

MTI Presentation to IDEA Committee - FY20 Report

January 2021



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Overview of MTI



The Third Wave

It will always be government that defines – either through action or inaction – the environment in which entrepreneurship operates. At its worst, a hindrance creating maddening obstacles. At best, creating an environment where innovation and entrepreneurship thrive, not by providing the certainty of success, but by mitigating risk and expanding the scale of opportunity.

Steve Case

Founder, AOL and Rise of the Rest

The Maine Technology Institute is Maine's industry-led, publicly funded, nonprofit corporation. MTI offers early-stage capital and commercialization assistance in the form of grants, loans, and equity investments, as well as entrepreneurial guidance and mentorship, to achieve its core mission.

Created by the Legislature and Governor in 1999, MTI has now disbursed \$280 million in nearly 2,950 distinct projects across the State of Maine, and that funding has leveraged well-over \$1 billion in matching investment.

The History of MTI

1999

MTI Founded
by State Statute

2005

500 Projects
Across All 7 Sectors Funded

2011

1000 Projects
Funded

2020

\$280+ Million
Invested in Maine Companies

The Power of
ONE
investment

The infographic features a central green ring with the text 'The Power of ONE investment'. A thick green horizontal bar extends from the left side of the ring. Surrounding the ring are seven smaller green circles, each containing a benefit. The background consists of concentric grey circles and a decorative corner graphic with yellow, green, blue, and purple stripes.

Increased
Property
Values

Added
Product Line
Develop-
ment

Quality,
Well-Paid
Jobs

Follow-on
Investments

Job
Creation

Increased
Innovation

Accelerated
Revenue

Shared Goals

We support individuals, organizations & businesses who share our goals:

- Creation or retention of quality jobs statewide;
- Growth and acceleration of revenues;
- Attraction and leveraging of additional capital or other investments.

Organizational Structure

MTI Structure

- A Board of Directors consisting of thirteen voting members and two non-voting members governs MTI.
- The Governor appoints ten directors, eight representing the targeted technologies and two of whom have demonstrated finance, lending or venture capital experience.
- The Commissioner of the Maine Department of Economic and Community Development, the Chancellor of the University of Maine System, the President of the Maine Community College System and the Director of the Office of Policy and Management, or their designees, are ex-officio members. The MTI President is a non-voting director.
- Seven subsidiary boards, each representing a targeted technology sector support the MTI Board. Approximately 120 subject matter experts comprise the membership of these Tech Boards.
- The staff is composed of a director of finance and administration, a director of business development, four senior investment officers, two investment officers, a lending and grant associate, and an administrative assistant.
- The MTI President is employed by the Maine Department of Economic and Community Development.

COVID Response

COVID Response

In response to the COVID-19 pandemic, MTI implemented several precautions to protect its staff, contractors and Board. We also took proactive measures to ensure Maine's innovators and startup businesses would get the support and assistance they needed to get through this challenging time.

- Moved to remote working arrangements for the entire organization including virtual meetings of the Board of Directors.
- Altered funding process to allow it to be more responsive and helpful to bolster innovative Maine companies.
- Offered loan deferments and restructures to existing clients and infused new funding and investments into Maine entities.
- Expedited decisioning related to COVID-19 mitigation solutions so those innovations could get to market rapidly.

Funding

FY20 Funding Overview

Despite the challenges of the COVID pandemic, it was a successful year for MTI, **as investment and private sector match increased from FY19**. Following our strategic process, we were able to invest funds where and when they would have the most impact, helping diversify our state's economy and drive job growth and retention.

