

ECONOMIC DEVELOPMENT
AND INNOVATION

Annual Report

FY2018



raleigheconomicdevelopment.com

Raleigh



Our focus: Facilitating a world-class quality of life that is fulfilling, inspiring and prosperous for all.

Introduction

With great pride and accomplishment, we are presenting Fiscal Year 2018 annual report for the City of Raleigh's Office of Economic Development and Innovation (Raleigh ED&I). This report highlights many notable achievements as we continue progress in the pursuit of small business development and support; a healthy innovation and entrepreneurial eco-system; and a prosperous business attraction, retention and expansion program.

Being small but mighty, our team relies heavily on strategic partnerships to achieve the City's fullest vision of economic development. Captured in these pages, we share our success with partners who represent diverse sectors of our community. In addition to the many accomplishments featured in this report, we would like to highlight additional significant activities:

Under the leadership of the Mayor and City Council, we are expanding the focus and definition of our work to include equitable economic development. Equitable economic development unlocks the full potential of the local economy by dismantling barriers and expanding opportunities for low-income people and low-resourced communities. Through accountable public action and investment, equitable economic development increases quality jobs, entrepreneurship, ownership, and wealth.

Among our FY18 accomplishments, our office sponsored and participated in the first ever Black Entrepreneurship Week, where 250 individuals attended a full week of events intended to spur innovation and promote entrepreneurship. In addition, the Raleigh ED&I team was a participant in the first annual Southeast Raleigh Social Innovation Challenge – an event aimed at funding ideas to create jobs and spark economic growth in Southeast Raleigh.

As you read the report, it is our hope that you gain insight into the breadth and depth of our activities. Our team pledges to continue the quest for smarter, more inclusive ways of contributing to the local economy through equitable economic development coupled with strategic approaches to attracting new business, while supporting the vibrant existing business community that currently calls Raleigh home.

Thank you and we look forward to another amazing year together.





SXSW
Social Media
Impact: 2 million
impressions;
243,000 reach

Entrepreneurship and Innovation

THE CITY OF RALEIGH RECOGNIZES THAT A KEY PILLAR OF A STRONG AND DIVERSE ECONOMY IS THE ABILITY TO START, INNOVATE AND GROW BUSINESS. AS SUCH, RALEIGH ED&I FOSTERS INNOVATION AND ENTREPRENEURSHIP THROUGH STRATEGIC PARTNERSHIPS, INDUSTRY COLLABORATIONS AND SPONSORSHIP OPPORTUNITIES.

Internet Summit

In partnership with Wake County Economic Development, Raleigh ED&I exhibited at Internet Summit, the premier digital marketing forum in the Southeast. This conference, held in November, provided an opportunity to promote Raleigh as a key startup hub and market the area to tech and entrepreneurial talent, while also showcasing several of Raleigh's high growth startups, including:

- Dropsource
- Kurtosys
- Exit Intelligence
- RewardStock
- Forage.ai
- Stealz
- HQRaleigh

SXSW Interactive Tradeshow

The Raleigh ED&I team traveled to Austin, Texas, in March with partners at Wake County Economic Development, the Greater Raleigh Convention and Visitors Bureau, and the Raleigh Convention Center to attend South by Southwest's Interactive Tradeshow. The local delegation, as well as community leaders and organizations, promoted Raleigh as a top location for business and talent by focusing efforts on the six themes, including:

- **Growth** – Raleigh Mayor, Nancy McFarlane, participated in the Civic IO Mayors Conference
- **Talent & Higher Education** – Shaw University and NC State University Design School promoted local companies and job opportunities
- **Innovation & Entrepreneurship** – Representatives from PrecisionHawk and Oracle participated on panel discussions
- **Quality of Life & Tourism** – Award-winning chef, Ashley Christensen, participated in panel discussions and the SXSW Southbites collaborative dinner
- **Diversity & Inclusivity** – Shaw University hosted a delegation of students for a business plan pitch competition at Battle of the Brains; prominent female leaders Nancy McFarlane, mayor of the City of Raleigh, and Cindy Whitehead, founder and CEO of Raleigh's only women-focused incubator –The Pinkubator, participated in speaking opportunities
- **Makers & Consumer Products** – Local makers Videri Chocolate, Larry's Beans, Trophy Brewing, House of Swank, and The Veldt attended to showcase the quality of life and success of small business and entrepreneurs in Raleigh



