legal IP support for founders; General Assembly for 30% off their classes and workshops, Startup Stack for access to over $500K in technical support and Pitch Pages for pitch deck support to our startup community.

## How Venture Engine Works

Venture Engine is a curated digital platform of investment ready startups referred from our ecosystem partners across the state. Through Venture Engine, corporations and VC investors are able to **scout**, **explore**, and **connect** with startups that are in alignment with their innovation goals and portfolios. Venture Engine offers a comprehensive review of startups including data that isn't available on other investment databases.

In addition to the platform, our programming is designed to create opportunities for founders, corporate leaders, and tech innovators. This includes a full year of programming for entrepreneurs through workshops, pitch showcases, and support services such as IP legal, discounted classes, workshops, tech-enabled support services and access to co-working space through our partnerships with Teamworking by TechNexus.

### The Platform

Venture Engine gives users the opportunity to specifically discover and connect with diverse and underrepresented founded startups. The curated filters within Venture Engine highlight Women, Black, Latinx, LGBTQIA+, and Veteran founders. Our goal is to create greater visibility for startup founders that have been historically marginalized and overlooked for investment opportunities. Venture Engine is also searchable by 80 different sectors and five levels of growth stages.

### The Programming

Venture Engine's startup pitch showcases occur monthly in both virtual and in-person environments. During each showcase, we invite select tech investors and corporate partners to learn more about the Illinois startup ecosystem and hear from our platform's promising entrepreneurs looking for investment opportunities. Venture Engine showcases have highlighted sectors such as manufacturing, proptech, biotech, agtech, and food innovation.

Our workshops are networking-focused events that spotlight specific topics that are impacting Illinois' economy and advancing the future of innovation and those working within it.

Additional programming such as Venture Engine's lunch and learn sessions provide our startup community with resources and expertise that address their pain points and support them on their journeys. These sessions also serve as informational opportunities and demos for the corporate and VC community to learn more about Venture Engine's offerings and value.

## Venture Engine Referral Partners

Venture Engine sources its investment-ready startups through its daily outreach to referral partners across Illinois. Referral partners are defined as organizations that support startup entrepreneurs in scaling their business efforts. These referrals come from venture firms, SBDCs, universities, incubators, accelerators, and other entrepreneurial support organizations (ESOs). The referrals received are then vetted to ensure that they are ready to be invested in by our corporate and VC partners before being onboarded.

Venture Engine's community of referral partners consists of 105 different organizations across the state. In this pilot year, the top 10 referral partners were:

### TOP REFERRAL PARTNERS

1. WORLD BUSINESS CHICAGO
2. TECHRISE POWERED BY P33
3. MHUB
4. UNIVERSITY OF ILLINOIS URBANA-CHAMPAIGN
5. TechNexus VENTURE COLLABORATIVE
6. 1871
7. TWENTY-ONE 2112 TWELVE
8. Northwestern
9. gener8tor
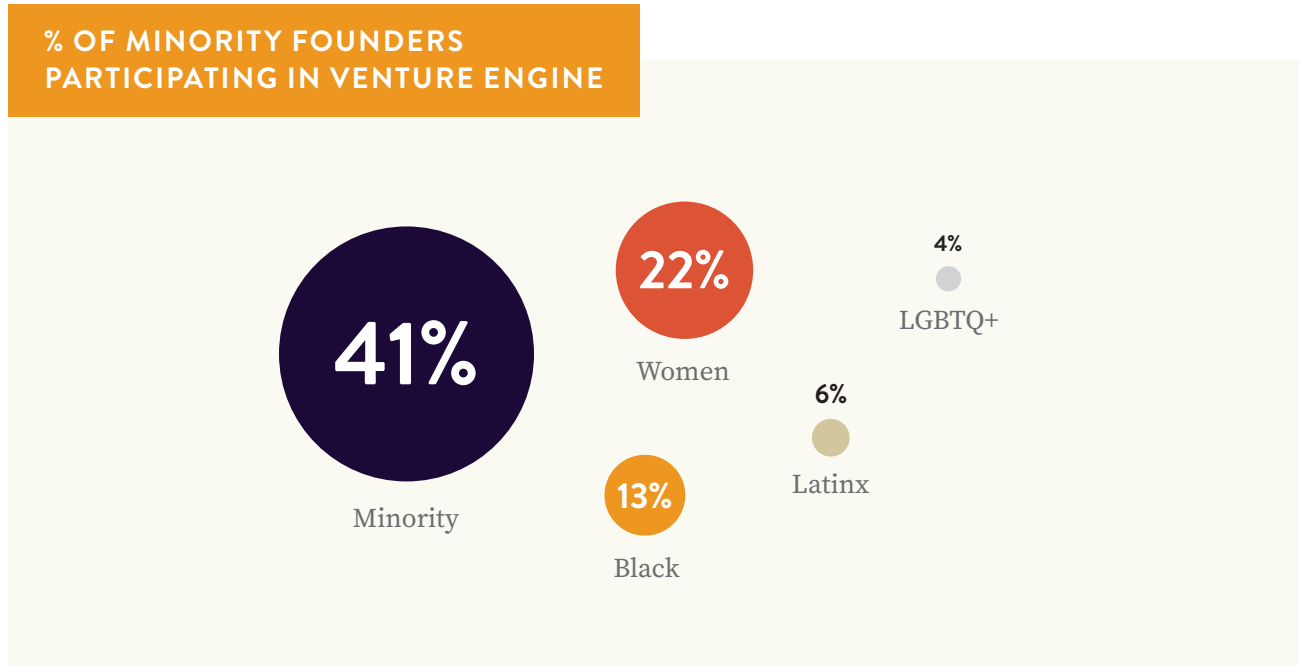10. ALL RAISE

