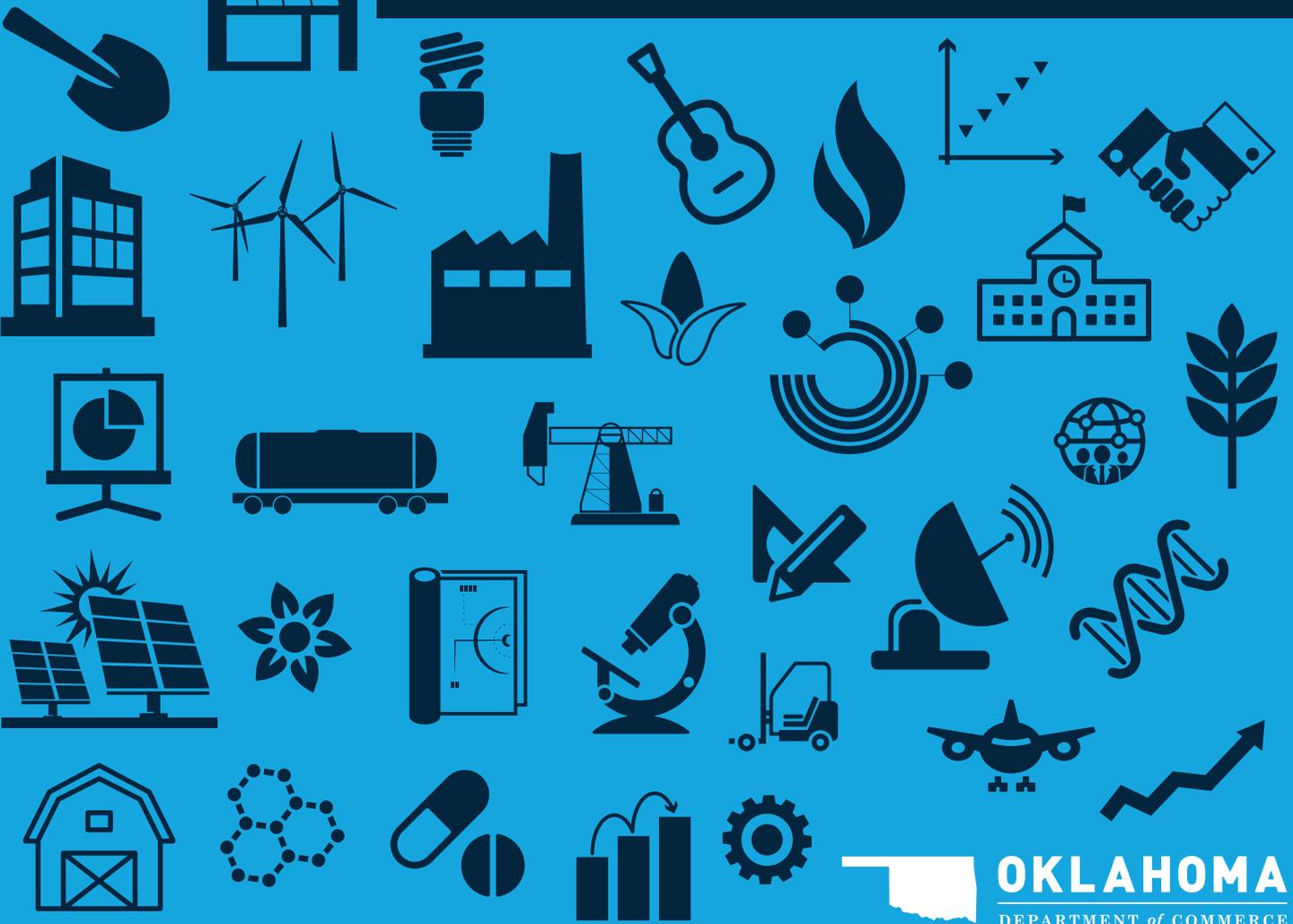




Small Business Incubator Certification Program

2019 Annual Report



Incubator Certification Program Overview

Business incubators nurture the development of entrepreneurial companies, helping them survive and grow during the startup period, when they are most vulnerable. These programs provide their client companies with business support services and resources tailored to young firms. The most common goals of incubation programs are creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry, and diversifying local economies.