Southeast Raleigh Innovation Challenge

Raleigh ED&I was a participant in the first annual Southeast Raleigh Social Innovation Challenge – a partnership between United Way of the Greater Triangle, Wake County, the City of Raleigh, and Southeast Raleigh Promise along with a team of community leaders. Aimed at funding ideas to create jobs and spark economic growth in Southeast Raleigh, the Innovation Challenge provided an opportunity for engagement among residents, small businesses, non-profits, faith-based groups, youth and other organizations to create solutions to economic and social issues that are both innovative and practical. The initiative included an initial pre-competition concept pitch, followed by the selection of semi-finalists that completed a six-week accelerator program then made a final business pitch. The first-place winner received \$30,000 to implement their plan.

Winning idea:

Word of God Christian Academy's Tech Career Pathways Program

- Will increase tech job skills and college prep for Southeast Raleigh students in grades 8-12.
- "Tech Ambassadors" will develop culturally relevant tech-related skills.



The entrepreneurial sector in Raleigh is growing exponentially. Many ingredients are in place and more resources are becoming available every year. The trajectory is strong and the quality of teams that applied to the RIoT Accelerator Program from across the southeast this summer proves that Raleigh is the place startups want to be. RIoT couldn't be happier to work with the City, local universities and industry partners to help grow the ecosystem."

-Tom Snyder, Executive Director, RIoT

All Things Open

Raleigh ED&I and Wake County Economic Development exhibited at All Things Open, an open source, open tech, and the open web conference, to promote Raleigh as a technology and innovation hub. Raleigh ED&I also sponsored a startup pitch competition. More than 3,200 people attended from 34 U.S. states and 19 countries.

RIoT Accelerator Program

Raleigh ED&I partnered with local Internet-of-Things organization, RIoT, in support of its 2018 Accelerator Program (RAP). The partnership funding included branding on RAP's public communications and marketing efforts, as well as promoting Raleigh as a permanent home for RAP startups after completing the program. The partnership allowed Raleigh ED&I staff to participate on the judging panel for RIoT's annual startup pitch night as well as on mentoring teams. Ten companies participated in the accelerator over the summer of 2018 and are poised to complete the program in the fall.

Communications technology firm, Bandwidth, IPOs

Raleigh-based communications software company, Bandwidth, made its initial public offering in November 2017, selling roughly 4 million shares and earning \$80 million. Raleigh ED&I's Innovation and Entrepreneurship Manager, Derrick Minor, attended the ceremonial opening bell with company representatives at the New York Stock Exchange.



159.1K SF
existing co-working space



82K SF
announced co-working space



\$398.8+ Million capital raised



Small and Minority-Owned Business Development

THE CITY OF RALEIGH PLACES A PRIORITY ON SMALL BUSINESS DEVELOPMENT. RALEIGH ED&I ENCOURAGES SMALL BUSINESS DEVELOPMENT BY INVESTING IN JOB CREATION OPPORTUNITIES AND BY COLLABORATING WITH ORGANIZATIONS AND RESOURCE PROVIDERS THAT PROMOTE ECONOMIC EQUITY THROUGHOUT OUR COMMUNITY.

