



FY25 Launch Minnesota Annual Report

As required by Minn. Stat. § 116J.8751

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Contact Information

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Table of Contents

Background	4
Mission.....	4
Advisory Board	5
History.....	5
Innovation Grants.....	6
Outcomes of Innovation Grants.....	7
Education Grants	9
Outcomes of the Education Grants (Launch Minnesota Network).....	9
Plans for the Future	11

Background

Launch Minnesota was created during the 2019 legislative session (Minn. Stat. § 116J.8751). Funding was discontinued at the end of FY25. As a result, the program no longer offers Innovation Grants or Education Grants. Previously, Innovation Grant funding provided entrepreneurs and startup companies with business development assistance and financial assistance to spur growth. Innovation Grants were used for research and development, direct business expenses, or receiving technical assistance for businesses with an innovative technology or business model. Education Grants empowered community builders to train entrepreneurs on critical skills in building technology startups.

Mission

Launch Minnesota supports innovation and entrepreneurship across the state by creating a connected and collaborative culture and expanding entrepreneurial talent and expertise.

Minnesota’s innovators need a robust ecosystem of resources and expertise to grow their companies. Launch Minnesota helps power Minnesota’s startup community by providing resources and working across communities and sectors to help entrepreneurs and innovators start and scale innovative businesses. The impact is seen in the following ways:

- **Economic Impact** – Launch Minnesota helps drive economic growth and opportunity, leveling the playing field for all entrepreneurs.
 - **MN Cup:** Launch Minnesota creates opportunities for entrepreneurs in Greater Minnesota to participate in the state’s largest startup competition, MN Cup. Working with regional Launch Minnesota leaders, Launch Minnesota assists with the creation of regional pitch competitions. The winners of each regional competition receive automatic entry into the first round of MN Cup.
 - **Startup Education:** Launch Minnesota awarded grant funding to the University of Minnesota’s Carlson School of Management through Education Grants. This allowed entrepreneurs to access UMN’s Value Proposition Course, a class for pre-launch and early-stage technology entrepreneurs who plan to seek external grant or equity funding.
 - **Startup Showcase:** Launch Minnesota helps entrepreneurs identify potential opportunities for capital through Startup Showcase, a virtual event creating connections between startups and venture capital or angel investors. Startups from any industry can apply. Launch works with community partners to select up to 12 companies to participate in an event. The selected companies then pitch to a group of investors from Minnesota and beyond. In 2025, Launch Minnesota hosted two Startup Showcase events where a total of 15 companies pitched to 44 unique potential investors. Launch Minnesota will continue Startup Showcase in 2026.
- **Connected Ecosystem** – The Launch Minnesota Network created a connected and coordinated ecosystem. Research by the University of Minnesota Extension on the work of Launch Minnesota showed this type of connectivity helps increase the rate and success of new business formation.¹

The Launch Minnesota Network created a connected and coordinated ecosystem. The Launch Minnesota Network was powered by Education Grants. The Network ceased activity after the end of the grant period due to the lack of additional funding. DEED’s Office of Small Business and Innovation (OSBI) continues the effort to support small business ecosystem development in Minnesota. One pathway is through the Small Business Assistance Partnership Grant Program. This

¹ University of Minnesota Extension, “Encouraging and Supporting High Growth Entrepreneurship in Minnesota,” 2021. Unpublished.

program has complementary aims to Launch Minnesota Network and its grantees will continue to some extent continue to support a connected and coordinated small business ecosystem.

- **Globally Competitive** – Data shows the cities and states that focus on and invest in innovation stay competitive both nationally and globally.²

Advisory Board

The Launch Minnesota Advisory Board advised and made recommendations on many aspects of the program, such as grant awards. The board also helped guide Launch Minnesota with strategic planning and helped to decide public-private partnerships.

A minimum of seven members were from the private sector representing business and at least two members but no more than three members were from government or higher education. At least three of the members were from Greater Minnesota and at least three members were minority group members.