Incubators vary in the way they deliver their services, in their organizational structure and in the types of clients they serve. As they are highly adaptable, incubators have differing goals, including diversifying rural economies, providing employment for and increasing wealth of depressed inner cities, and transferring technology from universities and major corporations. Incubator clients are often at the forefront of developing new and innovative technologies – creating products and services that improve the quality of our lives in communities around the world.

The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms – today referred to as mixed-use incubators. However, in more recent years, new incubators have emerged targeting industries such as food processing, medical technologies, space and ceramics technologies, arts and crafts, and software development. Incubator sponsors have also targeted programs to support microenterprise creation, the needs of women and minorities, environmental endeavors and telecommunications.

A business incubator's main goal is to produce successful firms that will leave the program financially viable and freestanding, usually in two to three years. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies. Typically, 30 percent of incubator clients graduate each year.

Oklahoma Business Incubator Association

The Oklahoma Business Incubator Association (OkBIA) was formed more than 20 years ago. The purpose of the OkBIA is to provide information, networking, guidance and assistance to incubator operators, as well as to work with the Legislature to promote and benefit business incubators and tenants.

Oklahoma Business Incubators

In 1988, the Oklahoma Legislature passed the Oklahoma Small Business Incubators Incentives Act. The Act enables the tenants of a certified incubator facility to be exempt from state tax liability on income earned as a result of occupancy for up to five years. In 2001, the Legislature amended "the Act" to extend the tenant's tax exemption from five to 10 years. The exemption remains in effect after the tenant has graduated from an incubator. For tax years starting before January 1, 2020, in order to qualify for the tax exemption from the sixth through the 10th year, the tenant must make at least 75 percent of its gross sales to out-of-state buyers, to buyers located within the state if the product or service is resold to an out-of-state customer, or to the federal government.

For tax years starting after January 1, 2020, the requirement for the sixth through the 10th year is not required. The exemption will be in effect for ten years as long as the tenant graduates from a certified incubator.

Since the inception of the Act, the State of Oklahoma has benefited from increased revenues and increases in the number of start-up and expanding small businesses. These businesses have created jobs and enhanced economic activity in the Oklahoma communities in which they are located.

Oklahoma Department of Commerce and Incubators

The role of the Department of Commerce in the incubator process is to certify the incubators pursuant to O.S. Title 74 Section 5071-79. It is the responsibility of the incubator owner to hire managers to manage and market their incubators and provide business services to their tenants.

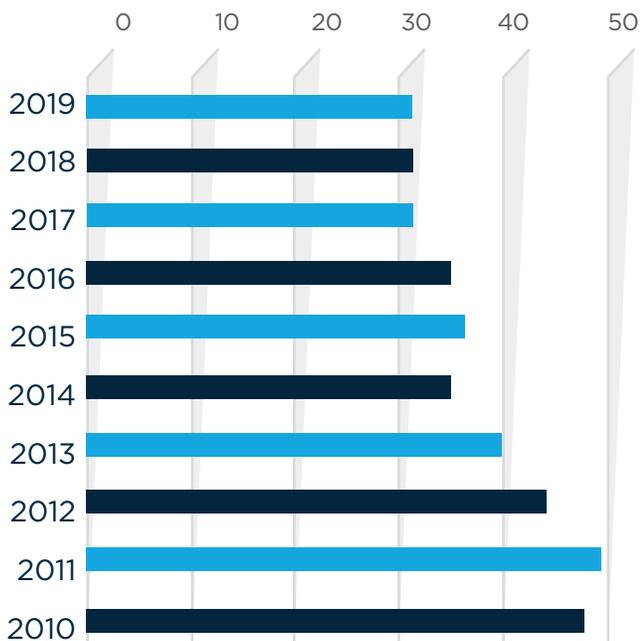
Oklahoma Incubator Program Growth

31 certified small business incubators are operating in Oklahoma, with tenants ranging from small service companies to high-tech research and development operations and manufacturing entities.

