

June 22, 2005

Robert Vaughn
Staff Director, House Appropriations Committee.
General Assembly Building
Room 947
Capital Square
Richmond, VA 23219

Dear Mr. Vaughn:

Please find enclosed the FY2006 Operating Plan for the Center for Innovative Technology (CIT). The 2006 Plan reflects necessary changes to respond to the 25% reduction in CIT appropriations, as well as direction for our continuing migration to federal and private sector funded services that support our Commonwealth mission

First, CIT's management and Board of Directors made tough decisions to terminate programs that the Commonwealth would no longer fund, despite the significant value to technology entrepreneurs. Second, we eliminated personnel associated with those programs. Third, we initiated a phased closing of regional offices and are transitioning CIT's field operations team from an office-based team to a field service team. Fourth, beginning in this new fiscal year, we will stop funding traditional partnership agreements that have helped universities and entrepreneurs for many years. These steps are necessary to produce the savings targets triggered by Commonwealth appropriation reductions.

In addition to terminating programs due to funding reduction, we are aggressively pursuing federal and private sector contracts that help us attract and accelerate the growth of high technology start-up companies that will serve as the backbone for future job creation. Decreases in research and development budgets for federal agencies and private sector companies have created an opportunity for technology start-up companies to serve as new sources of innovation for large-scale technology consumers. To assist in bringing together large-scale technology consumers and innovative companies, CIT is establishing a new service offering that will facilitate matching federal agencies and Fortune 500 companies with innovative technologies.

This Plan reflects a realistic and business-like response to the appropriation provided to us. As we enter into a new round of budget deliberations, I look forward to reviewing our progress on this plan and opportunities to restore the Commonwealth's focus for technology-based entrepreneurship.

Please feel free to call me at 703-689-3000 if you have any questions.

Respectfully,

Peter Jobse
President
The Center for Innovative Technology

Cc: Mr. Richard Brown, Director, Department of Planning and Budget
Mr. Billy Barbee, Senior Budget Analyst, Department of Planning and Budget
The Honorable Vincent F. Callahan, Jr. House Appropriations Committee
Ms. Betsy Daley, Staff Director, Senate Finance Committee
The Honorable John H. Chichester

Enclosure

June 22, 2005

Ms. Betsy Daley
Staff Director, Finance Committee
General Assembly Building
Room 626
Capital Square
Richmond, VA 23219

Dear Ms. Daley:

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The Honorable Vincent F. Callahan, Jr. House Appropriations Committee
The Honorable John H. Chichester
Mr. Robert Vaughn, Staff Director, House Appropriations Committee

Enclosure

June 22, 2005

Mr. Billy Barbee
Budget Analyst
Department of Planning and Budget
200 North Ninth Street
Room 418
Richmond, VA 23219

Dear Mr. Barbee:

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Cc: Mr. Richard Brown, Director, Department of Planning and Budget
The Honorable Vincent F. Callahan, Jr. House Appropriations Committee
Ms. Betsy Daley, Staff Director, Senate Finance Committee
The Honorable John H. Chichester
Mr. Robert Vaughn, Staff Director, House Appropriations Committee

Enclosure

June 22, 2005

Mr. Richard D. Brown
Director
Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, Virginia 23219-3418

Dear Mr. Brown:

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President
The Center for Innovative Technology

Cc:
Planning and Budget

Committee

Committee

Mr. Billy Barbee, Senior Budget Analyst, Department of
The Honorable Vincent F. Callahan, Jr. House Appropriations
Ms. Betsy Daley, Staff Director, Senate Finance Committee
The Honorable John H. Chichester
Mr. Robert Vaughn, Staff Director, House Appropriations

Enclosure

June 22, 2005

The Honorable Vincent F. Callahan, Jr.
Chairman
Virginia House Appropriations Committee
Post Office Box 406
Richmond, Virginia 23218

Dear Chairman Callahan:

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Ms. Betsy Daley, Staff Director, Senate Finance Committee
The Honorable John H. Chichester

Mr. Robert Vaughn, Staff Director, House Appropriations Committee

Enclosure

June 22, 2005

The Honorable John H. Chichester
Chairman
Virginia Senate Finance Committee
10th Floor, General Assembly Building
910 Capitol Street
Richmond, Virginia 23219

Dear Chairman Chichester:

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The Honorable Vincent F. Callahan, Jr. House Appropriations Committee
Ms. Betsy Daley, Staff Director, Senate Finance Committee
Mr. Robert Vaughn, Staff Director, House Appropriations Committee

Enclosure

The Center for Innovative Technology

OPERATING PLAN

Fiscal Year 2006

Approved by the Board of Directors
June 1, 2005

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Executive Summary

Introduction

Global competition for economic development fueled by technology continues to intensify as Asian nations accelerate their emphasis on innovation and the development of technologically educated workforce members. Within the United States, each state has developed and funded a sophisticated plan for securing a portion of the global technology based economy.