\$9.6M

deployed

140

**distinct
projects**

\$58M

**private
sector match**

Leveraging Private Matching Funds

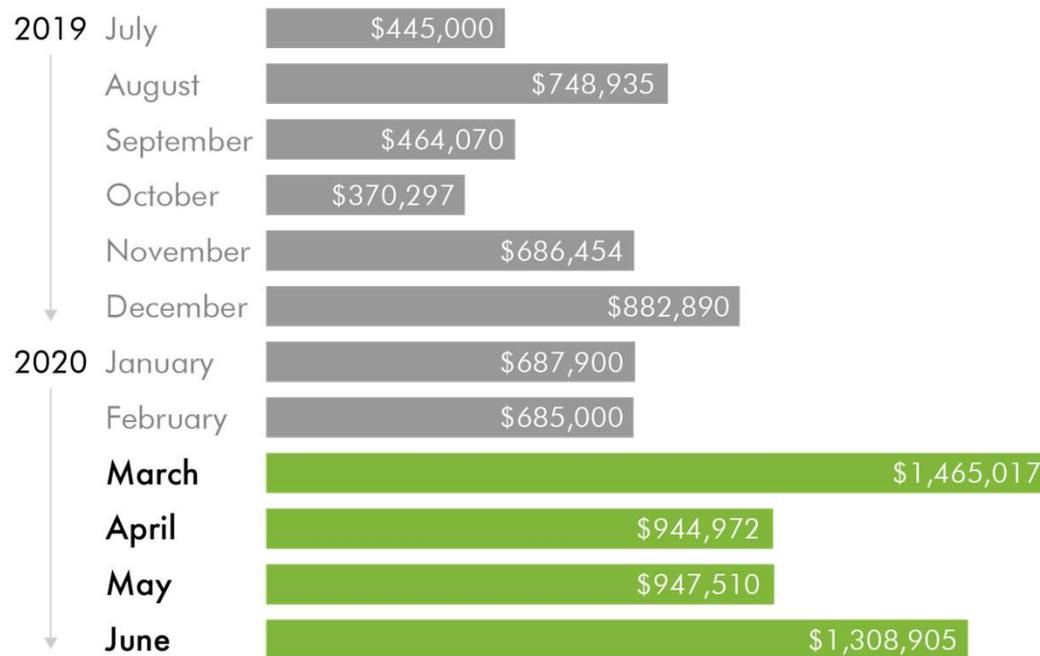
For the fourth straight year, MTI increased the amount of private sector matching funds. In FY20, our investments attracted \$6 in private investment for every \$1 in public funding spent.

