



Small Business Incubator Certification Program

2021 Annual Report



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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. Common goals of incubation programs include 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. 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.

Early incubation programs focused on a variety of technology companies or a combination of light industrial, technology and service firms (mixed use). Over time, 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% of incubator clients graduate each year.

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, 2021, in order to qualify for the tax exemption from the sixth through the 10th year, the tenant must make at least 75% 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 10 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 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 work with the Legislature to promote and benefit business incubation. OkBIA meets quarterly at incubator locations across the state. In 2021, OkBIA formed a book club and its members are reading "Business Made Simple". There are currently 34 OkBIA members.

In addition to supporting the incubator community, OkBIA encourages entrepreneurship by sponsoring the Most Promising New Venture Award from the Oklahoma Venture Forum. The 2021 award co-recipient was Watkins-Conti Products, Inc., a startup woman-owned business located at the AXIS – Francis Tuttle, a certified incubator.

Oklahoma Department of Commerce and Incubators

The role of the Oklahoma 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.

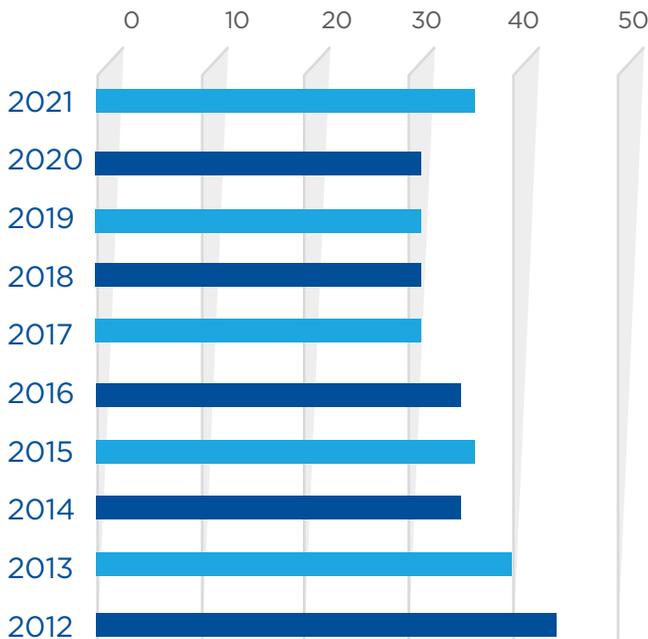
Oklahoma Incubator Program Growth

36 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.

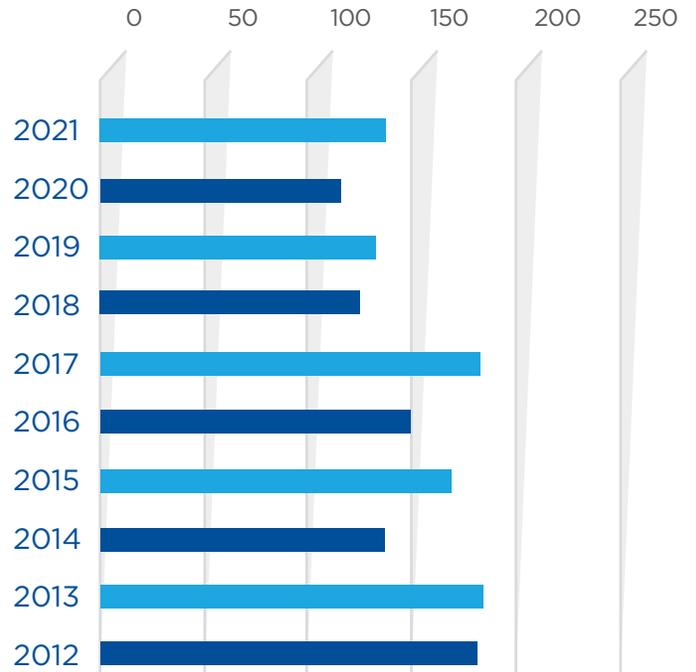
During 2021, Oklahoma incubator managers were asked to complete a questionnaire to document their activities for the current reporting period. Based on the information received from the responding incubator managers:



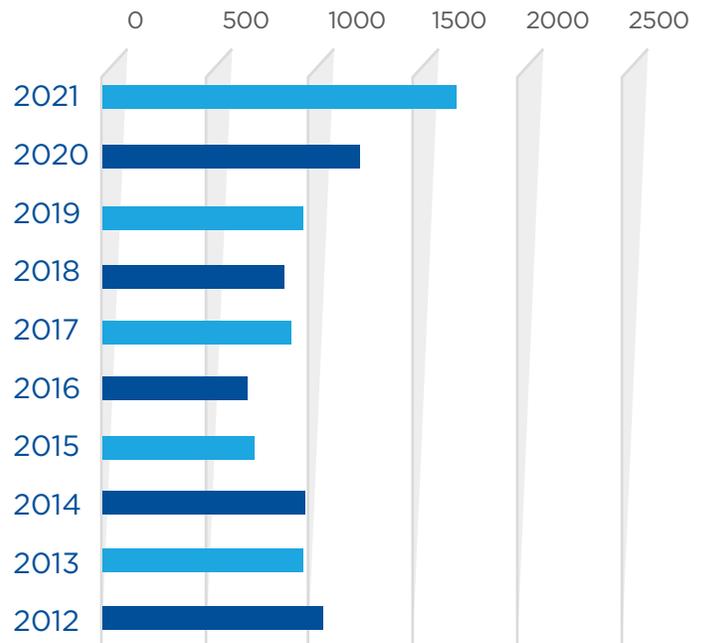
NUMBER OF INCUBATORS



NUMBER OF SMALL BUSINESSES LOCATED IN INCUBATORS



NUMBER OF JOBS CREATED BY INCUBATOR CLIENTS



More than 1,000 small businesses have located in a small business incubator throughout the life of Oklahoma's Certified Small Business Incubator Program.

More than 500 of those have graduated from the program or relocated to a larger facility.

1,692 people are currently employed by 274 of the graduated businesses that remained in the state.

New Spaces and New Places



Startup 405, located in Norman, recently moved to the new Chamber of Commerce facility. The new space has 2,000 square feet and can house six incubator tenants.

36 Degrees North opened a certified incubator on the fifth floor of the Tulsa City Hall. The incubator, at 48,000 square feet, has the capacity to house 35 incubator tenants and is focused on attracting high-growth, tech-enabled startups. More than 100 guests attended the grand opening in September.

Central Oklahoma Business & Job Development Corporation opened a one-tenant capacity incubator space in Cushing. Commerce certified the space in May and COBJDC is actively marketing the space for a tenant.

Meridian Technology Center has certified a second location at the soon-to-open South Campus located in Guthrie. The 12,500-square-foot, state-of-the-art facility will have the capability to house 13 tenants for mixed-use startup companies. The locations received certification in November.

Francis Tuttle-Edmond recently welcomed the certified incubator formerly called “The Launch Pad” to a new CareerTech location on Danforth Road in Edmond. Branded as AXIS – Francis Tuttle, it offers 9,700 square feet of state-of-the-art space that can accommodate 10 tenants.



2021 Recertified State Incubators:

LX Business Studio Incubator

(Oklahoma City, affiliated with the University of Central Oklahoma) completed their first 10-year recertification.

Pioneer Technology Center Incubator

(Ponca City) completed their second 10-year recertification.

Tri-County Tech Incubator

(Bartlesville) completed their third 10-year recertification.

Central Oklahoma Business & Job Development Corporation

(Drumright) completed for their third 10-year recertification.

The Riata Startup Experience

(Oklahoma State University in Stillwater) completed their first 10-year recertification.

Startup 405

(Norman) completed their second 10-year recertification.

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

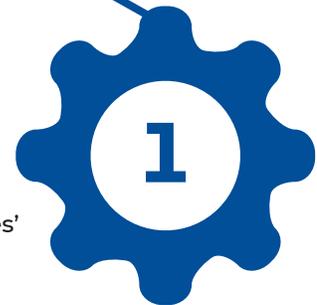
Develop stakeholder support, including a resource network, that helps the incubation program's client companies and supports the incubator's mission and operations

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

Certificated Incubator Success Stories

▶ Oklahoma's incubators have many success stories. The examples below are just a few for 2021.