## Venture Engine Startup Demographics

Venture Engine is rooted in ISTC's equity framework entitled "ARC," which stands for:

- Access to opportunity
- Responsible use of our power
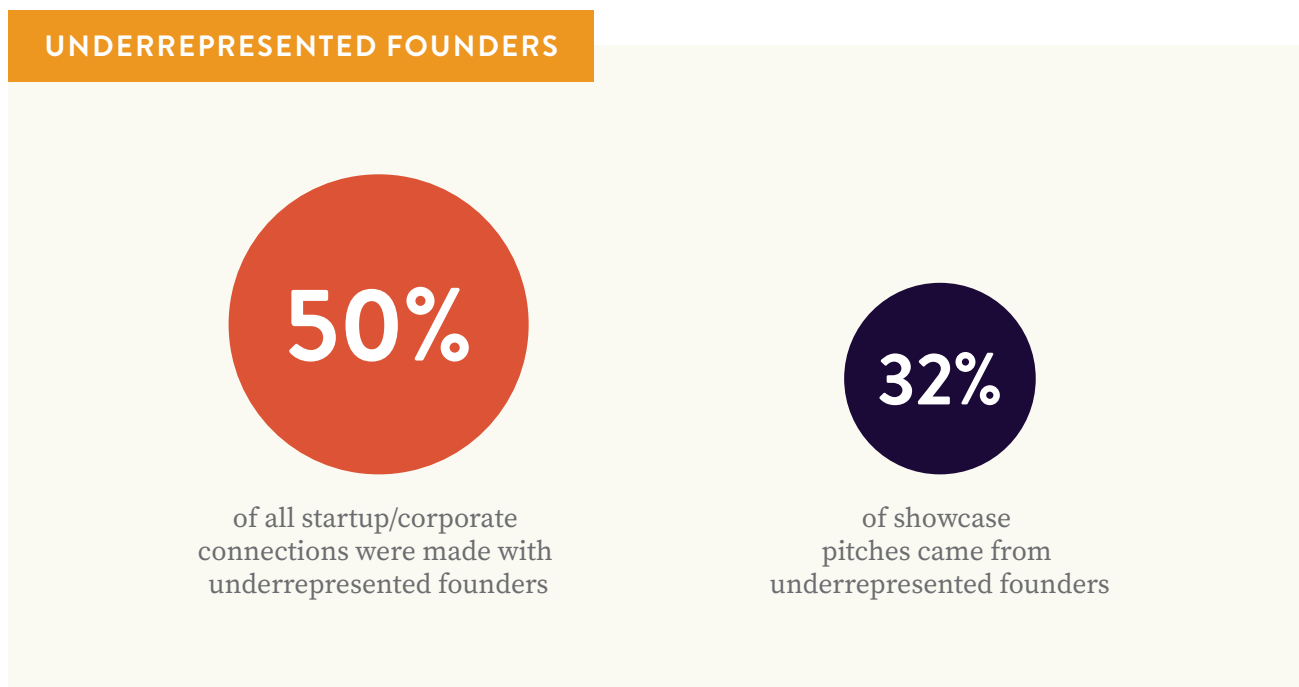- Connection through our community voices.

