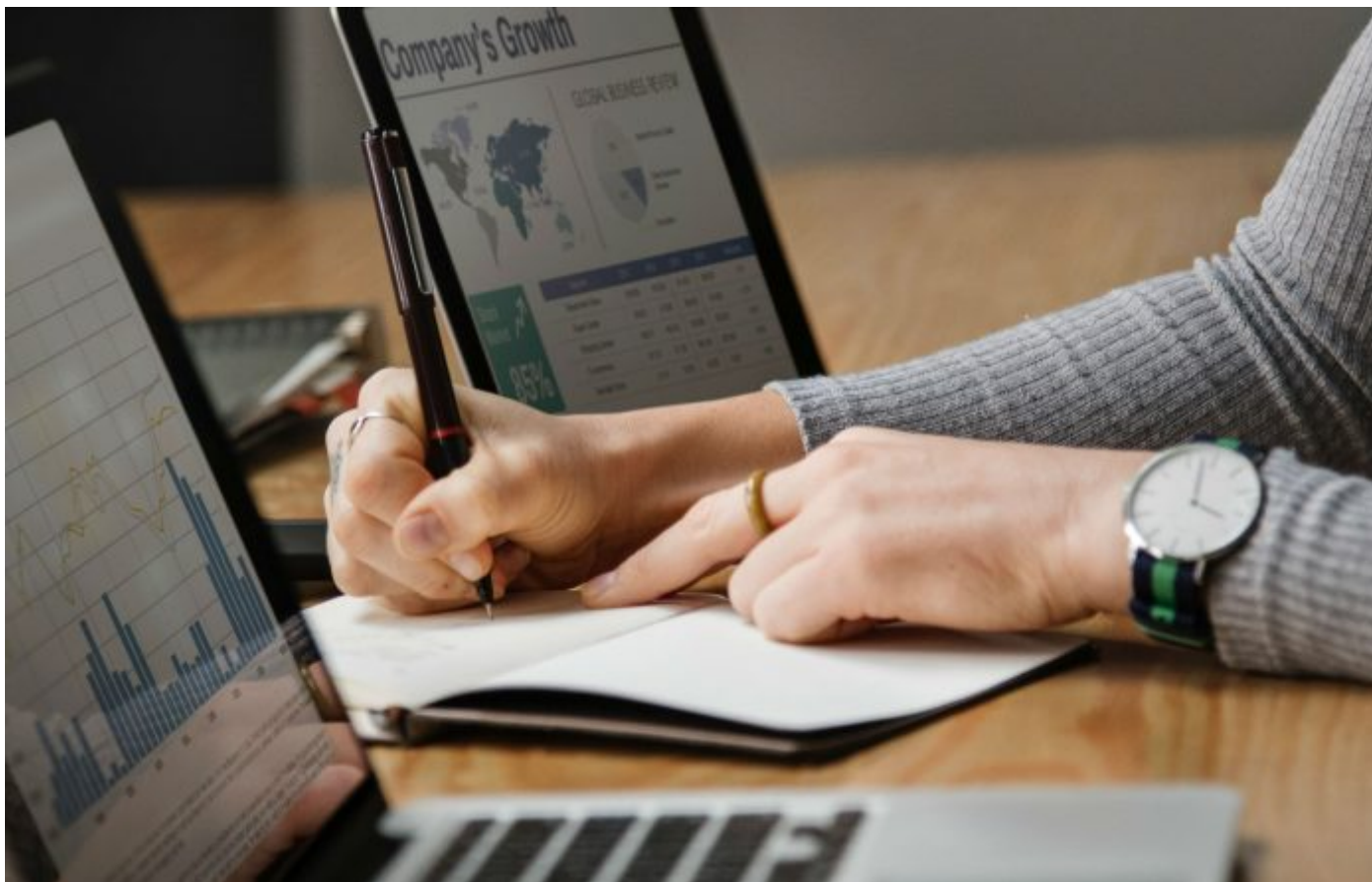


Gaining Momentum: Tech Businesses Growing in Columbus

By **Susan Post** - March 28, 2019



Columbus is finding itself on a growing number of national lists for its small business ecosystem.

Columbus landed at [#27](#) on Inc.'s list of the 50 Best Places in America for Starting a Business. The city was [#5](#) in Business.org's ranking of the Top 10 Cities for Entrepreneurs and Startups in 2018. Columbus was one of five cities selected for the [Rise of the Rest](#) Tour in 2017, garnering the attention of America Online Co-Founder Steve Case. In 2016, Columbus Ranked [#4](#) in Growth Entrepreneurship Activity on the Kauffman Index. [Ventures investments](#) are on the rise year over year.