City Thunder and Sysco. Respond Flow plans to use the \$2.5M investment to focus on growing their development and sales teams, with the goal of creating a larger footprint in Tulsa.

Their success is made extra special by the fact that two of the venture capitalists leading the seed round, Atento Capital and Cortado Ventures, are neighbors with Respond Flow at the incubator! There are few things cooler than member companies making valuable connections within the community that result in huge growth for their startups.

Respond Flow

**36 Degrees North
Tulsa**

Respond Flow, a software startup in Tulsa, recently announced that they've secured \$2.5M in a seed round led by Mercury, Atento Capital, and Cortado Ventures. Respond Flow steers users through the complexities of mass text message compliance to avoid fines and confidently connect with their customers. What started as a hard-working team of four at Basecamp has grown to a well-oiled machine, raising millions of dollars in funding and scaling their team at the incubator.

Respond Flow's success comes from finding a niche in the market. It is one of the only platforms that can lift the burden of SMS compliance from small- to medium-size businesses. They streamline the process so that other businesses can send personal and trustworthy text messages, without the stress of ever-changing regulations that often result in massive fines or even a total shutdown.

Because of their 97% delivery rate, Respond Flow has landed huge clients like the Oklahoma

Speak Now Productions

**Pioneer Technology Center (PTC) Business
Incubator
Ponca City**

Founded in 2016 by brothers Luke and Ben Garrison, Speak Now Productions is a premier full-service marketing agency, specializing in commercial video, advertising, social media management and custom drone work. Luke attended Northern Oklahoma College and obtained his degree in Music Theater, which laid a foundation for his future career in film, entertainment and marketing. A natural entertainer as well, Ben has always focused on the more technical side of their craft, spending hours of spare time editing film. Together, they initially filmed weddings, but opportunities in advertising and a viral police lip sync video soon catapulted the small "hobby" business to bigger things. Ashley Ballinger joined the team as Film Production Assistant and was later promoted to Creative Director. This growth brought them to the PTC Incubator in 2018. In 2019, as they began to expand their services, they hired a Director of Social Media Management, requiring additional space in the

PTC Business Incubator. Speak Now has grown exponentially, with roughly a 250% increase in revenues.

Red Clay Studios

The Forge Incubator Tulsa

Red Clay Studios was founded in late 2020 with the intent to build industry soundstages, and bolster film infrastructure, with a focus on diversity within the state. Red Clay's first initial success — to foster a new and monumental film bill in the state — was signed by Governor Stitt on August 3, 2021, instating the first ever Oklahoma Film Day.

Red Clay was a key element in assembling Oklahoma's first-ever film network, the Oklahoma Motion Picture Alliance. Since the passage of the new incentive, Red Clay Studios has produced two features and more than seven worldwide promotional videos for Marvel and Disney. Red Clay is currently in development on two Sony TV series and is in the process of building state-of-the-art soundstages. Upon officially opening its doors in May, Red Clay had the opportunity to work together with TEDC and The Forge, as they aided in Red Clay's growth potential, providing office spaces for its six employees. By keeping management overhead low and taking advantage of the Forge's co-working space, Red Clay has been able to surpass set goal lines.

Heading into 2022, Red Clay Studios is producing a multi-million-dollar television series for Sony with scheduled film features and additional TV series on the horizon. One of Red Clay's objectives is inclusivity and providing opportunities and resources to other local artists. Red Clay is partnering with Tulsa FMAC to produce pro-bono music videos for local artists. Red Clay Studios is committed to helping make Oklahoma one of the next large production hubs in the United States and bringing awareness to Tulsa's diversity and vibrant community of artists.



Strides

Riata Startup Experience – Oklahoma State University Stillwater

Since joining the Riata Startup Experience, formally accelerate OSU, Rachel Brown has had the opportunity to work with trained professionals, mentors, faculty/staff, and other students to develop her venture, Strides. The purpose of Strides is to help individuals struggling with mental health to take one step at a time toward a place where they can say “If I can do this, I can do anything” primarily by increasing their physical activity.

Rachel launched a beta test of the Strides app in early April and has added a few new members to her team. Rachel is also continuing to compete in numerous business competitions and placing in most. Recently, she placed third in the OSU App Center Competition.

