**Minnesota Technology Association**

CEO Report

Board of Directors Meeting

February 18, 2022

**OVERVIEW**

2022 is off to a great start from both a financial and programmatic perspective, enabled in no small part by the momentum of 2021. Financially, we’ve never been stronger, with a solid cash reserve and a more sustainable financial model grounded in valued programming and tech community impact. The programmatic changes we tested and adopted in recent years has created compelling peer-to-peer learning opportunities for the technologists we serve and MNTech is again recognized as a leading convener and trusted voice for Minnesota’s tech community. We are incredibly grateful for the many contributions of this board in elevating and amplifying our impact over the past two years.

With 5 of our 11 team members having only joined us within the last 60 days, it’s been a busy time at MNTech as we get everyone onboarded and up-to-speed in our work. I’m encouraged by the energy, insights, and perspectives coming from our new team members and look forward to all we will accomplish together in the year ahead. We are currently recruiting for two open positions ([Marketing & Communications Manager](https://minnesota-technology-association.rippling-ats.com/job/366819/marketing-communications-manager) and [Member Engagement Manager](https://minnesota-technology-association.rippling-ats.com/job/382778/member-engagement-manager)) and welcome any suggestions or referrals you can send our way.

In the pages that follow, we have summarized the status of key initiatives and programming ahead of Friday’s board meeting. We look forward to addressing any questions or concerns you may have at that time.

**1. MEMBERSHIP UPDATE**

* As you will see in the financial section, total revenue from membership dues in 2021 was $582,361 which was $29K higher than our $533,707 forecast. This positive variance was primarily fueled by membership dues from 42 new members added during the course of the year ($20K ahead of plan) and renewals from existing members running slightly ahead of forecast ($9k positive variance).
* Among the new members added last year were 12 large enterprises ($10K membership or greater) that had either ceased their memberships in prior years or joined for the first time. This includes 3M, Abbott, Ameriprise, Cargill, Entegris, Horizontal, Jamf, Pearson VUE, Polaris, Starkey, Surescripts, and U.S. Bank. We did not experience significant large enterprise non-renewals in 2021.
* For 2022, we are forecasting revenue from new members at $170K, an increase of $30K (21%) over the $140K in new membership revenue generated in 2021. This includes $62.5K of revenue carried over from new members that joined in 2021 and $107.5K of recognized revenue in 2022 from members joining over the course of this year.
* We are launching a new member outreach campaign this week targeting 37 larger tech-enabled organizations that represent an estimated $339k in annual membership dues. I will be looking for help from board members with warm introductions to senior leaders at a few companies and will be following up on this next week. We thank you in advance for any assistance you can provide in this regard.

**2.  PROGRAMMING**

With Leah Patton joining MNTech as our new VP of Programming and Member Experience on January 12th, she has hit the ground running to coordinate and plan programming for our various peer forums and communities-of-interest. Here is a brief update on some of Leah’s initiatives over the past month:

* **Peer Forums**
* Steering teams for the CIO, Security, Product Owners, Data, and Infrastructure/DevOps peer forums have met to establish each group’s cadence for the coming year and get their first events on MNTech’s calendar for 2022. We have an exciting series of events planned for Q1.
* The Service Desk and Internship peer forum groups that were created in 2021 have been unable to gain traction. We will be revisiting the viability of these forums and will look to either rebuild the steering teams, pivot in a different direction, or drop entirely.
* An advisory team for a potential new peer forum for Engineer Managers held a preliminary meeting last week to discuss different options for creating a peer community and how MNTech can facilitate. This group will be meeting again shortly to get initial events scheduled and build a broader network of peers.
* **MNTech Communities**
* The Advanced Technologies community is producing its next event at 3 pm on March 2nd featuring Valerie Bergman of Microsoft leading a conversation on modern data architecture called “Data Lakehouse, Data Mesh, Data Fabric…Oh My!” This event is open to all member companies and you can [register on our website here](https://mntech.org/event/advanced-tech-data-lakehouse-data-mesh-data-fabricoh-my/).
* Our Tech Careers 1.0 community (for those 0-7 years into their tech careers) has its first three months of events scheduled, starting with a session around navigating remote work and burnout scheduled for March 29th. This is one of our more active communities with the steering team maintaining a cadence of approximately one event per month, something we hope to sustain throughout this year.
* The Tech Talent steering team has been actively involved in the planning and execution of the Tech Talent Forum scheduled for March 3rd.  More information on this event is covered in the next section of this report.
* **ACE Leadership Program**

All 30 slots for the 2022 cohort of the ACE Leadership Program have been filled and we’re excited to welcome this group of emerging leaders to our kick-off session on March 10th. Based on feedback from our last two cohorts, sessions will be mostly virtual with a couple of in-person sessions and social gatherings included to build personal connections. Here is the 2022 schedule of sessions.

