

Testimony of Bill Baumel, Managing Director, Ohio Innovation Fund
Before the U.S. House Committee on Small Business
Hearing on “Fueling America’s Future: How Investment Empowers Small Business Growth”

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Chairman Williams, Ranking Member Velazquez, and members of the U.S. House Committee on Small Business,

Thank you for the opportunity to speak with you all today, it is an honor to be here to discuss empowering American entrepreneurship.

To begin, I would like to underscore the importance of today’s discussion. As an investor both on the coasts in Silicon Valley and Boston for fifteen years and in the Midwest for fifteen years, I have worked with upwards of a hundred entrepreneurs across our nation navigating the winding and onerous path of scaling a new business from an idea and passion in a founder's head and heart to a thriving enterprise with hundreds to thousands of employees and products made in America that transform our citizens life's for the better. I’m here today to share my experience helping entrepreneurs and leveraging private capital to truly scaling companies in remarkable ways.

About Bill Baumel

I am a graduate of The Ohio State University and the University of Michigan, so the Rose Bowl is an annual family event one way or the other. The initial startup company I worked with in the late 90’s was founded in Bemidji, Minnesota - the first provider of telecommunications systems to enable fiber optic delivered bundled voice, video and data services to American’s homes – starting in many underserved rural areas. From there I have continued to invest in and partner with founders in scaling game-changing, high impact technology and life sciences startups – from launching the first continuous glucose monitor device for diabetics to partnering with the National Institutes of Health, CARB-X , and the Cystic Fibrosis Foundation on therapeutics to help resolve significant respiratory issues with researchers from Nationwide Children's and Ohio State to providing Agentic AI-driven data privacy and security solutions to leading financial services, pharmaceutical, Fortune 500 and government agencies such as Citi, General Motors, the U.S. Air Force, and Roche. Many of these startups have gone public as well as been acquired by companies such as NVIDIA, SAP, Medtronic, Dell, Intuit, Oracle, Marvell, Stryker, Hitachi Data Systems, Motorola, Mimecast, BioLife Solutions, Calix and Skyworks, among others.

About Ohio Innovation Fund

Currently, I oversee all operations of The Ohio Innovation Fund, a venture capital firm founded in 2016 and based in Columbus, Ohio, and a startup in itself. The Midwest and Ohio are becoming a center for innovation with globally recognized leadership in cell and gene therapy, bio pharma, and MedTech, as well as a blossoming tech market in data science and cyber security, including Mimecast (with over forty thousand customers) creating their AI-hub in Columbus last year.

We believe that innovation at its core is creating a better future for all, and we invest in startups with transformative technology who do just that.

Our companies are globally competitive and impactful, making waves throughout their respective industries, achieving partnerships with powerhouses such as Sanofi, Roche/Genentech, Samsung, Snowflake and ServiceNow, among many others. Almost every major corporation in the United States is a partner or customer of our companies, and many of the leading academic medical and research institutions are customers and/or clinical trial site partners.

At Ohio Innovation Fund, we bring valuable market insights and expertise in business strategy, product, financing options, mergers and acquisitions, and management team building to Ohio companies with innovative technologies in high growth markets. The founders in Ohio and the Midwest are often first-time founders who need that level of deep partnership to help their startup realize its potential in transforming our world.

Building the Next Generation of Innovators

In addition, my firm interacts with hundreds of students each year from schools, including The Ohio State University, Northwestern University, University of Michigan, Carnegie Mellon University, Case Western Reserve, Indiana University, Duke University, Washington University in St. Louis, Miami of Ohio, University of Wisconsin and Kent State University. We have a student experience program that offers shadow days to first explore entrepreneurship, week-long boot camps to work in teams of four in analyzing a live startup investment opportunity, and our capstone summer internships. These students have gone onto successful positions with Welsh, Carson, Anderson & Stowe, Goldman Sachs, JP Morgan Anduril, Orlando Health, and well as Ohio Innovation Fund and its startups. In addition to building today's forward-thinking companies, we are passionate about propping up the next generation of thought leaders.

