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BY RUSSELL GARLAND

Nearly a decade ago, a group of community leaders decided to focus on Cleveland's economic future instead of its past.

They wanted to make Northeast Ohio, once a center of industrial innovation, a good place to start companies again and were vexed by the fact that while Great Lakes pension funds, foundations and endowments were a major source of venture capital nationally, little of that money flowed back to the region.

Tapping state and private funds, the group set out to create an ecosystem to encourage innovation and entrepreneurship. JumpStart Inc. is a centerpiece of that effort. It's a nonprofit business accelerator providing entrepreneurs with financing and advice as well as promoting economic development initiatives and running outreach programs to encourage entrepreneurship.

Its venture capital unit, JumpStart Ventures, looks to finance technology, health-care and clean-technology companies at the earliest stages to get them to the point where they can attract money from angel investors and venture firms. JumpStart Ventures gets half its money from Ohio's Third Frontier economic development initiative and half in matching grants, primarily from foundations in Ohio. It doesn't invest for financial returns. "Follow-on funding is our key metric that we look at," said JumpStart Ventures President Rebecca Braun.

As a measure of JumpStart's success, she said that her venture group has invested \$16.5 million into almost 50 companies since its launch in 2004 and those companies so far have raised about \$120 million in follow-on rounds.

One of the companies JumpStart backed in 2006, CardioInsight Technologies Inc., raised a \$6 million Series B financing earlier this year from prior investors Case Technology Ventures and Draper Triangle Ventures. The Cleveland-based company, which was started in 2005 by two doctoral students at Case Western Reserve University, is developing cardiac-mapping technology.

Another company, Cleveland-based OnShift Inc., a developer of employee-scheduling software for businesses such as nursing homes that work in shifts, received a staged financing from JumpStart, North Coast Angel Fund and Early Stage Ventures. JumpStart put in an entrepreneur in residence, "a take-charge, no-nonsense manager" who helped the company sign up 60 customers in less than a year, said Jonathan Murray, the managing director who led

the deal for Cleveland-based Early Stage last September.

Murray said JumpStart has a very rigorous process for evaluating business plans and can "take the early stuff and filter it," allowing other investors to concentrate on the most promising ideas.

But Murray said JumpStart is only part of the effort to boost innovation in Cleveland. Early Stage itself, which was launched in 2001 with a grant from Ohio and now manages two funds totaling \$100 million, is a piece of the puzzle as is the North Coast Angel Fund.

Since he moved to Ohio in 1998, Murray said start-ups in the state have been raising substantially more venture capital. In 2004, when JumpStart Ventures made its first investment, there were 13 equity investments in venture-backed companies in Ohio; in 2008 there were 54, according to VentureSource, which is owned by Dow Jones & Co., publisher of The Wall Street Journal.

Braun said the biggest challenge facing JumpStart Ventures is the contraction of the venture industry nationally, making it harder to raise later rounds.

But Braun, who is from the Boston area, said Cleveland will establish itself as a leading center of innovation. "I really have achieved the conviction of the converted," she said. "To recognize that, we always have to work harder than (Boston's) Route 128 or Silicon Valley."

