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## New organization to drive Houston's innovation economy

Launches venture capital fund-of-funds to accelerate start-up growth

HOUSTON— Business, technology and civic leaders announced today the formation of Houston Exponential, a non-profit organization designed to bolster Houston's innovation ecosystem. The new entity was formed through a combination of the efforts of Mayor Turner's Innovation and Technology Task Force, the Houston Technology Center organization (HTC) and the Innovation Roundtable founded by the Greater Houston Partnership. Houston Exponential's mission is to accelerate the development of Houston's innovation economy by fostering a robust ecosystem that supports high-growth, high-impact startups.

"Houston Exponential will convene key players in the innovation ecosystem to focus on near and long-term strategies needed to transform Houston into a world-leading hub for innovation," said Gina Luna, chair of the Governing Board of the new organization. "For Houston to compete nationally and globally, we must embrace this new strategy that addresses the region's innovation gaps and focuses on fostering the success of high-growth, high-impact startups."

Luna was chair of the Partnership's Innovation Roundtable and a member of the Mayor's Innovation and Technology Task Force. Dick Williams, former President of Shell Wind Energy and Former Chairman of HTC, will serve as interim President and CEO of Houston Exponential while the organization launches a national search for a permanent President and CEO.

The formation of Houston Exponential comes after a year-long study linking the Roundtable and Task Force's efforts. The organization will convene the various parts of the ecosystem to collaborate and drive the implementation of the Innovation Houston ecosystem study released earlier this year by the professional services company, Accenture.

"During my State of the City address earlier this year, I talked about how Houston was exploring the vast opportunities that are ripe for economic growth. Houston Exponential is a direct result of that effort. The world calls Houston a Knowledge Capital because of the incredible concentration of ideas and innovation



in our great city,” said Houston Mayor Sylvester Turner. “Technology innovation and a vibrant startup community are key drivers to Houston’s present as well as our future. Through this collaboration, we will create new, high-paying jobs, grow our startup and technology community, make accessing entrepreneurship capital available to all of our citizens, improve our quality of life, and lead this culture of innovation that inspires each and every one of us.”

“Innovation is Houston's bedrock. The city would have never thrived without the innovations it took to build the Ship Channel and the innovating that goes on every day in the energy industry, at the Texas Medical Center, at the Johnson Space Center and in the manufacturing sector. Now Houston is poised to take its place at the forefront of the American future in technology," added Mayor Turner.

Houston Exponential will work toward its mission by supporting a fund of funds to attract venture capital, helping to build an innovation district in Houston and attracting talent to the region, among other key endeavors. It will also promote Houston’s image, both locally and nationally, as a vibrant, innovation economy where startups thrive.

The plan for startup ecosystem development will initially focus on building critical mass in three areas of focus: industrial internet-of-things (IIOT), robotics and cybersecurity. Each of these focus areas for technology development and startup activity offer great potential for transformative change in key Houston industry verticals. The organization will form a number of committees and working groups, convening universities, incubators, entrepreneurs, technologists, corporations, investors, accelerators and other experts around the thematic technologies that can bolster the economy.

#### *Houston Exponential Launches HX Venture Fund*

Houston Exponential will also support the ecosystem by launching and supporting a venture capital Fund of Funds, HX Venture Fund. The primary goal of the Fund of Funds, a fund investing in venture capital funds, is to achieve an attractive return for investors, attract leading venture capital firms to bring their expertise and risk capital to the region, and create a pathway for innovation and information to flow between corporations, startups and innovators.

A fund manager and investment committee are in place to properly screen venture firms for placement of the funds. Guillermo Borda, a seasoned fund of funds manager, will serve as fund manager. He has held a variety of venture capital and private equity roles, including managing capital via large fund-of-funds for four of the largest public pension funds in the U.S. Insperity has generously committed to serve as Lead Sponsor for the Fund of Funds. As Lead Sponsor, Insperity has contributed the necessary runway capital to launch and support the daily operations of the fund through the formation period.

#### *Houston Exponential formed after 12 months of intense study and planning*

The Greater Houston Partnership convened the Innovation Roundtable in 2016 to help drive Houston’s innovation ecosystem forward. As part of this effort, Accenture conducted an in-depth study of Houston’s innovation ecosystem and those of peer cities across the country. The Innovation Roundtable took the



recommendations of the Accenture study, along with recommendations from the Mayor’s Technology and Innovation Task Force, to establish the structure and strategy of Houston Exponential. Accenture then developed the playbook for Houston Exponential following best practices models and tailoring them to the unique characteristics of Houston.

“There’s no doubt our clients, companies across Houston and the community at large see innovation as a key driver of growth,” said Brian Richards, managing director of the Accenture Innovation Hub in downtown Houston who led the development of the study and playbook. “We are excited about the tremendous opportunities Houston Exponential will create as it brings together diverse organizations to connect, attract and promote the overall innovation ecosystem of our city.”

Houston is the fourth largest city in the U.S., but is not ranked among the top 20 startup communities across the country by several measures including venture capital investment and number of startups. Based on the Kaufmann Foundation’s 2013 study of metros measuring high-tech startup density, Houston was the only U.S. city to drop out of the rankings altogether.

#### *Houston Technology Center*

Founded in 1998, HTC has been a hub for the entrepreneurial ecosystem, supporting technology innovation and operating an accelerator to drive Houston startups forward. “We’re extremely proud of the key role the HTC has played in the innovation ecosystem over the last 20 years,” said Charles Flournoy, HTC’s board chair. “We’re excited to take this next transformative step forward as Houston Exponential and to drive the mission to establish Houston as a world-leading hub for innovation.”

For more information and additional resources, visit [houstonexponential.org](http://houstonexponential.org).

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