We also work within the universities at the classroom level. At Kent State University, we co-created the Idea Competition in 2018. In that initial year, we hoped that seven to ten students would participate to pitch their ideas. Instead, the interest blew past our expectations. Over seventy students signed up and many have now launched their ideas as startups in areas spanning software to fashion. Similarly, at Ohio State we teach real-world experiences about startups and venture capital and sponsor the Integrated Business and Engineering Programs' (approximately 60 students who travelled to Ohio State instead of ivy-league schools for this program) annual startup competition and mentor, with our startup founders, students and student-athletes at the Best of Student Startups Program (BOSS) - these students can advance their business plan where the winner receives \$20,000 in funding from Ohio State to launch their venture.

All these students, our next generation of smart, creative, hardworking leaders are drawn to innovation and having an impact by creating high growth startups in these industries of the future – all right here in the Heartland. This is so different than when I started in venture capital and entrepreneurship where the only people interested in launching a startup were on the coasts.

The Value of Venture Capital in the American Startup Ecosystem

I have seen first-hand the value that venture capital can bring to startups. VC support of entrepreneurs extends beyond just capital – I have robust experience working firsthand with

founders to set them up for success. Our founders run into real world problems, such as a Case Western MD/PhD who felt that clinical trials could be automated from a workflow and storage perspective, which would assure better compliance as well, to a founder who while at Nationwide Insurance wanted to provide the safety needed by corporations around collaboration tools such as Slack and Microsoft teams. These startups then provided solutions to customers such as Ascension Health, UCSF, Northwestern Medical Center, Emory Medical Center among others, and Starbucks, T-Mobile Astra Zeneca among others, respectively.

One example is Stirling Ultracold, who is headquartered and manufactures their ultra-low temperature freezers in Appalachian Ohio. These biorepositories store lab samples at –20 to –80 Celsius for many of the leading bio pharma companies on both coasts and internationally. We worked closely with the company to 1) develop with the founder a go forward product road map, 2) build out and enhance the management team, 3) enhance operations to provide storage of Covid vaccines in partnership with UPS in the US and Europe and then UNICEF for developing countries 4) helped to negotiate an acquisition that made approximately 40 of Stirling Ultracold’s individual/family investors millionaires, many who have now become angel investors in that region – creating a positive cycle of startup, job, and wealth creation in Appalachian Ohio.

Another example is eFuse, founded by a college intern in our offices. We worked with the founder to build out the original team and launch eFuse as the software platform for hosting esports and gaming events, partnering with Epic Games and others. From there we have become the esports and gaming platform loved by content streamers and gamers alike, and have grown our business from \$0 to \$10’s of millions in under five years, and attracted investment and partnership from esports and gaming influencers such as Travis Kelce, Tim Tebow’s Waterstone Impact Fund, Denzel Ward, Odell Beckham Jr., and Mr. Beast.

To further illustrate our support, Matthew Benson, founder of eFuse, provided the following statement:

I’m proud to share how instrumental Bill Baumel has been in my entrepreneurial journey. I first connected with Bill as a college student when he took a chance on me as an intern. He then mentored me as an Entrepreneur in Residence, offering not only strategic guidance but also invaluable access to his network and expertise. When I launched eFuse, Bill became one of our earliest investors—his belief in our vision provided the confidence and capital we needed to get off the ground. More than just an investor, Bill has been a true champion of young founders in Ohio, and I’m living proof of the impact he makes by empowering the next generation of innovators.

Similarly, our work with Aware’s founding team was all encompassing – from building out the executive team, go to market (GTM) strategy, marketing programs, strategic partnerships, and attracting \$50+ million in additional investment from both coasts. Jeff Schumann, founder and CEO, now Head of AI Strategy at Aware’s acquiror Mimecast states:

OIF provided us with unparalleled access to advisors and a deeply experienced partner team, crucial for our early success. Their world-renowned GTM expertise and hands-on, collaborative approach was like bringing a superhero onto our team, equipping us with unparalleled power and capability. I had complete confidence that any challenge we faced could be met with their expertise

or connections. This level of connection and experience is invaluable, something money can't buy any founder, and is crucial for the development of an early-stage startup navigating the highs and lows of its journey.