The Commonwealth of Virginia has chartered the non-profit corporation 'The Center for Innovative Technology' (CIT) with the mission of identifying, communicating and accelerating advanced technology and the companies that produce and use this technology. The end result of the work conducted by CIT is an increase in desired industry segments and a corresponding increase in high wage employment within the Commonwealth.

For fiscal year 2006, the Commonwealth of Virginia appropriated \$6.087M for CIT to pursue its mission. This represents a 25% reduction from the previous year funding. Additionally, CIT has been requested to secure alternative sources of funding to complement the Commonwealth's appropriation.

To respond to the challenges resulting from funding reductions while staying true to the original CIT mission, management has developed a plan that streamlines current operations and expands service into new market segments.

New service offerings have been designed to deliver value as required in the original CIT mission, as well as recover all costs associated with the services. The diversification of revenue sources will enable CIT to continue to operate during periods of reduced Virginia funding, and react swiftly to address Commonwealth issues that will be funded in the future.

Annually, CIT reviews the economic climate for technology development and advancement in the Commonwealth. The following observations identified in the 2004 and 2005 CIT Operating Plans continue to be issues for fiscal year 2006. These observations include:

- There is a significant void in angel and venture investment for seed-stage technology firms in Virginia.
- The increased need for technological solutions in defense and homeland security creates opportunities for Virginia's technology researchers and businesses, whose proximity to the federal government offers a competitive advantage.
- Virginia's ability to capitalize on emerging fields and industry drivers such as nanotechnology and life sciences requires identification and pursuit of a specialized market segment.
- Access to affordable broadband is unevenly distributed in Virginia, slowing economic recovery for rural communities.

-
-
- Federal dollars play a substantial role in R&D funding for small businesses in Virginia, offering both a non-diluting source of capital as well as a validation for early-stage innovation.

These environmental observations, coupled with an increasing emphasis for funding self sufficiency have served as key considerations for the 2006 plan.

For fiscal year (FY) 2006, CIT's mission remains the same:

CIT accelerates Virginia's next generation of technology and technology companies.

2006 Goals

To continue maximizing value for the Commonwealth's technology economy, CIT has defined five specific strategic goals:

1. Create new industry clusters in Virginia
2. Make Virginia a global leader in the development of entrepreneurial technology ventures
3. Advance Virginia's technology commissions and policy initiatives
4. Solve national and regional technological challenges through world-class R&D programs
5. Deliver innovation, identification, and assimilation services

To achieve goal one, *Create new industry clusters in Virginia*, CIT will continue education and advocacy for nanotechnology and establish a regional initiative to bring together Maryland, Virginia and the District of Columbia to pursue joint research and development opportunities. CIT will also continue its SmartBio program and to concentrate on educational and advocacy for growing R&D in the biotechnology-computer science field.

For goal two, *Make Virginia a global leader in the development of entrepreneurial technology ventures*, CIT will continue its Federal Funding Assistance Programs to help Virginia's technology companies obtain funding through federal research programs.

Through the Capital Access Program, which is designed to help the Commonwealth's high-potential early stage companies obtain private funding, CIT anticipates assisting more than 30 early-stage technology companies. CIT will help these firms gain critical exposure to the region's early-stage investment community and contribute to the ability of Virginia's companies to raise \$5M from placement of institutional and angel funds.

For 2006, CIT will restructure its current regional operations program. Instead of engaging 300 to 400 developing technology companies annually using a service intensive 'hands-on' approach, the organization will expand the number of companies reached to over 1,200 and reduce the level of service provided to referral and brokering assistance. Additionally, field personnel will relinquish their office space and replace it with a mobile working environment.

In goal three, *Advance Virginia's technology commissions and policy initiatives*, CIT will continue to provide administrative and technology policy support for the Virginia Research and Technology Advisory Commission, the Commonwealth of Virginia's Information Technology Symposium, and the Commonwealth Technology Research Fund.

As part of goal four, *Solve national and regional technological challenges through world-class R&D programs*, CIT will operate the Institute for Defense and Homeland Security and provide research and development services to the Departments of Defense and Homeland Security. Additionally, CIT will engage in R&D services for oceanic observation, broadband deployment, and economic development.

