



THE ENTERPRISE CENTER

ANNUAL REPORT - 2016 -

CHATTANOOGA, TENNESSEE



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This annual report documents the work of The Enterprise Center (TEC) in its second year (July 2015-June 2016) since naming new board and staff leadership and adopting a new mission and strategies. The Enterprise Center is a non-profit organization with a local board of directors and a public serving mission. It is located in the Edney Innovation Center in the heart of Chattanooga's downtown Innovation District.

THE ENTERPRISE CENTER TEAM

Ken Hays
President and CEO

Nancy Tucker
Executive Assistant

Mary Stargel
Edney Program Manager

Tim Jones
*Edney Floor Five
Events Coordinator*

Claire Wickenden
Marketing Assistant

Alexander Leffew
Step Up Intern

Aubrian Watson
UTC Intern

Ashton Mitchell
UTC Intern

CONSULTANTS

Ann Coulter
Strategic Planning

Kelly McCarthy
Sammy Lowdermilk
Tech Goes Home

Andrew Rodgers
*Technologist in
Residence*

Cacky Calderon
*Applications and Research
Manager*

BOARD MEMBERS

Chairman:
David Belitz, CEO
Lupton Company

Ted Alling, Partner
Lamp Post Group

Calvin Anderson, Senior VP
BlueCross BlueShield TN

Steve Angle, Chancellor
UT-Chattanooga

Sheila Boyington, Co-Founder
Thinking Media

Ben Brown, Partner
Alderman Holdings

Zac Brown, Hamilton Co. Dept of
Education, Assistant Superintendent
for School Operations

Mickey Cloud, VP
Vayner Media

Sydney Crisp, VP of IT/
Customer Solutions, UNUM

Bob Farnsworth, President/CEO
PlayCore

Sheldon Grizzle, Partner
Spartan Ventures

Rick Hitchcock, Shareholder
Chambliss Law Firm

Liz Kennedy, MD/Neonatologist
Hamilton Medical Center

Dr. Kirk Kelly, Interim Superintendent,
Hamilton County Schools

Bill Kilbride, President/CEO
Chattanooga Area Chamber of
Commerce

Kristina Montague, Co-Founder
The Jump Fund

Sarah Morgan, President
Benwood Foundation

Keri Randolph, Hamilton Co. Dept
of Education, Director of Innovation

Daniel Ryan, Web Developer
Dryan

Flora Tydings, President
Chattanooga State Community
College

David Wade, President
EPB

Kim White, President/CEO
River City Company

Ex-Officio Members:

Moses Freeman, Chairman
City Council

Chester Bankston, Chairman
Hamilton County Commission

Jonathan Welch, Chairman
Hamilton County School Board

Mayor Andy Berke, City of
Chattanooga

Mayor Jim Coppinger, Hamilton
County

LETTER FROM THE CHAIRMAN & PRESIDENT

The 2015-2016 year at The Enterprise Center was marked by exceptional achievements for the Innovation District, for Tech Goes Home, and for Chattanooga's prospects as a national test-bed for gigabit and smart-grid enabled technology.

- The Edney Innovation Center opened as the new home of TEC, Co.Lab and Society of Work and by the end of June housed 38 companies, 31 Society of Work members, and 12 Gig Tank teams.
- District development took off with over 200 units of housing under construction, the city preparing to undertake a \$12 million upgrade of Miller Park, Plaza and Patten Parkway, reopening of UTC's Mapp Building, ArtsBuild, 701 Cherry Street, and completion of one of the largest murals in the U.S.
- Tech Goes Home graduated its 1,000th participant; helping over 600 households across Hamilton County bring the internet into their lives, their homes and into the education of their children.
- An Applications and Research program dived into facilitating grant applications from researchers around the US for test-bed projects in Chattanooga for public health, transportation, safety and education. ORNL announced it is basing researchers in Chattanooga to fulfill the potential of our digital assets to help solve the problems of the nation's future.