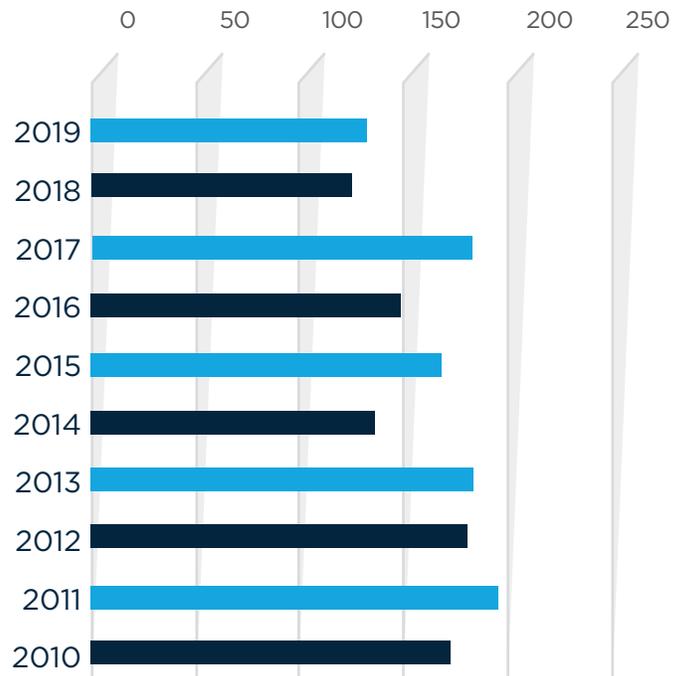
During 2019, Oklahoma incubator managers were asked to complete a questionnaire to document their activities for the current reporting period. Based on the information received from the responding incubator managers:



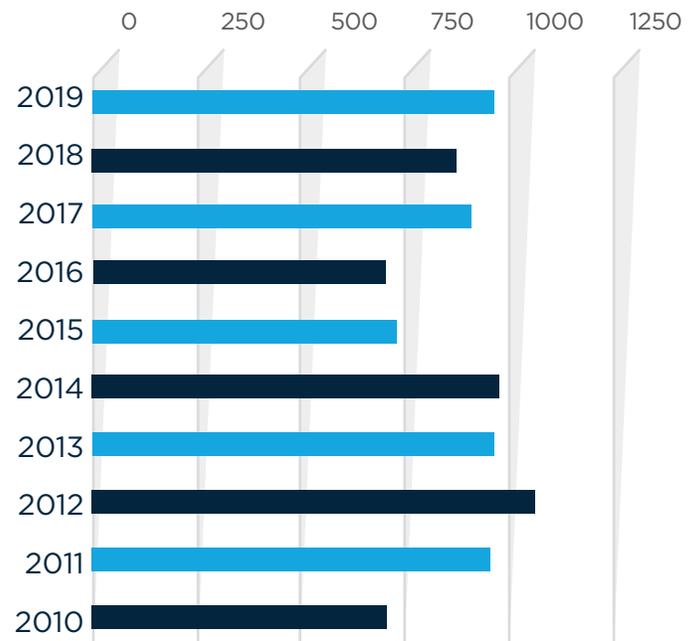
NUMBER OF INCUBATORS



NUMBER OF SMALL BUSINESSES LOCATED IN INCUBATORS



NUMBER OF JOBS CREATED BY INCUBATOR CLIENTS



1,023 small businesses have located in a small business incubator, throughout the life of Oklahoma's Certified Small Business Incubator Program.

530 of those have graduated from the program or relocated to a larger facility.

2,246 people are currently employed by 297 of those businesses that remained in the state.

