

# Minnesota Technology Association

## CEO Report

Board of Directors Meeting

May 20, 2022

### OVERVIEW

2022 is off to a bumpier start than I would have hoped, due in no small part to staff turnover and open positions, forcing many team members to flex and support programming initiatives in unanticipated ways. Thankfully, we made it through the past few months without significant issues and I believe we are now well-positioned to deliver on our potential for the balance of the year. I look forward to sharing more in this regard during Friday's meeting.

Financially, net income for the first four months of the year is \$33K behind plan based on \$895K of total revenue through April 30<sup>th</sup>. This is almost entirely attributable to lower-than-expected new membership revenue, which is running \$35k behind plan and is discussed in the membership update section below. Our balance sheet is strong with \$723K of cash in the bank and a net equity position of \$646K.

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, we are tracking well below plan in membership revenue through April, booking \$451,671 against a budget of \$514,101, a negative variance of \$62,430 (12%).
- Renewal income is tracking \$27k below plan mostly due to timing of receipts. We currently have over \$70k in open renewals through April that have yet to be paid, with the vast majority being historically solid members that we have no reason to believe will not renew.
- The bigger issue is slower-than-expected revenue from new member revenue where we are running \$35K behind plan. We have welcomed ten new member companies to MnTech over the course of the last few months (including Arctic Wolf, Donaldson, and Thrivent), but this needs to pick up considerably in the coming months if we are to achieve our 2022 goals. We do have \$26K of potential new memberships that have been invoiced based on positive communications with companies such as Allina, APi Group, Ovative, Google, and DRC, and look forward to these organizations coming in as new members.
- While I had intended to dedicate significant time and effort to new member recruitment in the months of March and April, this unfortunately didn't turn out to be the case. Staff

turnover left a significant void as it related to programmatic leadership and support, forcing me to be far more involved in program delivery at a time when I had hoped to focus on top-line revenue growth. With our new VP of Programs, Joel Crandall, joining MnTech on April 25<sup>th</sup> and several significant events and initiatives behind us, I look forward to dedicating increased time to new member recruitment and sponsorship growth in the coming weeks.

## 2. PROGRAMMING

As mentioned in the previous section, we weren't operating at full strength from a programmatic perspective in the first quarter as our Member Engagement Manager, Jackie Spiess, departed at the end of January to start a software developer career at Travelers, and the VP of Programming we hired in January, Leah Patton, found the role to be too overwhelming and chose to leave in late March. While we were able to keep the wheels on in Q1 from a programming perspective, it was a sub-optimal experience.

Fortunately, we were able to recruit an outstanding individual to join MnTech as our new VP of Programs, Joel Crandall. In just three weeks on the job, Joel is already making a significant impact as he is not only keeping the trains running, but addressing the future of programming at MnTech at the same time. Here are a few themes and perspectives that have emerged from Joel's initial assessment:

- ACE is well attended, well reviewed, and well supported by executives. There is an opportunity to **sharpen and accelerate ACE cohorts**.
- Peer Forums and MnTech Communities have created meaningful engagement opportunities in some instances and fallen flat in others. There is an opportunity to **create a stronger template** of how MnTech can support these groups to fly or fail fast.
- Events have been a large part of MnTech's engagement strategy historically. Attendance and engagement in virtual events have become more challenging, while our in-person Tech Connect event earlier this month offered some glimmers of hope albeit on a smaller attendance scale. There is an opportunity to use both models with a **clearer strategy around event outcomes desired** to determine how to flexibly proceed.
- Data around engagement and event participation has been carefully tracked historically. There is an opportunity to **use data to improve member experience** and better understand highest value offerings on which to focus.
- Alignment of programming activities is difficult to achieve in a member service organization. There is an opportunity to **clarify the programming we provide and the why behind it** to help individuals from member companies to rapidly understand what we provide and how to access it.

To empower these strategies, we are moving forward with staffing to support these efforts.