Black Entrepreneurship Week

Raleigh ED&I was a sponsor and participant in the first annual Black Entrepreneurship Week hosted by the Innovation & Entrepreneurship Center — a partnership between Carolina Small Business Development Fund and Shaw University — in July 2017. More than 250 individuals attended a full week of talks, panels, and community building events intended to spur innovation and promote entrepreneurship. Raleigh ED&I's Business Retention and Expansion Manager, Tiffany McNeill, participated in the State of Innovation & Entrepreneurship panel discussion alongside other leaders from across the Triangle to discuss the state of innovation, resources for small businesses and opportunities for growth. Additional events held during the week included a local success stories panel discussion, fireside chats with women entrepreneurs, focus sessions on starting a growing a business and a pitch competition.

Business Resource Guide

The Raleigh ED&I team revised and relaunched the Business Resource Guide in April. The guide includes information pertinent to starting and doing business in Raleigh and includes new images, updated reference links, an expanded incubator and co-working space directory, new financial programs offered by the City of Raleigh and a listing of small business resource organizations. The publication is available in print and is also accessible online at www.Raleigh4U.com

LaunchRALEIGH

Initiated by the North Raleigh Rotary Club, LaunchRALEIGH focuses on supporting

entrepreneurship and small business in Southeast Raleigh. In partnership with Passage Home, Wake Technical Community College, Shaw University, St. Augustine's University, Raleigh SCORE, and Carolina Small Business Development Fund, Raleigh ED&I provided funding support and participated in training and networking events to support the development of entrepreneurs and small businesses through the LaunchRALEIGH model in FY18. During this time period, two cohorts -- representing 40 entrepreneurs and 38 companies -- participated in the program. The model has been so successful, two additional Wake County municipalities have committed to implementing the LaunchMyCity program with an additional four in the pipeline.

Raleigh Small Business Connect

Raleigh ED&I and Raleigh SCORE, in partnership with the Greater Raleigh Chamber of Commerce, Wake Technical Community College, Women's Business Center of NC and the Small Business Technology Development Center, hosted a free, full-day educational and networking event for entrepreneurs and small business owners at NC State University's McKimmon Center. Twenty five resource providers participated in the event, which was designed to support individuals interested in starting a business as well as existing business owners seeking ways to revive, grow, or diversify. Featured speakers for the event included the City of Raleigh's Mayor Pro-Tem Corey Branch; Brian Hamilton, co-founder and head of product development at Sageworks; Olalah Njenga, small business and strategy expert at the YellowWood Group; and Pamela Starr, professional speaker for Google's "Get Your Business Online Program." More than 200 people were in attendance.

National Small Business Week

Raleigh ED&I, in partnership with local small business organizations, hosted the first annual citywide National Small Business Week April 29-May 5. More than 200 people attended the kickoff event which featured keynote speaker Jason Mayden, former design executive for Nike and CEO and co-founder of Super Heroic, Inc, as part of the City's Connect Raleigh Lecture Series. Additional events hosted by the City included the following:

- Meet the Lenders, presented in partnership with the Greater Raleigh Chamber of Commerce, gave participants an opportunity to meet with key small business lenders, such as the Carolina Small Business Development Fund, SBA, Self Help Credit Union, Wells Fargo, and First Citizens Bank.
- Sharpen Your Skills Practice Your Pitch workshop, presented in partnership with the Greater Raleigh Chamber of Commerce, Women's Business Center of NC, and North Carolina Rural Center, provided attendees with an opportunity to sharpen their skills and develop a pitch for pitch competitions and investor meetings.

jobsRaleigh Grant Launched

In early 2018, Raleigh ED&I launched the jobsRaleigh Grant, a grant designed to support small businesses in Raleigh by funding expansion opportunities in target industries. In conjunction with the launch, Raleigh ED&I staff developed marketing materials to promote the new small business funding opportunity at tradeshow and conferences and digitally through social media and newsletters.

Building Up-fit Grant:



20
Grants
Awarded



\$411.6K
Funding

Industries represented include personal services, professional services, manufacturing, retail and startup operations

jobsRaleigh Grant:



5
Grants
Awarded



\$31.5K
Funding



17
new jobs

Industries represented include professional services, hospitality, retail and advanced manufacturing

Congratulations to FY18 small business grant recipients!