"Columbus is really starting to show up on the map for entrepreneurial startups, particularly on the technology side," says Don Carroll, VP, business development at Vantage Point Logistics (VPL).

Economist Bill LaFayette agrees. In a small business landscape that has room for continued growth, tech is a bright spot.

Carroll sees two big reasons for the growing tech ecosystem: venture capital and local resources and entrepreneurial support.

Venture Capital on the Rise in Columbus

While venture dollars have traditionally been concentrated on the coasts, Columbus, and the Midwest as a whole, are seeing an influx of capital.

"Startup geography has been shifting for years with the Midwest seeing significant growth and Columbus leading that trend," says Falon Donohue, CEO of VentureOhio. "Columbus entrepreneurs raised over \$1 billion in 2018, a 150 percent increase over 2017 and more than 100 percent increase over the past three and five year averages according to Pitchbook."

The city is seeing more local VCs establish roots – from [Drive Capital](#), NCT Ventures and [Rev1 Ventures](#), to [LOUD Capital](#), [Tamarind Hill](#), the Ohio Innovation Fund and Break Trail Ventures – while also attracting outside dollars. Billion dollar exits and valuations have put Columbus on the national stage.

"I think more than anything, recently, that put Columbus on the map was really the sale of [CoverMyMeds to McKesson](#)," Carroll says. The pharmaceutical giant acquired the Columbus-based company for \$1.1 billion in 2017.

A billion dollar company can be built in Columbus. And, the city is already eyeing its next unicorn in the form of [Root Insurance](#). The insurance company earned a [\\$1 billion valuation](#) in 2018, and led the way in venture raises with [\\$150 million](#) over two rounds.

A rising tide lifts all ships. It has rang true for VPL. The freight management company recently closed a [\\$9.5 million](#) round led by New York-based Radian Capital with support from Tamarind Hill.

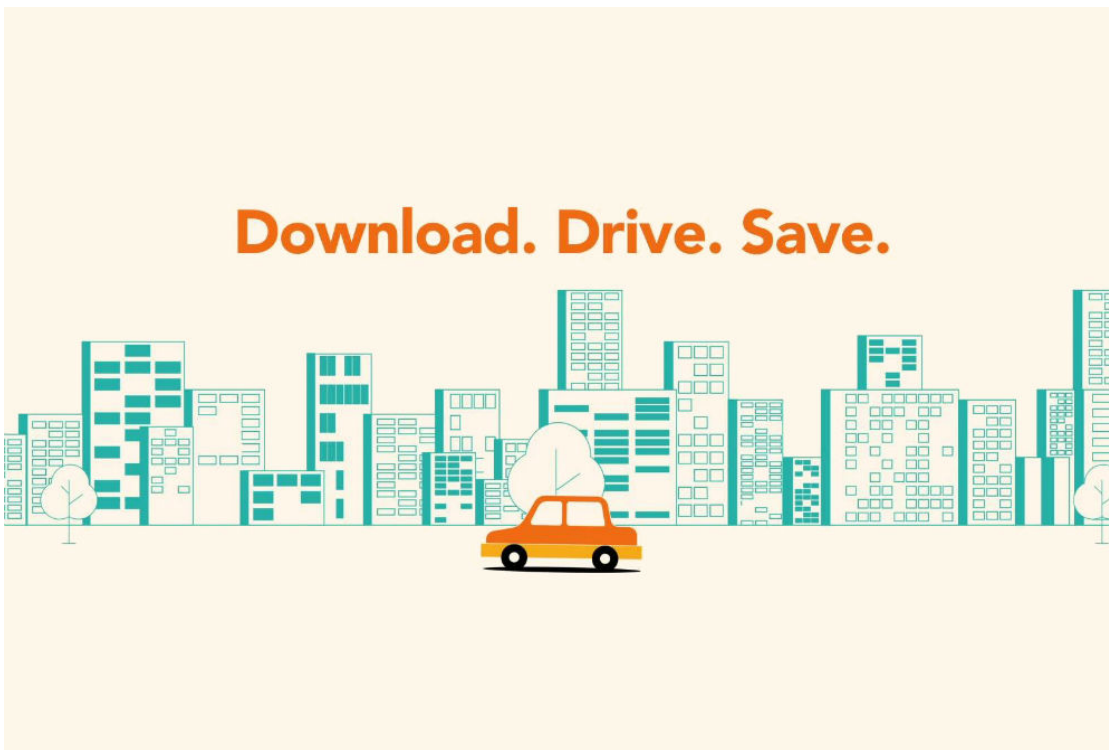


Image via Root Insurance Facebook Page

Building a Growing Company: VPL's Story

VPL traces its origins back to the early 2000s. Today's leadership team was a part of another company that created the first turn-key inbound freight management solution for the healthcare community. After being acquired by Cardinal Health, VPL Founders Eric McGlade and Scott Crow saw that even though they had built a successful company, there was room for improvement.