**Session 1 | March 10 -** Welcome to ACE & Leading in the New Decade: Tactics, Insights, & Core Competencies

**Session 2 | April 14 -** Decoding your Role as a Leader

**Session 3 | May 12** **-** Technology Leadership: Effectively Managing Change & Partnering with “the Business”

**Session 4 | June 9 -** Building & Sustaining your Leadership Brand

**Session 5 | July 14** **-** Community Leadership: Leading in the Broader Tech Community

**Session 6 | August 11** - Advanced Technology: Driving Innovation as a Leader

**Session 7 | September 8 -** Negotiation & Presentation: Negotiation Strategies, Owning the Room & Meeting Prep

**Session 8 | October 13 -** Project Presentations to MNTech Board & Celebration

* The small group strategy-based projects ACE leaders will work on will be designed to help local technology-focused nonprofits improve and amplify their impact. These nonprofit partners will pose a capacity-building question/challenge they seek help solving and our ACE teams will research the issue and make actionable recommendations.
* The newly established ACE Alumni Board is in the process of forming subcommittees and setting baseline goals for the year. The goal is to make sure ACE alumni are connected to each other and the MNTech community, have opportunities for continued leadership development and growth, and provide leadership to the broader Minnesota technology community.

**3. EVENTS UPDATE**

After producing 42 virtual events in 2021 drawing nearly 5,292 attendees and featuring 204 speakers, we are well underway with the planning and delivery of our 2022 programming. We have adopted a virtual-first approach to all events with an in-person element added for a handful of events where networking/celebration is a key objective. Here’s a brief update on some of our more significant upcoming events.

**A.** **TechTalent Forum**

Our 4th annual TechTalent event is scheduled for the morning of March 3rd starting at 8 am and running through to 12:15 pm and will be a virtual event hosted on Zoom. In addition to a series of breakout sessions following the themes of Hire, Inspire, Develop & Retain, there will be three general sessions including:

* An update on the state of tech talent in Minnesota
* A keynote by Ron Hetrick of Emsi Burning Glass on “The Demographic Drought”
* A conversation with CIOs on the Tech Inclusion Alliance initiative

We will also be featuring 13 local tech training partners that will be delivering short one-minute video infomercials on what they do, who they serve, and the skilled talent they are producing.

Tech Talent is free to all MNTech member companies and we encourage you to highlight this opportunity to appropriate members of your teams. Click on [**TechTalent**](https://mntech.org/community/tech-talent/techtalent-2022/)for the full agenda and registration.

Thanks to the sponsorship support of Optum, Target, and Thomson Reuters as Gold sponsors and a recent gift from Accenture, we are 97% of the way towards our sponsorship goal. If you have any suggestions as to others that might wish to sign on as a sponsor as we more broadly promote the event, please let us know and share [this link](https://mntech.org/sponsorships/) with more information.

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|  **Tech Talent Income** | **2022 Goal** | **To Date** | **+/-** | **% to Goal** |
| Sponsors | $37,500 | $36,500 | $1,000 | 97% |
| Registration | $2,500 | $500 | $2,000 | 20% |

1. **Women Leading in Technology (WLiT)**

We will soon announce the first of our four quarterly WLiT events featuring [Carol Keers](https://www.linkedin.com/in/carolkeers/) of [Change Masters](http://changemasters.com/) on Tuesday, April 19. Carol is an executive coach and author and will lead a conversation around “learning how to see yourself as others see you.”

The current plan for 2022 WLiT events is:

* April 19 – Virtual gathering featuring Carol Keers
* June – Virtual panel discussion is planned but may become a hybrid event. As WLiT makes its way back to in-person events, we may seek help from a company host with spacious indoor accommodations as well as outdoor area for reception.
* August – This will be a summer happy hour/networking event and we plan to contract with a venue (e.g. Pinstripes) when risk of cancellation due to COVID is lower.
* October - Ideally, WLiT will return to the Metropolitan Ballroom for its Q4 event.

Digineer and Nutanix have returned as Presenting Sponsors with SPS Commerce and Thomson Reuters returning as Annual Sponsors. Adding in a couple of single event sponsorships from Microsoft and a recent verbal commitment from Turnberry Solutions (formerly ThreeBridge Solutions) to be a new Presenting sponsor this year, we are close to achieving 67% of our annual sponsorship goal. Learn more about WLiT sponsorships [here](https://mntech.org/download/2022-sponsorship-guide/).