- Short-term: We will engage with an individual or company to help tighten our flow of data in and out of CRM and to ensure documentation for upcoming events is clear and easy to follow.

- Next two months: With the departure of Jackie Spiess and the upcoming retirement of Patty Carruth, we need to add permanent members to our team.
  - Member engagement manager – This individual will have three primary activities:
    - Oversee connection work with our 30 largest partner organizations. Our goal is to ensure that companies have internal teams or infrastructure in place to drive participation throughout the organization.
    - Accelerate our ACE Leadership work. This person will create stronger systems to support applying, attending, mentoring and project work for ACE Leaders.
    - Support Peer Forum and MnTech Communities that are succeeding and thriving.
  - Marketing and events specialist – This individual will have three primary activities:
    - Support the MnTech team and steering committees in terms of identifying event locations, handling speaker logistics, and scheduling for important meetings and deadlines.
    - Work in collaboration with our Marketing Manager to pull data from our systems to drive outreach, and to ensure registration data is flowing back into our system to enable event logistics and future connections.
    - Manage event logistics with outsourced partners including A/V, catering, and location staff.
- **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 events on MnTech's calendar for 2022.
  - An advisory team for a potential new peer forum for Engineer Managers held a preliminary meeting 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 hosted a successful event on data lakes and data fabrics led by Microsoft on March 2<sup>nd</sup> and is looking to plan its next event.
  - The Tech Talent steering committee successfully planned and executed the Tech Talent Conference in early March and we look forward to leveraging this group to help inform programmatic initiatives related to how we inspire, hire, develop, and retain tech talent in Minnesota.

- WLIT will be hosting its first in-person gathering in several years on June 21<sup>st</sup> at the Metropolitan Ballroom.
- **ACE Leadership Program**
  - **Recently:** The 35 ACE Leaders in our 2022 cohort have completed three sessions focused on leading leaders and executive communication. Thank you to several board members who have already spoken to the group as parts of panels.
  - **What’s next:** ACE Leaders will be paired with mentors over the next month and plans will begin for project work ACE teams will undertake as part of their learnings.
  - **In the future:** We are evaluating tightening the focus of the program to allow it to take place over six months rather than the current eight. This will allow two cohorts of ACE Leaders per year to gain this valuable experience.

### 3. EVENTS UPDATE

#### A. Tech Connect

Tech Connect was held in-person on Thursday, May 5, at the Saint Paul RiverCentre. With slightly over 300 registrations, we were pleased to see 271 in attendance for our first in-person event in more than two years.

This year’s conference featured three general sessions, 23 breakouts, 20 exhibitor booths, and a Cinco de Mayo happy hour to end the day. A post-event survey showed a high level of satisfaction with the speaker selection, venue, and overall feel of the event. The Net Promotor Score was a solid 82 from those that completed the survey.

We wish to extend our thanks to Presenting Sponsors, Optum and Thomson Reuters; Gold sponsors, Target and Qlik; Silver sponsor Digiineer (VIP Dinner); and 7 Bronze sponsors: Appian, Crossfuze, MentorMate, OutSystems, RSM, Snowflake, and Verizon.

Tech Connect Income	2022 Goal	Actual	+/-	% to Goal
Sponsors	\$87,500	\$87,500	Goal met	100%
Exhibitors	\$12,750	\$8,900	(\$3,850)	70%
Registration	\$66,900	\$32,830	(\$34,070)	49%

We had budgeted for 400 attendees at higher registration rates than we ultimately charged, leading to the revenue shortfall above. We are awaiting final bills but anticipate total expenses to come in approximately \$10k under budget, likely resulting in net income of \$50k for this year’s event versus a \$78k goal. While not hitting our financial goals, we are pleased overall with the quality of the event and eager to build on this next year.

#### B. Women Leading in Technology (WLIT)

WLIT is scheduled to return to its first in-person event on Tuesday, June 21, at the Metropolitan Ballroom. The topic will be focused on networking—a fitting theme—and a panel discussion is planned.