Incubator Standards for Success

Characteristics of Model Business Incubation Programs

Commit to business incubation's two core principles

Obtain consensus on a mission that defines the incubator's role in the community, then develop a strategic plan containing quantifiable objectives to achieve that mission

Structure the program for financial sustainability by developing and implementing a realistic business plan

Recruit and appropriately compensate management capable of achieving the incubator's mission and helping companies grow

Build an effective board of directors committed to the incubator's mission and to maximizing management's role in developing successful companies

Prioritize management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation

Develop an incubator facility, resources, methods and tools that contribute to the effective delivery of business assistance to client firms, as well as address each company's developmental needs

Develop stakeholder support, including a resource network, that helps the incubation program's client companies and supports the incubator's mission and operations

Maintain a management information system and collect statistics and other information necessary for ongoing program evaluation, thus improving effectiveness and allowing the program to evolve with clients' needs

Two Core Principles That Characterize Effective Business Incubation:



The incubator aspires to have a positive impact on its community's economic health by maximizing emerging companies' successes.



The incubator itself is a dynamic model of a sustainable, efficient business operation.

The Best Incubators Provide:



Flexible space and leases



Office services and equipment



An on-site incubator manager as a resource for business advice



Exposure to a network of outside business and technical consultants, often providing accounting, marketing, engineering and legal advice



Assistance with financing



Assistance with marketing

Success Stories

Oklahoma's incubators have many success stories. The examples below are just a few for 2019.

Ninja Technologies

Launch Pad FT
Edmond, Okla.

Ninja Technologies joined Launch Pad FT in June 2019. When Ninja Technologies was accepted to the Business Innovation Center's incubator program they were given a highly secure and safe space to grow their company. Ninja Technologies came into the program with industry insight and ready to make a meaningful change in the unregulated and dangerous electronics recycling industry. Their core function is to help IT departments of any size, from government and non-government clients, securely recycle their used devices.

Through their business planning and other Launch Pad FT relationships, Ninja Technologies was introduced to another local company focused on bringing service members into meaningful civilian careers. Through this relationship, and in partnership with the Department of Labor and the state of Oklahoma, Ninja Technologies has developed an educational and on-the-job training pathway program that empowers veterans to translate their military experience into a highly focused cybersecurity program. These veterans are trained to secure American interests and security. By developing additional skills through a pathway program, the veterans are able to shift their focus from securing our nation against physical threats to cyber threats. The Ninja Technologies team of specialists focus on eliminating the risk of hackers and rogue nation states acquiring secrets from American companies' used devices by training their teams to detect and eliminate

data on any device. This brings these veterans into the focus of efforts to combat cyber-criminal activity.

Green Tree Project

Project 3810
Oklahoma City, Okla.

This is the time of year when many people welcome living trees into their homes for the holidays, but the trees' lives usually end as the holidays wind down. Often, the trees are simply thrown away, releasing carbon dioxide into the air. However, one Oklahoma City family established a rental tree business that gives new life to trees after the Christmas season.

Much like the trees she rents out, Samantha Walker says The Green Tree Project has roots. "In 2016 we had a four-year-old child placed in our home," Walker said. "He had been through seven homes in six months. He was a brokenhearted kid."

Walker and her husband foster children with special needs. That Christmas, they went all out for the little boy - a fresh-cut tree, gifts, the works. But at the end of the holidays, they found the child in tears again. He didn't understand why his family would toss out the tree that brought joy to their home, mirroring his life in foster care. "Like he had been welcomed and felt he had been thrown away," said Walker.

So, the Walkers started doing some research and found trees that can grow and thrive in Oklahoma long after the presents are unwrapped and ornaments are packed away. "These are Leland Cypresses," Walker said.

"We can't work with conventional Christmas trees such as Noble Firs and Douglas Firs simply because they're not meant to be in this environment."

Because they are living trees, they still have their root ball and can be pretty heavy. "We're the only way you can order a Christmas tree from your couch," said Walker.

The biggest trees can weigh as much as 250 pounds. That's part of the reason The Green Tree Project brings the trees to you. "You schedule free in-home delivery and we bring it to you," said Walker. It's white-glove service for living trees that don't shed. The Green Tree Project crew trims them to fit your space as well.

"We come back and pick it up after Christmas unless you request an invoice to purchase your tree," Walker said.