Goal five, *Deliver innovation, identification, and assimilation services* is a new goal. In support of goal five, CIT will establish a new service line dedicated to helping large scale consumers of technology such as the federal government and Fortune 500 technology companies identify and assimilate innovation created in private sector start-up companies. This new service will accelerate adoption of new technology on a national scale and serve to diversify CIT's revenue base.

2006 Economic Impact Projection

The economic impact of the five goals of the 2006 operating plan is projected to be \$45.5 million allocated as follows:

- Cash - \$6.4 million in revenue for CIT
- Leveraged Cash - \$12.7 million in revenue and investment for Commonwealth entities
- Economic Value - \$26.4 million in wages and sales gains for Commonwealth entities

Detailed Strategic Goals, Plan of Work, Milestones, and Metrics for Fiscal Year 2006

Goal 1: Create new industry clusters in Virginia

Activity 1.1 – Identify opportunities to accelerate nanomanufacturing research, development, and commercialization in Virginia

Program and Plan of Work

Nanotechnology, which is research and technology at the atomic, molecular, and macromolecular levels, is expected to be the next significant enabling technology, affecting nearly every industry. Lux Research estimated that in 2004, \$13 billion worth of products incorporated nanotechnology, less than one-tenth of global manufactured output. In 2014, Lux projects that this figure will rise to \$2.6 trillion, or 15% of manufacturing output in that year. By 2015, the National Nanotechnology Initiative expects that nanotechnology will support two million workers, 800,000 to 900,000 of whom are expected to be employed in the United States.

In December 2003, the United States affirmed its commitment to nanotechnology by enacting the nearly \$3.7 billion 21st Century Nanotechnology Research and Development Act. Lux Research estimated that in 2004, \$13 billion worth of products incorporated nanotechnology, less than one-tenth of one percent of global manufactured output. California, Georgia, New York, Illinois, and Oregon are among the more than 25 states that have nanotechnology initiatives or programs designed to capture and lead this nascent sector. Many in the international community, including the European Union and Asia, view nanotechnology as critical to their economic future, and investments in nanotechnology research, development, and public awareness rival those of the U.S. From 2005 to 2009, Lux Research also projects that commercial breakthroughs will open markets for nanotechnology.

Virginia has a strong nanoscience research community and nano-related education and training programs; the Commonwealth also has a strong foundation in technology development and commercialization. Acknowledging this foundation, the Virginia Research and Technology Advisory Commission (VRTAC) in 2003 identified nanomanufacturing as a strategic research priority for the Commonwealth. Virginia has the opportunity to become a national and international leader in nanomanufacturing, with corresponding significant, long-term economic benefits.

In FY06 CIT will assess Virginia's capabilities and competitive position and implement strategic initiatives to position Virginia as a leader in nanomanufacturing. Key activities will include briefing state and federal officials on state, national, and international trends in nanotechnology funding and activity, profiling the competitive landscape, and co-managing

two regional nanotechnology initiatives: 1) the Chesapeake Nanotechnology Initiative, will be dedicated to advancing research, commercialization, and workforce preparedness in Maryland, Virginia, and Washington, D.C., and 2) anticipated to receive an Economic Development Administration grant for cluster analysis in the Danville, VA area.

The FY06 plan of work also includes assisting with business development to secure federal and state FY06-07 funding as well as oversight of a possible FY06 federal contract for nanotechnology commercialization.

Impact

- **Cash** (revenue for CIT): in FY2007
- **Leverage Cash** (revenue and investments for Commonwealth entities): in FY2007
- **Economic Value** (wages and sales gains for Commonwealth entities): in FY2007

Milestones

Activity	Date	Person Responsible
Advise and support Virginia Congressional delegation on federal and state nanotechnology priorities and capabilities	July 2005	VP Research Investment
Produce competitive profile	September 2005	VP Research Investment
Present VRTAC with federal, state, and international trends in nanotechnology	September 2005	VP Research Investment
Advise and support Administration, General Assembly, and commissions on federal and state nanotechnology priorities and capabilities	September 2005	VP Research Investment
Co-manage activities and report of Chesapeake Nanotechnology Initiative Cluster Analysis Working Group	November 2005	VP Research Investment
Provide technical support to Joint Commission on Technology and Science (JCOTS) and its nanotechnology	November 2005	VP Research Investment