Adara Incorporated, Angel Oak Creative, Apex Outfitters, Calavera Holdings, Crank Arm Brewing Company, Deco Raleigh, Grafted Growers, Immunoreagents, JAKS Development Group, Loading Dock Raleigh, Logistics Healthcare Management, Louis Cherry Architecture, Media Two Interactive, The Mobile Kitchen, Open Door Yoga, Poyner YMCA, Royal Essence, RIoT/Wireless Research Center, Second Chance College of Barbering, Ship Outreach and Community Center, Track Out Kidz, Wicked Taco



Business Recruitment, Expansion and Retention

SINCE THE BEGINNING OF THE FISCAL YEAR, RALEIGH ED&I RECEIVED A SIGNIFICANT NUMBER OF INBOUND INQUIRIES FROM PROSPECTIVE BUSINESSES EXPRESSING INTEREST IN LOCATING OPERATIONS IN THE CITY. AS EVIDENCED BY THIS AND MORE THAN 3,200 NEW JOBS AND \$15.75 MILLION OF INVESTMENT ANNOUNCED IN OUR COMMUNITY, IT IS CLEAR THAT RALEIGH CONTINUES TO RANK AMONG THE TOP LOCATIONS TO DO BUSINESS.



100
projects

19
site visits

242
existing industry interactions

7,199
social media followers

New & Expanding Company Announcements

3,267
jobs

\$15.75M
investment

Announcements by Industry



Startup

5



Healthcare

2



Life Sciences

4



Professional Services

4



Other

8



Real Estate

3



Software/IT

28

* Industry-specific data points displayed above may not sum to the total number of announcements due to representation, in some cases, by both a primary and secondary industry.

Notable Announcements:

FilterEasy | Startup | 20 Jobs

An on-demand air conditioner filter service, FilterEasy, has relocated to a new office in downtown Raleigh and added 20 employees since its recent \$7 million funder. The company intends to use the funds to continue growing its operations and employment base. Currently, the company employs 70 at its 11,000-square-foot downtown Raleigh headquarters.

Hipra | HQ, Life Sciences | 10 Jobs

Spanish company, Hipra, announced plans to locate its U.S. headquarters on NCSU's Centennial Biomedical Campus. The company focuses on preventative pharmaceuticals exclusively for animals. Initially, the company will employ 10 locally, but has a long-term goal of expanding the functions to include sales, marketing and regulatory and establishing a production plant.

Infosys | Software/IT | 2,000 Jobs | \$8.7M Investment

Infosys, an India-based technology firm, announced plans to bring 2,000 jobs to Raleigh over the next 12 years. The new positions will pay an average starting salary of \$72,146 per year and include software developers, analysts, architects and other technology professionals for its outsourcing business.

Ipreo | Financial Services, Software/IT | 250 Jobs | \$2.1 M Investment

Financial services and analytics firm, Ipreo, announced that it will expand in downtown Raleigh, adding 250 new jobs at an average annual salary of \$66,720 and investing \$2.1 million. The talented workforce, strong university system and collaborative business environment were noted as important factors in the selection of Raleigh over Nashville, TN for this expansion.

PrecisionHawk | Startup, Software/IT | 100 jobs

PrecisionHawk, a Raleigh-based drone startup, has raised \$75 million from a large group of investors. The company plans to use the cash to fuel growth and hire an additional 100 employees for its Raleigh office over the coming year. The positions will include engineering and computer programming among others.

Victra | HQ, Retail | 250 jobs | \$4.95M investment

Victra, operator of more than 1,000 exclusive wireless retail locations, will locate its new headquarters in Raleigh, creating 250 jobs and investing \$4.95 million over the next five years. This will bring a variety of jobs to the Triangle, including executive, marketing, finance, human resources, operations, and legal positions, paying an average annual salary of \$93,000. Corporate officials cited the Triangle's diverse workforce and universities as key drivers in their decision to locate in Raleigh.