Trees that aren't purchased go to Green Tree Project partners, including OK Tree Bank Foundation and OKC Beautiful. These partners help give the trees forever homes, just like the Walkers did with the little boy and his four siblings.

"He just has the purest heart and has inspired a legacy for our family," said Walker.

Rent-ready trees range in sizes and prices from \$100 to \$375.

The company currently operates in Oklahoma City and Tulsa with hopes to expand.

Stronghold Protection Group, LLC

Duncan Center for Business Development
Duncan, Okla.

Stronghold Protection Group, LLC provides security services for the cannabis industry in Oklahoma. The two owners, Clint and Brendan, started the company in the Duncan Center for Business Development incubator in October 2018, at the inception of the medical marijuana industry in Oklahoma. In the past year the company has added 28 employees, including drivers, security guards and management staff. Stronghold Protection Group currently secures more than \$5 million worth of retail product a month.

The company is in the process of buying a 10,000-square-foot facility in Norman and plans to make that their main transportation hub, while adding another 10-20 jobs in 2020.

Martin Bionics

The Catbird Seat
Oklahoma City, Okla.

Martin Bionics, an incubator graduate from The Catbird Seat at UCO, creates prosthetics for amputees. The company was recently recognized in R&D World in its annual list of the Top 100 innovative technologies, alongside prestigious national research laboratories and tech companies.

The company drew attention for its "socket-less socket" prosthetic design. Traditional sockets are rigid and form-fitted to hold an amputee's limb, but founder Jay Martin developed a lightweight, dynamic structure that can be adjusted on the fly for comfort or changes in body size. A survey commissioned by the company showed most amputees claim their quality of life is limited by the discomfort of wearing their socket, Martin said.

"Sitting hurts. It's jabbing up into your hip," he said. "You're sitting on it like a big, thick wallet underneath."

Martin said his imagination was sparked while working with NASA on a soft exoskeleton project.

"We had really challenging programs, but it drove some interesting discovery of new materials and methods of how to connect man and machine with compliant dynamic materials," Martin said.

He compared his design to the difference between perfectly sculpted carbon fiber footwear and a Nike athletic shoe.

"And suddenly, comfort is now accessible," Martin said. "In a conventional socket, if you gain or lose 5% of body weight, it no longer fits correctly."

Martin Bionics was a prosthesis manufacturer and supplier, marketing to medical professionals before opening its first clinic last year. The company tested direct advertising, hoping to catch the attention of amputees. The response was overwhelming.

The company drew more than 250 leads during its 17-day Facebook ad campaign, and about half of those were eventually referred to a clinic.

"We're literally suppressing our marketing so that it doesn't get completely out of control," said Blake Gudgel, CEO, Martin Bionics.

Martin Bionics Clinical Care, which caters directly to clients, launched in October 2018 at the company's Bricktown headquarters. A second location opened five months ago in Austin, and a Dallas office will open early next year. During 2020, the company plans to open five more offices across the country.

The company employs more than 40 people at its two locations.

Gudgel said he wants to avoid growing more quickly than the company can handle, even with goals of expanding its footprint nationally within just two years.

"We're being really smart and cognizant of not growing too fast," he said.

Some of Martin Bionics' early cash came from the Oklahoma Center for the Advancement of Science and Technology, or OCAST, a state government program that supports research and provides capital for young businesses.

Source: After pivot to clinical care, Martin Bionics plans six offices nationwide