The ARC framework informs how we create pipelines of resources for our startup community, how we leverage our influence and partnerships, and how we communicate with our founders to make decisions that best support them. We have been engaged with organizations like All Raise, TechRise, GET Cities, and several others to not only help us source diverse founders but position them for success through our programming opportunities.

Venture Engine's community of founders represent multiple affinity groups. The platform itself captures data across founders who identify as Latinx, Black, LGBTQ+, and women. In its pilot year, 41% of the founders within Venture Engine were from an underrepresented demographic.

**% OF MINORITY FOUNDERS PARTICIPATING IN VENTURE ENGINE**

**41%**
Minority

**22%**
Women

**4%**
LGBTQ+

**6%**
Latinx

**13%**
Black

Throughout the pilot year, we were intentional in our efforts supporting and positioning underrepresented founders for success, especially throughout our showcase and pitch opportunities. 32% of pitches were made by underrepresented founders and 50% were connected with corporations.

**UNDERREPRESENTED FOUNDERS**

**50%**
of all startup/corporate connections were made with underrepresented founders

**32%**
of showcase pitches came from underrepresented founders

## Venture Engine Startup Sectors

Venture Engine founders are able to self-select the categories within the platform that are most relevant to their service or product. Of the 80 different sectors within Venture Engine, the top 10 sectors that make up the largest group of founders are listed below.
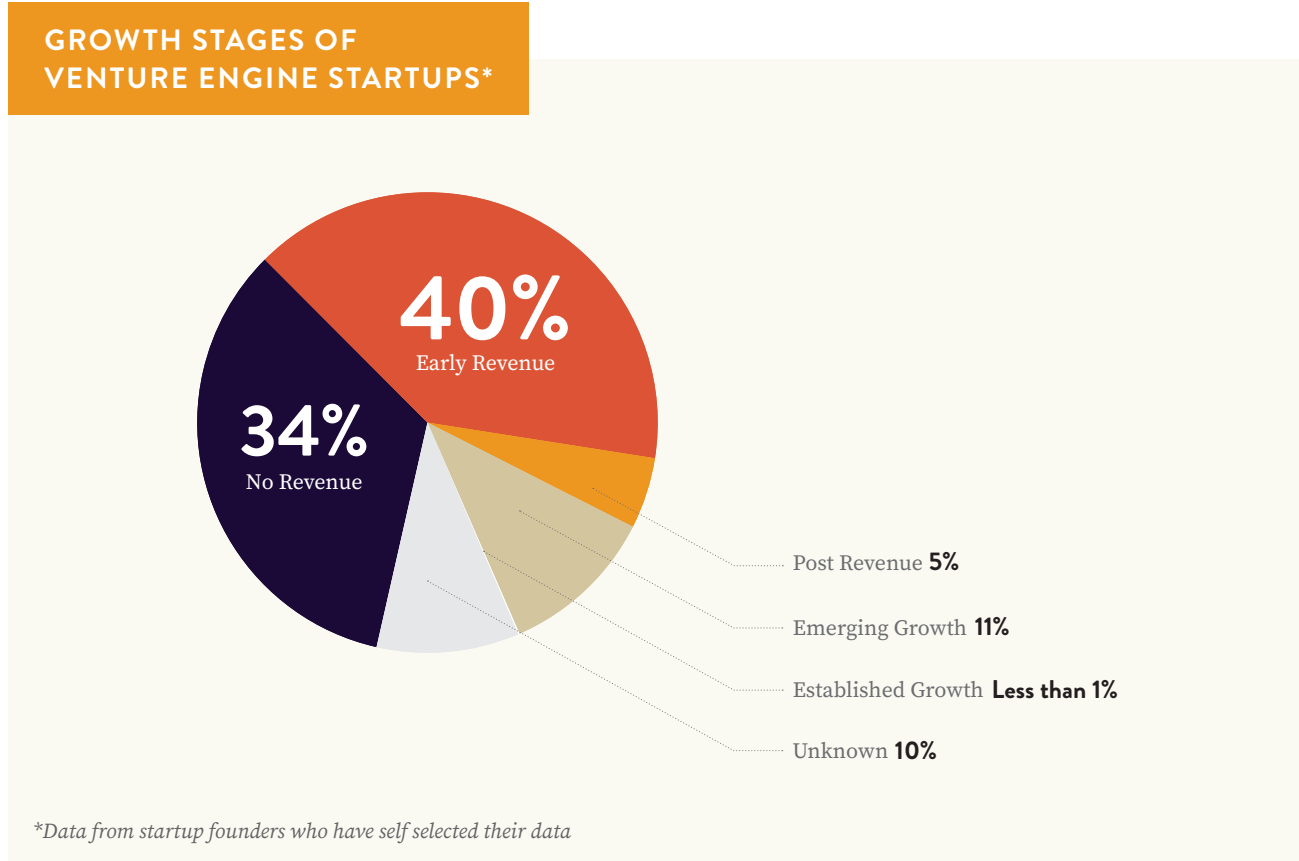
### STARTUP SECTORS (TOP TEN)