Digineer, Nutanix, Travelers, and Turnberry Solutions are Presenting Sponsors for WLIT this year. Annual sponsors include OST, SPS Commerce, and Thomson Reuters, with Microsoft sponsoring two of the four WLIT events. Event sponsorships are still available at \$1500 per event.

WLIT Income	2022 Goal	Actual	+/-	% to Goal
Sponsors	\$46,500	\$42,000	(\$4,500)	90%

Learn more about WLIT sponsorships [here](#).

### C. CIO Forums

Two of the four CIO Forums are now complete with two additional scheduled for fall:

- Sept 13: Privacy/Data Security
  - Donaldson - Tammylynne Jonas
  - MiTek – Faith Tang
  - 3M – Tris Lingen
- Nov 3: Tech Trends
  - BlueCross BlueShield - Chee Wong
  - Cambria – Ben Davis
  - Gap Tech – Heather Mickman
  - Restaurant Technologies – Andy Dulka

All of the 2022 CIO Forum sponsorships are sold out thanks to Digineer, Microsoft (2 events), Appian, Horizontal Talent, Qlik (2 events) and Nasuni.

CIO Forum Income	2022 Goal	Actual	+/-	% to Goal
Sponsors	\$16,000	\$16,500	\$500	103%

In addition to the four quarterly forums, a CIO/CTO Summer Social will take place on Wednesday, June 15<sup>th</sup>, at the O’Shaughnessy Distilling Company from 3:30-6:30 pm. We already have 37 RSVPs for what should be a great evening of networking and learning about a new style of American whiskey in the Irish tradition. Qlik is the sole \$15k sponsor of this networking event.

### D. Tekne Awards

The 2022 Tekne Awards are scheduled for the evening of Wednesday, November 16, in the main ballroom of the Renaissance Depot Hotel. This will be the 25<sup>th</sup> anniversary of the Tekne Awards and if by chance this becomes the last year we choose to produce this event, I’m hoping we can do so after delivering a first-class celebration.

We are working to realign 2022 award categories as well as the process by which honorees are selected. Last year we started out with 16 award categories in three broad groupings (same as

2020) before reducing the number to 13 based on lack of applicants in certain categories. You can find the 2021 Tekne event replay, award categories, and recipients [here](#).

Given the revenue miss on Tech Connect, it will be important to meet/exceed revenue goals for Tekne this year. To date, we are 78% of the way towards our sponsorship goal and wish to acknowledge the following companies for their support to date:

- Presenting (\$15k): Optum, Target, Thomson Reuters (*sold out*)
- Gold (\$10k): Diginer (*5 more available*)
- Silver (\$7.5k): Qlik, ProCircular, Turnberry Solutions (*3 more available*)
- Bronze (\$5k): None (*6 available*)

Tekne Income	2022 Goal	To Date	+/-	% to Goal
Sponsors	\$100,000	\$77,500	(\$22,500)	78%
Table sales/tickets	\$104,100	(on sale in Q3)		

To date, only 5 of the 40 companies represented on the MnTech board of directors have committed to sponsor an event this year, with Optum, Target, Thomson Reuters, and Diginer all sponsoring at least 3 events. We have 14 sponsor slots remaining for Tekne and I urge you to consider investing in a sponsorship and invite team members to come celebrate tech innovation at this gala event. Learn more about Tekne sponsorships on page 4 of our sponsorship guide [here](#).

### E. CIO Panel

The 2022 CIO Panel returns to the Metropolitan Ballroom on Thursday, December 8, and the roster of panelists will be announced later this summer.

Sponsor commitments to date include Diginer (Gold), Qlik (Silver), and ProCircular (Bronze). Additional sponsorship opportunities are available with details on page 5 of the sponsorship guide.