Total Dollars Awarded/Matches by Year



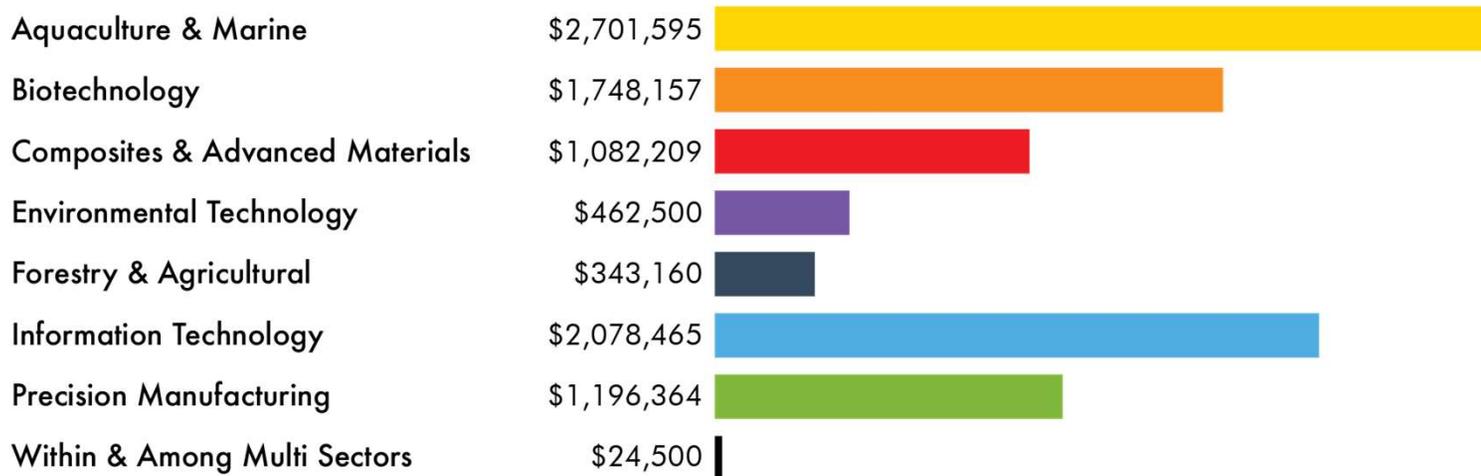
Awards by Month

MTI was able to deploy resources when they were needed most, with nearly half our yearly investment occurring during the early months of the COVID pandemic. During this time, many Maine companies pivoted to provide COVID-19 mitigation solutions, and MTI was able to award \$4.67 million to aid in their efforts, which was matched by nearly \$22 million in private sector matching funding.



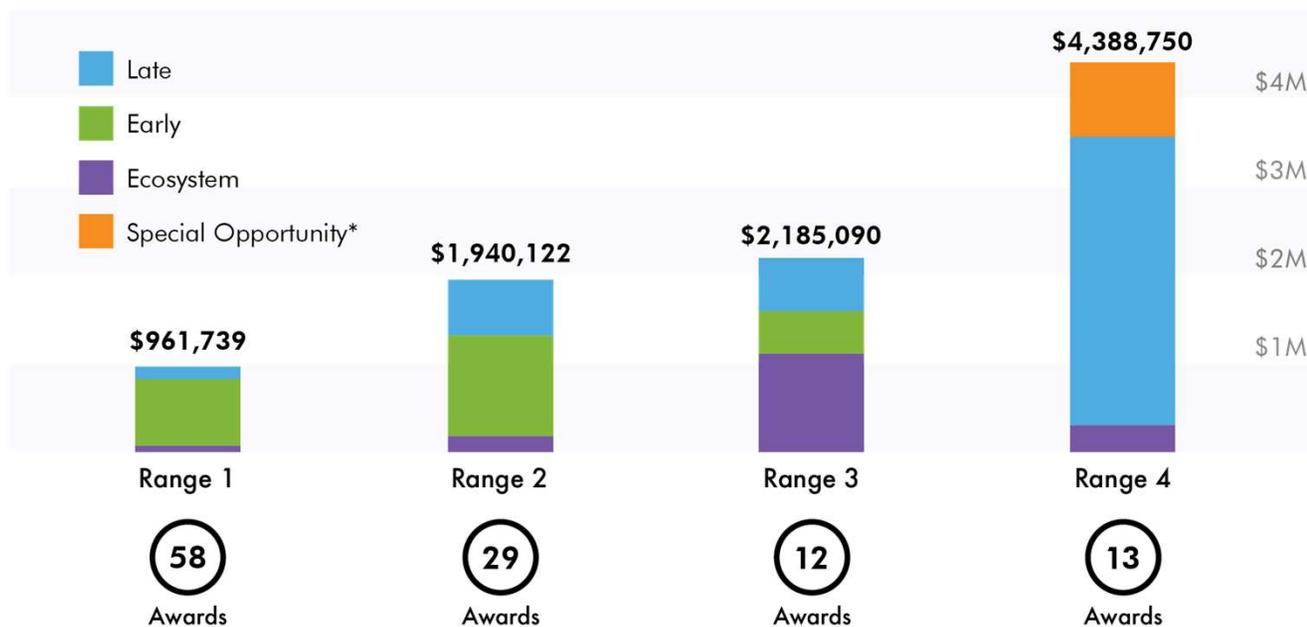
Awards by Sector

The State of Maine has targeted seven technology sectors best suited for investment and other forms of support, and in FY20, MTI invested in business within all of these targeted sectors, helping to create a more vibrant and diversified economy.



Awards by Range

MTI distributes funding across four ranges. Generally, we fund a greater number of projects at a lower level, then dedicate larger levels of investment to a smaller number of projects that will have a greater impact.



*Special Opportunity

MTI awarded \$837k as a loan to Our Katahdin, a community-owned industrial park that is powered by renewable energy and focuses on the future of bio-based and digital economies.

