

THE 2018

# INDIANAPOLIS TECH CENSUS REPORT

An exploration of the momentum, factors, growth and challenges facing the Indianapolis Technology Community



## DEDICATION

This project is dedicated to Indianapolis tech community.

The census was a collaboration between the Central Indiana tech community and each of the contributing partners on the following page. Community members, thank you for the hours you've spent completing the survey and sharing your honest feedback. Our hope is that the data presented in this report inspires a broader conversation about tech in Indianapolis and what we're capable of building together.

*-The Powderkeg Team*



# CONTRIBUTING PARTNERS



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## INTRODUCTION

Coming of age isn't limited to teenagers alone. Maturation is a process that companies, industries and even cities go through. The process generally involves increasing levels of responsibility and independence from our elders, and we start to be seen as contributors, peers and leaders, rather than learners.

Maturing tends to come with a well known set of events – inflection points that define the transition. Driver's license. Eighteenth birthday. Graduation. Leaving home. Full-time job. Not everyone has to check all the boxes in a particular order, but society has accepted these as the means of transition into adulthood.

How, then, does an industry graduate? How do we know that we've arrived at adulthood, at the developmental stage of knowing who we are and what we stand for? What are the industry equivalents of the driver's license, the 18th birthday, the graduation? When do we throw a party?



## MOMENTUM BUILDS

The tech community in Indianapolis shows signs that speak to a coming of age. We've made the lists, we've seen some exits, momentum is building.

Much like an adolescent still forming our sense of identity and belonging, we've been identifying ourselves based on what we're not. We're not Silicon Valley. We're not New York. We're not Berlin.

So what are we? Who are we becoming? What do we want for our community as it grows and transforms into what comes next?

## WHERE THE COMMUNITY COMES IN

No one of us is wise enough (or has enough hubris) to try to answer these questions alone. These are decisions that we have to make together, as a group, to determine what our identity will be, and what we will stand for.

Over the past few months we've gathered key people and asked some difficult questions of our community. We've explored what has led us to this point, and what might propel us all on the road to greater success.

It's going to be a great ride. Please enjoy the 2018 Indy Tech Census.



## **COMPANY PERFORMANCE & GROWTH INSIGHTS**

- Approximately half (49%) of the participating companies recorded over \$1,000,000 in recurring revenue in 2017. 34% of company respondents grew revenue by more than 100%.
- Marketing and sales SaaS company respondents had the highest 2017 revenue growth rate with 56% of companies reporting annual revenue growth over 100%.
- 72% of founders expect to sell their company. The majority of exits are expected within 7 years. Expected exit valuations vary widely: 26% of expected exits are forecasted at less than \$5MM; 38% of expected exits are forecasted at greater than \$50MM.

## **TECH INVESTMENT ECOSYSTEM INSIGHTS**

- A majority of entrepreneur respondents (54%) are bootstrapping their tech companies and half (50%) struggled to raise capital in the state of Indiana.
- The majority of investors (58%) who participated in the census have 25% or less of their investments in Central Indiana tech companies.
- Two-thirds of investors who participated in the census believe there will be more tech investment opportunities in Central Indiana in the next 3 years and 83% plan to invest the same or more into local companies over this period.



## TECH WORKFORCE INSIGHTS

- The majority of workforce respondents (63%) reported annual salaries in excess of \$75,000.
- Indy's developers are young. 80% of developers surveyed are 35 or younger, while a third of developers are 21-25 years old. The majority of developers have been members of the Indy tech community for five years or less.
- A small majority of workforce respondents (51%) rated their job satisfaction at a 9 or better out of 10.

## SOCIAL ISSUES AND TECH INSIGHTS

- Diversity and equality (23% of respondents) and Quality Education (22% of respondents) were the two most prevalent social issues identified as priorities by census participants.
- Central Indiana census respondents, on a scale of 1 being less to 10 being more, gave the tech community an average score of 4.4 for diversity and 6.3 for inclusivity.
- 30% of workforce respondents were female and 10% were part of an ethnic minority.

## STRENGTH AND OPPORTUNITY INSIGHTS

- Founders cite affordability as a top consideration for locating in central Indiana. 44% of respondents cite affordable talent, cost of living, or office space as the top reason for locating in central Indiana.
- Survey respondents cited hard work, community and collaboration as the top three values of the Indy tech community.
- Census respondents identify funding as the #1 issue holding the Indy tech community back.





## METHODOLOGY

In order to provide greater insight into the challenges and opportunities that greet the Indy tech community, Powderkeg partnered with a host of community organizers to field the Indy Tech Census – a survey of technology founders, professionals, investors and community supporters.

The Powderkeg team collaborated with Raidious, an Indianapolis-based digital marketing agency, for the design and production of the report.

The survey was completed by 359 respondents, and covered a variety of topics including basic demographic information, company performance, capital, community and qualitative feedback. The goal in distributing this survey was to provide a truly representative snapshot of the state of the technology community in Central Indiana, our accomplishments and the challenges we face.

### A Note About the Tech Census

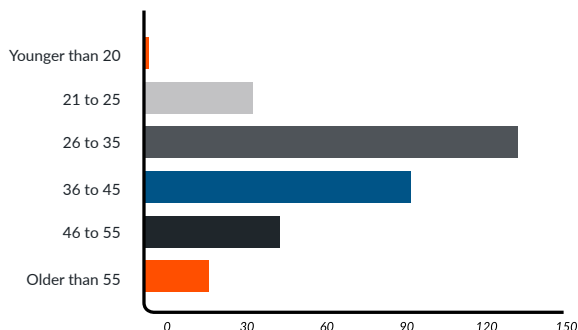
While we used the word census in the branding of the survey and this report, it's worth noting that this survey is just that - a survey, and does not include feedback from the entire population of participants in the Indianapolis tech community. In our outreach, we enlisted the support of several community partners in order to more evenly represent Indianapolis. At the end of the day however, our census was an opt-in survey.

We're incredibly proud of this effort to represent and improve the Indianapolis tech community, and we're thankful to the participants in the census and our community partners for their help and outreach.

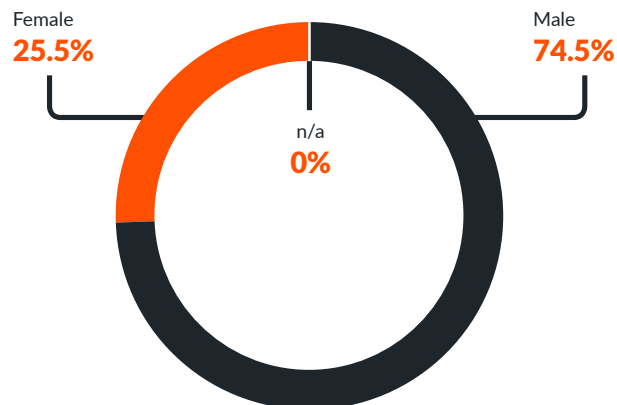


## DEMOGRAPHICS

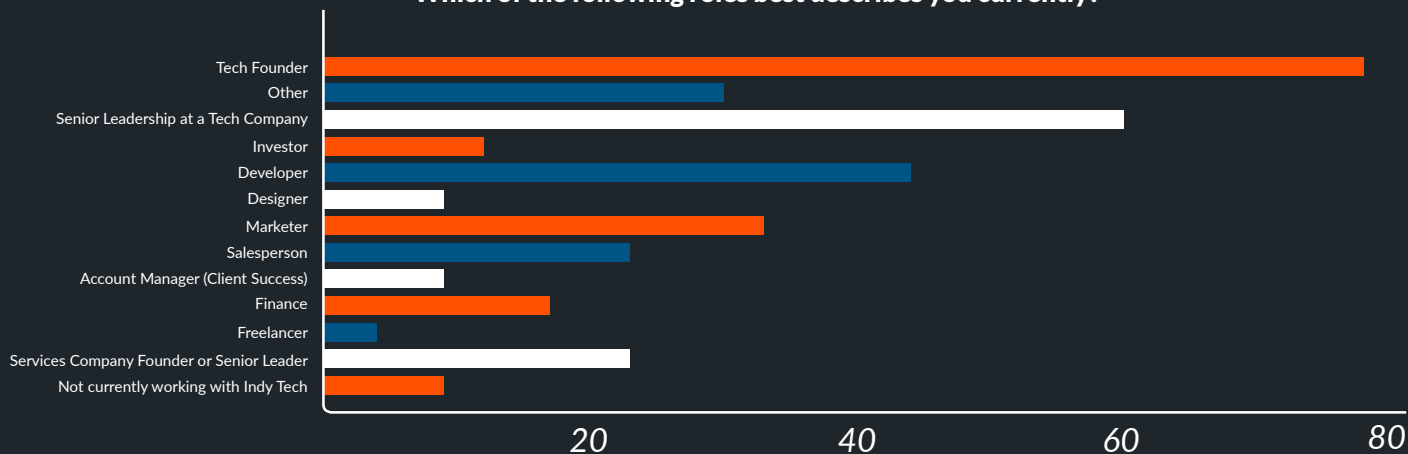
What is your age?



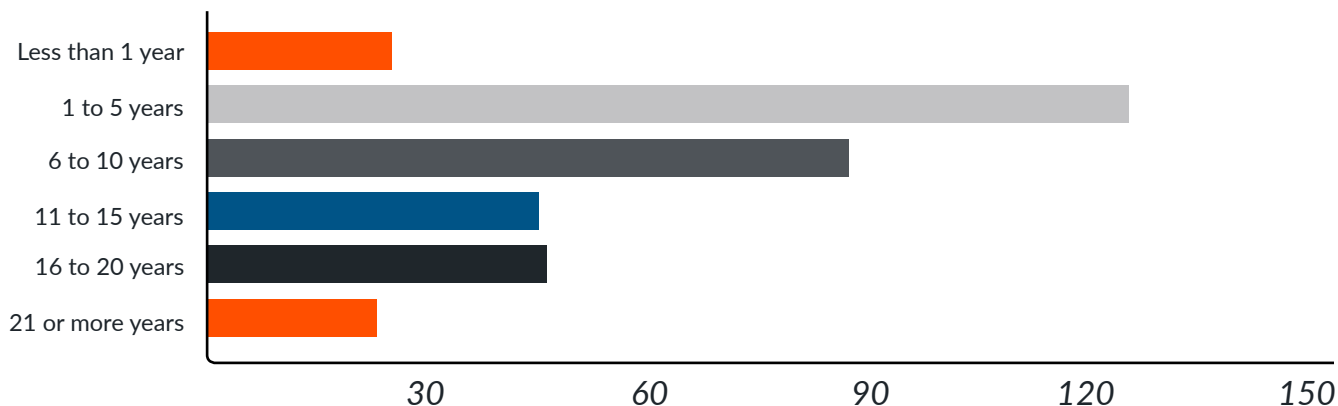
Are you male or female?



Which of the following roles best describes you currently?

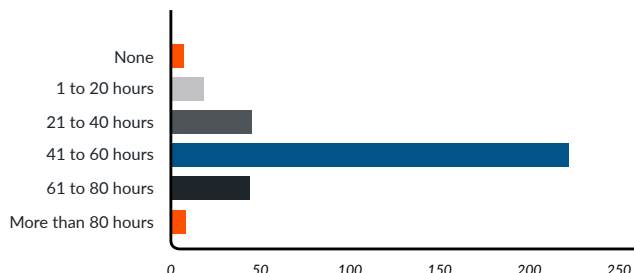


Approximately how many years have you been a part of Indy's tech community?



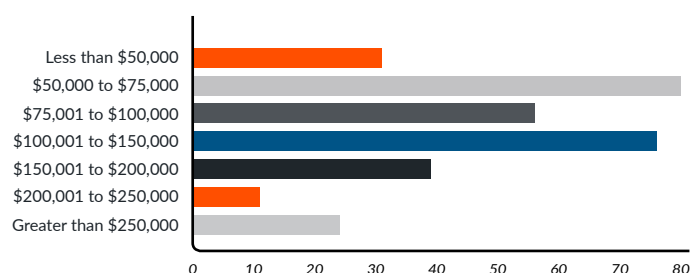
## INDY TECH CAREERS

Approximately how many hours a week do you personally spend working at a tech company?\*



\*6 respondents declined to answer

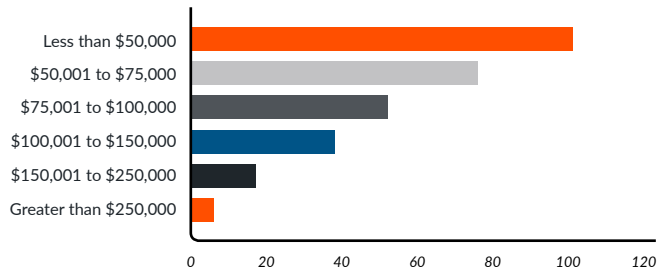
What's your approximate annual salary (Including distributions and bonuses)?\*



\*33 respondents declined to answer

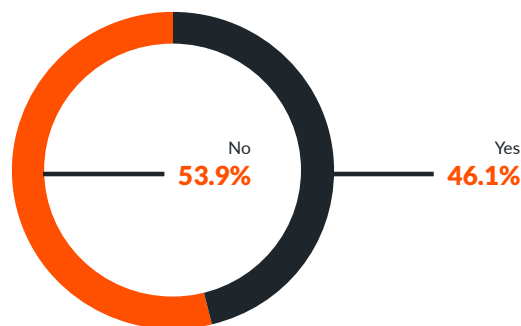
## HOME LIFE

What are your approximate annual household expenses?

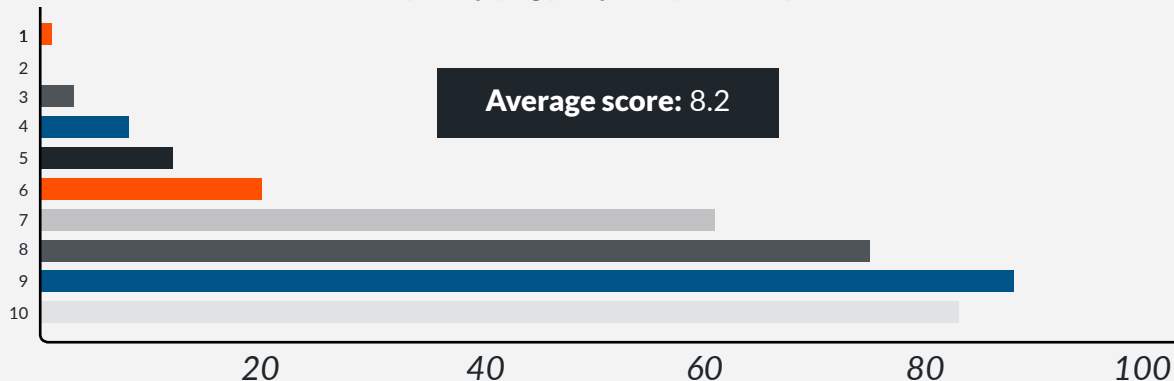


\*61 respondents declined to answer

Do you have children living at home?



On a scale of 1 to 10, how are you enjoying your journey as a tech professional in Central Indiana?



# WHERE DOES INDIANAPOLIS TECH STAND OUT?



## STRENGTHS

We've all seen the headlines and listicles that grace the websites of major news outlets, and it gives us a little boost every time someone on the coasts notices what we're doing. We felt it was time to more fully explore the reasons why, and to get past the anecdotal narrative for why tech is trending up in Indy.

### National Press Indicates Growing Momentum

*How Indianapolis, Long Known as a Manufacturing Center, Is Luring Tech Talent*

- New York Times

*Why tech grows in Indianapolis*

- Forbes

*Fleeing the high costs of the coasts and the Valley, tech firms are setting up shop in the city where start-ups are thriving.*

- The Economist

*Is Indianapolis Cool Enough for Amazon? It Just Might Be*

- New York Times

The commonality of these articles points to a few key determining factors contributing to the past 5 years of success. **The annual number of software companies founded in Indianapolis doubled from 2006 to 2011, and increased again by half between 2011 and 2016.**<sup>1</sup>

More notably, several exits of larger tech companies since 2010 have attracted national press and buzz about the Indianapolis tech community.