Mike Conn Coaching & Consulting, LLC

Duncan Center for Business Development (DCBD) Duncan

Mike Conn Coaching & Consulting, LLC started in the DCBD Incubator in April 2021. Since then, he has partnered with 10 community organizations ranging from businesses, to churches, to non-profits, totaling 126 business leadership sessions. As a consultant, Mike Conn focuses on helping people feel valued. In

addition to businesses and the local chamber of commerce, Mike Conn also partners with schools to help students navigate their social/emotional issues. Since April, he has partnered with seven schools around the state. The goal is for students to feel seen and valued by their community, and for employees to feel seen, trusted and valued by their employer. By also working with the Duncan High School - Pathways to Future Careers, he is mentoring a high school senior to learn to be a public speaker as she helps with his program.

Additionally, he launched “The People Podcast with Mike Conn” and the “For Teachers Podcast with Mike Conn” in the past year. His passion for people of all ages feeling seen and valued is second to none, and he is bringing communities together across the state.

4RPups

The Strate Center at Astry Technology Center Enid

4RPups moved into the Strate Center for Business Development in October of 2016. It is a part of The 4RKids Foundation, which is a nonprofit organization that provides support and opportunities to children and adults with special needs in northwest Oklahoma. Their mission is to promote community awareness of individuals with disabilities and to provide vocational, educational and social/recreational opportunities for these individuals. The nonprofit successfully operated in the Strate Center until launching into their own brick and mortar in March 2021.

Oklahoma Certified Incubators Map



Incubator	Location	Square footage of incubator	Tenant capacity	Number of current tenants in incubator	Number of current jobs in incubator	Type of businesses targeted	Support services offered to tenants
Southwest Technology Center Business Incubator	Altus	1,250	4	0	0	Aviation, Manufacturing	Computer network, phone service, business planning assistance, marketing assistance, conference room
Northwest Technology Center	Alva	772	2	0	0	Mixed-use	Computer network, phone service, business planning assistance, marketing assistance, conference room
Tri-County Tech	Bartlesville	14,000	15	4	7	Mixed-use	Business planning assistance, marketing assistance, conference room, fax/copier
Rogers County Industrial Development Authority	Chelsea	10,000	2	1	17	Manufacturing, Food, Fabrication	Business planning assistance, marketing assistance, conference room, customized training
Central Oklahoma Business & Job Development Corporation	Cushing	725	1	0	0	Mixed-use	Business planning assistance, marketing assistance
Central Oklahoma Business & Job Development Corporation - North Settle Drive	Drumright	10,000	10	0	0	Office, Light Manufacturing	Business planning assistance, marketing assistance, conference room
Central Oklahoma Business & Job Development Corporation - Virgil Anderson Drive	Drumright	2,200	1	1	5	Office, Light Manufacturing	Business planning assistance, marketing assistance
Duncan Center for Business Development	Duncan	12,000	23	8	415	Mixed-use	Computer network, phone service, business planning assistance, marketing assistance, conference room
AXIS Powered by Francis Tuttle	Edmond	9,700	10	7	22	Mixed-use	Computer network, business planning assistance, marketing assistance, conference room
The Strate Center at Atry Technology Center	Enid	18,000	12	6	12	Mixed-use	Computer network, business planning assistance, marketing assistance, conference room
Major County Economic Development Incubator	Fairview	8,400	6	4	28	Manufacturing, Health, Technology	Computer network, phone service, business planning assistance, marketing assistance, conference room, legal + insurance advisory, fax/copy/administrative assistance
Caddo Kiowa Business Development Center	Fort Cobb	4,805	4	3	242	Mixed-use, Light Manufacturing, IT	Computer network, phone service, business planning assistance, marketing assistance, conference room
Meridian Technology Center Business Incubator - South	Guthrie	12,500	13	0	0	Mixed-use	Phone service, business planning assistance, marketing assistance, conference room, consulting, training
Artist Incubation, Inc.	Guymon	200	2	1	1	Artists	Computer network, phone service, business planning assistance, marketing assistance, conference room