1. Artificial Intelligence
2. Health and Wellness
3. Data Analytics
4. Internet of Things (IoT)
5. Manufacturing
6. FinTech
7. Food and Beverage
8. BioTech
9. EdTech
10. Agriculture

## Venture Engine Startup Growth Stages

The majority of Venture Engine startups are in the early stage of their journey, having earned between $0-500,000 in revenue since being founded. Startups who have yet to earn revenue (34%) are typically still in beta, meaning they are still looking to raise funds and/ or validate their products through pilots. While Venture Engine was initially created with early stage startups in mind, the growth of the program along with increased corporate involvement, has prompted outreach to startups that are higher on the growth stage ladder, which will ultimately diversify the ecosystem even further.
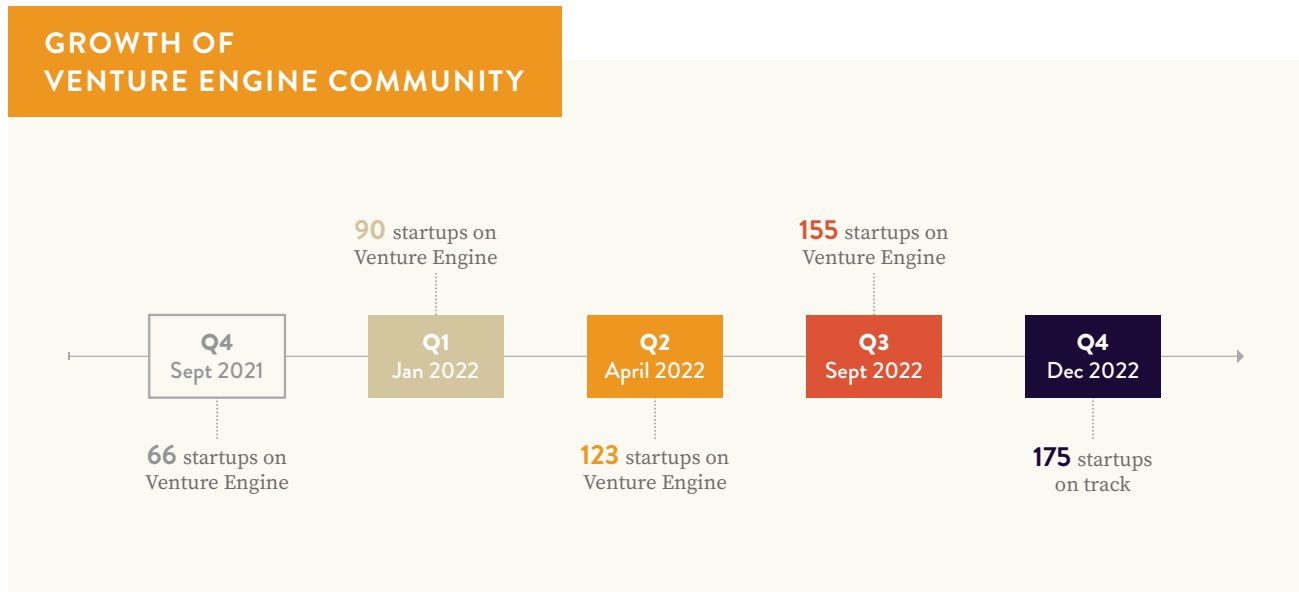
### GROWTH STAGES OF VENTURE ENGINE STARTUPS*

**40%** Early Revenue

**34%** No Revenue

Post Revenue **5%**

Emerging Growth **11%**

Established Growth **Less than 1%**

Unknown **10%**

*Data from startup founders who have self selected their data*

# VENTURE ENGINE PILOT INSIGHTS

## Venture Engine Platform Insights

Venture Engine had several major focus points in its pilot year. We aimed to establish a deeper foundation of equity by increasing the number of underrepresented founders on our platform and positioning those founders for success through programming opportunities.