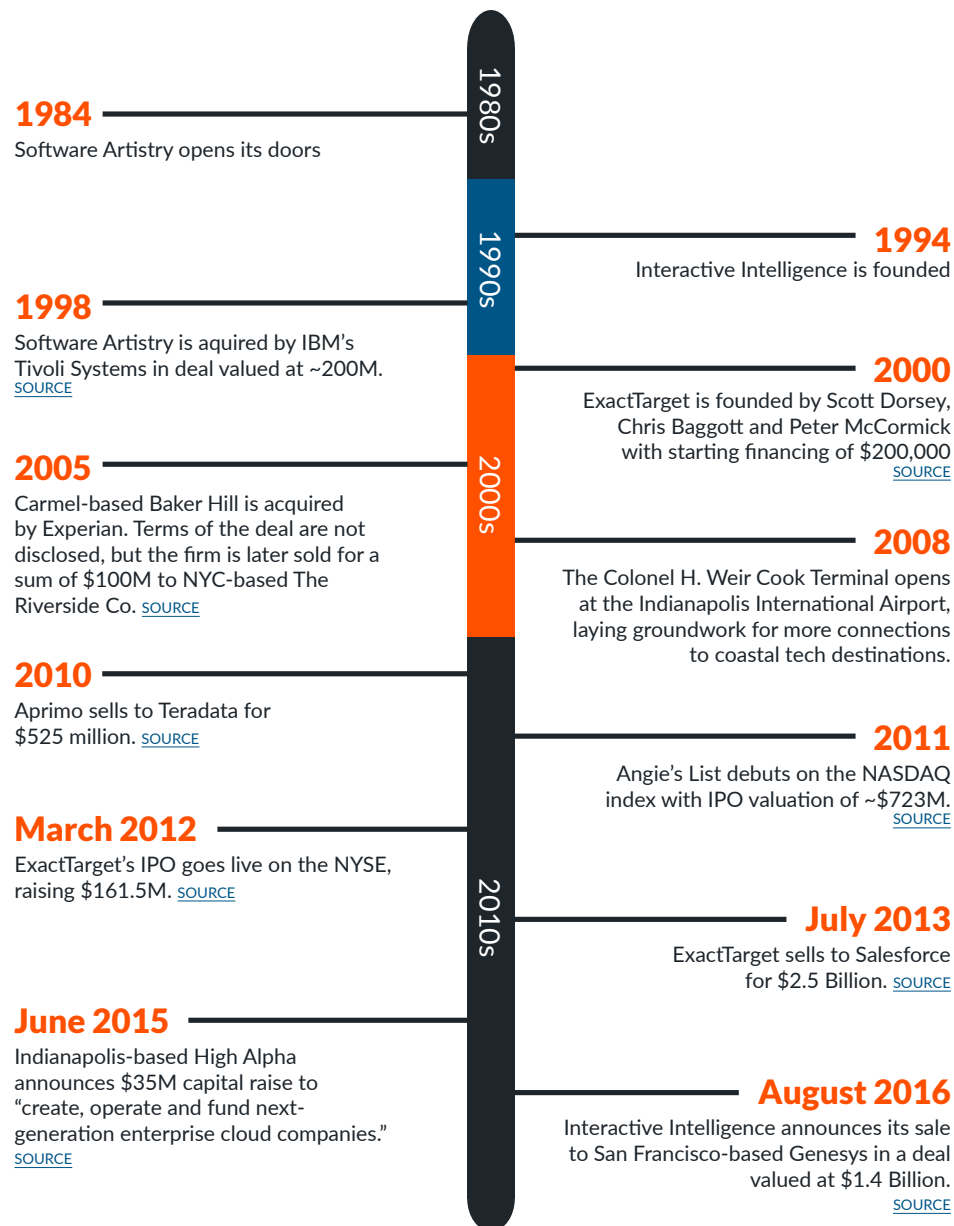
*"The Central Indiana tech community is unique because of its collective rising tide lifts all boats mentality and spirit. There's a real sense that we are better together and that our opportunities rely partly on the health and vibrancy of the technology and entrepreneurial ecosystem in Central Indiana. I love that. It opens doors to unique collaboration opportunities and support from private and public partnerships that create fertile ground for real and sustained business growth. Hoosier hospitality truly applies here and it makes it a wonderful place to start and grow a world-class organization that can compete on a national and global scale."*

**- Santiago Jaramillo, CEO & Co-Founder, Emplify**

1: THE STATE OF B2B TECH IN INDIANAPOLIS IN 2018 <https://blog.g2crowd.com/blog/technology-research/indianapolis-tech-companies/>



## A Brief History: The Hero's Journey of Tech in Indianapolis



*"We've seen a tipping point of enough success in tech that it delivers a knowledge foundation which can be tapped into by new entrepreneurs. People can tap into these knowledge bases and use these past learnings to build on top of the shoulders of local giants."*

**- Danielle McDowell, Executive Director, The Speak Easy**

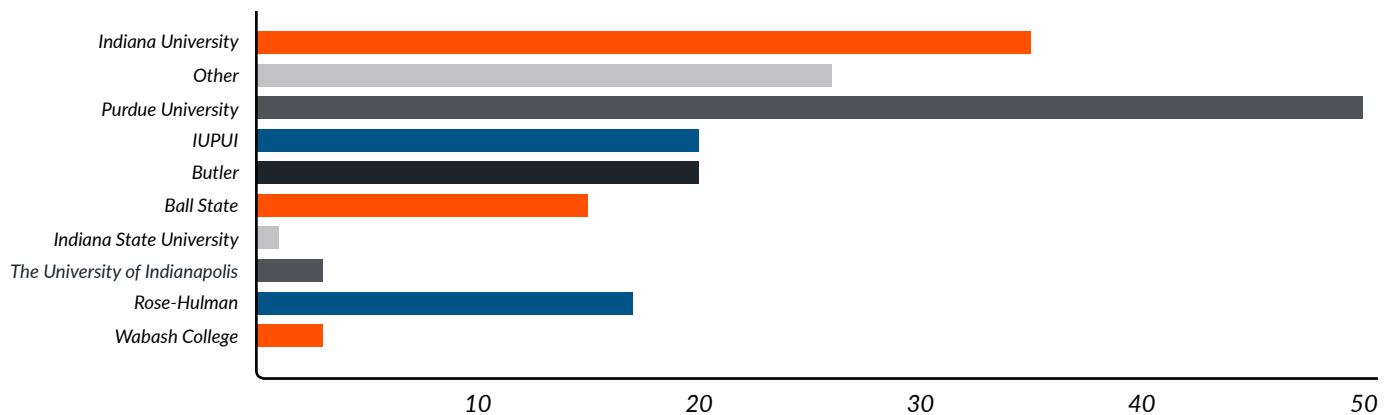




*Successful experienced entrepreneurs always 'dive back in' here in Indy. And this matters. Look at what Bill Godfrey has done with 4G Ventures, as well as his partner Rob McLaughlin helping architect both Bolstra and Lumavate. Look at the ExactTarget team and High Alpha."*

**- Don Aquilano, Co-Founder & Managing Partner, Alos Ventures**

## What local university do you recruit the most from?



\*33 Respondents declined to answer



*"Indy's talent pool is a force that is hard to ignore. Universities like Rose-Hulman, Purdue, and the IU Kelley School of Business are creating some of the country's top engineering and business minds that are hungry, smart, and eager to make an impact. Programs like the Orr Fellowship are taking that raw talent and grooming the next generation of entrepreneurs. And leaders of successful tech companies like ExactTarget and Aprimo are guiding emerging companies to replicate their success. We have all the right ingredients to build durable, high-growth companies here."*

**- Yaw Aning, Co-Founder & CEO, Sticksnleaves**



**“In five words or less, what do you think is the Indy tech community’s greatest strength?”**





## COST OF ENTRY

From a founder's perspective, the cost for additional months/years of operating runway can be more appetizing in Indianapolis. A 2016 study from the CBRE Group, Inc. quotes the average cost of running a 500-person company in California at \$55 million per year, compared to Indiana's \$32 million.<sup>1</sup>

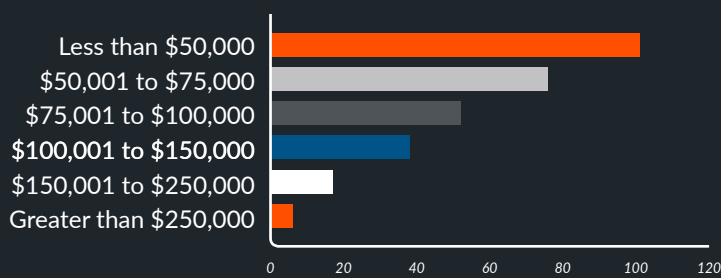


**Running a 500-person company in California is on average 72% more expensive than Indy**

## COST OF LIVING

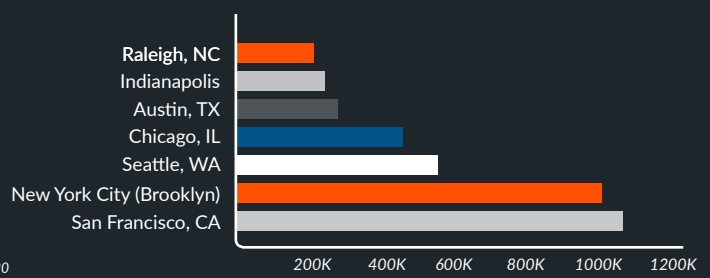
The same kind of comparisons line up for families deciding their own financial future. According to the cost-of-living calculator at Nerdwallet, median rents are 50% higher in Chicago than in Indy, and 250% higher in San Francisco. Housing costs are even dicier, where Nerdwallet calculates the median home price at four times as expensive in San Francisco and nearly twice as expensive in Chicago.

What are your approximate annual household expenses?



\*61 respondents declined to answer

Median Home Cost (3BR, 2BA)<sup>2</sup>



1: Indiana's a New Tech Magnet: Here's why <https://www.indystar.com/story/money/2016/09/09/what-makes-indiana-tech-hub/89962386/>

2: NerdWallet's Cost of Living Calculator <https://blog.g2crowd.com/blog/technology-research/indianapolis-tech-companies/>



## WHAT MAKES INDY... INDY?

Silicon Valley is the consistent bar against which all other technology communities are measured. The number of deals done, the talent, the capital and the culture are measured by comparison to what the Bay has to offer founders, tech professionals and investors. How much stock we should really put in comparisons to coastal tech hubs is up for debate, but carving out our own identity among the growing tech communities across the U.S. will be crucial for attracting the next founders, investors and tech talent to fuel healthy growth.



*"To some degree a lot of people look at our community and want us to be something we're never going to be. We're not going to be Silicon Valley. Every community has to be different, because they have to play to their strengths. The west coast skews heavily toward B2C. The east coast is financial services where speed and transaction time matter. To me, here in the Midwest we sometimes measure ourselves to the standards of the coasts. We shouldn't. Instead, we should play to our strengths.*

*We have one of the highest concentrations of Fortune 500s. Our strength is our ready access to those "unsexy" businesses and available executives, talent, and advisors who have deep experience in those industries. If you look at many of our past tech successes, they are the software & technologies that enable other businesses to succeed. We should build on that."*

**- Mike Kelly, Managing Partner, DeveloperTown**



# 2018 INDIANAPOLIS TECH CENSUS REPORT - STRENGTHS

As part of the Tech Census survey, we asked respondents what they felt were the values which Indy's tech community most readily represents. These answers paint an outline of the identity that Indiana wants to claim for itself, especially in the tech community.

COMMUNITY

HONESTY

GROWTH

LOYALTY

HARD WORK  
COLLABORATION  
INTEGRITY  
COOPERATION  
TRANSPARENCY

INNOVATION

HUMILITY

SUPPORT

PASSION



*"The thing that stands out here is how friendly and accessible the community is. There are many ways to get organically involved in some of the tech groups. We're very welcoming. Hoosier hospitality is a real thing."*

- **Danielle McDowell**, Executive Director, *The Speak Easy*



*"Indy is all about cooperation. Whether it's at Launch Fishers, DeveloperTown, or getting coffee with a fellow member of the tech community, everyone is willing to share their knowledge freely and lend a helping hand. We are all working to lift the Indy Tech scene together."*

- **Darye Henry**, CTO, *DeveloperTown Starts*



*"Openness & humility are both strong qualities for the Indy tech community. And, with the exit of ExactTarget, I feel there's an emerging value of "thinking big" with respect to the next wave of companies."*

- **Gerome Hays**, Principal, *Slane Capital*



# WHAT'S HOLDING INDIANAPOLIS TECH BACK?



## CAPITAL

By and far, the community bemoans a lack of access to capital. Even though it was the most common answer, only 22% of total survey respondents identified funding as the #1 issue affecting the tech community. **Among founder respondent only, 45% cited funding as the #1 issue.**



*"The two biggest factors in a robust growth company ecosystem are access to talent and the recycling of wealth. The biggest challenge we need to solve is the recycling of wealth here in Indiana instead of exporting it to the coasts. Look no further than the success at ExactTarget. We exported the majority of the wealth created to the coasts. The Next Level Fund created by the state is a great step in the right direction. Now we need the private sector to band together and create a growth fund, that is \$100M or more, to invest in the winners of our winners. Growth companies have much better risk-adjusted returns and are where the real wealth is created."*

**- Christopher Day, CEO, DemandJump**

## MENTALITY

Admittedly, mentality results are harder to classify, and could arguably be the #1 collective hurdle identified by our survey respondents. Namely, conservative or risk-averse behaviors also lend into mentality, but were specifically called out often enough to merit their own category.



*"The biggest issue is that we sometimes are a bit too conservative when it comes to funding big ideas. There's a hole in early seed funding, and we have to fill our pipeline. I'm afraid that we may not see another ExactTarget if we don't give more young companies a chance."*

**- Danielle McDowell, Executive Director, The Speak Easy**



Among other respondents an excess of humility, scarcity mentality and non-global thinking were also standout answers.



*"In most scenarios being nice and humble are favorable characteristics, and I'm proud to live and work in a city that is known as "Midwest Nice". With that being said, I believe we also need the Indy tech scene to take a stand. The output from tech product and service companies in Indy are world class, and constantly adding an "outside the valley" qualifier to our national message devalues them. Indy's tech offerings aren't just good for tech created in middle America, our offerings stack up against any innovations worldwide, and should be celebrated as such."*

**- Mendy Werne, CEO, BLASTmedia**

## TALENT GAP

As a community, we're also ready to identify a talent gap, especially with regard to development talent. Others identify a lack of diversity as a contributory weakness. It's true, the makeup of demographics in the survey (less than 25% female and 11% from diverse ethnic backgrounds) indicates that we can do a much better job as a community that thrives on gender equality and diversity.