CIO Panel Income	2022 Goal	To Date	+/-	% to Goal
Sponsors	\$32,500	\$22,500	(\$10,000)	69%
Tickets (Opens in Sept/Oct)	\$7,900			

## 4. TECH INCLUSION ALLIANCE

One of more consequential initiatives MnTech is helping catalyze and support is the Tech Inclusion Alliance, a CIO-led consortium committed to nurturing and expanding a diverse pool of local technology talent with a particular focus on Black, Latinx and Indigenous populations. We've been working to build 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 most needed by major employers of tech talent.



This work was completed in April of 2022 with input from 12 companies. During the process, we identified Software Engineering and Cybersecurity as the top in-demand roles and created a common job profile to fit the needs of those who participated.

Another foundational initiative is an ecosystem map of STEM programming and tech training organizations in the Twin Cities. This is an interactive tool for employers, candidates, educators, students, parents, and others. This work was completed in collaboration with Accenture on the development front and Target on the UX interface design and has received thousands of visits since its launch in March. You can explore the current version of this tool [here](#).

Along with this foundational work, we held a meeting in late February with interested CIOs/CTOs to share our thoughts on what it means to be part of TIA and recommended commitments moving forward. In the weeks that followed, 11 organizations affirmed their desire to help drive this work forward, including Target, Optum, U.S. Bank, Ecolab, CHS, Xcel Energy, C.H. Robinson, Donaldson, Allina, Thomson Reuters, and the State of Minnesota. We hope additional companies will choose to more actively engage in the future based on achieving near-term objectives.

Caroline Karanja will share more about the status of the work she's leading related to TIA at Friday's meeting, with a particular focus on non-traditional pathways. We're working to secure employer pledges to consider hiring 20 bootcamp graduates and partnering with Prime Digital Academy and Summit Academy to connect Black, Latinx and Indigenous candidates with those positions after graduation. We'd also like to support these individuals by providing additional resources such as stipends, laptops, and other support as needed through a TIA Tech Fellows program. We're also gathering best practices for training and onboarding tech training program graduates and will publish a success guide to increase job matching and retention success. Again, more information to come on Friday.

## **5. PUBLIC POLICY & RESEARCH**

The legislative session is wrapping up this week and while we don't know yet how key MnTech initiatives will fare, we have seen a few wins already this year including the replenishment of the Unemployment Insurance Trust Fund. A more detailed report on where priority legislation landed will be sent out next week once the dust of the legislative session has settled.

MnTech has been actively engaged in this year's session, including providing testimony and letters of support in two of our larger areas of focus: Education & Workforce Development and Broadband/Telecommunications. We have also weighed in on legislation that could have negative impacts on tech-enabled businesses in Minnesota, including a poorly constructed social media algorithms bill that could have unintended consequences for member organizations like Target and Best Buy.

Since the last Board meeting, we have launched a bi-weekly Minnesota Tech Policy Coalition to discuss tech related policy topics, priorities, and legislative action. The last meeting takes place on Thursday, May 19<sup>th</sup>, but will be beginning again this fall to bring together speakers on each of the core policy areas of focus for MnTech in advance of the 2023 legislative session. If you have

interest in participating, ideas for topics to discuss or speakers to attend, please let Katie or me know.

We also recently published a TECHtuesday [blog post](#) on the challenges Minnesota faces when it comes to tech talent, including diversity of candidates and the lack of talent pipelines, and offers policy solutions that that state can implement to address these challenges. We will be writing a blog post next week on tech talent migration trends and the fact that Minnesota was ranked 38<sup>th</sup> in net tech job growth nationally during the pandemic, yet another talent challenge we need to address.