A large, curved, rusted metal sculpture, possibly a piece of art, dominates the left side of the page. It is set against a clear blue sky. Below it, a grassy field with a dirt path and a line of trees is visible. The sculpture is made of thick, curved metal plates that have been weathered to a rusty brown color. It forms a large, open arch. In the background, there are more similar sculptures and a dense line of green trees.

Public Relations Campaign


Raleigh ED&I's ongoing media partnership with Wake County Economic Development to elevate recognition of Raleigh and the region as a national and international destination to live and do business yielded 26 story placements over the last year. Nationally recognized media sources such as Forbes, USAToday, and NPR, featured stories on the city, its businesses and industries.

- Raleigh-based startups Pendo and Tethis were highlighted by Entrepreneur Magazine in the Top 20 among the publication's 100 Brilliant Companies list as being poised for sustainable success.
- 24/7 Wall Street ranked Raleigh tenth among the top 50 best cities to live in based on high marks across nine categories: crime, demography, economy, education, environment, health, housing, infrastructure, and leisure.
- The NC Museum of Art in Raleigh was highlighted among Brit+Co's top 50 getaways given the superior quality of its art installations and its large, 164-acre art park.
- Chief Executive Magazine featured Oceanworks, an innovative, ocean plastic recycling firm with a Raleigh-based research and development team, as part of an article on the future of American manufacturing.



Workforce Development

Raleigh ED&I supports workforce development efforts that enable companies of all sizes to grow and be competitive in our market. Through collaboration with academia, existing business and community leaders, our office seeks to understand the specific workforce needs of existing industry and facilitate talent initiatives to address those needs.



Over **74%** of the 525 companies surveyed expect to **add jobs** over the next three years.

Workforce Skills Analysis

The City of Raleigh partnered with Wake County Economic Development and Capital Area Workforce Development Board to fund the development, implementation, and analysis of a survey of regional industries. The survey was administered by Research Triangle Institute (RTI) in partnership with regional industry, and workforce and community stakeholders between September and November 2017. The survey received 525 unique responses from companies of all sizes, across 13 counties and from 10 industry sectors. Over 74% of surveyed companies expressed that they expect to grow in the next three years, ranging from small businesses looking to add up to 5 employees to large businesses looking to add over 1,000. The survey also revealed specific information on businesses' workforce skills and training needs. The survey results were presented to the broader business community and Raleigh residents in February at the Raleigh Convention Center.

Raleigh Pathways Center

In August, the City of Raleigh announced the launch of the Raleigh Pathways Center. Through programs and services developed with workforce partners, Capital Area Workforce Development Board and Wake Technical Community College, the Pathways Center will connect the public with training and resources to increase opportunities and provide pathways to success. Though the offerings at the Pathways Center will evolve, the City and its key workforce partners launched the following programs in FY18:

- IT Beginnings, a 12-week program targeting young adults ages 18-24 with limited technical skills, will afford participants the opportunity to earn an industry-recognized IT credential, as well as leadership and job skills.
- YouthBuild, a program offering education, training and work experiences to young adults aged 16 to 24 that are facing barriers to employment. Participants develop valuable construction skills while earning an industry-recognized construction credential and completing a GED or high school diploma.