**C. Tech Connect**

After two years of virtual events, we intend for Tech Connect to be our first in-person event on Thursday, May 5, at the Saint Paul RiverCentre.

Given the spaciousness of the RiverCentre, we will have a lot of breakout rooms available and intend to have a number of educational sessions and discussion rooms throughout the day. Our call-for-speakers has resulted in 31 proposals which are now under review. We are looking to feature leading Minnesota companies leveraging technology in new and impactful ways and if there is something going on in your organizations you wish to highlight, please reach out to Patty Carruth or myself as we would love to hear your ideas. General sessions and key breakouts will be recorded for viewing post-event.

We wish to extend our thanks to Presenting sponsors, Optum and Thomson Reuters; to our Gold sponsors, Target and Qlik; and to our Silver sponsor Digineer (VIP Dinner). We are just over half-way towards our sponsorship goal and with registration beginning in less than a month, now is the perfect time to show your support for this signature MNTech event.

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|  **Tech Connect Income** | **2022 Goal** | **To Date** | **+/-** | **% to Goal** |
| Sponsors | $100,250 | $57,500 | $42,750 | 57% |
| Registration  | $66,900 | $0 |   |   |

Learn more about Tech Connect sponsorship opportunities [here](https://mntech.org/download/2022-sponsorship-guide/).

1. **CIO Forums**

The first of our four quarterly CIO Forums is this Thursday morning, February 17th. Dee Thibodeau continues to lead the planning of these events and per group consensus, the quarterly forums will remain virtual this year.

The topics and panelists for the 2022 forums are as follows:

* Feb 17: Talent Strategy
	+ Mortenson - Mary Lynne Perushek
	+ NorthMarq - Dave Kaercher
	+ UCare - Darin McDonald
* April 21: Value Creation
	+ Allina Health - Jonathan Shoemaker
	+ Kraus-Anderson - Tony Peleska
	+ Medtronic – Laura Groschen
	+ Surescripts – Mark Gingrich
* Sept 13: Privacy/Data Security
	+ Donaldson Company - Tammylynne Jonas
	+ MiTek – Faith Tang
	+ 3M - TBA
* Nov 3: Tech Trends
	+ BlueCross BlueShield - Chee Wong
	+ Cambria – Ben Davis
	+ Gap Tech – Heather Mickman
	+ Restaurant Technologies – Andy Dulka

In addition to the four quarterly forums, we are adding an in-person CIO Summer Social on Wednesday, June 15, at the O'Shaughnessy Distilling Company from 3:30-6:30 pm. This will be by invitation only to those with a CIO/CTO/CISO/CDO or similar title and limited to 100 people. More information to come on this event. And thanks to Digineer and Microsoft, we have achieved 88% of our sponsorship goal for the year and look to land a co-sponsor for the September event shortly to wrap this up.

1. **Tekne Awards**

The 2022 Tekne Awards are scheduled for the evening of Wednesday, November 16, in the main ballroom of the Renaissance Depot Hotel. 2022 award categories will be finalized in May. You can find the 2021 event replay, award categories, and recipients [here](https://mntech.org/2021-tekne-awards-winners/).

It’s not too early to be thinking about sponsorship packages or table purchases for this year’s award show. Lead sponsors to date include:

* Presenting: Optum, Target, Thomson Reuters
* Gold: Digineer
* Silver: Qlik and ProCircular

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|  **Tekne Income** | **2022 Goal** | **To Date** | **+/-** | **% to Goal** |
| Sponsors | $100,000 | $70,000 | $30,000 | 70% |
| Tickets (Opens in Q3) | $104,100 |  |   |   |

After two years of doing our best to create a celebratory environment in a virtual format, we’re eager to once again experience the vibrancy that comes with a live Tekne Awards gala celebration. Learn more about Tekne sponsorship opportunities on page 4 of our sponsorship guide [here](https://mntech.org/download/2022-sponsorship-guide/).

**4. TECH INCLUSION ALLIANCE**

With Caroline Karanja and two members of her Hack the Gap team joining MNTech over the past two months, we’ve made great progress towards developing an actionable plan for the TIA initiative and eager to have Caroline share more at Friday’s meeting.

We are tackling the tech skills and opportunity gaps we face in the Twin Cities by addressing both the supply and demand sides of the talent equation. This means expanding the pool of digitally skilled and employment-ready talent in the Twin Cities community (particularly Black, Hispanic, and Indigenous talent), while at the same time addressing issues related to employer-demand. This includes rethinking and redesigning technology hiring, development, and retention practices to better embrace the experiences and skills of marginalized groups. Just increasing the pool of talent is not enough – we need to modify historical corporate approaches to nontraditional talent as retention will remain problematic if we don’t patch leaks in our talent pipelines.