Honoring a non-compete, VPL found another niche in higher education institutions, especially those involved in grant-funded research. VPL created a technology-based freight management solution that addressed the strict fund accounting requirements for grants. When the non-compete ended, VPL re-entered the healthcare space.

"We are a full-service freight management provider for healthcare, both inbound and outbound shipments," Carroll says. "We provide transparency, visibility, and efficiencies into the movement of product within a healthcare supply chain."

Carroll says they are the #2 player in the market. So how did they get there? Many of Carroll's thoughts on the company's success are lessons and advice that are applicable to businesses of nearly any industry.



Entrepreneurial Advice: Creating Culture, Hiring, Delineating Duties

Once an entrepreneur gets over the fear factor, what Lafayette calls the biggest hurdle when starting a business, it's all about setting an early foundation for success.

Carroll says it seems basic, but out of the gate an entrepreneur should know the vision, mission, and guiding principles of their business. That extends to the company culture.

"Culture starts at the top," Carroll says. "I believe it's incredibly important for the founders of a company and the senior leaders of a company to agree very quickly on culturally what kind of a company you want to be."

Putting together that right senior leadership team is another critical factor in building a scalable business.

"As quickly as you can, I think you want to hire a core group of people that you know and you trust, and that have a particular skill set that exceeds what your own is as an owner of the company," Carroll says.

To build a successful company a founder has to evaluate their strengths and know when to turn to someone smarter, and better, in a particular area. They also have to know when it's time to work on the business and not just in the business.

Carroll says the most successful companies he sees have teams that focus on the day-to-day operations, and teams that focus on the next big thing. To try to straddle the two is a recipe for failure.



Startup Resources in Columbus

Luckily for business owners in Columbus, they rarely have to start, and grow, alone. Abundant resources exist across industries.

“Technology entrepreneurs may benefit from getting engaged in startup community events such as GiveBackHack, TechLife, Startup Week, Startup Grind, BLK hack, Bunker Labs, Startup Weekend and many others,” says Donohue.

Rev1 Ventures is also a go-to resource for more technology-based businesses, offering programs that help entrepreneurs develop, refine and validate their ideas, as well as space and capital for startups.

There are also city and state resources.

“The website for the City of Columbus is a great place to start,” Donohue says. “Information on loan programs, zoning requirements, opportunity zones and more may be found on their

website. For businesses interested in scaling up, there are programs available through the State of Ohio and JobsOhio.”

Not every entrepreneur wants to helm the next big tech startup. While Donohue cites venture capital the reason tech-based businesses are thriving in Central Ohio, other resources provide the “both and” that LaFayette says is necessary to fund enterprises like the corner coffee shop.

LaFayette directs entrepreneurs to places like [ECDI](#) and the [SBDC](#). ECDI is expanding its plethora of small business resources and capital statewide. The organization also provides resources for food-based businesses in Columbus through the [Food Fort](#). The free resources at the SBDC, which help business owners learn the basics of starting an operation, provide one-on-one counseling and more, are where LaFayette turned to start his own business, [Regionomics](#), eight years ago.

The SBDC has seen a continued, increased interest in entrepreneurship, over doubling the number of clients it has served in the last five years. That trend is reflected in U.S. Census Bureau statistics LaFayette provided on the Small Business Birth Rate. From 2009-2010, the business Birth Rate was 59.5 new per 1000 existing businesses, from 2014-2015, that number rose to 64.3.

This is part of a multi-part series presented with paid support by Vantage Point Logistics.

[VPL](#) is a leader in delivering supply chain technology and solutions to the healthcare market. With years of experience, the continuous development of leading-edge technology and proactive account management, we are transforming their supply chain making it smarter, easier and better. Recognized as one of America’s fastest growing companies, we are poised to develop even more innovative technology solutions providing transparency and savings across the ever-expanding continuum of patient care.



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