As we look back at this year we want to celebrate the people who are helping make these things happen. So here is to an engaged and supportive board of directors, the dedicated and energized people on every floor of The Edney, our innovation anchor EPB, City and County Government leaders and staff, the Benwood and Lyndhurst Foundations, community partners from the churches hosting Tech Goes Home, to large institutions such as UTC and Chattanooga State.

Here is to others helping make the Innovation District a success, River City Company, The Lamp Post Group, Co.Lab, The Library, Public Education Foundation, Causeway, ArtsBuild, Bessie Smith Cultural Center, The Chamber of Commerce, private developers and start-ups, coffee shops, bars and restaurants, CARTA and bike share, Nightfall and Jazzanooga. And these are just the local folks! Our national partners and supporters mentioned in this report have also been invaluable.

Any success we have had this year is due to all these friends and partners and because of the great spirit and dynamic culture of our city. Our commitment is to make the upcoming year as successful as the past one and with partners like ours, this won't fail to happen.

Sincerely,

Ken Hays, President and CEO

David Belitz, Chairman

VISION + MISSION

Vision – a better city and a better world because of Chattanooga's unique integration of world class connected technology with a dynamic culture of innovation and entrepreneurship.

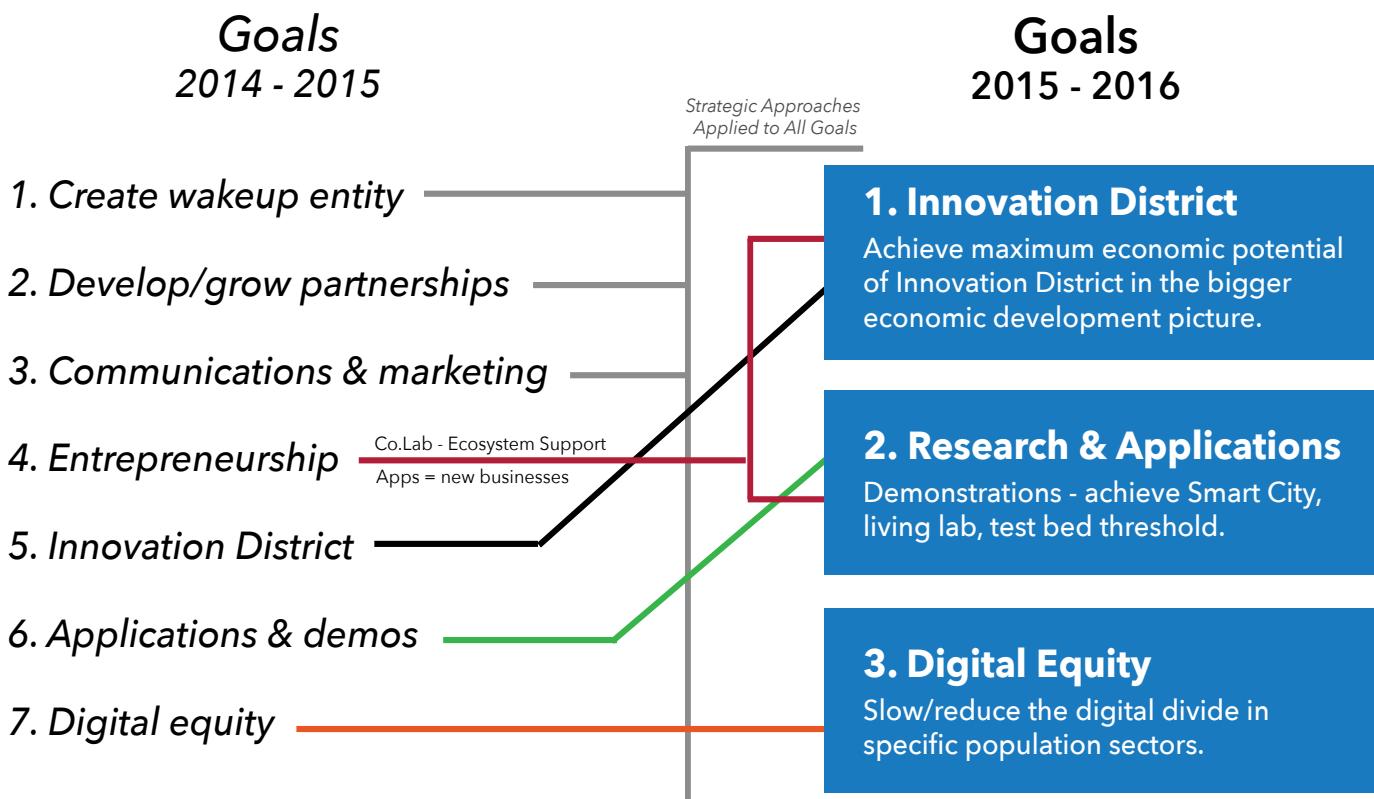
Mission – To establish Chattanooga as a hub of innovation, improving people's lives by leveraging the city's digital technology to create, demonstrate, test, and apply solutions for the 21st century.