*"The Indy tech community is poised to explode. My greatest concern is that we're gonna trip up over the skills gap. There's a gap between education and the specific skills training our tech employers need."*

**- John Qualls, President, Eleven Fifty Academy**



# GROWTH

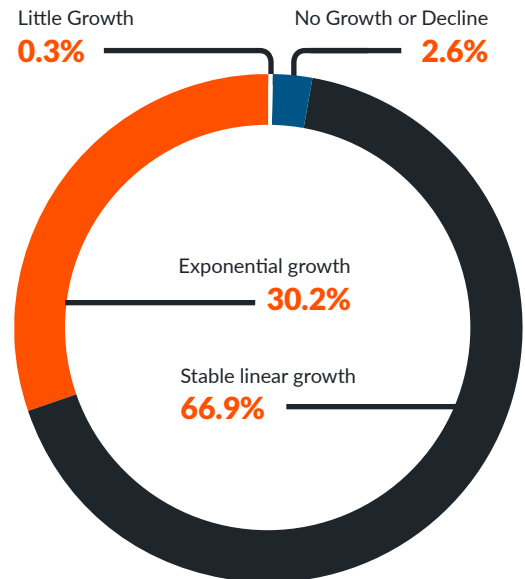


# GROWTH

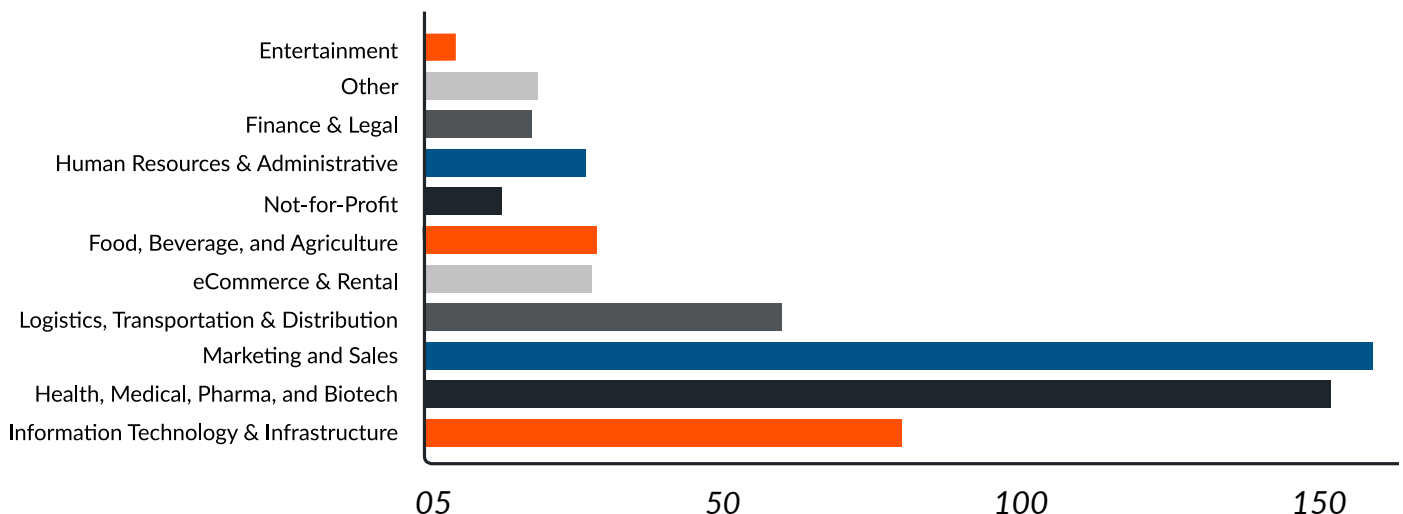
## Census Insights about the Growth of Indy Tech Companies

The growth the Indy tech community has seen over the past 10 years has given rise to a healthy optimism within the community about future growth. A full two-thirds of survey respondents expect stable growth over the next five years, while nearly a third of respondents are even more bullish, expecting the tech community to grow by leaps and bounds. Respondents expect the following three industries to grow the fastest in Central Indiana: marketing and sales tech; health and medical tech; and IT and infrastructure tech.

How much growth do you believe the Central Indiana tech space will see over the next 5 years?



## Which tech industry do you see growing the most in Central Indiana over the next 5 years?



“

“Our economy is about making things, moving things, and growing things. That’s what we’re good at. It’s not a mystery. We have an opportunity to bring tech to it. That’s IOT.”

- John McDonald, CEO, ClearObject

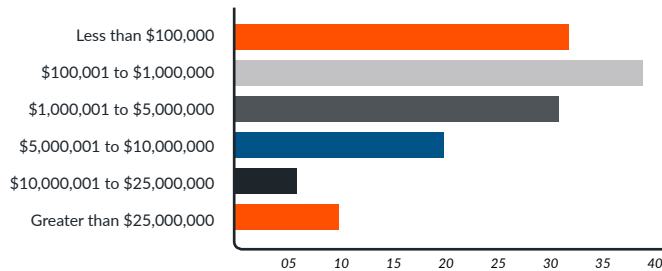




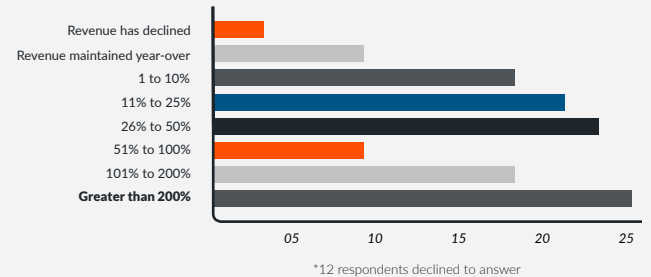
# 2018 INDIANAPOLIS TECH CENSUS REPORT - GROWTH

Leadership from 138 tech companies in Central Indiana revealed growth information about their companies. The majority of Indy tech companies that participated in the census made over \$1,000,000 in annual recurring revenue in 2017 and grew more than 25%. **34% of company respondents grew revenue by more than 100%.**

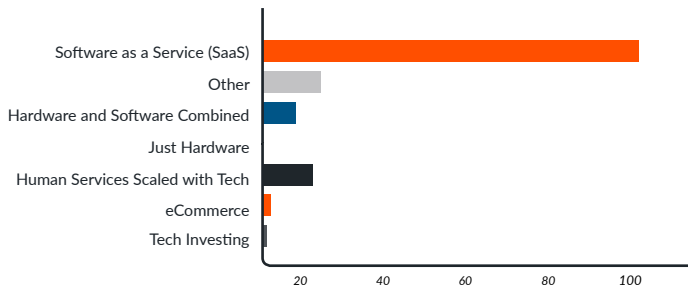
## What's your approximate annual recurring revenue?



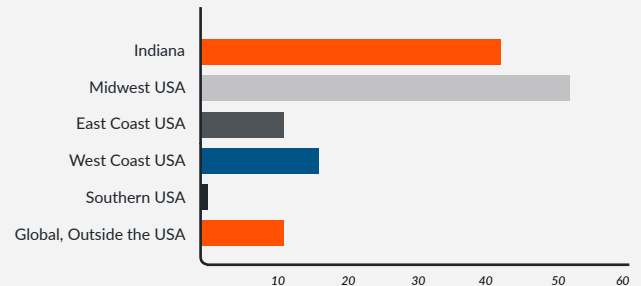
## What's your estimated year-over-year revenue growth in 2017?\*



## Which of the below category best describes the company you work at?



## Where are the majority of your customers located?



“



*“At High Alpha, our entire model is predicated on the belief that Indianapolis is one of the best cities in the world to launch and scale enterprise cloud software companies. We continue to see an up-tick in venture deal flow, new business starts, talent attraction and retention, and global firms opening (or moving) offices to Indy. We’re confident that, in the next 5 years, we will see even more growth and dynamism in the Indy tech ecosystem — largely fueled by breakout companies in the enterprise cloud space.”*

- **Kristian Andersen**, Partner, High Alpha

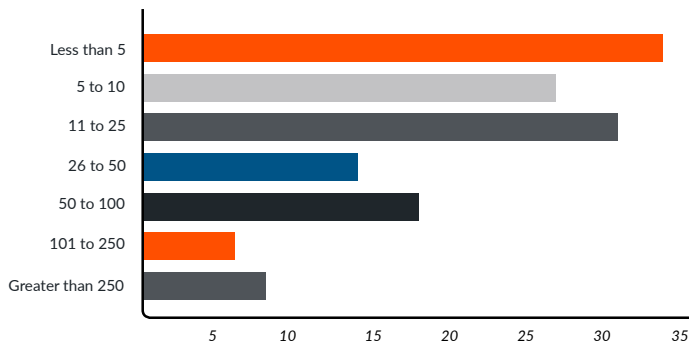
*“Naturally, SaaS is going to grow: our investment dollars go there and our largest knowledge base is there. I believe the next fastest growth sector will be IOT. We have a natural legacy of advanced manufacturing and if you pair that with our tech knowledge and experience, there’ll be some advances there. My third pick would be biotech. It’s only number 3 because of all the regulatory issues and hoops to jump through.”*

- **Danielle McDowell**, Executive Director, The Speak Easy

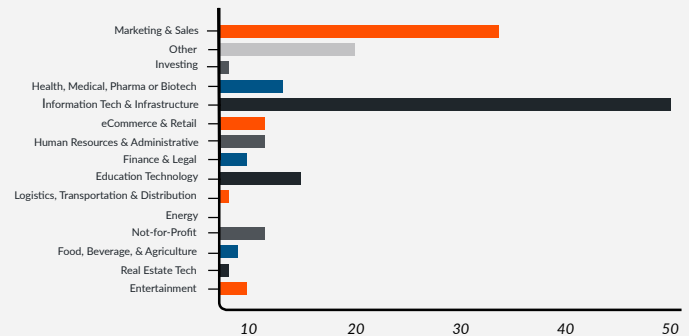


# 2018 INDIANAPOLIS TECH CENSUS REPORT - GROWTH

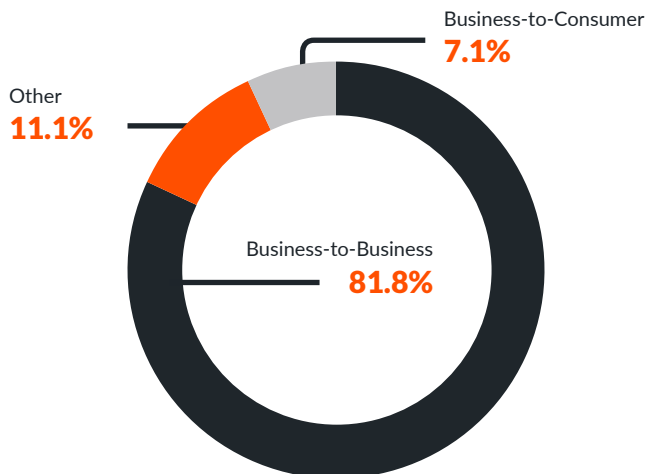
Approximately how many full-time employees work at your company?



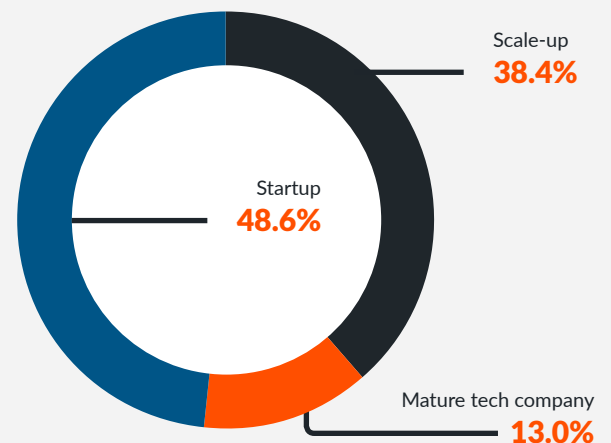
Which of the broad categories best describes your industry?



Is your company B2B or B2C?



Do you consider your company a startup, scale-up, or mature tech company?



- **David Roberts**, Chief Innovation Officer, IEDC

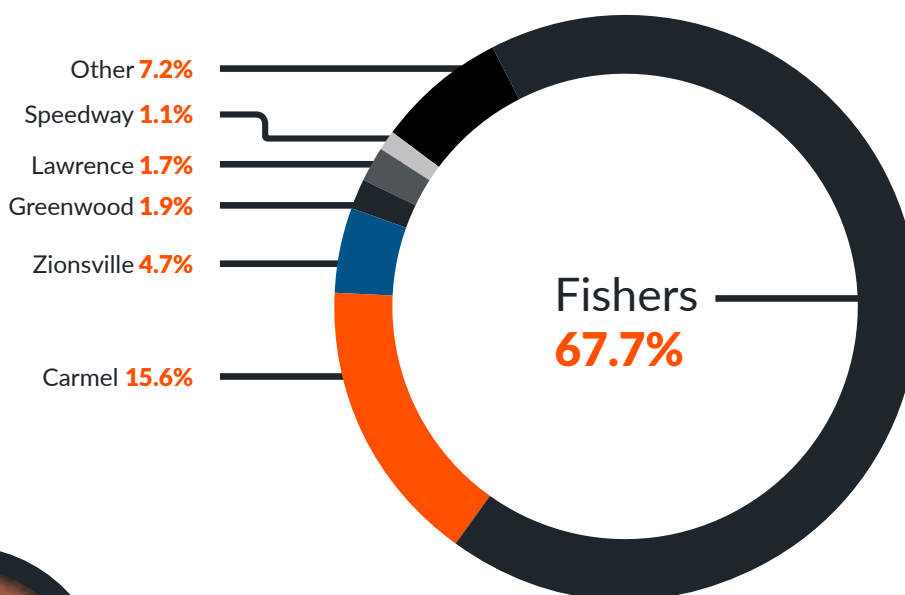
*"We've identified 6 important traditional sectors: agriculture; aerospace/defense; life sciences, transportation; energy & advanced materials; and manufacturing. All are undergoing dynamic change at their intersection with technology, and if companies in these sectors do not embrace the change, they will get left behind. The fastest-growing opportunities in tech will be cyber security and IOT."*



## INDY SUBURBS

**67.8% of census respondents** believe Fishers will be the Indianapolis suburb that has the most growth in technology companies over the next 5 years. Carmel had the second most respondents (15.7%) and Zionsville had the third most (4.6%).

**Which Indianapolis suburb do you believe will have the most growth in technology companies over the next 5 years?**



**- John Wechsler, Founder, Launch Fishers**

*"Our goal in Fishers was always to make entrepreneurship and innovation a dinner table discussion. We want kids asking about it. Making this a family and community discussion is a determinant of our long term success as an entrepreneurial city. 5 years ago, with leadership from Mayor Scott Fadness, we set out to create a city that was smart, vibrant and entrepreneurial. We've worked hard on three values for over five years now."*

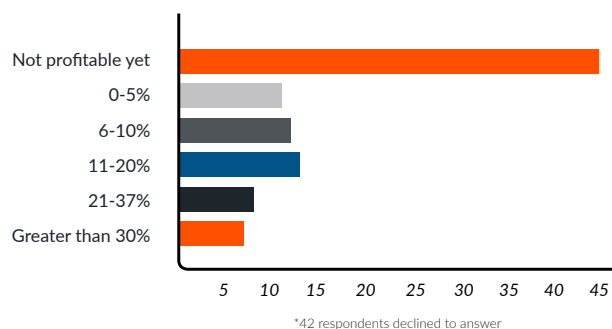
*The Mayor and I start pretty much every week together with a discussion about our progress on turning our entrepreneurial vision for Fishers into reality. The whole community sees our commitment to this and in-turn has shown incredible support for our efforts."*



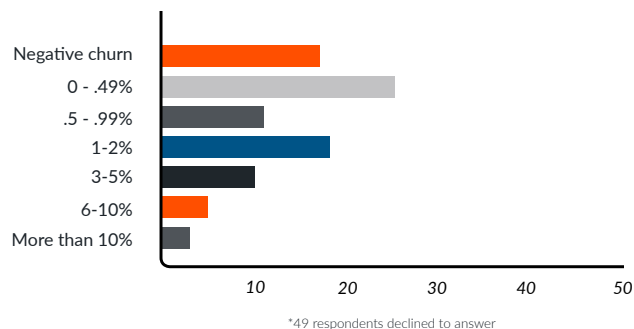
# PROFITS

The majority of tech company respondents had a **profit margin of 5% or less** and an **MRR Churn (monthly revenue churn rate) of less than 1%**.