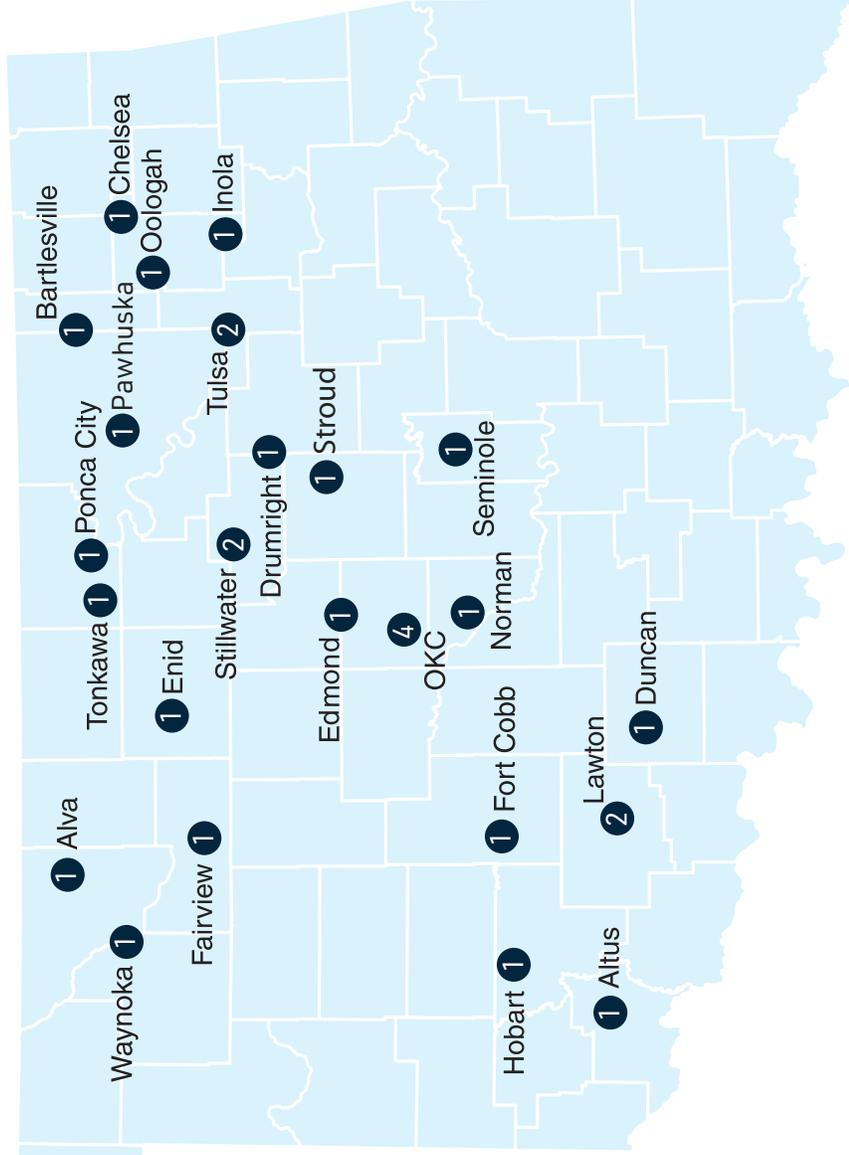
by Dale Denwalt

Published by The Oklahoman:

Sun, December 1, 2019

1 Guymon

Oklahoma Certified Incubators



Number of incubators in the area

Incubator	Location	Type of Businesses Targeted	Tenant Capacity	Current Number of Tenants	Support Services Offered					Other Services Provided
					Computer Network	Phone Service	Business Planning	Marketing Assistance	Conference Room	
Southwest Technology Center Business Incubator	Altus	Aviation Mfg. and General Use	1	0	X	X	X	X	X	
Northwest Technology Center Small Business Incubator	Alva	Mfg./ Mixed Use	2	0	X	X	X	X	X	
Tri-County Technology Center Business Assistance Center	Bartlesville	Mfg./Mixed Use	12	2	X		X	X	X	Internet access, Mail/message service, shared copier and fax, business counseling
RCIDA (Rogers County Industrial Development Authority) NE Tech Business Incubator	Chelsea	Mfg./Mixed Use	1	1			X	X	X	Training, safety classes through NE Tech
Central Oklahoma Business & Job Development Corporation	Drumright	Mfg./Mixed Use	2	1			X	X	X	
Duncan Center for Business Development	Duncan	Advanced Mfg.	22	8	X	X	X	X	X	
Francis Tuttle The Launch Pad	Edmond	Mixed Use	12	8	X		X	X	X	
Strate Center for Business Development	Enid	Mixed Use	12	5			X	X	X	Coaching, training and government contracting assistance
Major County Economic Development Business Incubator	Fairview	Mfg./Mixed Use	6	4	X	X	X	X	X	Business guidance, legal and insurance advice, fax, copy, secretarial assistance
Caddo Kiowa Business Development Center	Fort Cobb	Mfg./Mixed Use	4	3	X	X	X	X	X	OBAN coordinator on site
Artist Incubation, Inc.	Guymon	Artists	2	1	X	X	X	X	X	Gallery space, openings
Hobart Economic Development Authority Business Incubator	Hobart	Mfg./Mixed Use	5	1	X	X	X	X	X	Financing
RCIDA / NE Tech Business Incubator	Inola	Mfg./Mixed Use	6	3			X	X	X	Shared fax and copier
Center for Emerging Technology and Entrepreneurial Studies - Cameron University	Lawton	Technology Based	5	5	X	X	X	X	X	Students, interns, faculty, video, conferencing, printer/copier/scanner