Core values - we believe:

- Information technology and innovation are driving the new global economy.
- In working together collaboratively.
- Equity and inclusion must be hallmarks of our work.
- Chattanooga's unique character and spirit are key advantages for a leap into the new economy.

2016 STRATEGIC GOALS

After taking stock of its first year of operation, TEC staff and board members combined and narrowed their set of seven start-up goals originally articulated in the Chattanooga Forward Gig, Entrepreneurship and Technology Task Force Report to a more focused set of three goals.



This report will focus on these broad goal areas - development of a downtown Innovation District to catalyze the local innovation economy, advancement of Chattanooga's potential as a laboratory and test-bed for gigabit and smart grid enabled applications, and promoting digital equity for the benefit of all Chattanoogans.



INNOVATION DISTRICT

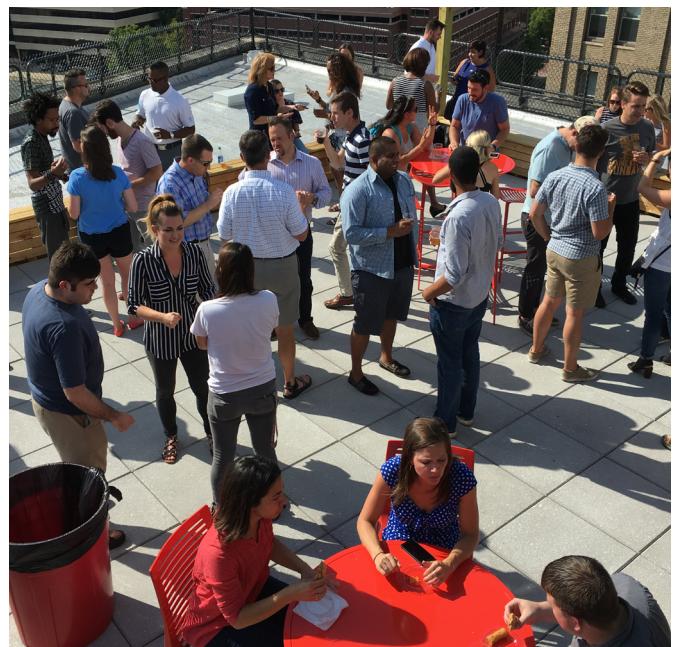
As the 2015-2016 year began, TEC had just accepted the proposal of a local firm, DEW Edney LLC to be the developer of the Edney Innovation Center in the heart of the downtown Innovation District. Work to renovate the building began rapidly and by mid-September, Co.Lab and TEC moved into the building, with Co.Lab taking the primary office space on the first floor, and hosting the building's first official gathering during Start-up Week. Society of Work, the city's first co-working space followed shortly as Floor Six was finished.

By the end of the fiscal year in June, 2016, and still under renovation, the Edney was 50% leased and 40% occupied with 38 companies in addition to the 31 members of Society of Work and TEC and Co.Lab.