We also focused on the growth of our collective ecosystem. We worked to ensure that the number of startups on the platform and the diversity of sectors they represented were a reflection of emerging industry trends and our corporate partners.

Through its pilot, Venture Engine had significant growth, onboarding an average of 30 startups per quarter. By the end of 2022, we are on track to onboard a total of at least 175 startups in our growing community.

### GROWTH OF VENTURE ENGINE COMMUNITY

**90** startups on Venture Engine

**155** startups on Venture Engine

| Q4 Sept 2021 | Q1 Jan 2022 | Q2 April 2022 | Q3 Sept 2022 | Q4 Dec 2022 |

**66** startups on Venture Engine

**123** startups on Venture Engine

**175** startups on track

## Venture Engine Program Insights

During the 2021-2022 pilot program year, Venture Engine has hosted an array of well-attended networking and educational events to support start-up advancement and connect Venture Engine founders to potential investment opportunities.

### 2021-2022 programming included:

**7 Pitch Showcases**

- BioTech
- Black Founders Showcase
- Cleantech
- Food and Beverage Innovation
- AgTech
- Manufacturing
- PropTech/Built Environment

**3 Informative Networking Workshops**

- Gender Equity in Tech
- New Industry Disruptors
- Culture Forward (Future of Work)

**10 Lunch and Learns**

Sessions included:

- Protecting Business Innovation and Intellectual Property
- Diversifying Talent Pipelines
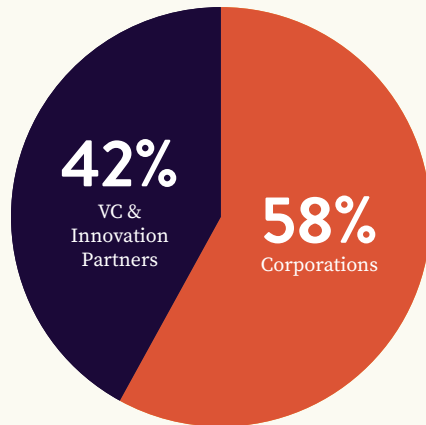- Creating/Improving Pitch Decks
- Pitch Delivery

## Corporate and VC Connections

The Venture Engine program defines connections not just in terms of the new and mutually beneficial relationships created, but also in terms of the active engagement within these established relationships. The connections made between startups and corporations or VC's through showcases and workshops have led to 34 ongoing conversations on the following forms of partnership and investment:

- Business development
- Capital Investment & Funding
- Lab space and equipment support
- Client relationship
- Sales contract

**CORPORATE, INNOVATION, AND VENTURE ENGAGEMENT**

**42%**
VC & Innovation Partners

**58%**
Corporations

**90** different representatives across **52** actively engaged corporations and VCs.
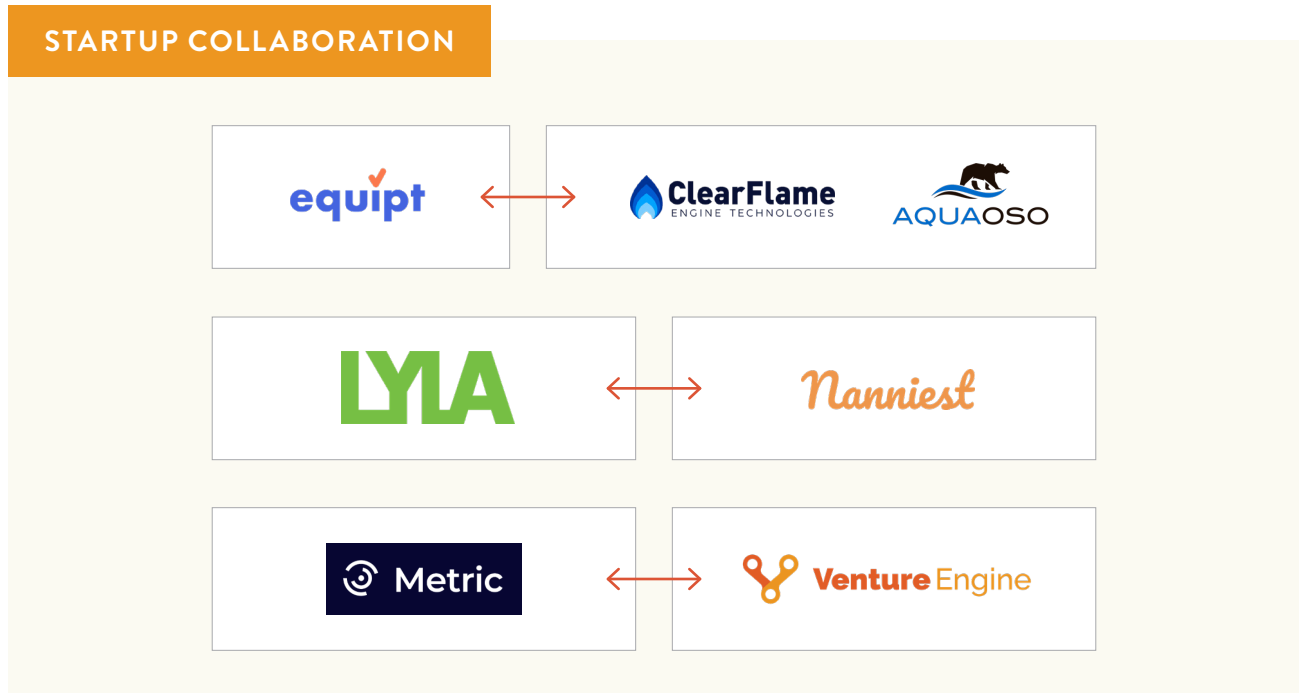
## Startup to Startup Connection

