

## State awards big development grant

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**T**he Athens-based investment firm Adena Ventures has already invested some \$13 million in 10 established companies from Ohio and nearby states. Now, a state grant of \$3.5 million will allow Adena to expand its partnership with Ohio University to invest in start-up companies as well.

"This is a huge opportunity, and we want to take full advantage of the opportunity," said Mark Weinberg, director of OU's Voinovich Center for Leadership and Public Affairs, at a press conference Friday.

The opportunity comes in the form of a \$3.5 million award to the Voinovich Center and Adena Ventures to invest in new technology businesses in 19 southeast Ohio counties.

The money, which comes from the Ohio Department of Development's Third Frontier Entrepreneurial Signature Program, will benefit an existing partnership between Adena and the Voinovich Center, which have been working together for five years to put money into companies in Ohio, West Virginia, Kentucky and Maryland that appear ready for major growth spurts.

Local success stories from the Adena portfolio include Nelsonville's EdMap, a firm that provides software and support services for e-learning, corporate training and multi-campus colleges, and which saw a large increase in sales and workforce after a \$2 million investment/loan deal from Adena and other parties.

OU President Roderick McDavis called the collaboration "a partnership that is already a national model for regional economic development," and one that provides plenty of opportunities for OU students to get hands-on experience working with the partners.

Lynn Gellermann, who founded Adena in 2002 with former Democratic National Committee Chair David Wilhelm, told reporters Friday that OU's involvement has been "absolutely critical" to the success of the venture, and that Adena's partnership with the university "has grown substantially" over the five years of the firm's existence.

Weinberg called the state's investment in the partnership "a down payment on the future of business development in southeast Ohio," and predicted that it will help secure the involvement of other investors.

By spring, he said, more funding may be available for the Voinovich Center to work with OU's Edison Biotechnology Institute, Innovation Center, and regional investors to develop "angel funds" and provide more operational assistance for technology companies.

Up till now, Adena has focused on early-stage investing in established firms that are at an "inflection point" - ready to see a big surge in market share, but needing an infusion of cash to take the next step in growth.

The Ohio DOD money will go to companies at an even earlier stage, Gellermann said, and help fill a "capital gap" of regional investment funds for companies "that may not yet be ready for capital funding" by private investors.

He added that Adena plans to be heavily involved in finding and

investing in new companies, and may create a second investment fund to complement the \$34 million fund it started with. (That money came from 12 institutional investors such as banks and utilities.)

"In the next year or two, we would anticipate raising an 'Adena II' fund," he predicted. (Adena itself, started under the Small Business Administration's New Markets Venture Capital Program, has a 10-year lifespan.)

Kevin Aspergren, manager of consulting services for the Voinovich Center, said OU students are already heavily involved in the center's economic-development work, and "students will continue to be involved" with the projects stemming from the new funding.

Aspergren said the center is already supposed to be doing economic development in all 19 southeast Ohio Appalachian counties, but as a practical reality, gives extensive service to "probably 10 of them, touch another five, and get sporadically into another four." The DOD grant will help change that, he suggested.

Gellermann and Weinberg said that from the network of contacts developed in their economic-development efforts, they already have a good idea of some startups that could benefit from the new funding. Their past work "has left us with a very strong pipeline," Weinberg said.

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