What is your approximate operating (net profit) margin?\*

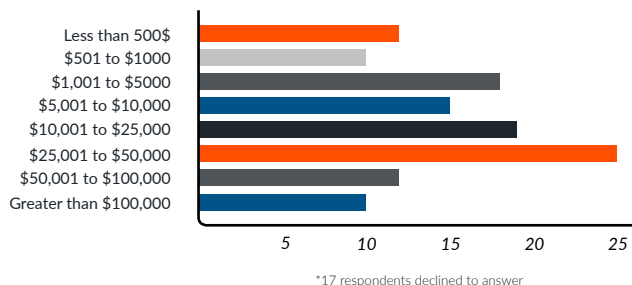


What is your approximate monthly revenue churn rate?\*

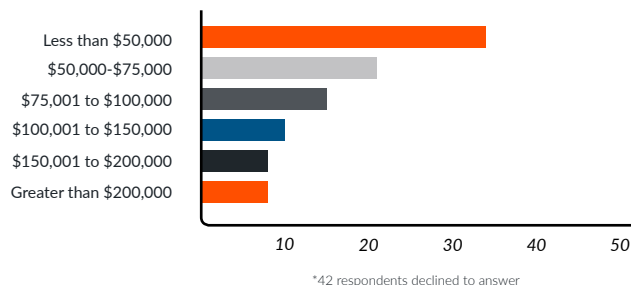


The majority of respondents generated **\$10,000 or more annually in revenue per customer** and generated \$50,000 or more in revenue per full-time equivalent employee.

What is your approximate average annual revenue per customer?\*

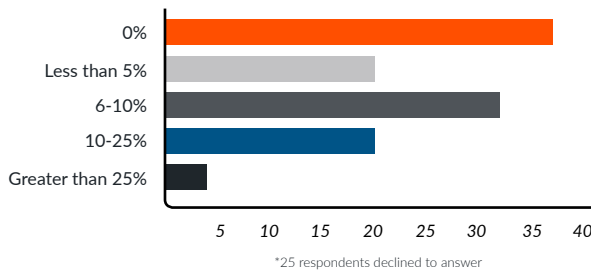


What is your approximate revenue per full-time equivalent employee?\*

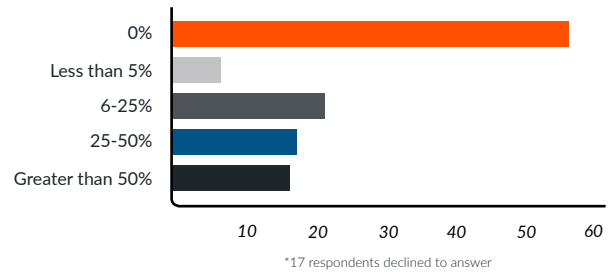


The majority of company respondents have investors and have granted their employees some form of equity ownership.

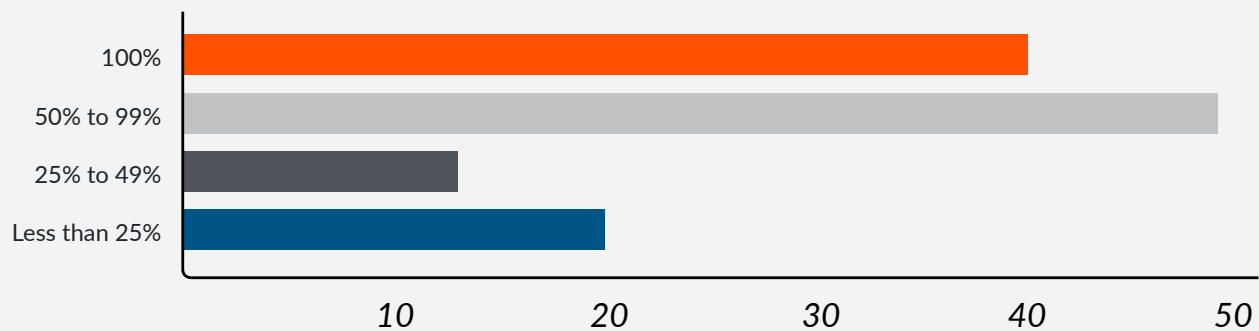
**Approximately what percentage of your business is allocated to employees in the form of options or other forms of equity?**



**Approximately what percentage of your business is currently owned by investors?**

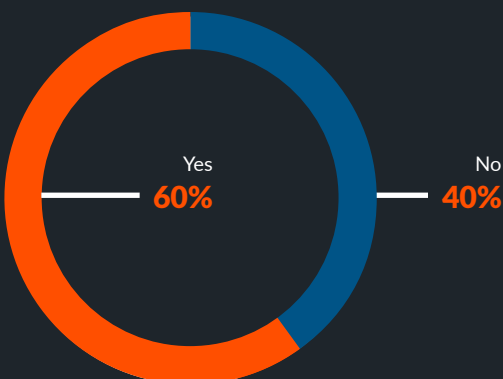


**Approximately what percentage of your business is owned by the founder(s)?\***



The majority of Central Indiana company respondents have taken advantage of city and state economic growth incentives.

**Have you taken advantage of any state or city economic incentives for tech companies?**



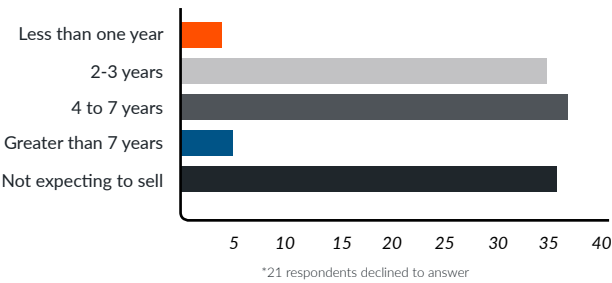
*“Every scaling company needs to explore incentives because they can bring early dollars in when you need them. Indiana’s incentives are uniquely able to support growth-stage companies through training grants and tax credits. Payroll tax credits are refundable, meaning you get cash back even if you’re not profitable. Why should the enterprise companies get all of the incentives? Don’t leave free money on the table.”*

- **Steve Brunson**, Principal, McGuire Sponsel

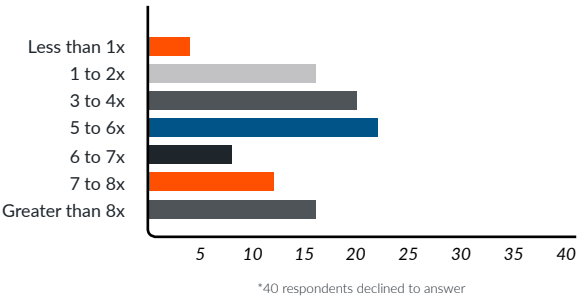


The majority of company respondents who expect to sell their company **plan to do so in four or more years for an exit value greater than \$25 million dollars.**

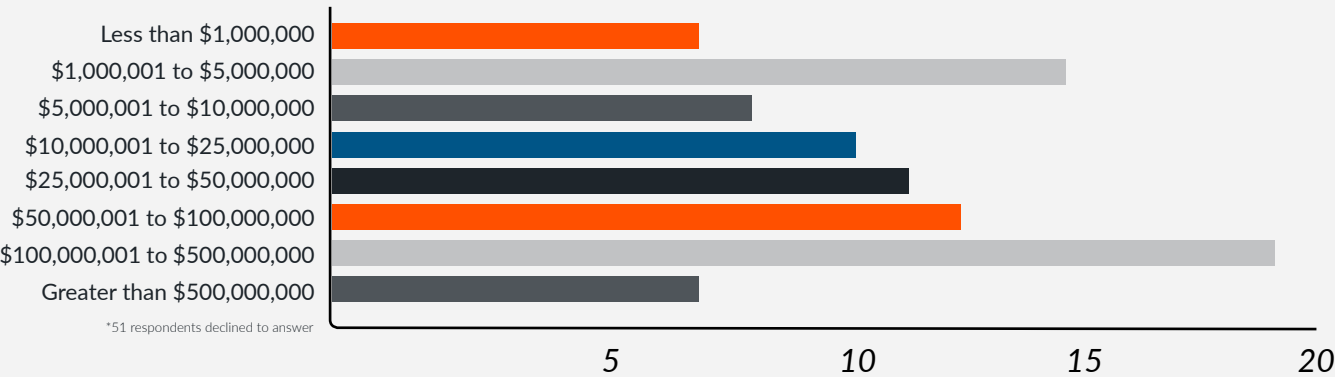
If you expect to sell your company, what time-frame is realistic?



What do you believe is a realistic exit valuation revenue multiple for your company?



If you expect to sell your company, what realistic exit value do you expect?



# INDUSTRY FOCUS:

MARKETING & SALES SaaS

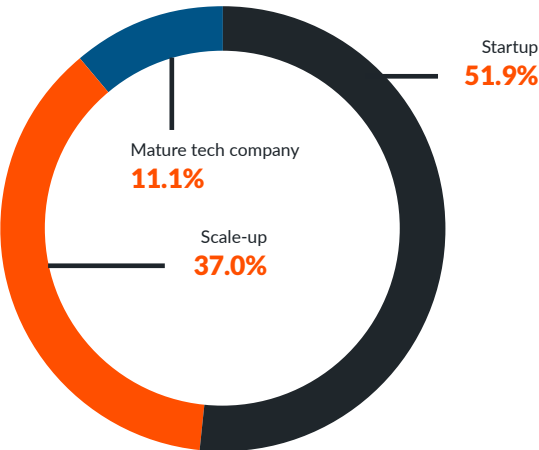


# INDUSTRY FOCUS - MarTech

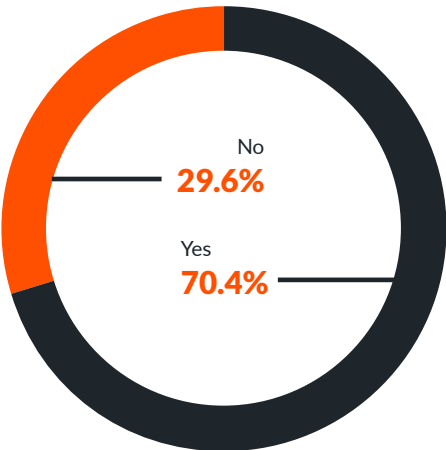
45% of census respondents expect marketing and sales tech companies to grow the fastest over the next 5 years. Approximately 20% of the 138 tech company respondents were marketing and sales software-as-a-service (SaaS) companies. Here’s how they are performing.

**The majority of marketing and sales SaaS company respondents were startups and over 70% of respondents raised capital.** For comparison, 46% of total company respondents in all categories raised capital.

Do you consider your company a startup, scale-up, or mature tech company?

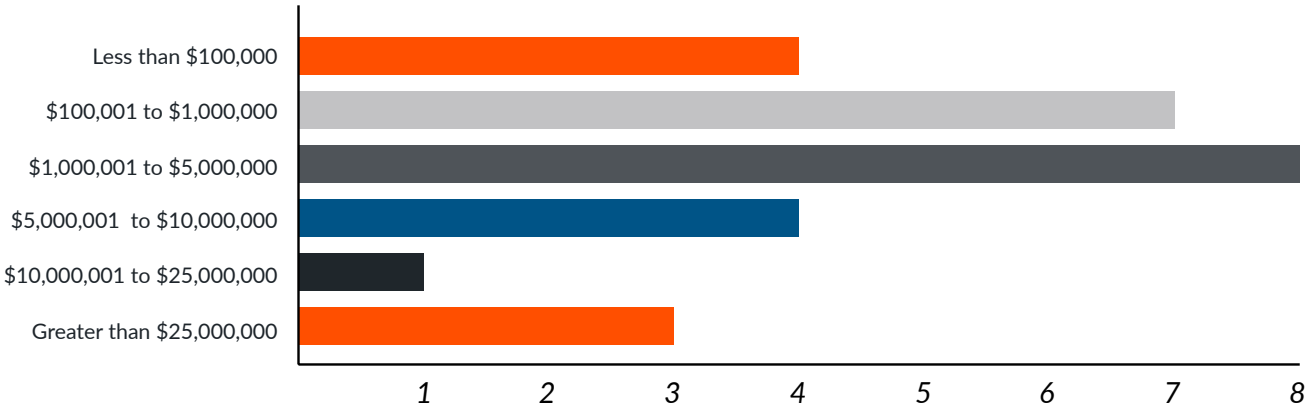


Has your company raised capital?



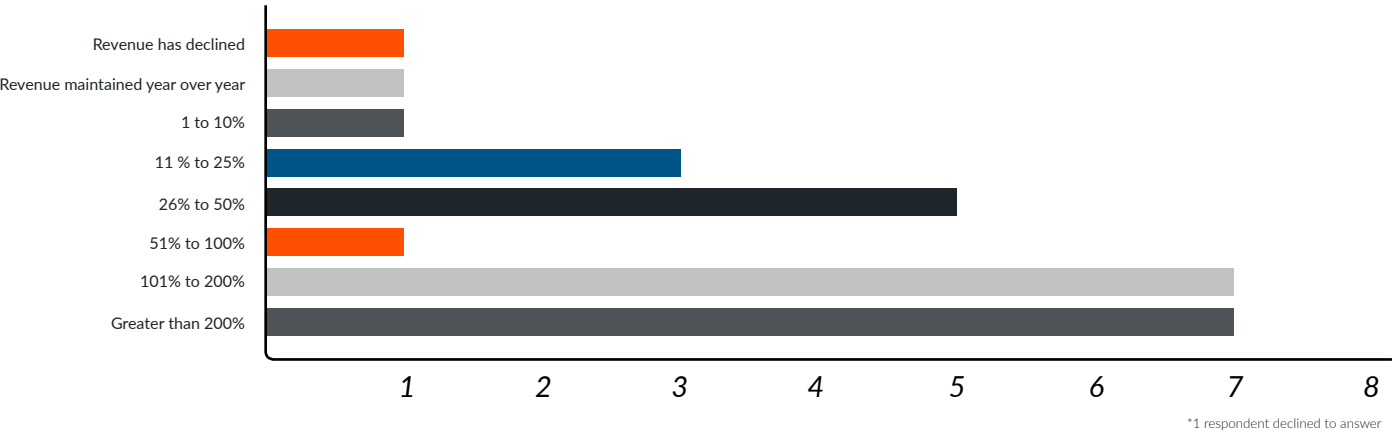
56% of marketing and sales SaaS company respondents grew revenue by over 100% in 2017, compared with 31% of total company respondents. **28% of marketing and sales SaaS respondents grew revenue by more than 200%.**

What is your approximate annual recurring revenue?



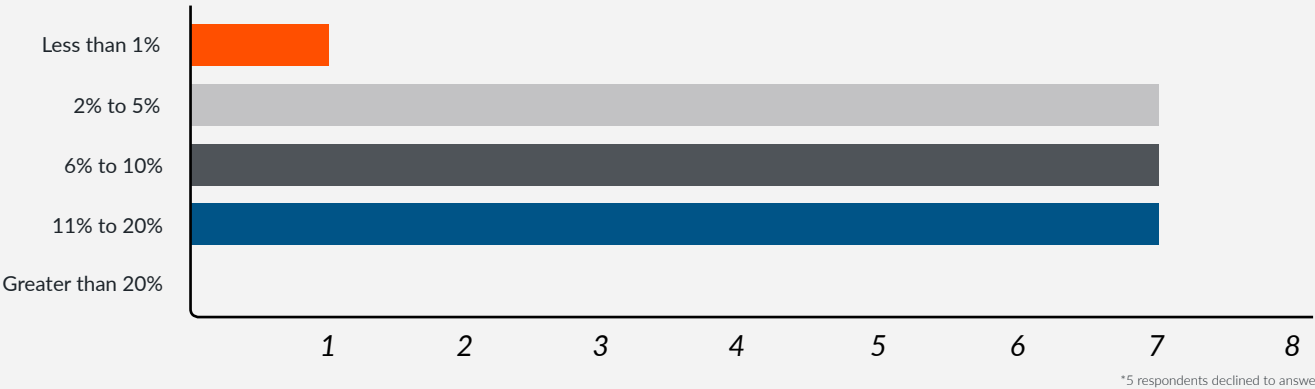


What is your estimated year-over-year revenue growth in 2017?\*



The majority of marketing and sales SaaS respondents are spending more than 5% of revenue on marketing and are not yet profitable.