Over the pilot year, the power of Venture Engine has extended beyond corporate-startup connectivity into collaborative relationships between startups on the platform. Several of our founders have added value to our startup community by offering their products, services, and expertise to Venture Engine startup members. There have been numerous connections made between founders across different sectors which have led to sales contracts and partnerships.

The chemistry that has evolved within Venture Engine has become yet another value add in helping Illinois-based founders build relationships with like-minded peers who can also help support their success. Although Venture Engine is not a co-working space or incubator, the fact that startups can still actively collaborate and create mutually beneficial business opportunities speaks to the power of what is being developed in our community.

Examples of startup-to-startup connections include:

- Megan Murday (Founder and CEO, Metric) has made her ESG platform available to our community of startups to help them capture their carbon emissions and improve their sustainability.
- Equipt has helped startup companies such as Aquaoso and Clear Flame diversify their company cultures through DEI strategy and talent support.
- LYLA, an employee benefit app for businesses with large employee bases, has partnered with Nanniest by adding their childcare services as a third-party resource on their platform.

As the Venture Engine ecosystem continues to grow, we will continue to facilitate more opportunities for our startups to exchange resources, host workshops, and partner with one another.

### STARTUP COLLABORATION

# LOOKING FORWARD

In 2021-2022, Venture Engine grew its entrepreneurial community, developed systems of support for startup advancement, and created opportunities for founders to not only showcase their products but connect with innovation leaders and investors. Looking forward, we hope to build on that success by expanding our ecosystem of referral partners, founders and start-ups, and corporate and venture capital partners. We will also focus on developing deeper connections between stakeholders and broaden program benefits. Our goals also include increasing measurable outcomes of the overall program.

## Expanding the Ecosystem

### Referral Partners

Referral partners have proven to be crucial in building a strong, diverse pipeline of start-ups. Partners such as the University of Illinois at Urbana Champaign and Northwestern University have been proactive leaders in the referral of investment-ready startups.

ISTC's Venture Engine supports startups across the state of Illinois, but in it's pilot year most referrals came from Chicagoland area organizations. Our goal is to have the same impact across the state as we identify and pursue valuable new referral partnerships with experts including, but not limited to, community colleges, universities, SBDCs, incubators, accelerators, and Chambers of Commerce. We will also be specifically targeting the 327 Economic Opportunity Zones (EOZs), which encompass the 85 IL counties that have at least one census tract that qualifies as an EOZ. ISTC has a 30+ year history of being a connector and champion for the innovation economy of the state and bridging the gaps in our state, especially within historically overlooked communities is imperative to our overall success.

### Founders & Start-ups

In 2023, ISTC has set a goal to onboard an average of 10 investment-ready startups per month.

Our growth goals are created in relation to the trends we observe in the innovation ecosystem as well as the areas of investment that our corporations and VC partners are focused on. With these factors in mind, heavy sector outreach will include:

- Built Environment
- Series A and higher
- InsureTech
- TeleHealth
- Transportation and Logistics
- Battery Tech
- Climate/ESG/Clean Energy Tech

## Corporate and Venture Capital Partners

Venture Engine is meant to be a repository of investment and mentorship opportunities for our corporate and venture capital partners. As the platform and programming opportunities grow, ISTC will continue to highlight the value within this unique pipeline of talent, ideas, products, and resources.