Launch Minnesota’s advisory board stopped meeting at the end of FY25. The group continues to regularly seek input on innovation efforts through community partners and peer groups such as [Corporate Innovator Network](#) and [Higher Education Network](#).

Launch Minnesota’s most recent roster of board members included the following individuals:

- Seung Bach, Minnesota State University, Mankato, Dean of College of Business (Mankato)
- Alfonso Cornish, Gener8tor, General Partner (Twin Cities)
- Shelisa Demuth, Laurel Develops, Founder and CEO (Twin Cities)
- Yu Sunny Han, Fulcrum, Founder and CEO (Twin Cities)
- Rick Huebsch, University of Minnesota, Executive Director of Office for Technology Commercialization (Twin Cities)
- Board Chair: Ben Wright, 3M, Vice President of 3M Ventures (Twin Cities)
- Ashley Lowes, Target, Communications Director (Twin Cities)
- Leena Pradhan-Nabzdyk, Canomiks, Founder and CEO (Twin Cities)
- Stefan Madansingh, Mayo Clinic, Department of Business Development (Rochester)

History

Launch Minnesota officially kicked off in October 2019. Since then, the program has seen progress in every corner of the state. The activities and language used to foster an innovation economy was new for many communities. The program has laid the groundwork and continues to see momentum.

² World Intellectual Property Organization, “Global Innovation Index 2025,” 2025, <https://www.wipo.int/web-publications/global-innovation-index-2025/en/gii-2025-results.html?>

Table 1. Increase in regional entrepreneurial activity in each region since Launch Minnesota’s inception

Activity	Informally		Established				Not Established							
			NE		NW		SE		SW		WC		TC	
	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025
Collaborate with other organizations and cities to support startups	Red	Green	Red	Green	Green	Green	Red	Green	Red	Green	Yellow	Green		
Active recruitment and creating of high tech/growth companies	Yellow	Green	Yellow	Green	Green	Green	Red	Green	Yellow	Green	Green	Green		
Investor recruitment and fund development	Red	Green	Red	Green	Green	Green	Red	Green	Yellow	Green	Green	Green		
Pitch competitions (feeder to MN Cup)	Green	Green	Red	Green	Green	Green	Red	Green	Red	Green	Green	Green		
Provide lean startup educated	Red	Green	Red	Green	Green	Green	Red	Green	Green	Green	Yellow	Green		
Leveraging statewide resources to better support entrepreneurs	Red	Green	Red	Green	Red	Green	Red	Green	Red	Green	Red	Green		

Some regions had informally established programs such as investor recruitment and fund development, but they lacked the support required for expansion and success. By plugging into the Launch Minnesota Network, entrepreneurial support organizations were able to learn best practices and share resources to continue building initiatives vital for startup success.

In addition to entrepreneurial growth, the program has been able to incentivize private investment to leverage state dollars. For instance, \$1,000,000 in Education Grants will be matched by \$3,182,126 in private funds.

Collectively, from FY20-FY25, the program has awarded \$9.7 million in Innovation Grants. Every \$1 that was invested by the State has brought a return of \$33 in follow-on investments from the private sector.

Innovation Grants

Launch Minnesota awarded [Innovation Grants](#) between FY20-FY25. Innovation Grants targeted the most promising, innovative businesses and technology startups in Minnesota. The Legislature allocated \$1.5 million for FY24 and FY25 to fund this aspect of the program.

Innovation Grants reimbursed business expenses, incurred in Minnesota, for research and development, direct business expenses and the purchase of technical assistance and services. Innovation Grants consisted of Business Operations Grants and Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) Matching Grants. Applicants were able to receive one Business Operations grant and up to two SBIR/STTR Matching grants.

The Minnesota SBIR/STTR Matching Grant provided funding to federal SBIR/STTR first-time Phase 1 and Phase 2 awardees. The awards were for registered clients of MNSBIR, Inc. Qualifying businesses received grants based on a

sliding scale of their Federal award. Companies may receive up to \$35,000 for Phase 1 awards and up to \$50,000 for Phase 2 awards. Applicants could receive one SBIR/STTR Matching Grant per biennium.