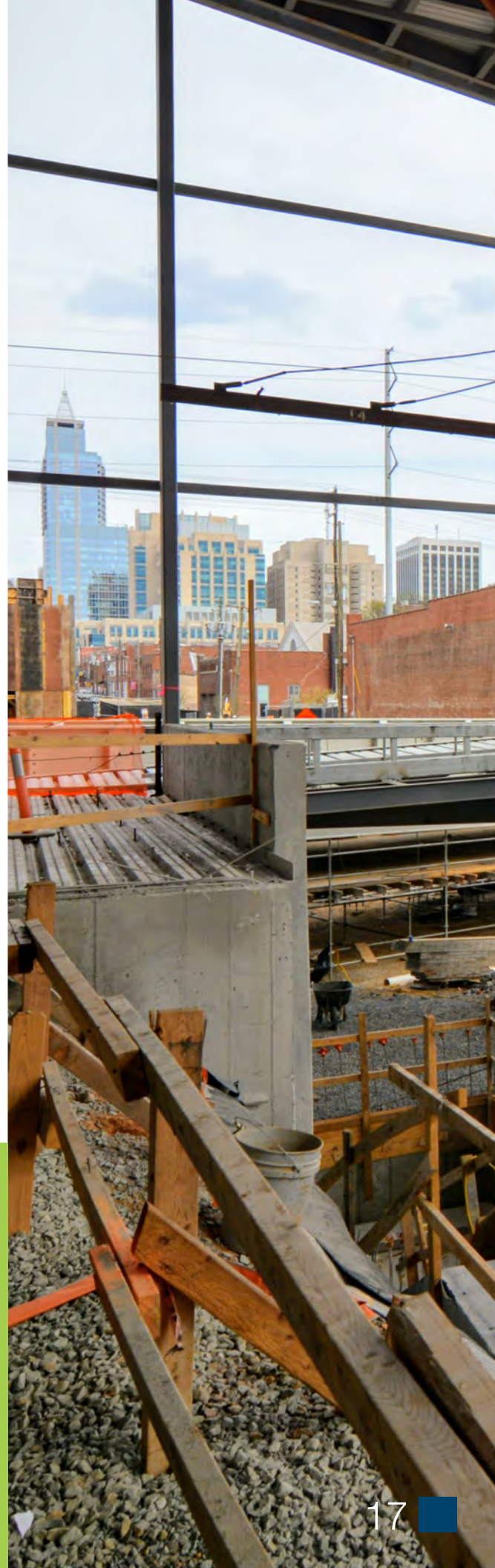
Industry Roundtables & Career Fairs

Over the past year, the Raleigh ED&I team has participated in multiple roundtable discussions and career fairs in support of industry-specific hiring and workforce development needs, including:

- **Construction Roundtable:** Hosted by the Association of General Contractors in September, this discussion focused on the needs of three construction divisions--building, highway, and utility.
- **IT Roundtable:** In May, Raleigh ED&I participated in a planning roundtable with workforce partners and industry group leaders from the local IT sector to identify key areas of opportunity to address the skills gap and workforce development needs.
- **Cleantech Career Fair:** In January, the City of Raleigh ED&I partnered with the Research Triangle Cleantech Cluster to sponsor a startup career table for six Raleigh-based small businesses and startups that were seeking hires.
- **Hospitality Job Fair:** City of Raleigh partnered with the Greater Raleigh Convention and Visitors Bureau and North Carolina Restaurant and Lodging Association to host a restaurant and hotel job fair at the Raleigh Convention Center in March, which attracted over 600 attendees.



41
WORKFORCE
REFERRALS



Thank you to our partners for your work in advancing economic development initiatives that create, grow and make prosperity attainable for all in our community.

Blue Ridge Corridor Alliance

Business Link North Carolina

Capital Area Workforce
Development Board

Carolina Small Business
Development Fund

Downtown Raleigh Alliance

Greater Raleigh Chamber of
Commerce

Greater Raleigh Convention &
Visitors Bureau

Hillsborough Street
Community Service Corp.

Innovate Raleigh

Innovation & Entrepreneurship
Center

Midtown Raleigh Alliance

NC State University

NC Rural Center

New Bern Avenue Corridor
Alliance

Passage Home

Raleigh Innovators Program

Raleigh SCORE

Research Triangle Cleantech
Cluster

RIoT

Saint Augustine's University

Shaw University

Small Business Technology
Development Center

Southeast Raleigh Assembly

Southeast Raleigh Promise

United Way of the Greater
Triangle

Wake County Government

Wake County Economic
Development

Wake Technical Community
College

Women's Business Center
of NC



ECONOMIC DEVELOPMENT
AND INNOVATION

raleigheconomicdevelopment.com



Raleigh