The TIA team is working on building a data-informed foundation to ensure impactful and measurable outcomes. This includes performing an Occupational Demand Analysis to better understand employer job and competency needs and how education and training programs can be better aligned with the roles needed by major employers of tech talent. Another foundational initiative is an ecosystem map of STEM programming and tech training organizations in the Twin Cities that will be supplemented with an interactive tool for employers, candidates, educators, students, parents, and others. We are grateful for the help being provided by Accenture in developing this tool and Target for the UX interface design.

We have identified 10-12 near-term initiatives in five broad workstreams to move forward this year and these initiatives will be shared next week with a group of 25 CIOs/CTOs that have expressed interest in being part of the Tech Inclusion Alliance. At this meeting scheduled for next Wednesday, February 23, from 7:30 – 8:30 am, we will also share our thoughts on what it means to be a TIA company and the resource commitments requested.

**5. PUBLIC POLICY & RESEARCH**

After two years without dedicated staffing leading and coordinating our public policy work, we welcomed Katie McClelland to our MNTech team on January 5th and she has already made a significant impact in just her first six weeks. Katie has developed a robust legislative agenda for the 2022 session and convened the board’s Policy Committee to set our MNTech priorities.

As you will see in the attached legislative agenda, this year’s top priorities are centered around Education & Workforce Development initiatives, especially those that support the work of the Tech Inclusion Alliance. Additional priorities include Broadband and Telecommunications, Business Development, Diversity, Equity and Inclusion, Intellectual Property, and the Unemployment Insurance Trust Fund.

We will also look to begin convening a broader group of policy and government affairs professionals to ensure MNTech is seen as a thought leader on tech-related topics, particularly as it relates to STEM education and workforce development.

On the research front, Katie is preparing to launch the Occupational Demand Analysis with TIA partner companies mentioned above to determine the most in-demand occupations to target for attracting new tech talent. The goal of this work will be to determine occupational and credential demands, discuss how education and training programs can be aligned with the roles needed by employers, and then partner with education and training partners, state and local agencies, and community-based organizations to provide relevant training and tech career pathways.

In addition to the occupational needs assessment described above, Katie will also be producing a quarterly report sharing current tech job data for Minnesota and an analysis of key tech talent trends.

**6. GRANT-FUNDED PROGRAMS**

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1. **SciTech Internship Program**
	* This month marks the 10-year anniversary of the SciTech Internship Program. Under the guidance and leadership of Becky Siekmeier, SciTech has placed more than 2,250 interns in 555 companies in 142 cities across the state, with 97% working in STEM fields for at least two years after graduating college.
	* We are celebrating this milestone with a month-long social media and blog campaign highlighting student alums and long-time employer participants. The first two features are available now:
		+ Tatem Rios, Intern: Tatem is a senior at the University of Minnesota in Chemical Engineering and first-generation college student. She had 3 internships at ISurTec and is headed toward a PhD program at MIT. Tatem helped SciTech secure funding for the current biennium by testifying in the Minnesota House and Senate in 2021. [See clips of the interview with Tatem here](https://scitechmn.org/celebrating-10-years-of-scitech-with-alumni-tatem-rios/).
		+ Laser Peripherals/Clarus Medical: These sister companies have hired interns every year since the program began in 2012. We had a great conversation with CFO Randy Gatzke about the power of internships.[See clips of the interview with Randy here.](https://scitechmn.org/celebrating-10-years-of-scitech-with-ceo-randy-gatzke/)
	* Learn more about last year’s success in the [SciTech 2021 Impact Report](https://scitechmn.org/wp-content/uploads/2021/12/2021-Annual-Report-for-web.pdf).
	* The 2022 program year began on September 1st and to date, 80 interns have been placed (34% BIPOC, 30% women, 53% underrepresented in STEM). We anticipate having enough funding to support 250-270 interns this year.
	* February is student recruiting season and we are attending dozens of virtual career fairs in addition to making presentations about SciTech to student groups to build the program’s candidate pool.
	* The SciTech team is working closely with the North Star STEM Alliance to produce a series of online job search workshops. The second workshop takes place on February 15th and focuses on how to write an effective cover letter. The third takes place on March 23rd and will feature the STAR interviewing method.
2. **Minnesota SBIR/STTR Accelerator**

The Accelerator, led by Pat Dillon, delivers knowledge, expertise, and support to small businesses to access federal research investments that advances innovative technologies into novel products and services with global impact. Some of Pat’s accomplishments from the beginning of the grant year on October 1st through January 2022 include:

* $1,049,071 won by four Accelerator startups
* $444,214 SBIR/STTR matching grants were awarded to 17 Accelerator startups leveraging $8,231,801 of SBIR/STTR funding
* $5.9 million requested by eight Accelerator startups
* 31 startups and small businesses submitted Accelerator applications
* 114 startups and small businesses assisted through a mix of business and technical assistance relating to the SBIR/STTR programs: business development, marketing research and analysis, competitive intelligence, financing strategies, cost accounting advice, budgeting assistance, grant management, proposal development, etc.