Eligibility criteria for an SBIR/STTR Matching Grant:

- Register with the MNSBIR, Inc.'s SBIR/STTR Catalyst program
- Federal SBIR/STTR first-time Phase 1 or Phase 2 awardee after July 1, 2022
- Federal award must be made on or after July 1, 2022, and have a minimum of 120 days remaining on the project period at the time of the application
- Business operations and headquarters located in Minnesota

For Business Operations grants, qualifying businesses could receive grants up to \$35,000. This grant required a 1:1 match.

Between FY20 and FY25, Launch Minnesota awarded \$7.1 million in Business Operations grants (272 awards) and \$2.3 million in SBIR/STTR matching grants (78 awards). The Business Operations grants were matched 100% with private funding. The SBIR/STTR grantees matched state dollars with more than \$50 million in federal SBIR/STTR grants.

Outcomes of Innovation Grants

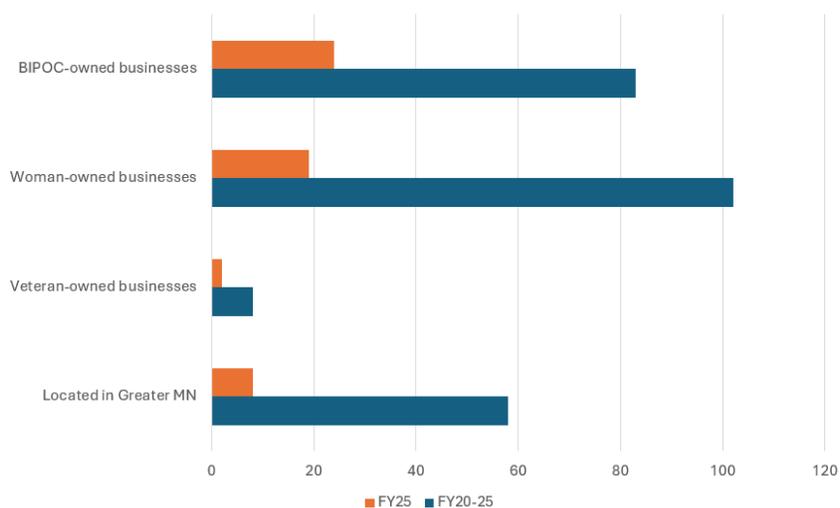
Since inception, Launch Minnesota has awarded \$9.7 million in 383 awards to 287 Minnesota companies. More than half of this funding (66%) went to businesses that are BIPOC-owned, woman-owned, veteran-owned, owned by people with disabilities or located in Greater Minnesota.

Collectively grantees have gone on to raise an additional \$324 million. This represents a \$33 return for every \$1 awarded. (Data from Pitchbook)