As soon as TEC moved in, active programming began on Floor Five to ensure the majority of the floor would serve its primary mission to be the active collision space and gathering center for the building, the district and the innovation and startup economy. In the nine months ending in June 2016, 960 events had been held on Floor Five with 15,858 total attendees. These gatherings include repeat scheduling of groups such as CHA Dev, A Million Cups, Creative Mornings, and Innovation Happy Hour, and other singular events such as visits from out of town delegations, workshops, training sessions, receptions, etc.

Floor One, 2,200 square feet on the corner of Market and 11th Streets is leased by TEC for eventual use by the public. In the planning phase now, it will be a unique street level space offering food and beverages and will provide a curated program of art, technology and learning that engages the public, prototypes new ideas, and attracts people of all backgrounds and interests.

Completed at the very end of June 2016, the 755 square foot Edney roof deck is now ready for use by building occupants and guests.



In addition to The Edney Innovation Center coming on-line, below are other noteworthy events and advancements in the district in the past 12 months.

Events and Recognition

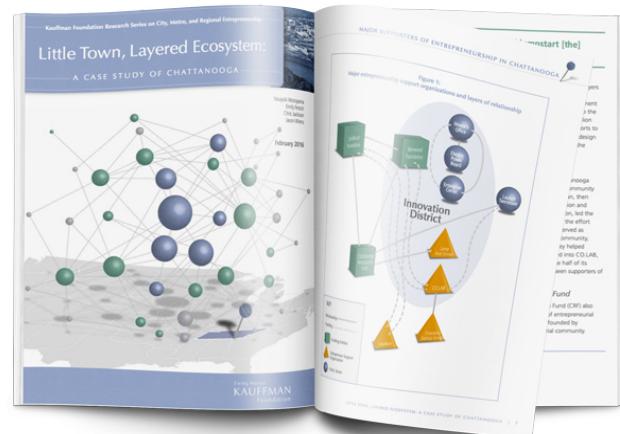
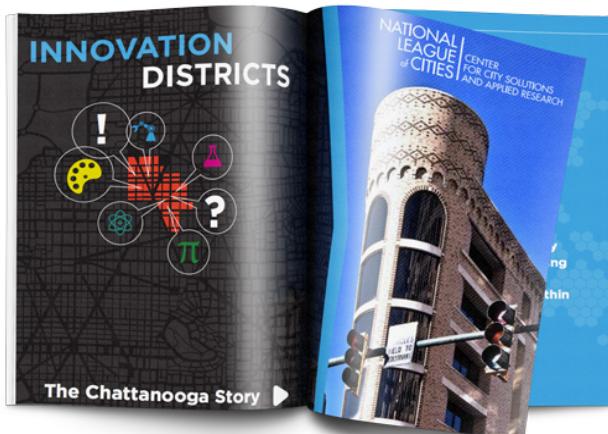
Startup Angels: Angel Summit US – This global platform for new angel investors to learn about startup investing and for expert investors to learn about new markets brought more than 200 leaders to the Innovation District in the fall for the organization's second US summit.

Vayner Media – In July, Vayner Media, a social media agency for Fortune 500 companies with offices in New York, San Francisco and Los Angeles opened its fourth national office in Chattanooga's Innovation District.

Bruce Katz – In September, Bruce Katz, VP and Founding Director of the Metropolitan Policy Program at the Brookings Institution spoke to a packed audience at the Bessie Smith Cultural Center praising Chattanooga's unique place among cities with Innovation Districts, led by the city's gigabit assets, Edney Innovation Center and farsighted local leadership.

NLC Case Study – Early in 2016, the National League of Cities Center for City Solutions and Applied Research issued a case study: *Innovation Districts: The Chattanooga Story*, describing the first Innovation District in a mid-sized city and noting the factors making Chattanooga a notable example for other cities.