ISTC will continue to identify corporate and venture capital partners that align with the business goals and equity framework of Venture Engine. Venture Engine must reflect current and emerging investment trends and we will continue to survey the priorities of our partners on a consistent basis to better understand their needs across sector, application, and growth stage.

Venture Engine must also support the needs of its startups and surveys will continue to support their entrepreneurial journey as well as understand their ideal corporate and venture capital partners.

## Curating Connections

Venture Engine entrepreneurs leverage support from several sources other than capital investment. Founders have expressed that educational and networking opportunities are significant factors in the success and growth of their businesses. We will continue to expand our support pipelines and partnerships.

ISTC will be implementing more opportunities for entrepreneurs to gain advice from innovation and tech experts addressing their most pressing needs, including enhanced networking lunches, showcases, and peer-to-peer startup resource exchanges. We are also building a rotational Entrepreneur in Residence (EIR) program, which will give founders the opportunity to learn from a spectrum of diverse leaders across Illinois.

## Final takeaways

The relationships built in our pilot year have manifested collaborative opportunities, experiences, and partnerships and we look forward to strengthening those partnerships and creating new ones.

As we continue building upon our pilot's success, we have identified critical points for improvement which include:

1. Addressing our programming gaps across sectors
2. Increasing the number of minority startups on the platform.
3. Increasing impact across the state.

The goals we've outlined for 2023 will require an increased engagement of our partners statewide. Our start-up ecosystem drives the Illinois innovation economy. Creating more opportunities provides more growth, including job creation, the attraction and retention of talent, driving more innovative startups state-wide, and improving equity for historically underrepresented groups.

ISTC and its partners in Venture Engine are proud to be facilitators of this success. If you are interested in partnering with us, please contact ISTC Venture Engine coordinator, Oluwatobi Oladejo, at tobi@istcoaltion.org.

# WHAT OUR INNOVATION COMMUNITY IS SAYING ABOUT VENTURE ENGINE
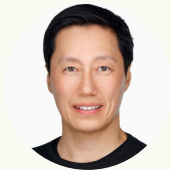
## CORPORATE AND INVESTMENT PARTNERS

**GREG HOCKING** | **MARS WRIGLEY**
Vice President

*"Venture Engine maximizes the value creation opportunity for both corporates and startups by forging local connections and strengthening the supportive ecosystem across greater Chicagoland. Their events are unique and not-to-be missed!"*

**SCOTT ANDERSON** | *Milwaukee*
Senior VP, Engineering

*"Startups give corporations great insight into new ways of working and serve as a constant reminder about the importance of agility and passion. We place great value in the connections Venture Engine has made for Milwaukee Tool and the exciting startups in the Chicago area."*

**PAUL HSU** | DECASONIC
Founder and CEO

*"The way Venture Engine has been able to connect some of the largest corporations in the world to startups with brilliant human capital and revolutionary products, services, and ideas has already been incredibly impactful, and will continue to drive exponential volumes of life changing innovation."*

**AZURII COLLIER** | abbvie
Director, Enterprise Innovation

*"Venture Engine brings together and elevates countless startups for possible corporate partnerships. This elevation helps to keep new ideas top of mind for corporations and stimulates engagement beyond what organizations could do on their own. Venture Engine reduces the burdens on corporations to have to search, inventory and make connections with the most innovative startups."*

**ABIN KURIAKOSE** | WORLD BUSINESS CHICAGO
Executive VP, Innovation & Venture Strategy

*"With a world-class corporate innovation ecosystem, Venture Engine has proven to be an effective platform and bridge between the next generation of startups and the unique innovation needs for corporates. Through its programs and events, Venture Engine showcase the thought leadership of our corporate innovators with early-stage founders."*

**MADELYN RUTTER** | TechNexus VENTURE COLLABORATIVE
Director Collaboration

*"Programs like Venture Engine or Venture Collaborative investing models bring corporate stakeholders and entrepreneurs together effectively to advance conversations that lead to collaborative opportunities and commercial outcomes. We can agree that any meaningful relationship starts with a spark. Venture Engine's multimodal approach—through its online portal, industry showcases, and interactive workshops—is creating the spark needed to ignite new possibilities!"*

## VENTURE ENGINE STARTUP FOUNDERS

**MANUELA ZONINSEIN**
Founder and CEO
KADEYA

*"Venture Engine consistently brings to the table forward-looking corporates that want to support local entrepreneurs, seek to integrate cutting-edge solutions inhouse, and understand that the road to innovation is far from straight and depends on supporters of all stripes."*