## 6. GRANT-FUNDED PROGRAMS



### 1. SciTech Internship Program

- 2022 marks the 10-year anniversary of the SciTech Internship Program. Under the 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.
- As of May 10, SciTech has nearly filled all internship positions for which funding is available in the 2022 program year. We've placed a total of 240 interns with three spots remaining (legislative minimum is 200). A waiting list will be started for hires that are reported after the last three spots are filled.
- 46% of hires were women and students of color, which is the highest percentage in program history. 59% of applicants to the program were women and students of color.
- Our immediate focus is to continue placing as many students as possible with employers who may still be interested in hosting interns despite no available matching funds. There are still roughly 75 positions open and more than 1,150 students still looking for internships.
- The SciTech team has been actively involved in a number of events aimed at promoting internships in general and SciTech in particular, including recent ones with GreaterMSP, North Star STEM Alliance, National Society of Black Engineers, and Asian Scientists & Engineers, among others.



- Site visits are kicking off earlier than usual with 12 employer meetings already scheduled for May. The team hopes to visit at least 70 more companies (in-person or virtually) over the course of the summer.

## 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.
- Through April, a total of \$2,659,118 was competitively awarded to five Accelerator clients:
  - Novoclade – \$971,941 (2<sup>nd</sup> NSF award)
  - HabitAware – \$895,144 (3<sup>rd</sup> NIH award)
  - Farm Vision – \$198,600 (3<sup>rd</sup> NSF award)
  - Canomiks – \$256,000 (1<sup>st</sup> NSF award)
  - Leah Labs – \$337,433 (2<sup>nd</sup> NIH award)
- An additional \$6.6 million in NIH funding has been requested by five other companies as part of 4/15/22 submission deadline.
- MnTech’s responsibilities related to this program will end on September 30<sup>th</sup> in conjunction with the conclusion of our most recent SBA grant funding. Pat Dillon is creating a new entity, MNSBIR, Inc., to continue providing her services and is working with the SBA for approval and funding beginning October 1st.
- The federal SBIR/STTR programs currently sunset on September 30, 2022. Extension language was included in the America Competes Act of 2022 to extend the programs for one year to allow additional time to reauthorize the programs in FY23, but at this time the future of these programs is uncertain.

## 7. FINANCIAL REVIEW

As you will see in the attached year-to-date financial statements, we’re tracking behind plan in terms of overall financial performance through April with lagging membership revenue being the primary factor in this negative result. The first quarter of the year is typically the most sporadic and unpredictable, and this year is no exception.

Total revenue through April 30<sup>th</sup> was \$895K versus a budget of \$982K, a negative variance of \$87 thousand. This is primarily explained through slower-than-expected revenue from new member revenue (a negative variance of \$35K) as well as slower renewal payments (\$27K below plan). The renewal shortfall is mostly due to timing of receipts and we have over \$70K in open renewals through April that have not yet been received, the vast majority being solid members that we have every reason to believe will continue their memberships. While new membership is behind by \$35K, we do have \$26K of potential new memberships that have been invoiced but not received.

Event income for the first four months is running approximately \$12K ahead of plan, primarily as a result of the strength of the ACE Leadership program. The Tech Talent event produced \$38K



of revenue, just under our goal of \$40K, and we're tracking well with CIO Forum and WLIT sponsorships.

STEM program revenue is also slightly off due to budget timing. We had budgeted for an Ecolab grant (\$10K), Foundation support (\$20K) and SBIR sponsorship (\$10K) to be received in the first quarter, all of which will come in except for the \$10K of SBIR sponsorship support (for which we are able to adjust expenses). SciTech internships are off plan, however this is a revenue/expense wash and never affects overall net income.

On the expense side of the equation, most expense categories are running to plan, with staffing under plan by approximately \$50k due to staff turnover and delayed hiring. Year to date net income through April is \$310K against \$344K budget, a negative variance of \$34K.

The 2021 audit draft has been received from CLA, and we are expecting to finalize it within the next month. The audit went well, with no adjustments and a clean opinion. A big shout-out to Lonni for all of her dedicated efforts towards this successful result. We will be sending out the Form 990 tax to the board for review and because this is a public document, please take the time to review when presented.

We look forward to addressing any questions related to the financials and operations of MnTech to date at Friday's board meeting.