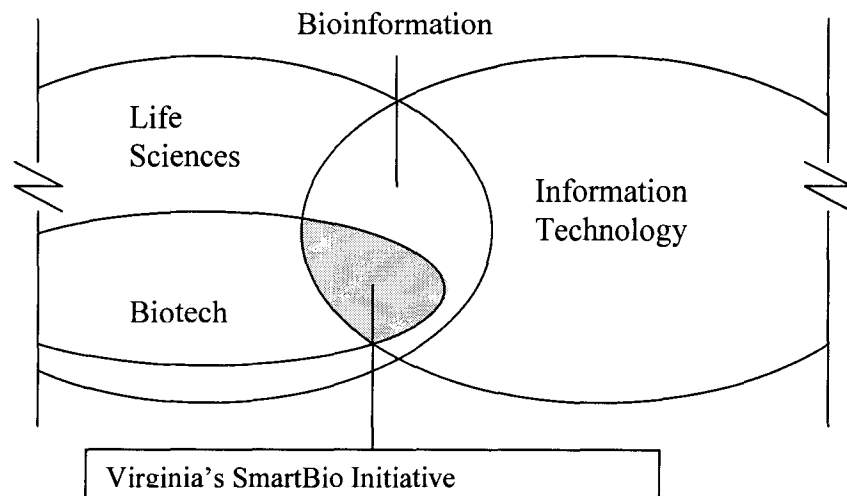
Management Reporting Tools

- Quarterly competitive profile
- Briefings for state and federal officials and commissions as scheduled
- Nanotechnology annual report
- Federal reporting as required

Activity 1.2 -- Identify opportunities to accelerate SmartBio research, development, and commercialization in Virginia

Program and Plan of Work

Life sciences researchers have become increasingly dependent upon sophisticated analytical tools and information technology, as they have focused on biological information in digital form. Better understanding of complex biological data is necessary for improved interventions in health care, public safety/biosecurity, agriculture, and the environment. CIT has identified this overlap between biotechnology and IT as a strategic target for its SmartBio initiative.



The applications and markets for information technology in the life sciences – broadly defined as bioinformation – are many and varied, including medical information management, biological research, and drug discovery (including genomics, proteomics, bioinformatics, computational biology, and pharmacogenomics). A 2003 Bioinformation Market Study commissioned by the state of Washington projected a worldwide market size of \$176 billion by 2005, and \$243 billion by 2010. Several states, including California, Georgia, Michigan, North Carolina, New York, and Washington, have bioinformation initiatives. Bioinformation is also a target internationally; Canada, the European Union, India, Israel, Japan, and Singapore are among those pursuing the sector.

Virginia is positioned to take a leading role in bioinformation because of its strong bioscience researchers in academia, industry, and nonprofits as well as a prominent IT sector.

The SmartBio program will be scaled down from FY05 activities. In FY06, activities will include educational and awareness programs and briefings of state and federal officials on trends and opportunities in the arena of information technology applied to living systems.

Impact

- **Cash** (revenue for CIT): in FY2008
- **Leverage Cash** (revenue and investments for Commonwealth entities): in FY2008
- **Economic Value** (wages and sales gains for Commonwealth entities): in FY2008

Milestones

Activity	Date	Person Responsible
Advise and support Virginia legislature and administration on life sciences research priorities and issues	August 2005	Director, Life Sciences
Work with VRTAC to present life sciences strategy	September 2005; quarterly updates	Director, Life Sciences
Advise and support Virginia Congressional delegation on federal and state life sciences research priorities and issues	November 2005	Director, Life Sciences

Management Reporting Tools

- Briefings for state and federal officials and commissions as scheduled

Goal 2: Make Virginia a global leader in the development of entrepreneurial technology ventures

Activity 2.1 – Identify and accelerate opportunities for small technology firms to obtain federal R&D awards

Program and Plan of Work

Virginia ranked third among states, behind California and Massachusetts, in Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards received in 2003. Department of Defense SBIR/STTR awards to Virginia also trailed these states with a total of \$63.9M in wins compared to \$199.8M for California and \$63.9M for Massachusetts. While Virginia's performance in winning SBIR and STTR awards remains solid, the Commonwealth lags its contemporaries in two key indicators, patents awarded and venture capital attracted to SBIR/STTR involved companies; two key indicators of R&D commercialization. In contribution to the development of Virginia's next generation of technology companies, Virginia must seek to maintain its current high level of performance in obtaining DoD SBIR and STTR awards, provide greater emphasis on assisting those companies in commercializing their DoD backed technology, and make greater inroads in obtaining federal R&D awards from SBIR "grant" agencies such as NSF and NIH as well as other federal funding programs.

CIT will continue its statewide leadership in federal funding assistance for business through ongoing enhancements to its Federal Funding Assistance Program (FFAP). This program capitalizes on CIT's past experience in helping Virginia's technology companies obtain funding through the SBIR/STTR programs, the National Institute for Standards and Technology's Advanced Technology Program (ATP), the Advanced Research and Development Activity (ARDA) awards. Key program initiatives will include CIT's continued and aggressive outreach to the federal R&D funding program management community, delivery of federal funding workshops throughout the Commonwealth, and provision of commercialization assistance to Virginia's federal funding awardees. For FY06, FFAP enhancements will include the implementation of an awardee screening program to tighten the linkage between federal R&D award winners and CIT's Capital Access (CAP) Program and technology transfer activities.