Approximately what percentage of your revenue is spent on marketing?\*



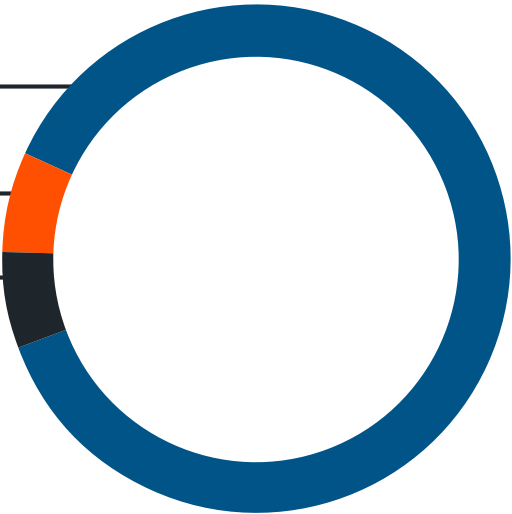
What is your approximate operating (net profit) margin?

\*11 respondents declined to answer

Not profitable yet  
**87.5%**

Greater than 30%  
**6.3%**

6 to 10%  
**6.2%**



2018 INDIANAPOLIS TECH CENSUS REPORT

# IDEAS, CAPITAL & TALENT

FUELING GROWTH IN INDY TECH



## IDEAS, CAPITAL, & TALENT

John McDonald, founder of Clear Object and the current president of The Venture Club of Indiana, described the three key ingredients that are stimulating growth in the Indy tech ecosystem: ideas, capital and talent. He described them as oxygen, fuel and heat.

The following is a summary of the insights gained from the census pertaining to those three vital components that keep our tech ecosystem alive and growing.

John points out that he believes, **“We have no shortage of good ideas in our ecosystem, but that we have work to do in order to facilitate a steady flow of capital and talent to fuel them.”**



**- John McDonald, CEO, ClearObject**

*“The magic intersection for entrepreneurship is the triangle of ideas, capital and talent. That’s the oxygen, fuel and heat which keeps the growth engine going. Ideas are free and ubiquitous. There is no shortage of supply in our ecosystem. We are now directly addressing the capital issue and will be shortly addressing the talent issue. The more we do this, the more successful our community will be. Successful entrepreneurs that piloted most of the roadblocks, but succeeded in spite of all of it, are trying to make it not as hard on others the next time around.”*

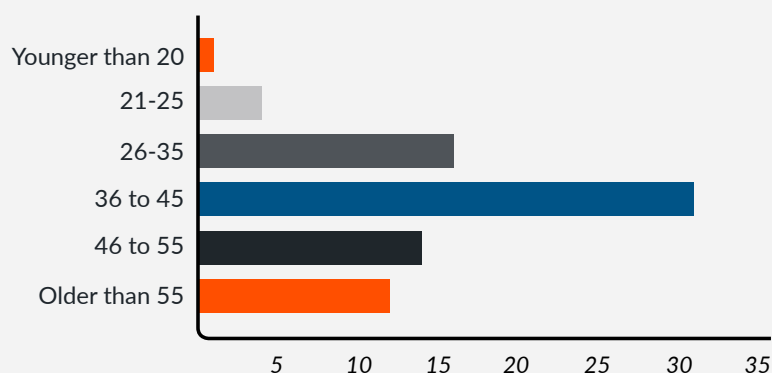


## THE FOUNDERS

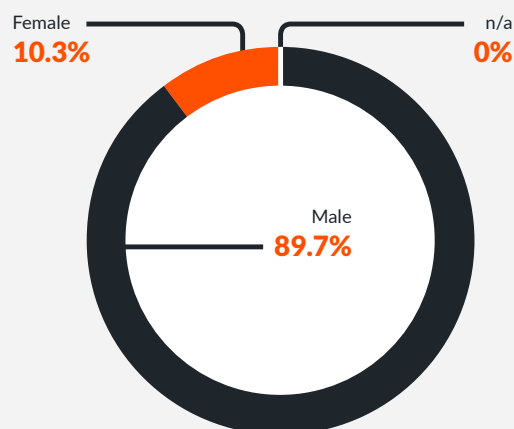
Indy entrepreneurs are breathing ideas into our tech ecosystem at an increasing rate. Out of our 359 total respondents, we had 78 tech founders reply to the census. The following is a breakdown of their demographics.

**The majority of the founder survey respondents were white males. Many are between the ages of 36 and 45.** 77% of founder respondents are bringing ideas to life in Indy with help from co-founders.

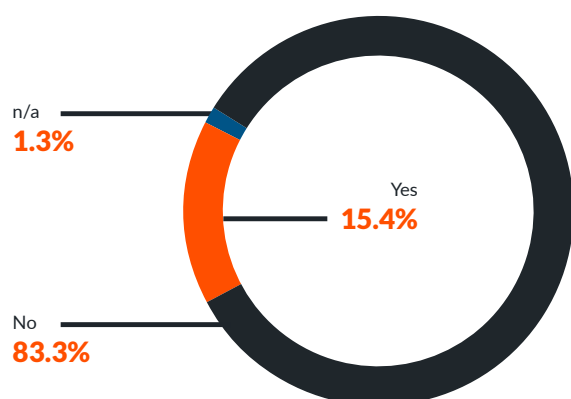
What is your age?



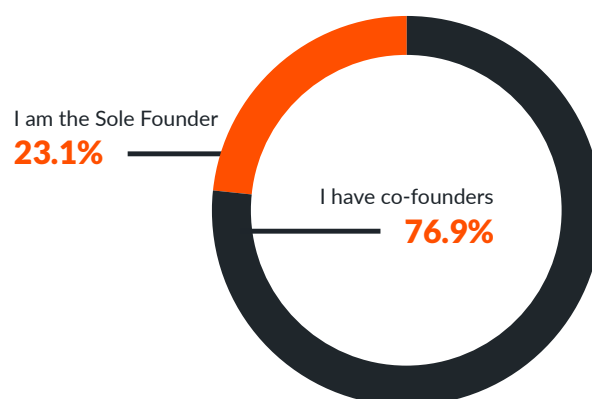
Are you male or female?



Are you part of an ethnic minority?

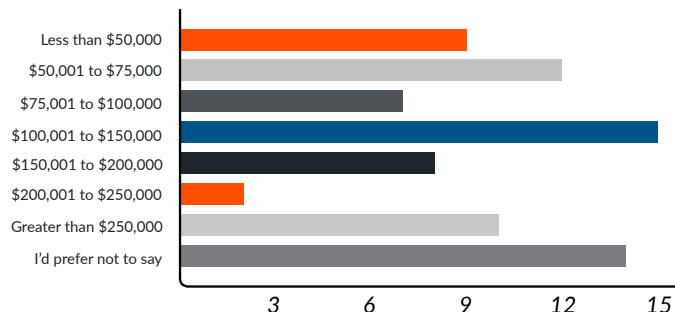


Are you the sole founder or do you have co-founders?

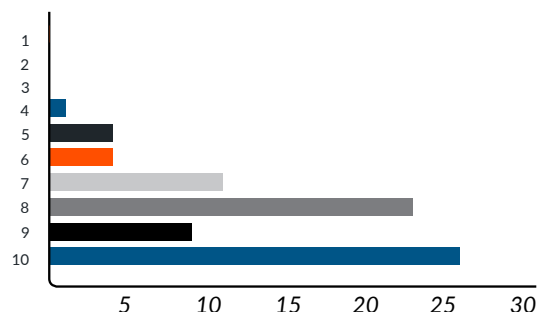


**The majority (55%) of founder respondents that shared their income are making more than \$100,000 a year.** Most report enjoying their experience as a tech entrepreneur in Indy.

What is your approximate annual salary (including distributions and bonuses?)

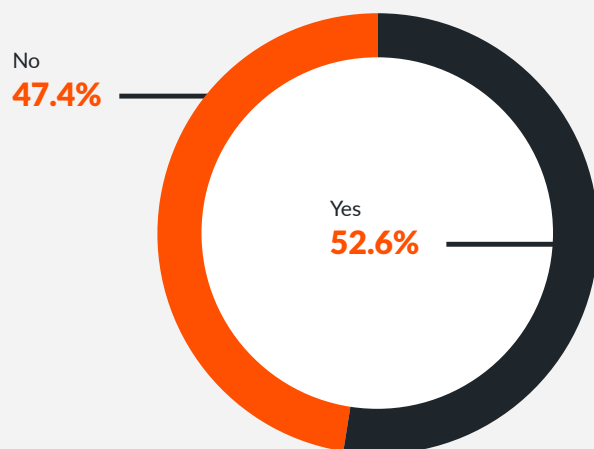


On a scale of 1 to 10, how are you enjoying your journey as a tech professional in Central Indiana?

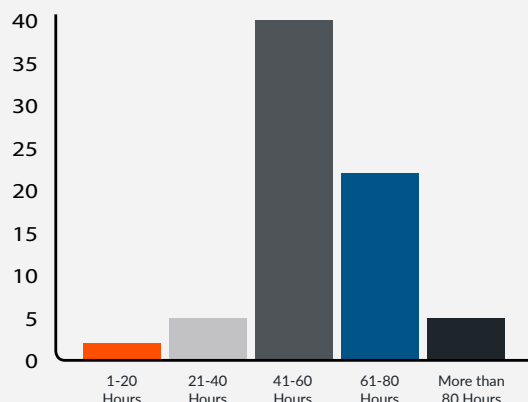


Approximately half of our founder respondents have children living at home, and the vast majority are working more than 40 hours a week.  
**37% of founder respondents work more than 60 hours a week.**

Do you have children living at home?

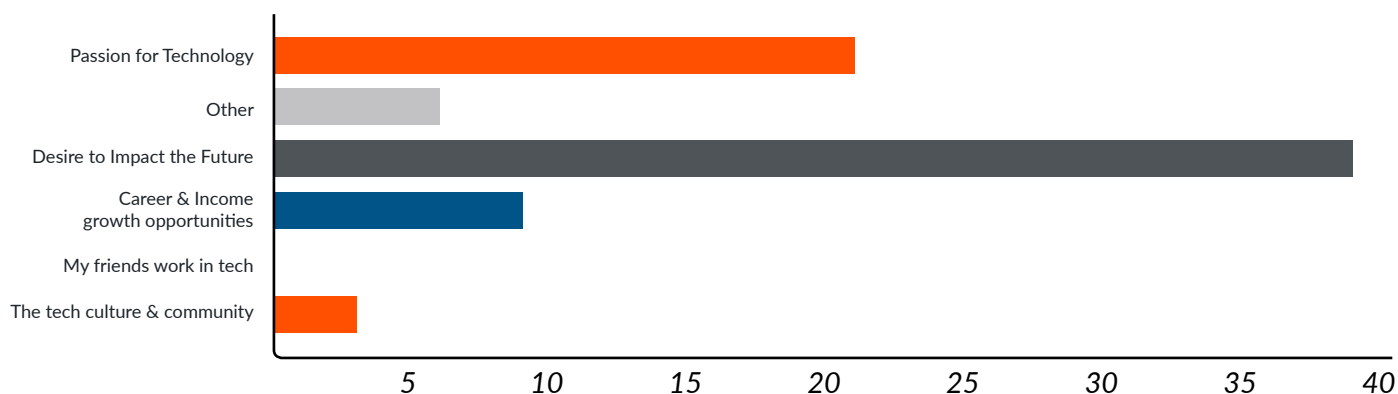


Approximately how many hours a week do you personally spend working at a tech company?

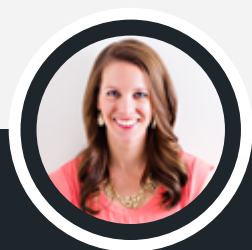
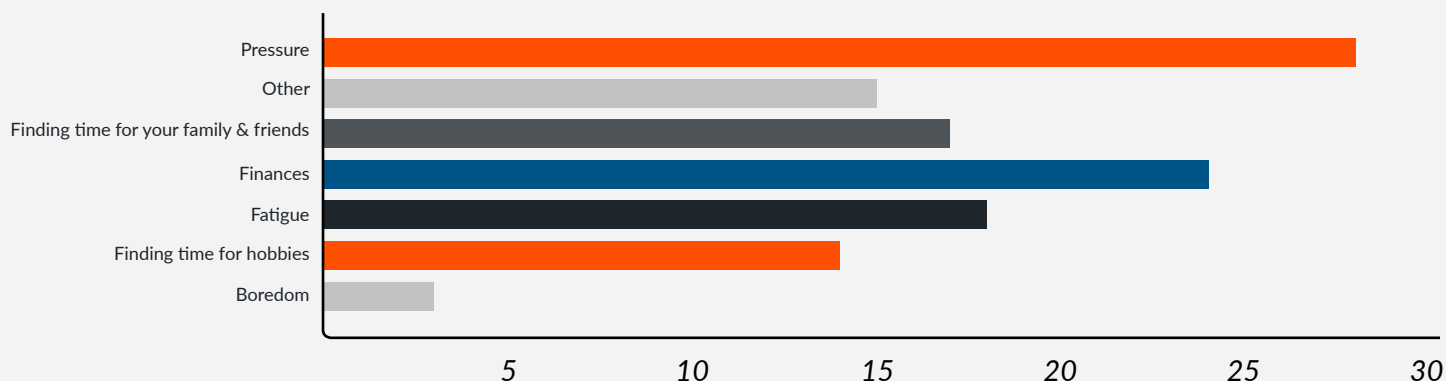


Indy founder survey respondents have a passion for technology, a desire to impact the future, **and struggle most with the pressure of being a technology entrepreneur.**

## What's the top reason you work in the technology space?



## What do you struggle most with in your technology career?



*"I've found the pressure to be overwhelming at times in this world. However, the community aspect has helped tremendously. Simply talking with like-minded entrepreneurs helps bring that pressure down a notch; as you quickly realize that all entrepreneurs have similar issues, struggles and pressure."*

- **Meredith Gradle**, CEO, Iris Works

*"There can be a lot of pressure and stress to launch an idea here. Potential founders worry about destroying their personal reputation if their idea fails. We celebrate the winners, but we need to encourage early ideas and failures, too."*

- **Mike Reynolds**, CEO, Innovate Map



## CAPITAL

Don Aquilano, Co-Founder and Managing Partner at Allos Ventures, described his opinion of the local tech investment ecosystem below. Don is well known as an experienced venture capitalist in Central Indiana and he has strong opinions about the need for more growth capital in the region, particularly funding beyond seed stage.