Incubator	Location	Type of Businesses Targeted	Tenant Capacity	Current Number of Tenants	Support Services Offered					Other Services Provided
					Computer Network	Phone Service	Business Planning	Marketing Assistance	Conference Room	
Great Plains Technology Center	Lawton	Mixed Use	24	13			X	X	X	Business strategy financial management
Startup 405	Norman	Technology -based	6	2	X		X	X	X	
Acorn Growth Companies	Oklahoma City	Aerospace & Defense	10	3	X	X	X	X	X	Financial planning, business development and capital
Moore Norman Technology Center Business Development Center	Oklahoma City	Mfg./Mixed Use	10	6		X	X	X	X	Business guidance and support, event promotion, financing, conference center
Project 3810	Oklahoma City	Mixed Use	10	5	X		X	X	X	Paint Booth
The Catbird Seat UCO	Oklahoma City	Mfg./Mixed Use	6	0		X	X	X	X	Business guidance and support, event promotion, financing, conference center
RCIDA / NE Tech Business Incubator	Oologah	Mfg./Mixed Use	2	2			X	X	X	Training, safety classes through NE Tech
Tri-County Technology Center Pawhuska Incubator	Pawhuska	Mixed Use	12	5	X		X		X	Business guidance and support, event promotion, financing, conference center
Pioneer Technology Center	Ponca City	Service and LightMfg.	7	5			X	X	X	Color copier, fax machine, receptionist on site management counseling, free business classes
Seminole Business Development Center	Seminole	Mixed Use	3	3		X	X	X	X	
Meridian Technology Center for Business Development	Stillwater	Technology or Innovative Process/ Service	15	13	X	X	X	X	X	Website development, seed capital assistance, mentoring shared receptionist and clerical
Riata Startup Experience	Stillwater	OSU Student-Led Ventures	20	15	X	X	X	X	X	Accounting and legal services, grant writing assistance and offer funding assistance.

Incubator	Location	Type of Businesses Targeted	Tenant Capacity	Current Number of Tenants	Support Services Offered					Other Services Provided
					Computer Network	Phone Service	Business Planning	Marketing Assistance	Conference Room	
Central Oklaoma Business and Job Development Corp	Stroud	Mfg.	1	1			X	X		
Tonkawa Business Incubator LLC	Tonkawa	Mfg./Mixed Use	4	1	X	X	X		X	
Hemphill Create	Tulsa	Mfg.	15	6			X	X	X	Industrial warehouse / manufacturing space and services such as cutting steel and forklift operationg for tenants
The Forge	Tulsa	High Growth Mfg./Energy/Tech	6	4			X	X	X	Milestone management, mentoring, business coaching
Northwest Tech Small Business Incubator	Waynoka	Mfg.	1	1			X	X	X	



OKLAHOMA

DEPARTMENT of COMMERCE

900 N. Stiles Ave., Oklahoma City, OK 73104 • 405-815-6552 • 800-879-6552 • OKcommerce.gov