As shared in previous reports, we had hoped to move the SBIR/STTR program to the University of Minnesota last year but budget constraints and competing priorities precluded this from happening. Pat is now pursuing a strategy of creating her own entity, MNSBIR, Inc., to take on management of Minnesota’s FAST grant program and she has conditionally secured a $120,000 grant from the Minnesota Department of Employment and Economic Development to help make this happen. MNTech’s responsibilities related to this program will end on September 30th.

**6. 2021 FINANCIAL REVIEW**

As previewed in our December meeting, 2021 turned out to be an outstanding year in terms of financial performance as we ended the year with net income of $247,948, far surpassing the $10,196 for which we had budgeted. The primary driver for this large variance was the extraordinary gain of $183k generated as our PPP loan from the federal CARES Act was forgiven in full last August. Even without the benefit of the PPP windfall, we generated $65K in net income from operations, marking a return to profitability after six years of losses.

Driving this positive result were higher than budgeted membership revenue ($29K positive variance) and net margin from events ($52K positive). On the following page is a summarized version of our 2021 income statement with the more detailed statement included elsewhere in your board packet. The 2022 budget numbers are discussed in the following section.



**7. 2022 FINANCIAL PLAN / BUDGET**

Our proposed 2022 budget reflects our desire to more aggressively invest in mission-aligned initiatives such as the Tech Inclusion Alliance, to strengthen our policy and research capabilities, and deliver valuable programming and impactful events to our member companies and broader tech community.

MNTech staff met with the board’s Executive Committee on January 21st and presented an extensive budget package for review. This included detailed monthly membership forecasts for new and renewing members, event projections outlining expected attendance, sponsorships, and production costs, compensation detail for all existing and planned team members, as well as forecasted inflows and outflows from grant-funded programming. After discussing key budget assumptions and the overall financial impact, the Executive Committee voted to recommend approval of the 2022 budget numbers as presented in this packet.

The 2022 budget calls for a $570K increase in total revenue over 2021(after backing out loan forgiveness), with $112K coming from increased membership revenue, $228K from larger event revenue, and $230K from increased grant revenue.

New membership revenue is projected at $170,000 and is a function of remaining dues revenue from members that joined in 2021 as well as new member revenue realized in 2022. This is built from a monthly forecast derived from a targeted member outreach plan. Our renewal numbers are budgeted at a retention rate of 88% (same as 2021) and due to the strong growth last year, our renewal budget is $523,921, bringing the total membership revenue forecast to $693,921.

The 2022 event revenue budget assumes most events will be held virtually with only a few (e.g Tech Connect, Tekne Awards, CIO Panel) projected as in-person events with a virtual component. We have budgeted for an ACE class of 30 people, which it looks like we will exceed. Grant and STEM program activity will see an increase in revenue with funding for the TIA initiative accruing throughout the year. SciTech is budgeted for $831K based on legislative funding and the SBIR FAST program grant is budgeted through September. Total budgeted income is just over $2.6 million.

On the expense side of the equation, the 2022 budget calls for a 38% increase in staffing costs as we have added 4 new positions this year (with new TIA roles mostly funded through a $225 thousand gift from Target Corporation) and adjusted some salary levels to reflect market realities.

Event expenses are in line with previous experiences for both virtual and in-person events. If we are unable to hold Tech Connect and Tekne Awards in-person due to lingering COVID issues, the net financial result would be positive due to lower costs while maintaining sponsorship support. With total projected expenses at approximately $2.6 million, it leaves us with a relatively slim profit of $13,300 for the year.

As a nonprofit with no profit incentive beyond what is required to build a financial reserve, we strive to invest as much as possible in the programming that propels our mission forward. With $248K of net income last year augmenting what was already a solid cash reserve, we believe the investments we are making in people and programming in 2022 are appropriate and warranted. That said, we will closely monitor forecasts for the year and adjust expenses as needed in the event of any unforeseen downturn in revenue.

We look forward to discussing the 2022 budget and addressing any questions or concerns at Friday’s meeting.