- **Don Aquilano**, Co-Founder and Managing Partner, Allos Ventures

*"There are plenty of investable companies in Indiana. Absolutely a surplus relative to the capacity to invest. We estimate there's probably \$250M+ in capital needs from Seed through Series B alone.*

*The startup activity is much healthier now than it was 5, 10 and 15 years ago, and the quality is better. You now have experienced entrepreneurs that are onto their 2nd or 3rd ventures. There are more companies launching. There are better companies launching.*

*It's significantly more robust, but there's not enough fuel to fund these. Some go out of business, but many have no option but to grow organically hand to mouth - struggling to compete against rivals on the coasts that are investing heavily in marketing, sales and product development. The unfortunate result is that they often die a slow death, or are forced into a sub-optimal exit.*

**If we don't address this, we will not drive a great number of exits symmetrical to the number of great startups we have right now. Only half a dozen to a dozen high-potential companies are getting real shots.**

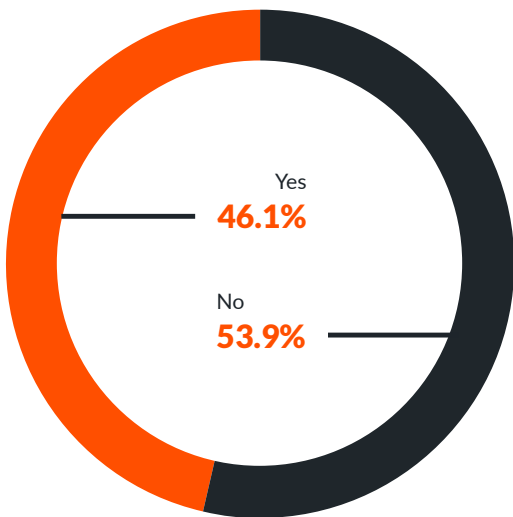
*We have a list of about 400 early-stage companies in Indy. The vast majority of these are seeking capital. 30 to 40 are compelling and deserving of capital now. Prime VC investable companies are struggling to raise and are undercapitalized right now relative to their potential opportunity.*

*My job is not limited by deal flow. It's limited by the dearth of capital formation initiatives helping local and regional investors like us compared to other states around the country. The Next Level Fund has the chance to change this, so we are hopeful that the future is bright."*

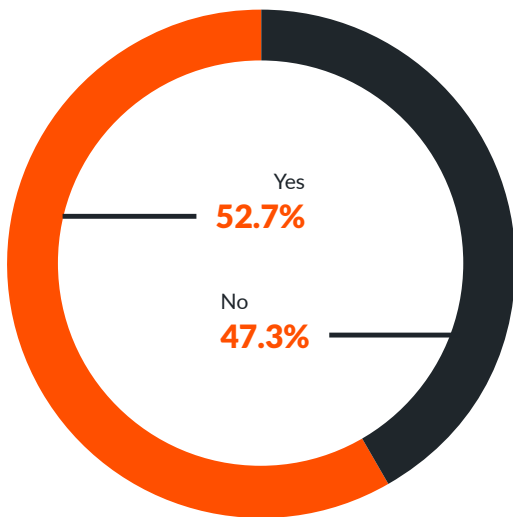


Census responses from technology founders in Indianapolis showed that **a slight majority of entrepreneurs are bootstrapping their tech companies and approximately half struggled to raise capital in the state of Indiana.**

Has your company raised capital?



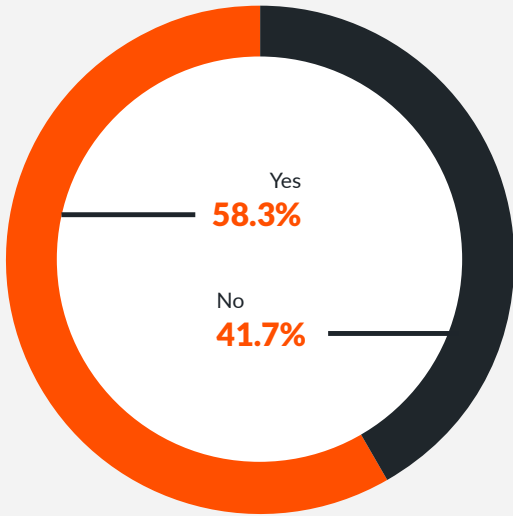
Have you struggled to raise adequate capital to fund your business in the state of Indiana?



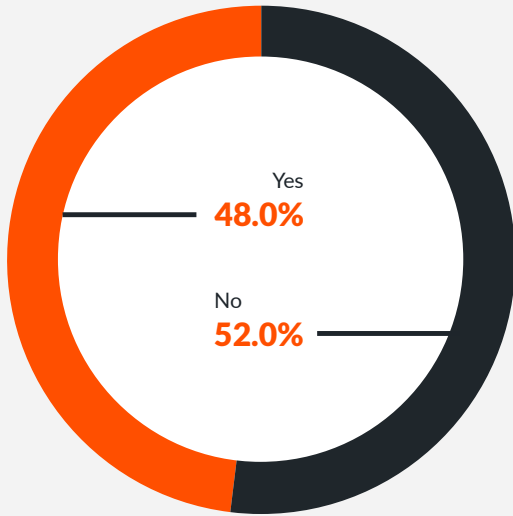
\*16 respondents declined to answer

When the census data was filtered **for founders of tech companies with annual recurring revenue in excess of \$1,000,000 dollars, the data still showed that nearly half of founder respondents struggled to raise capital in the state of Indiana.** Approximately 41% of these founders are currently bootstrapping their companies.

Has your company raised capital?



Have you struggled to raise adequate capital to fund your business in the state of Indiana?



\*1 respondent declined to answer





“Raising capital in Indy wasn’t easy, **but after two years of meetings, networking, pitches, hard work, rejections and more rejections, we were able to close a seed round of \$600,000** in early 2017 for Tenant Tracker...The conservative nature of Indy investors meant we had to dig harder and meet with many more people than we thought from the beginning. It was difficult. It was painful. We fell down a lot. But in the end, it was a tremendous learning experience. My hope for 2018 is we can break down barriers on early stage investing to fuel the foundation of future darlings from the Indy Tech community, in a quicker, more streamlined fashion.”

- **Keith Kleinmaier**, CEO, TenantTracker

“From my angle, investors will fund a business wherever it is, and they will do so at fair prices, so long as that business is tackling a big, underserved market and is able to grow quickly in a scalable, capital efficient way. There are armies of venture associates out there hungry to find the next opportunity, and in my experience, the ones who discriminate by geography do so in a way you might not expect—they spend the majority of their time targeting non-coastal companies.”

- **Max Yoder**, CEO, Lessonly



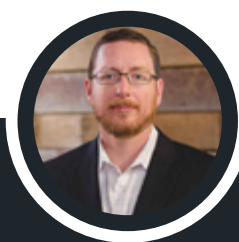
“**My personal experience has been very positive raising capital in Indy.** It could have been the right idea at the right time, but either way, our fundraising was pretty fast. However, because of the role I’m in today at The Speak Easy, I see a lot of good companies that struggle significantly with fundraising.”

- **Danielle McDowell**, Executive Director, The Speak Easy



“As a high growth Indianapolis tech company with great stats, I don’t think it’s any different raising capital here than anywhere else. Many of the investors that I speak with **are turned off by the unreasonable costs of scaling a company in the valley.**”

- **David DeRam**, CEO, Greenlight Guru



“**Many of the DeveloperTown companies do end up going out to the coasts for capital.** For the most part, we tell our companies to look further than Indianapolis for capital.”

- **Michael Kelly**, Managing Partner, DeveloperTown



Of our 359 survey respondents, twelve described their primary role as professional investors in the Central Indiana tech community. Please keep in mind that angel investors who consider their primary career as something other than professional investing are not included in this data. **The small ratio of full-time investors to survey respondents may help support the theory that raising capital in Central Indiana is difficult for many entrepreneurs.**

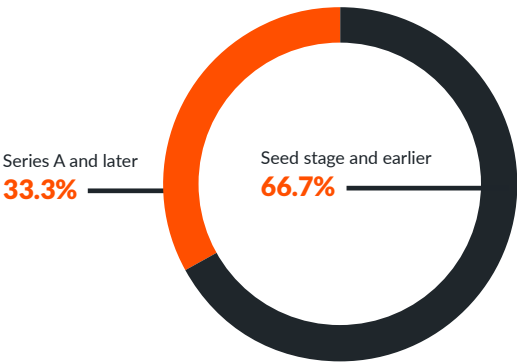


*“There are only a handful of venture capital firms in Central Indiana and maybe twenty or twenty-five full-time investors total who work at these firms.”*

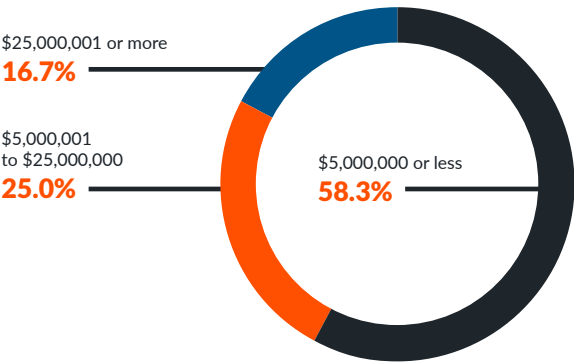
**- Kelly Schwedland, Entrepreneur-in-Residence, Elevate Ventures**

The majority of professional investors who took the Indy Tech Census have invested more than \$1,000,000 dollars into Central Indiana companies and most often make seed stage investments.

**What type of investments do you most commonly make?**

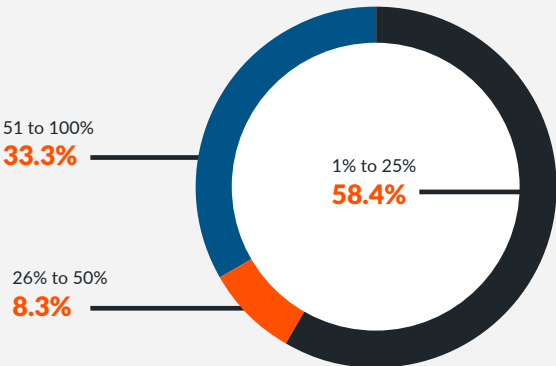


**Approx. how much capital have you and/or your fund invested into Central Indiana-based tech companies?**



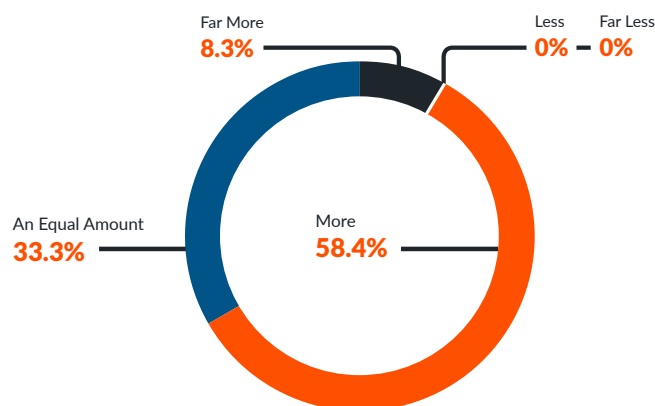
**The majority of investors who took the census have 25% or less of their investments in Central Indiana tech companies.** Marketing & Sales is the most-represented industry.

**Approx. what percentage of your investments are in Central Indiana-based companies?**

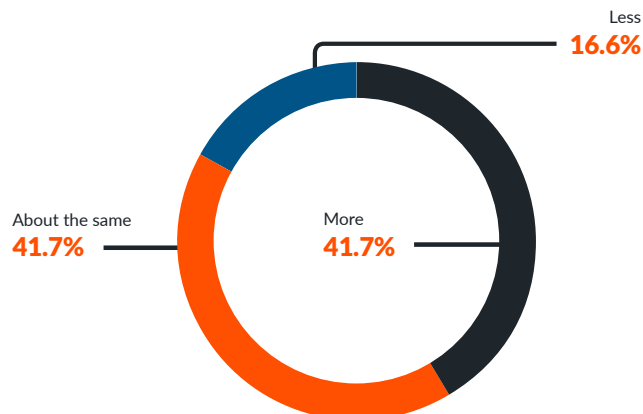


The majority of investors who took the census believe there will be **more tech investment opportunities in Central Indiana in the next 3 years** and plan to invest the same or more into local companies over this period.

Do you believe there will be more or fewer tech investment opportunities in Central Indiana in the next 3 years?



Do you expect to invest more or less in Central Indiana companies in the next 3 years?



*"We recognize there is a gap between the seed and expansion stage rounds, leaving an opportunity for venture firms that will lead post-seed and Series A rounds. Hyde Park Venture Partners has had its portfolio companies raise over \$135M in follow-on capital in the last year from firms such as Accel, Bain, Battery Ventures, NEA and Edison. Coastal VCs are interested in getting involved in Indy and the Midwest, but they often look to a local investor on the ground to validate and steward their investments."*

- **Tim Kopp**, Venture Investor, Hyde Park Venture Partners

*"I believe there are plenty of investable companies in Indy. We have an ample supply. There are too many companies chasing too little capital. Much of our investing history and capital base is old school, they want to move it, ship it, cut it or grind it. The best thing we could do is enable that old guard to move into the new economy by investing a little bit of their capital into the new markets. The top ten emerging technology segments will make up 2/3rds of the GDP in 20 years. We have to invest in the future like our future depends on it!"*

- **John Wechsler**, Founder, Launch Fishers





*"Funding issues in Indy are really a city life cycle problem. If you think of Indy tech as a product or brand, it's still early in the lifecycle. We've attracted early adopters. But, we need to create awareness for what makes Indy special to really gain traction. We need a series of consistent exits to gain more investor attention. We've had a few, periodic exits but not a constant stream. Investors have to see a consistent track record of performance to jump on board. We're getting there. These next few years will be important."*

**- Kim Saxton**, Angel Investor & Clinical Associate Professor, IU Kelley School of Business

*"If you're going to raise in Indy and you've never built and sold a company before, you're going to have to build a team, product and customers before you can raise institutional money. And keep in mind that you're not just competing with Indy companies for capital. **You're competing with startups in Boston, Chicago and other tech hubs. You've gotta be outperforming the national benchmark data.**"*

**- Kelly Schwedland**, Entrepreneur-in-Residence, Elevate Ventures



*"We make up for our lack of funding in other ways. People are willing to give their time and connections. You don't get this in other communities where people guard their time so closely. **Don't be afraid to ask. Find the smartest people you can and ask them for advice.**"*

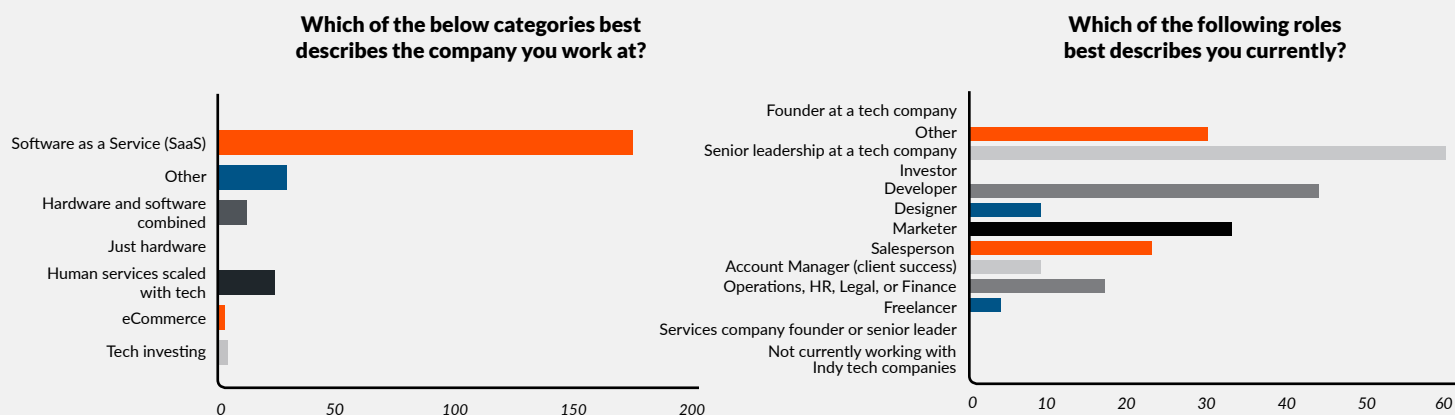
**- Tom Gabbert**, Founder & Managing Director, mAccounting LLC



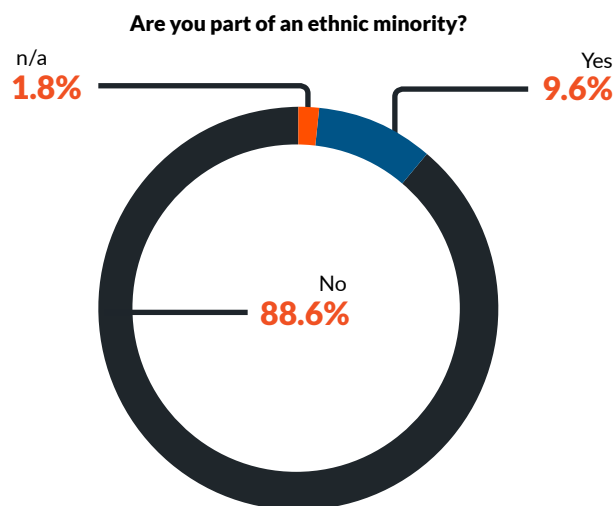
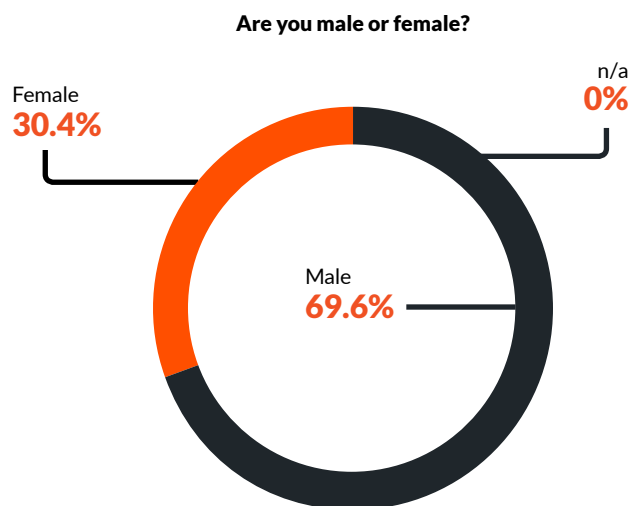
# TALENT

**63.7% of the Indy Tech Census respondents work for technology companies in Central Indiana** in non-founder roles. Central Indiana's tech workforce is one of the three fundamental building blocks of its **thriving tech community**.