Incubator	Location	Square footage of incubator	Tenant capacity	Number of current tenants in incubator	Number of current jobs in incubator	Type of businesses targeted	Support services offered to tenants
Hobart Business Incubator	Hobart	20,000	1	1	39	Mixed-use	None
Rogers County Industrial Development Authority - Mike Powers Blvd.	Inola	12,000	3	0	0	Manufacturing, Distribution, Service/Supply	Business planning assistance, marketing assistance, conference room, customized training
Rogers County Industrial Development Authority - Summerlin Drive	Inola	9,000	2	2	5	Manufacturing, Food, Fabrication	Business planning assistance, marketing assistance, conference room, customized training
Center for Emerging Technology and Entrepreneurial Studies (CETES) at Cameron University	Lawton	2,091	5	3	62	Technology	Computer network, phone service, business planning assistance, marketing assistance, conference room, co-sponsored events, faculty assistance, networking
Great Plains Technology Center	Lawton	28,000	21	12	369	Light Industrial/ Manufacturing, General Office, Artists	Business planning assistance, marketing assistance, conference room, government contract procurement, safety/environmental
Startup 405	Norman	2,000	6	3	5	Financial Technology, Weather + Radar, Biosciences, Women/Veteran/ Native American/ Minority-led businesses	Computer network, phone service, business planning assistance, marketing assistance, conference room
Acorn Growth Companies	Oklahoma City	6,000	7	0	0	Aerospace, Defense, Intelligence, Space	Computer network, phone service; business planning assistance; marketing assistance; conference room; legal and tax guidance; regulatory support, insurance
LX Studio Business Incubator at the University of Central Oklahoma	Oklahoma City	14,400	11	0	0	Learning, Education	Computer network, phone service, business planning assistance, marketing assistance, conference room, consulting, prototype and testing assistance
Project 3810	Oklahoma City	45,000	35	5	30	Product-based	Computer network, phone service, business planning assistance, marketing assistance, conference room, shipping/ mailing facility, forklift, training service
Rogers County Industrial Development Authority	Oologah	10,000	2	2	8	Manufacturing, Food, Fabrication	Business planning assistance, marketing assistance, conference room, customized training
Pawhuska Business Development Center	Pawhuska	14,000	12	6	9	Mixed-use	Computer network, conference room, fax/ copier

Incubator	Location	Square footage of incubator	Tenant capacity	Number of current tenants in incubator	Number of current jobs in incubator	Type of businesses targeted	Support services offered to tenants
Pioneer Technology Center	Ponca City	5,740	8	3	9	Service, Light Manufacturing, Wholesale, Food Production	Business planning assistance, marketing assistance, conference room, government contract assistance, leadership development, fax/copier, 3D printer, coordinate measuring machine
The LINK	Sand Springs	7,000	12	4	10	Mixed-use	Business planning assistance, marketing assistance, conference room
Seminole Business Development Center Incubator	Seminole	91,000	2	2	32	Mixed-use	Conference room
Meridian Technology Center Business Incubator	Stillwater	25,000	18	12	44	Mixed-use	Phone service, business planning assistance, marketing assistance, conference room, consulting, training
Riata Startup Experience Program (RSX) - Oklahoma State University	Stillwater	1,053	40	11	18	Oklahoma State University students, faculty and staff startups	Computer network, phone service, business planning assistance, marketing assistance, conference room, specialized workshops, mentors, access to external business plan competitions
Central Oklahoma Business & Job Development Corporation	Stroud	10,000	1	1	1	Manufacturing	Business planning assistance, marketing assistance
Tonkawa Business Incubator	Tonkawa	9,000	4	1	8	Mixed-use	Business planning assistance, conference room
36 Degrees North	Tulsa	48,000	35	18	222	High-Growth, Scalable, Tech-Enabled	Computer network, business planning assistance, marketing assistance, conference room, expert office hours, mentorship program, professional development, community building events, connections to workforce resources, contact with venture capital/funding partners
Hemphill Create	Tulsa	100,000	15	8	25	Mixed-use	Computer network, phone service, conference room, fork lift
The Forge	Tulsa	900	7	3	15	Technology, Tech-Enabled Services, Minority- and Women-Owned Businesses	Computer network, business planning assistance, conference room, connections to capital providers
Northwest Technology Center Business Incubator	Waynoka	4,688	3	0	0	Mixed-use	Business planning assistance, marketing assistance, conference room



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