Innovation Grant Data

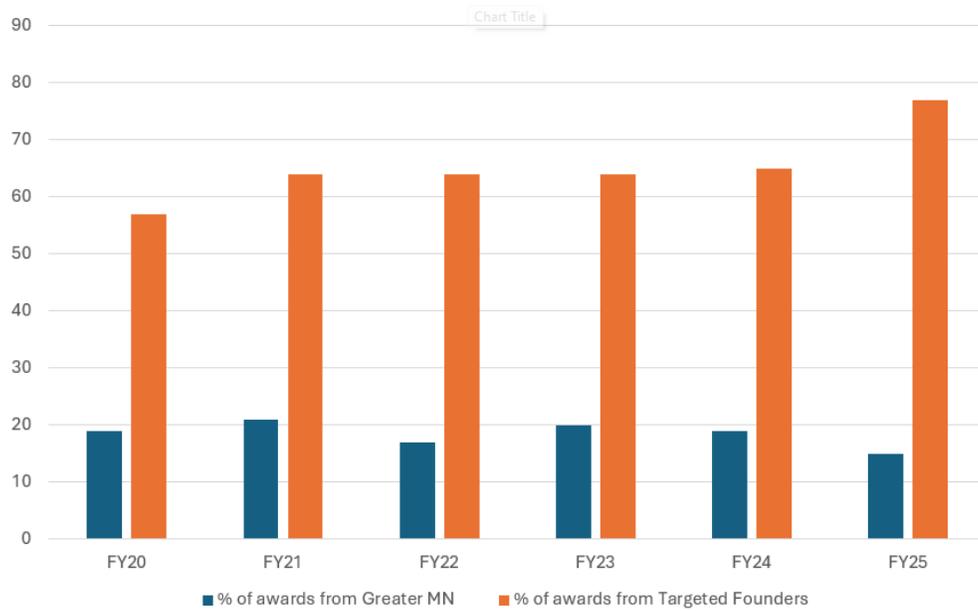
Innovation Grants leveled the playing field for all entrepreneurs, especially targeted businesses, which Launch Minnesota defines as those that are woman-owned, BIPOC-owned, veteran-owned, owned by people with disabilities or located in Greater Minnesota. More than 65% of Innovation Grant funds have been awarded to these targeted groups.

Figure 1. Number of Grant Awards to Targeted Businesses



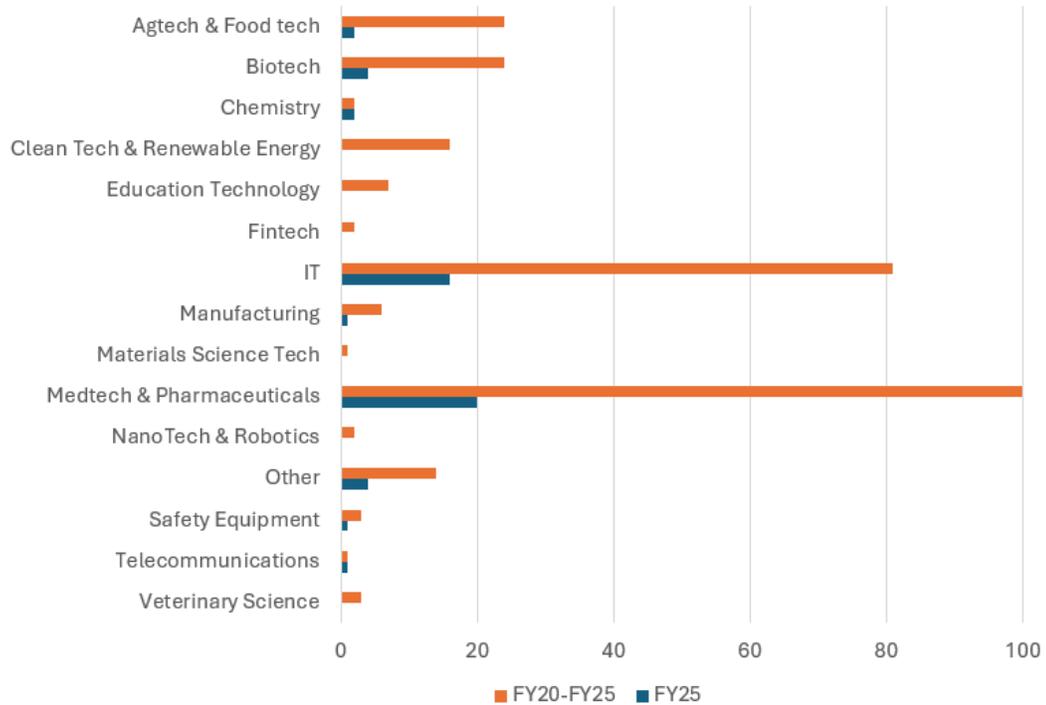
NOTE: A single awardee may be classified under multiple target types.