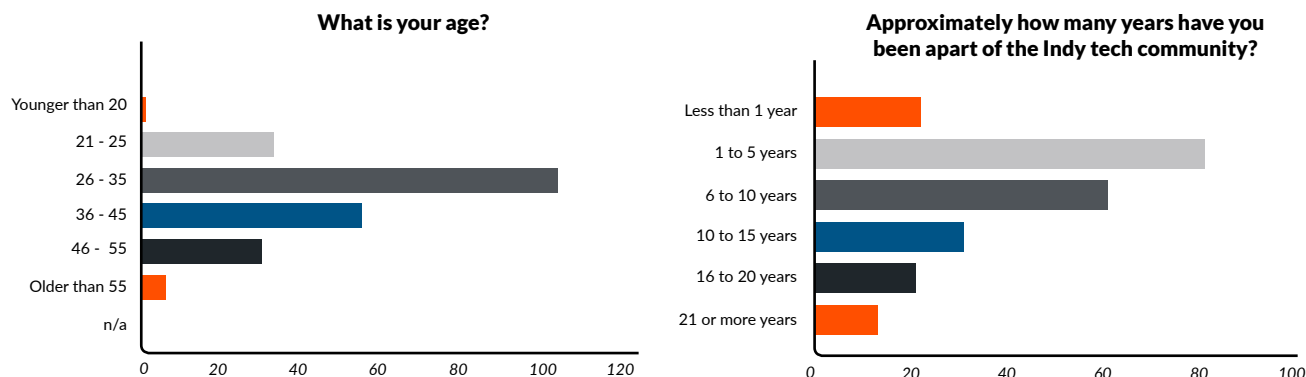
The majority of workforce respondents worked for Central Indiana SaaS companies and have the following distribution of roles:



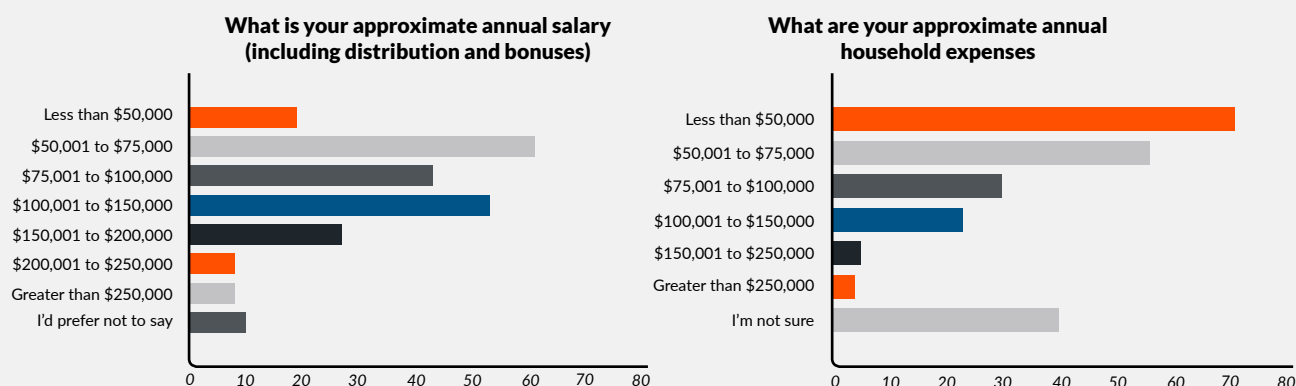
30.4% of workforce respondents were female and 9.6% were part of an ethnic minority.



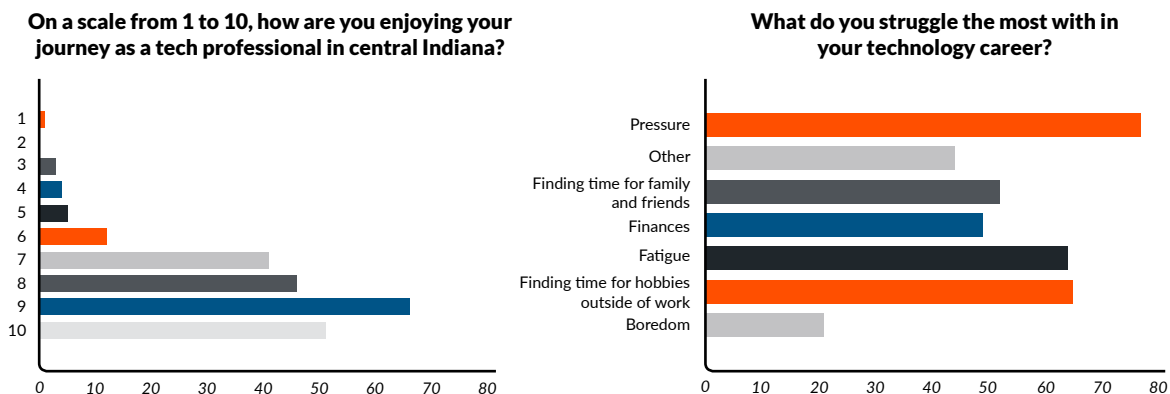
The highest percentage of workforce respondents fell between the ages of 25 and 36 and have been a member of Indy's tech community for one to five years, indicative of the growth and expansion of Central Indiana tech.



The majority of workforce respondents made \$100,000 or more a year and had annual household expenses of \$75,000 or less.

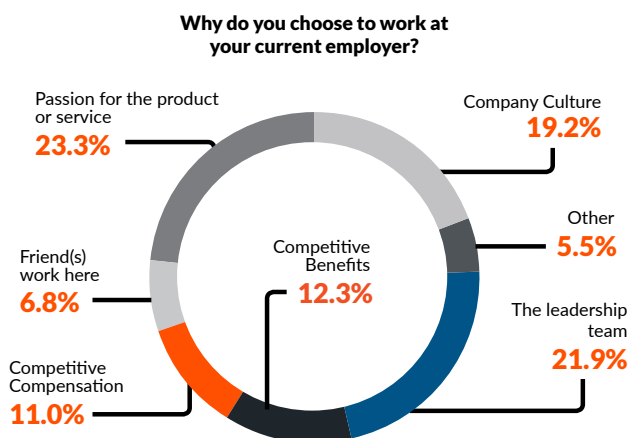
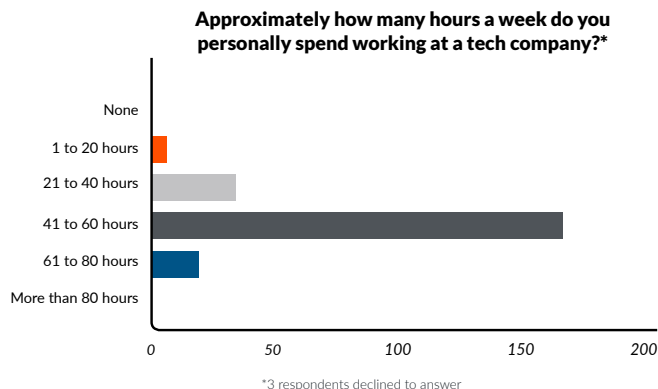


Workforce respondents have high job satisfaction, and similar to founder respondents, struggle most in their tech career with pressure.



# 2018 INDIANAPOLIS TECH CENSUS REPORT - IDEAS, CAPITAL & TALENT

Their reasons for choosing their employer vary greatly, but the majority of workforce respondents spend 41 to 60 hours on the job each week.



“What I see are candidates that want to make an impact, especially on the development side. **They want to see their code in the product, and know they are contributing and making a difference.** As a leader, building an environment where employees are supported, trusted and empowered drives the culture. It’s a differentiator in attracting talent.”

- **M.T. Ray**, SVP Global HR, Cheetah Digital



“**I make sure my employer has a long-term vision for me 3 years down the road.** One thing we do at Sigstr is one-year and three-year personal and professional goals. Leadership is supporting me in accomplishing these. Feeling important is the key factor for me. Not being another number...”

- **Nick Spencer**, ESM Specialist, Sigstr



“I look for room to grow, a path onward and upward and a supportive environment. **Most importantly, I appreciate a boss who’s tuned into what I need, and the ability to make a good living. I have all that in my current role.**”

- **Sharmin Kent**, Brand Marketer, Quantifi



“I look for an experienced leadership team. **There has to be a big market opportunity and room for me to grow. I have this and more at Greenlight Guru.**”

- **Nick Tippman**, Director of Marketing, Greenlight Guru





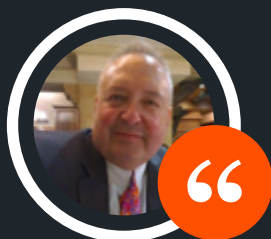
“

“One thing about my current employer, DemandJump, that really stood out to me was the uniqueness of the product in the market--there’s nothing out there like it. When I first talked to Christopher I was immediately drawn to his passion for the product. I’ve always wanted to work for a CEO who loves what the team is building..”

- **Audra Felten**, Director of Product Marketing, DemandJump

## DEVELOPERS

According to Indy tech founder and Executive Director at The Speak Easy, Danielle McDowell, “It is very difficult to find experienced engineering talent in Indy. **Marketing talent is robust, but experienced developers are especially hard to find.**” Her comments were echoed by other Indy tech leaders, including Christopher Day who said, “It’s especially hard to find talent in Indy at the senior level of engineering.”



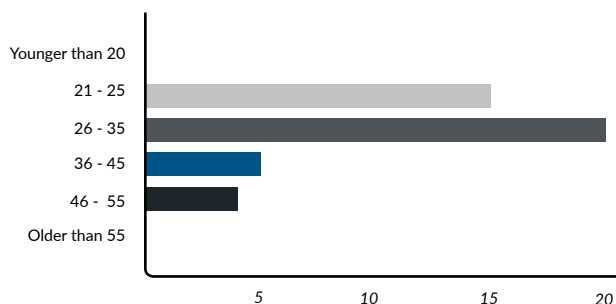
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“The thing I really like about Indianapolis is the youth and young talent. The great education system... There is not enough mid-senior talent in Indy. I struggle with how I am going to find my next 100 senior people. And it will get better. It just takes time. The state is working to bring people back.”

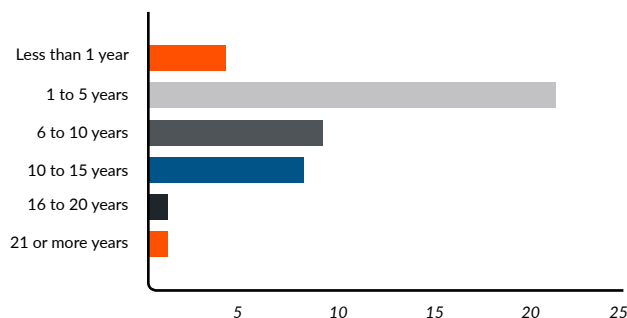
- **Bob Stutz**, CEO, Marketing Cloud and Chief Analytics Officer, Salesforce.com

This data from the census would indicate that **more senior engineering talent will be available in the coming years as our young talent becomes more experienced.** The majority of census respondents who were developers were 35 years of age or younger and have been members of the Indy tech community for five years or less.

What is your age?



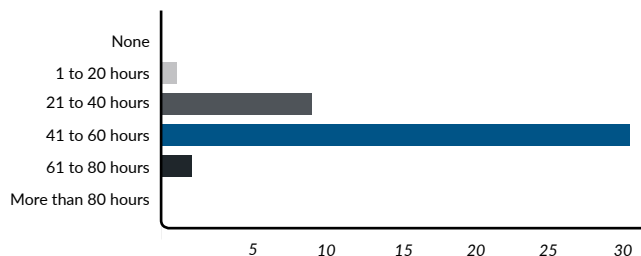
Approximately how many years have you been apart of the Indy tech community?



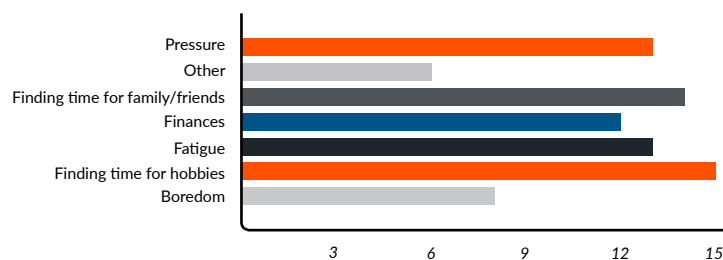


Developer respondents struggled less with pressure in their tech career than founders and other members of the Indy tech workforce. **Developers struggle most with finding time to pursue activities outside of work, including hobbies and time with friends and family.** This data may be useful to keep in mind when hiring.

Approximately how many hours a week do you personally spend working at a tech company?



What do you struggle the most with in your technology career?