MTAF2.5

The MTAf2.5 program provides funding to Maine organizations looking to make investments in R&D equipment, infrastructure and technology upgrades to drive innovation and generate economic impact in Maine. The funding for the MTAf2.5 program came from a research and development bond passed by the Legislature in 2016 and approved by voters in 2017. That \$45 million bond was fully awarded by MTI in 2018 but \$2 million was then made available for redeployment due to project forfeitures.



MTAF2.5 by the Numbers

Other Bonds

Other Bond Funded Program Activities

On occasion, the Maine Legislature passes research and development bond initiatives that are presented to Maine voters. Once approved by voters, MTI typically administers the funds on behalf of the State. The following bond initiatives are currently under active management by MTI.

- **Maine Technology Asset Fund 2.0 (MTAF 2.0)** - \$45 million bond approved in June 2017
- **Marine Jobs Fund** - \$7 million bond approved in November 2014
- **Maine Cancer and Aging Resource Bond** - \$10 million bond approved in November 2014
- **Maine Biomedical Research Bond** - \$3 million bond approved in November 2014
- **Maine Technology Asset Fund (MTAF)** - \$50 million approved in 2007 and an additional \$3 million approved in 2009

Success Stories

Flowfold

Flowfold is a popular apparel manufacturer that makes wallets, bags and totes from repurposed sailcloth. During the height of the COVID-19 outbreak, Flowfold quickly shifted their manufacturing operations to make PPE (personal protective equipment) for frontline medical workers helping combat the pandemic.

8

days to switch their manufacturing process

3K+

face shields produced for hospitals

“MTI’s investment in Flowfold supported the purchase of a CNC cutting machine which allowed us to quickly retool our manufacturing facility to make personal protective equipment for first responders at our local hospitals.”

— Devin McNeil | Founder & CEO

STARC Systems

STARC Systems' temporary modular walls can be quickly set up to create negative air pressure environments, making them ideal for constructing rooms to isolate infected patients and areas such as anterooms for caregivers to put on PPE. As COVID cases increased, STARC shifted their production to providing isolation rooms, which helped dozens of healthcare providers handle surges and prepare for future ones.



Friday

MTI was an early investor in Friday, a software that improves communication habits and automates routines for remote workers. As the COVID pandemic forced many businesses to work remotely to prevent the spread of the virus and keep the economy moving, companies such as Twitter, LinkedIn and Red Hat have all used Friday to keep their employees in sync. Now, with a recent \$2.1 million investment from Bessemer Venture Partners, Friday is poised to be a major part of the future of remote work.



UMaine Composites Center

The University of Maine's Advanced Structures and Composites Center is innovating the state's boatbuilding industry by using the world's largest 3D printer and thermoplastics infused with up to 50% wood fiber products. With help from a grant from MTI, they 3D printed a 25-foot boat that weighed in at over 5,000 pounds — a world record. This technology can help find new uses for our state's forest products and increase the global competitiveness of our shipbuilding industry, all while using a bio-based material that can help reduce our carbon footprint.



RockStep Solutions

RockStep Solutions has created a data management solution for *in vivo* research — a critical step in the pharmaceutical drug discovery process. Their innovative digital platform can cut days off the process and save organizations millions of dollars in operational costs. As researchers have rushed to develop COVID-19 vaccines and treatments to halt the global pandemic, this ability to reduce time to market has become more critical than ever before. It is now being used to help develop cures and lower the cost of drugs at over 30 pharmaceutical companies and research institutions.



MedRhythms

Launched in 2015 at the renowned Spaulding Rehabilitation Hospital in Boston, MedRhythms relocated to Maine to tap into its talent and supportive innovative community. Since then, their digital therapeutic platform has secured multiple patents, been fast-tracked for FDA approval, started testing in top hospitals and attracted millions of dollars in outside investment — including the recent backing of Bose, who was drawn to MedRhythms' cutting edge use of audio in health related applications. At the onset of the COVID pandemic, they shifted their focus towards telemedicine and remote sensors, allowing care providers to continue using the power of music to help rehabilitate their patients.



Partners



MTI Plays a Pivotal Role in Maine's Innovation Ecosystem



Thank You