Startup Week – This week long fall celebration and exploration of the full breadth of the startup phenomenon exploded in its second year in the Innovation District with packed venues and activities from morning through night. Startup Week Basecamp is located at Miller Plaza.



INNOVATION DISTRICT CONTINUED

Physical Improvements

701 Cherry Street – This building on the site of the original Krystal Restaurant and later Krystal headquarters was renovated by Fidelity Trust as the Innovation District's newest technology company occupied building. Tenants include Chattanooga startups OpenTable, and Whiteboard.

Miller Park District Improvements – A city selected design firm began work on plans to re-envision downtown's three major public parks, Miller Park, Miller Plaza and Patten Parkway, all in the Innovation District as a set of uniquely engaging public spaces for Chattanoogans of every walk of life. Renovation begins later in 2016 for a 2017 completion.

UTC Mapp Building – This former state office building that significantly extends the campus footprint into the Innovation District re-opened in 2016 to house UTC's Occupational and Physical Therapy programs and with a commitment by UTC to provide space for innovation directed programming once plans are complete.

ArtsBuild – Cultural offerings continue to expand in the Innovation District, anchored on the east side of the district by the new home of ArtsBuild on the corner of 11th and King Streets. This historic building also provides offices for other arts organizations and businesses.

MLK mural – The city and the ML King neighborhood celebrated the completion of one of the largest murals in the U.S., marking a signature accomplishment for Chattanooga's Public Art Program. Wrapping around all four sides of the AT&T building at 300 M.L. King Blvd, the mural tells the past, present and future of the historic Martin Luther King District. The work was created by nationally acclaimed muralist Meg Saligman and a team of local artists.

728 Market – Construction began in late 2015 on Chattanooga's largest downtown building in over a decade for a ten story apartment building with 125 units and office space made possible through the efforts of River City Company.

Fleetwood Coffee Building – Located in the eastern section of the Innovation District, renovation was complete in 2016 on this historic building, providing a mix of apartments, and offices.

Tomorrow Building – Vacant for years, the historic John Ross Hotel on the NW corner of Patten Parkway is being converted by Lamp Post Group as 39 micro unit apartments, the first coliving residence in the Southeast.

Clemons – This former office building on Chestnut Street began leasing and selling 55 apartments and condos in 2016 and is completing ground floor commercial space.



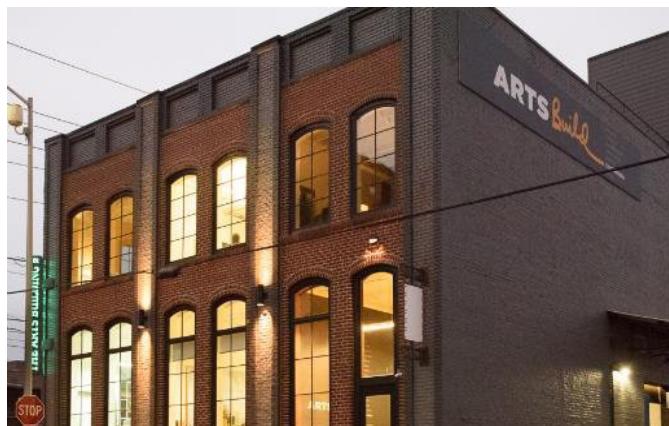
701 Cherry Street



Miller Park



Tomorrow Building



ArtsBuild



MLK Mural



728 Market



Fleetwood Coffee Building



The Clemons

RESEARCH & APPLICATIONS

This year, TEC set out to deliberately maximize the city's potential to attract a wide range of researchers to use the City's smart grid and gigabit assets as a test bed and living laboratory for the development of next generation products, processes and services. A two-year work program was adopted by TEC to target specific applications and research outcomes. Assistance in funding this program was provided by the Benwood and Lyndhurst Foundations and by EPB.

Building on the successful GENI Rack based applications from last year such as the 4K Camera and Microscope connection between the Chattanooga STEM School and the University of Southern California, efforts are underway to expand this kind of educational resource to other local schools and settings.