*"I look for a good boss, a product I believe in, a team I can learn from, and market potential for the company."*

- **Robert Harris**, VP of Engineering, Sigstr

*"I look for companies that trust I know how I work best, and give me the freedom to do so."*

- **Brandon Corbin**, Solutions Dir., Fusion Alliance



*"I look first for an opportunity to make an impact. I want to work on something that makes a difference. It's all about the product and vision. I want to have a direct hand in building the ship that gets us there. As an engineer, you're on the front lines. It's exciting and a lot of responsibility."*

- **Jon Corwin**, Director of Growth, One Click



2018 INDIANAPOLIS TECH CENSUS REPORT

# SOCIAL ISSUES & TECH

CENSUS INSIGHTS ON SOCIAL ISSUES & DIVERSITY  
IN THE INDY TECH COMMUNITY



## SOCIAL ISSUES

Technology is how humans shape the future. Moore's Law supports the concept that technology is accelerating at an exponential rate. Therefore, technologists are shaping the future at an unprecedented pace. While technology accelerates, it may be useful to ask the following question:

*Can our humanity and compassion for each other scale at a similar rate as technology, **and what happens if it doesn't?***

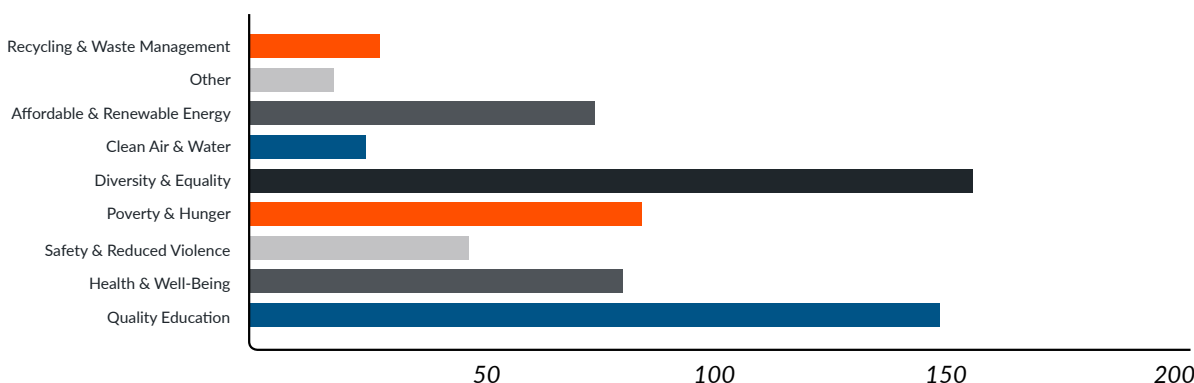


*“The best way to predict the future is to create it.”*

**- Abraham Lincoln**

Central Indiana faces similar social challenges as the rest of the nation, and in some cases, the globe. Indianapolis is encountering a very real poverty and crime challenge and sat at the center of the contentious RFRA debate.<sup>1</sup>

**Which social issue would you like to see the Indy tech community most impact over the next 5 years?**



<sup>1</sup> Indianapolis Ranked 13th Most Dangerous City <https://www.indystar.com/story/news/2016/09/30/indianapolis-ranked-13th-most-dangerous-city/91318448>  
 Rise in poverty in Indy nearly outpaces growth in population over 15 years <https://www.ijb.com/articles/65908-rise-in-poverty-in-indy-nearly-outpaces-growth-in-population-over-15->



Indianapolis is becoming a national hub for tech, and is therefore, earning the right to help shape the future of humanity with our technology. What type of future do we want to create? What social issues does the tech community most want to impact?



*"Right now is one of those moments when we are influencing the future."*

**- Steve Jobs**

**The highest percentage of census respondents (23%) said that diversity and equality was the social issue that they'd like to see the Indy tech community most impact over the next five years.**

The second-highest submission was for the tech community to impact quality education, and the third was poverty and hunger.

Each of these social issues are important to the future of the tech community, state and nation, but the census revealed the most interesting data around diversity and equality. Although, as Laura Dodds alludes to below, many of these issues, such as education and poverty, are directly related to diversity and equality. It's a great place to start.



*"Without technology humanity has no future, but we have to be careful that we don't become so mechanised that we lose our human feelings."*

**- 14th Dalai Lama**

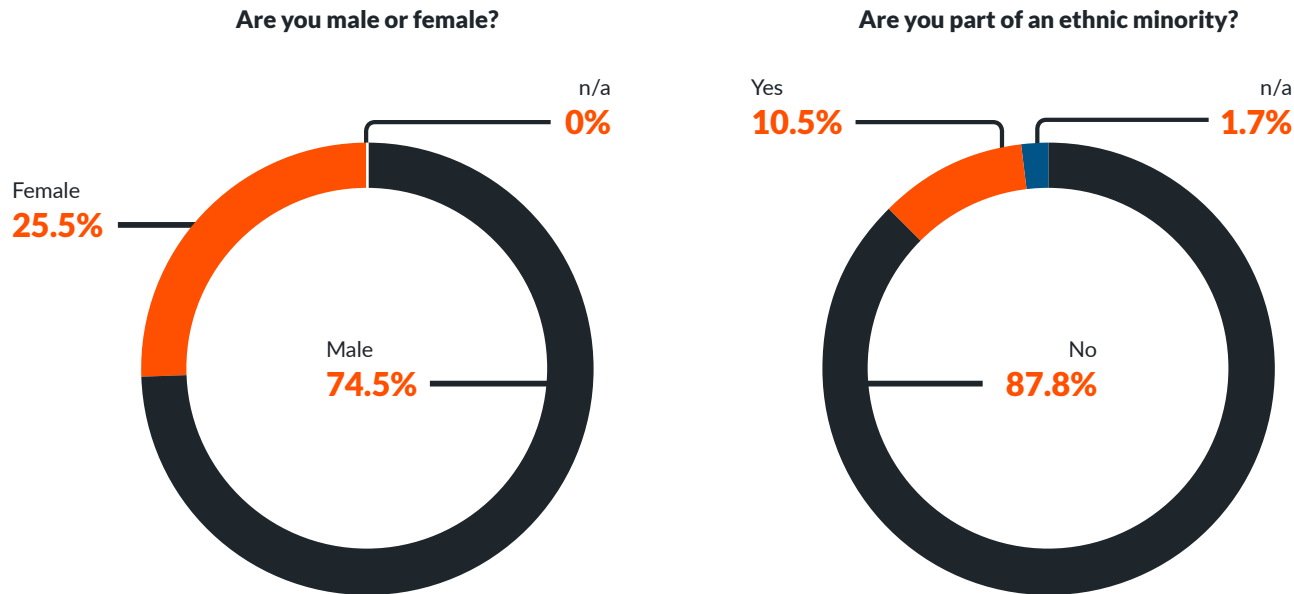


*"Indianapolis is a hotbed for innovative education ideas being implemented both during and outside of the school day. The city is leading the nation in opportunities for students to participate in STEM programming and boasts a cross-sector commitment to increasing computer science education in our schools by 2020. Unfortunately, the biggest challenges for technology education mirrors that of our workforce today: we must do a better job encouraging students that are typically demographically and economically underrepresented in technology to opt-in."*

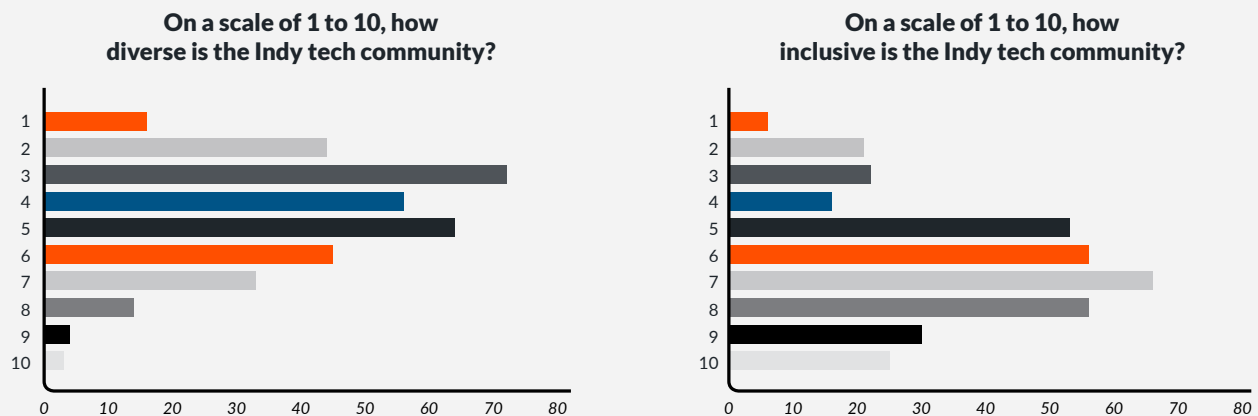
**- Laura Dodds, Executive Director, Techpoint Foundation for Youth**



**25.5% of Indy tech census respondents were female and 10.5% were part of an ethnic minority.**



On a scale of 1 being less to 10 being more, survey respondents gave the tech community an average score of **4.4 for diversity** and **6.3 for inclusivity**.





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*“In all honesty, when I began this company in 2015, I felt like the only female in the building. I found it aggravating to attend events and networking functions as one of the only females. A few short years later, it’s inspiring to see so many female entrepreneurs joining the community, and the men in the industry welcoming and raising them up.”*

**- Meredith Gradle, CEO, Iris Works**



*“Inclusiveness is essential for a functioning venture ecosystem. We need a diversity of opinions and perspectives to really understand the problems our customers face. When we embrace all life perspectives, we can create novel solutions for diverse marketplaces.”*

**- Todd Saxton, Associate Professor of Strategy & Entrepreneurship, IU Kelley School of Business**



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*“To the best of my knowledge, my race has never been an issue when it comes to my career. Indy tech is a very inclusive and open community. The only time I think about race is when it comes to building a diverse team.*

*At Mimir we are 19% female & 19% ethnic minorities, with no overlap. We want to have better diversity ratios but Indy’s talent pool lacks diversity. That being said, this is a solvable problem and as a community we are moving in the right direction. Techpoint, Salesforce and Infosys are making strides by committing training and recruiting resources that introduce talented individuals from diverse backgrounds to Indy tech.”*

**- Prahasith Veluvolu, CEO, Mimir**



*“The silver lining in the RFRA debate is that it opened up an opportunity for Indy to take center stage by building tech companies and supporting not-for-profits that impact important social issues, like diversity. In order to do this we must further embrace an open and diverse tech community, which includes sexual orientation, gender identity, race, ability, age, and socioeconomic status.*

*We can fix the real world issues of today with technology if we collaborate and demonstrate to others on how to do it. The best way to start is by implementing diversity and inclusion policies in our tech companies now.”*

**- Josh Driver, Founder, selfless.ly**



**Is diversity in the Indy tech community on the rise?** Interestingly, the majority of census respondents have been a part of the community for 6 or more years. The majority of respondents who were female or part of an ethnic minority in Indy have been part of the community for 5 years or less.

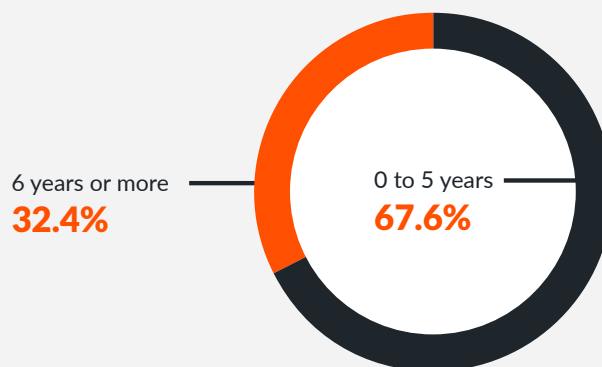
## All Submissions



## Women



## Ethnic Minority





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*“There has been a lot of progress in the last year or so in highlighting women in tech with the rise in multiple networking groups dedicated to women in the tech community. We’d like to see more men in attendance at these events to accelerate equality and inclusion of women in the workplace and in leadership positions.”*

**- Kristen Hammerstadt, Founder, Ladies in SaaS**

*“I love the focus the community has taken on women in tech - and I hope we do more. I’d also love to see us do the same for minorities in tech.”*

**- Mike Kelly, Managing Partner, DeveloperTown**



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*“When 50% of all tech founders, tech executives, and tech board members are women, we will have achieved gender parity in the Indianapolis tech industry. Until those numbers are achieved, everyone has work to do. We need more men going through formal diversity training to better understand how women and minority groups have been marginalized and what their role is in understanding & eliminating oppression & under-representation... As women rise into leadership positions in the tech industry, we’ll be looking to collaborate with the men who have taken the time and initiative to support us.”*

*Here are a few ways for men to engage in female tech culture: become a member of Women & Hi Tech, volunteer on the committees and attend events regularly, register for the Indiana Conference for Women, mentor budding developers at GDI training sessions, and participate in Startup Ladies’ events.”*

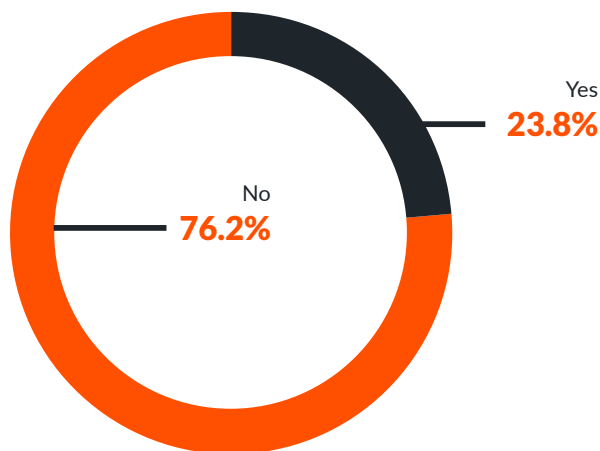
**- Kristen Cooper, Founder, Startup Ladies**





**Can greater ethnic diversity and diversity education programs attract more engineers to Indy?** Approximately 11% of Indy census respondents were part of an ethnic minority, but they comprise nearly 24% of developer respondents.

Are you part of an ethnic minority?



\*2 respondents declined to answer



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*“Diversity needs to be a priority from the very beginning. It’s something you need to commit to and consider on many levels. It makes your company better. Simple as that. You make smarter, more innovative decisions if you surround yourself with people who aren’t exactly like you. The key is to make diversity a priority early. If you wait until you are a team of 10+ you may be challenged to turn that ship.”*

**- Mike Reynolds, CEO, Innovate Map**



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*“Quality education is a big issue. It directly impacts our hiring, and we’re not where we need to be. Even with our great universities, the state still has over 1,000 open development positions.*

*Almost three-fourths of Indiana students don’t graduate college and feel helpless. It’s no surprise we have an opioid crisis. We need an alternative for these kids, and I think it may be a new development education and apprenticeship program straight out of high school.”*

**- John McDonald, CEO, ClearObject**



*“40% of the Indy population identifies as a minority while only 10% of the Indy tech community does. We won’t be able to attract more diverse talent to Indy until we do a better job of being inclusive here...There are enough obstacles as an entrepreneur — why not move to a community where you’ll be more readily accepted? A few will persist, but we’ll otherwise lose a lot of great talent and potential. I don’t have all the answers on how to fix this. But we can start by making sure newcomers see themselves in the people we celebrate, the people on stage, the people in positions of power.”*

**- Ade Olonoh, Co-Founder, Jell & Formstack**



## CONCLUSION

Whether we know it or not, the ground underneath our collective feet continues to shift. Technology continues to disrupt an increasing amount of industries, and our city's place in the new tech economy will be decided by those who act decisively amidst uncertainty.

By continuing to fuel the growth of the technology economy in Indianapolis, we are earning the right to put our stamp of values on the national and global economies. As we speak, other communities are leading the charge in this field, but Indianapolis has made significant progress in earning its place among other notable cities.

We are not without our own obstacles, some of them self-made. Our willingness to address them head-on in open, inclusive dialogues may make the difference between the rhetoric of list-making and actual accomplishments in new jobs, poverty reduction & wealth creation.

If we are intentional about the problems we aim to solve and if we involve our peers in a meaningful dialogue about the future, then none of the hurdles in front of us are insurmountable.

In order to facilitate further discussion and forward momentum, please open up the landing page where you downloaded this report on [powderkeg.com](https://powderkeg.com) and comment in the Disqus section at the bottom of the page.

In addition to the data that has been presented in this report, we hope to offer additional access and insights from the Tech Census. If you have specific questions or would like to see additional elements of the survey more deeply explored, please ask in the Disqus section on the Tech Census download page on [powderkeg.com](https://powderkeg.com).

We hope you'll join us to discuss the future of our community.



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