Figure 2. Demographic Data



Launch Minnesota believes that innovation happens everywhere – not just in metro areas. The Launch Minnesota Network connected entrepreneurs from Greater Minnesota to the resources they needed to grow their business. 20% of awardees are from Greater Minnesota.

Figure 3. Number of Awards by Industry



Launch Minnesota has funded startups in more than a dozen industries, including medical technology, biotech, agriculture and software.

Education Grants

Launch Minnesota recognizes the importance of collaborating with entrepreneurial support organizations across the state to help startups connect with the resources and mentorship required for growth. Education Grants are designed to help begin the formation of partnerships that would, in turn, enhance the visibility of each region, of the vibrant startup community, and of Minnesota as a national leader in innovation.

\$500,000 was available for Education Grants in each fiscal year of the FY24-FY25 biennium. The \$1 million in public funds was matched by \$4.5 million of private funding. By statute, these funds may be used to deliver the following services:

- **Commercialization:** For the development and delivery of educational resources to help small businesses understand business formation, market structure, fundraising strategies, intellectual property and more. These classes helped founders start, scale and go to market. Commercialization funds also covered services like consulting and mentoring, as well as startup competitions and events.
- **Risk Capital:** To connect with businesses to educate about State programs that support innovative technology business creation, especially in underserved communities.
- **Statewide Collaboration:** To facilitate collaboration between local startup support organizations, higher education institutions, federal and state agencies, the [Small Business Development Centers](#) and the [Small Business Assistance Office](#).
- **Networking:** To organize events and competitions with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota’s growing innovation economy.

Organizations that received Education Grants became Hub Leaders or Regional Partners who spearheaded efforts for the Launch Minnesota Network. The Network was organized in a hub-and-spoke model that allowed each region to customize its offerings while still enabling entrepreneurs to access statewide resources and best practices. Launch Minnesota established partners at both local and state levels. Most recently, the Network had eight Hub Leaders and more than 90 member organizations.

Outcomes of the Education Grants (Launch Minnesota Network)

Prior to the creation of the Launch Minnesota Network, few entrepreneurial support organizations (ESOs) were connected or in regular communication. As a result, entrepreneurs found it difficult to navigate Minnesota’s startup resources. These groups were also duplicating efforts rather than sharing resources and best practices.

The Launch Minnesota Network catalyzed startup efforts in the state by building supportive systems within each of the state’s six regions that allowed ESOs and entrepreneurs to connect with community members and beyond. A study by Rise Research found that Launch Minnesota has played a pivotal role in fostering innovation and entrepreneurial activity across the state and has laid the groundwork for a more inclusive and collaborative ecosystem.

Rise’s study, conducted through a series of surveys and interviews with members of the startup ecosystem in 2024, found that Launch Minnesota has had a notable impact on the state’s early-stage businesses in three key areas:

- **Strengthening Entrepreneurial Resources**
 - **Grants and Tax Credits:** Policies such as Innovation Grants positively influenced regional ecosystems by increasing access to funding sources – a common pain point for Minnesota startups.
 - **Capacity Building:** Activities funded by Launch Minnesota enhanced awareness of regional and statewide resources and catalyzed the development of angel networks and Greater Minnesota regions.

- **Promoting Regional Collaboration**

- **Hub-and-Spoke Model:** Launch Minnesota’s regional hub leaders and partner organizations made up the Launch Minnesota Network. The creation of this model facilitated increased connection and collaboration between regions. It also helped organizations share resources and align on ecosystem-building efforts. For example, Greater Bemidji created a network of angel investors and is helping other regions establish similar efforts.
- **Increased Awareness:** Ecosystem players, especially in the Southeast and Southwest regions, reported growing awareness of available entrepreneurial resources thanks to Launch Minnesota’s efforts.

Three top qualitative findings from the Launch MN Network highlight the impact of a connected and coordinated startup ecosystem.