**ASHLEY MOY**
Founder and CEO
CAST21

*"There is often a desire to work with others within the ecosystem, but the barriers to do so can be high and the steps to make it happen can be elusive. Venture Engine provides a formal, easy-to-engage platform for vetted organizations to come together to plant the seeds of collaboration."*

**WENDY SLONE**
Founder and CEO
bTech

*"Venture Engine programming has been very helpful in helping bTECH forge relationships with corporate connections. Through bTECH's engagement with Venture Capital we have not only been able to establish connections with Chase Bank, but within the community of venture capitalist and angel investors associated with the corporate connection. bTECH appreciates the assistance and insights provided via our affiliation with the team at Venture Engine."*

**HUBERT DAGBO**
Founder and CEO
equipt

*"Venture Engine's events and team provide us direct access to top-tier corporate partners that would otherwise be difficult to reach. In addition, they give us the visibility to showcase our solution so that we can accelerate our product development."*

**ERICA BETHE LEVIN**
Founder and CEO
globowl

*"Word of mouth is king these days and a connection from Venture Engine goes a very long way. As a start-up CPG company, Venture Engine has already fostered invaluable relationships between our small business and some of the biggest players in the industry. We could not feel more grateful to have the Venture Engine team in our corner."*

**INDU RUSSAPARA**
Founder and CEO
FruitVaccine

*"Venture Engine (VE) connects the dots between corporate and startups by initiating opportunities to collaborate, network, establish commercial partnerships, access to resources and investment dollars, etc., from innovation leaders."*

# ACKNOWLEDGEMENTS

*ISTC would like to thank Venture Engine's community of partners and sponsors. Through your support, we can continue to impact Illinois' startup ecosystem.*

## VENTURE ENGINE PARTNERS

**WORLD BUSINESS CHICAGO**

**ABOUT**

*World Business Chicago is Chicago's public-private economic development agency. Their mission is to drive inclusive economic growth and job creation, support business, and promote Chicago as a leading global city.*

**TechNexus**
VENTURE COLLABORATIVE

**ABOUT**

*TechNexus Venture Collaborative (TechNexus) invests in relationships between leading corporations and ambitious entrepreneurs to Rethink Growth™.*

## SPONSORS

clearcover®

ILLINOIS
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Milwaukee®

## IN-KIND CONTRIBUTORS

loadsmart

MHUB

Portal Innovations

TEAMWORKING
by TechNexus

## CURRENTLY ENGAGED ECOSYSTEM PARTNERS

1871 • 2112 • All Raise • Argonne National University • Bradley University • Chain Reaction Innovations • Chicago:Blend • Chicagoland Chamber of Commerce • Clean Energy Foundry • Cleveland Avenue • DePaul University • Distillery Labs • Endeavor • gener8tor • GET Cities Chicago • Hyde Park Angels • iBio • IMEC • Illinois Institute of Technology • Innovate Springfield • Lake Forest College • Lewis University • MATTER • mHUB • MxD • Northern Illinois University • Northwestern University • P33 • Peoria Innovation Alliance • Portal Innovation • Relish Works/Food Foundry • Rosalind Franklin • Southern Illinois University • TechNexus • TechRise • TechStars • University of Chicago • University of Illinois in Urbana Champaign • Western Illinois University • Women in Bio • World Business Chicago

## CORPORATE & VC ENGAGEMENT PARTNERS

AbbVie • Accenture • Aon • Baxter • BP • Chicago ARC • Clean Energy Foundry • Cleveland Avenue • Cultivian • Decasonic • Discovery Partners Institute • Endeavor • Energy Foundry • Evergreen Climate Innovation • Hyde Park Angels • Illinois Venture Capital Association • JLL • JP Morgan Life Sciences • Kraft Heinz • Listen Ventures • Lofty Ventures • Mars Wrigley • Microsoft • Milwaukee Tool • Molex • Motorola • Nicor • Nikon Instruments • OSF Healthcare • Portal Innovations • PS27 Ventures • Red Cedar Ventures • Rose Tech Ventures • Rush University Medical Center • S2G Ventures • Samsung Next • Shapack Partners • Smith Group • Southern Company Ventures • State of Illinois Treasury • Sterling Bay • TechNexus Venture Collaborative • Travel Perk • Toronto Stock Exchange • Tusk Strategies • UL • United Airlines Ventures • University of Chicago/Polsky Science Ventures • USG • Wells Fargo • William Blair • Zila Ventures

Venture
Engine