Working with EPB and UTC and using TEC's relationships with such institutions as ORNL, the National Science Foundation, U.S. Ignite, and the University of Southern California, TEC has facilitated the submission of a number of grant applications in the last year with the prospect of attracting significant funding. Four applications have been filed with NSF by UTC faculty for various projects using the city as a test bed, and one from a researcher at the University of Texas, Richardson. Three grants have been received from Mozilla to support and expand projects using 4K video streaming, 4K microscopes and virtual reality. US Ignite has funded TEC \$90,000 over a three year period to support the development of new applications for high speed bandwidth, and has provided partial funding for a microscope and 4K camera valued at \$25,000. A previously funded NSF project using the city as a test-bed is now in the process of deploying sensors for a project to monitor and communicate health related components of air quality.

A strategy of advancing applications and research toward eventual business and job growth is a long term one with lengthy lead times, but the potential benefits are significant and far-reaching. Few if any cities are in a position to have the kind of research and computational assets of our smart grid and gigabit network so close to and in partnership with a National Lab. In the last year this partnership has made great strides, with ORNL readying a staffed office in Chattanooga to advance the city as a test-bed, particularly in the areas of energy, cybersecurity, and advanced manufacturing. TEC, as a public-private partnership designed to assist such partnerships for the overall benefit of the city and county is helping move the agenda forward.

As this fiscal year closed, Chattanooga was featured nationally at an 1800 person U.S Ignite Summit Smart Community Week event in Austin TX. In addition to demonstrating the 4K education pilot between the Chattanooga STEM School and USC, two other demonstrations grabbed national attention. One was live streaming of 4K video from the Tennessee Aquarium to a large screen at the conference (similar to one piloted this year at the Chattanooga Airport) facilitated by the work of Nokia and ng Connect. The other was use of LOLA technology to enable musicians at the Chattanooga Public Library and in Austin TX 1,000 miles apart to play music in real time together over the Internet. At this conference, Chattanooga received one of only 15 Smart Cities Communities Award, given this year for the first time by U.S. Ignite.

DIGITAL EQUITY

Tech Goes Home Chattanooga, TEC's first effort to begin addressing community issues of digital equity completed its first full year of operation in 2016.

Tech Goes Home addresses three core issues related to the digital divide:

Education – by providing a 15-hour curriculum allowing participants to realize the applications of the Internet in their daily lives

Hardware – upon completing the class, participants may purchase a new laptop for \$50

Low cost connectivity – participants are able to enroll in one of a few options for low-cost Internet access

Initial pilot sites were selected in part because of their proximity to economically disadvantaged areas of the community and included churches, schools and neighborhood centers. Program staff efforts at outreach to various communities around Hamilton County resulted in reaching the milestone of 1,000 program graduates in spring, 2016. This was made possible by the generous funding of City and County Government, local corporations and gifts from the general public in a crowdfunding campaign.

In the 2015-2016 fiscal year, 996 individuals representing 673 families participated in Tech Goes Home. New Chromebooks and iPad minis were distributed to 668 households and 135 households signed up for low cost internet access.

Six month and annual surveys of graduates indicates that 91% have maintained Internet access at home, 100% continue to use their device to go online, computer skill rating increased from 4.3 (out of 10) to 7.4 at the end of the course, and nearly 72% have pursued additional training online.

Students have ranged from three to 90 years old, 17% are over age 65, 72% are female, 76% are African American or Latino, 18% do not speak English fluently, and 76% earn less than \$30,000 per year.

At the end of 2015, Tech Goes Home Chattanooga received a national award as Most Promising New Plan from the National League of Cities.

FINANCIALS

For the most recent annual audit for TEC, [click here](#).



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Establishing Chattanooga as a hub of innovation, improving people's lives by leveraging the city's digital technology to create, demonstrate, test, and apply solutions for the 21st century.



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(423) 661-3300

enterprisecenter@theenterprisectr.org

www.theenterprisectr.org

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