Today, Mimecast's AI Hub in Columbus is up and running and expected to grow to over 200 people.

As we engage in conversation around capital solutions for American entrepreneurs, it is important to underscore the comprehensive value that venture capital brings to startups. Yes, we are the financiers of these startups, but we are also the mentors, consultants, cheerleaders, and so much more – we work in lockstep with our founders to achieve the common goal of success.

As we discuss avenues of providing capital for entrepreneurs, we celebrate successful federal programs and grant dollars – and work to amplify our common goal of scaling companies. Venture capital takes on the highest of risk when investing in early-stage entrepreneurs. Typically, banks will not lend to startups until they are profitable and/or have a strong and diversified customer base and then loan against receivables from these customers. It often takes multiple years for a startup to prove its success and reach those banking milestones, so without you and I, these startups will never get there.

Support Opportunities in Non-Traditional Tech Hubs

Although fundraising in non-prime ecosystems has more than doubled in the last decade, increasing from 5.9 billion in 2014 to 12.2 in 2024, entrepreneurs continue to struggle to access the capital needed to scale. While we celebrate all American innovation, it is important to uplift innovation taking place in non-traditional hubs, like Ohio, and identify capital access solutions to create sustainable opportunities for entrepreneurs throughout the United States.

That's why the various avenues of accessing capital we're discussing today are so important. They promise to help ensure that great ideas can lift up the next generation of thought leaders in *every* state – not just the traditional tech hubs.

Value of Public/Private Partnerships

As I have mentioned, bank funding is typically not available to many startups, they often require over \$20 million in revenues and profitability. Thus, supplementing early-stage venture funding with public capital sources such as from the Small Business Administration and others is critical.

I mentioned Clarametyx earlier by reference to the biopharma provider spun out of Nationwide Children's and Ohio State. David Richards, CEO of Clarametyx summarizes below what government funding and venture capital investment working together has meant for them:

Clarametyx's groundbreaking technology simply could not have advanced into clinical studies without the foundational and strategic support of venture partners like Ohio Innovation Fund. Equipped with resources, expertise and risk tolerance, VC has fueled the progress of our truly novel innovation pipeline towards addressing some of the most prevalent and challenging chronic respiratory conditions with a new category of medicine for patients in need. This is the real impact of why venture matters to the future of human healthcare.

Venture funding is an essential driver of the healthcare ecosystem, taking forward innovation that originates with institutions and universities backed by NIH funding. In identifying and advancing the next generation of life-changing innovation, venture funding plays a critical role in financing the incubation and refinement of disruptive ideas, derisking them and building compelling value positions to attract larger scale pharma investment, partnership and advancement. Without the combination of grants, like we have received from CARB-X and NIH, and venture funding, many of the advances that have benefitted huge proportions of the US population would simply be lost.

To further evidence how this collaboration between the government and venture capital bears fruit - one of the NIH funded programs at Clarametyx is now being taken forward in partnership with an over \$100 billion market capitalization biopharma company – without BOTH NIH and OIF funding and guidance, this would not happen.

Leveraging State Resources

In addition to leveraging federal grants, utilizing state resources has supported building company success. One of the companies I work with, Stirling Ultracold partnered with JobsOhio, a state-authorized non-profit with the goal of stimulating economic growth through new industries, to provide approximately \$2 million in additional capital to help build manufacturing hiring and operations. In less than two years following this partnership, our production run rate increased from approximately \$10 million to approaching \$100 million in annual revenues. JobsOhio has provided valuable resources to ten of our Ohio-based startups over the past five years and serves as an amazing partner to OIF and its startups.

I support federal grant solutions that provide entrepreneurs with the greatest likelihood of success.

Thank you for the opportunity to testify, I welcome the opportunity to answer any questions and work with the Committee to identify forward-thinking solutions that will improve capital access.