- 1. Working together to better serve entrepreneurs by leveraging organizations and building bridges across sectors.**

- Leveraging UMN resources to help entrepreneurs and Launch Minnesota innovation grantees outside of the university through education, advising, and consulting. Prior to the creation of Launch Minnesota, these resources were only available to companies with a direct UMN connection.
 - Launch Minnesota is establishing connections between startups and investors through Startup Showcase events. In 2025, 15 startups pitched to 44 unique investors.
 - Connecting higher education institutions to Minnesota innovation ecosystem by creating a statewide network that regularly convenes to discuss methods for bolstering entrepreneurship. The Higher Education Network currently has 49 members from 24 public and private institutions.
- Building a network of Corporate Innovators by convening innovation leaders from the Minnesota corporate community. In two Launch Minnesota-hosted events, over more than a dozen innovation leaders (for example, VP/SVP corporate development, VPs corporate venture capital, CTO, etc.) from companies such as U.S. Bank, Allianz Life, 3M, Cargill, Polaris and Solventum gathered to build community, share best practices, and explore ways to positively impact the ecosystem.

- 2. Increasing the efficiency and impact of support organizations by sharing best practices and providing statewide resources.**

- Launch Minnesota’s [Startup and Small Business Calendar](#) provides entrepreneurs with a resource to find education, training and events to help their business. Since its debut in 2022, approximately 900 events have been posted, and six organizations and regional efforts have automatically synced their events. In addition, TCB Mag and other organizations have embedded the calendar on their sites, saving them time and resources.
- Launch Minnesota’s [Investor List](#) is a valuable tool for startups seeking investment from venture capital firms. Investors submitted their information to Launch Minnesota and are listed on Launch’s website as potential investor in a Minnesota businesses. The list was recently updated in October 2025 to reflect changes in requirements for investment stages, industries and more.
- Launch Minnesota has been able to increase access to the MN Cup by helping create regional startup competitions that feed into the statewide competition. Organizers reported that **3,617 Minnesotans** participated in the application process in the spring of 2025. **Additionally, 44% of participants identified as Women, and 43% identified as BIPOC. Organizers added that 26% of this year’s applicants were from Greater Minnesota.**

3. Front Door to Minnesota’s innovation ecosystem.

- Launch Minnesota is connected to startups and startup support organizations in every corner of the state. Launch’s role is a neutral connector and ambassador or “front door” to Minnesota’s startup ecosystem. If an individual is interested in learning how to start a business or immerse their existing business in the local innovation ecosystem, Launch Minnesota provides them with the connections needed for success.
- Launch Minnesota creates and offers resources to both startups and entrepreneurial support organizations. Launch Minnesota also partners with the Small Business Assistance Office to be a master connector in the startup scene. Launch has connected startups to accelerators, ESOs, investors, higher education resources and more. Launch continues to make and maintain connections between stakeholders in Minnesota’s innovation economy.

Plans for the Future

The enacting legislation proposed that Launch Minnesota would roll out into the private sector at the end of the FY20-FY21 biennium. Despite the tremendous efforts at transition planning, to date, no entity has expressed interest in taking over operations of Launch Minnesota. A significant reason for the lack of interest is that the program’s private sector partners see benefit in Launch Minnesota being operated by DEED. This is because DEED is a trusted partner and convener. As a result, Launch Minnesota does not have a definitive transition date. DEED remains actively engaged with Launch Minnesota’s partners and in the startup ecosystem to help determine the future direction of the program.

While the long-term future of Launch Minnesota is being determined, the OSBI will continue to serve Minnesota’s startup ecosystem by working with partners, stakeholders and startups in the following ways:

- Launch Minnesota will continue to convene the Higher Education Network and Corporate Innovator Network and work alongside others (MN Cup, Twin Cities Startup Week) to participate and stay informed in Minnesota’s high-tech ecosystem
- DEED will also offer resources and navigation services by working with DEED’s Small Business Assistance Office

OSBI will also continue to work with external partners to create and implement a long-term sustainable strategy to support Launch Minnesota.