During FY06, CIT anticipates receiving a grant from the Defense Advanced Research Project Agency (DARPA) to assist in providing outreach and commercialization assistance to the Commonwealth's SBIR/STTR applicants and awardees. This federal program, along with CIT's existing SBIR/STTR programs, will be used to assist Virginia's early stage technology companies in obtaining an additional \$2.5M (Leveraged Cash) in research and development funding grants and contracts. To reach this target, CIT will provide support to a minimum of 125 federal funding applicants during the fiscal year.

Impact

- **Cash** (revenue for CIT): \$0K
- **Leveraged Cash** (revenue and investments for Commonwealth entities): \$2.5M
- **Economic Value** (wages and sales gains for Commonwealth entities): Federal grants and contracts received by CIT create economic value for the Commonwealth but collection and reporting of these statistics are outside the scope of CIT's metrics collection process.

Milestones

Activity	Date	Person Responsible
Develop and Deliver DoD Challenge Award Workshop	June 2006	Director, Federal Funding
Develop and Deliver NIST ATP Workshop	June 2006	Director, Federal Funding
Deliver Federal Funding Support Services to approximately 125 companies in order to yield approximately 25 federal funding award winners across the Commonwealth	June 2006	Director, Federal Funding
Organize and host Virginia's Eleventh Annual Federal Funding & Innovation Conference in Northern Virginia	October 2005	Director, Federal Funding
Develop and Deliver SBIR/STTR Phase I and II Proposal Workshops – Northern, Central, Eastern, and Western Virginia	December 2005	Director, Federal Funding

Management Reporting Tools

CIT will use several tools to track its performance against these milestones.

- Monthly Federal Funding Company Pipeline Report
- Monthly Federal Outreach Status Report
- Quarterly Review of High-Potential Federal Funding Assistance Program (FFAP) Companies

Activity 2.2 – Accelerate funding for very early-stage technology firms

Program and Plan of Work

From the early 1990s through calendar year 2000, the Commonwealth of Virginia ranked between fifth and tenth among all states for the amount of venture capital placed within its borders. Throughout this period, Virginia ran consistently ahead of Maryland in venture capital investments. More recently, this advantage has come to an end. As reported by the Price WaterhouseCoopers Money Tree™ report, Virginia and Maryland are approximately even in venture capital investment. In 2004, Virginia companies obtained approximately \$278M in venture capital, with approximately \$52M going to start-up and early stage companies. During that year, Maryland obtained about \$258M in venture capital, with about \$101M going to start-up and early stage deals. To develop Virginia's next generation of technology companies, Virginia must seek to increase its overall share of venture capital investment and assist in early stage technology companies in accessing start-up and early stage funding in greater amounts.

Recognizing the critical role that private equity investment plays in the initiation and growth of high-technology enterprises, CIT rolled out its Capital Access Program (CAP) in FY04 and FY05. These programs were designed to help the Commonwealth's high-potential early stage technology companies obtain private funding. With the implementation of these programs, CIT has effectively established a "feeder" mechanism to identify and groom tech companies for target investment by regional angel and venture capital communities and for potential investment by CIT. In FY06, CIT will continue to develop these programs, enhancing its ties with the regional investment communities.

CIT's Capital Access Program consists of three key elements. First, CIT provides electronic publications and training programs to instruct entrepreneurs on the elements of new business formation and financing. Second, CIT recommends Virginia companies to regional venture capital investment events such as Early Stage East, the Mid-Atlantic Venture Association Capital Connection, the Century Club Grubstake Breakfast, and the Charlottesville Venture Forum. In addition, CIT refers potential investment targets to individual investors and investment funds. Finally, CIT continues the development and delivery of its Growth Acceleration Program (GAP). This program helps CIT accelerate the growth and funding prospects of selected high-potential companies qualifying for convertible debt placement.

Through the Capital Access Program, CIT anticipates assisting more than 30 early-stage technology companies in gaining critical exposure to the region's early-stage investment community and contributing to the ability of Virginia's companies to raise \$5M (leveraged cash) from placement of institutional and angel funds.

Impact

- **Cash** (revenue for CIT): FY2007
- **Leveraged Cash** (revenue and investments for Commonwealth entities): \$5M of private investments for CIT assisted clients
- **Economic Value** (wages and sales gains for Commonwealth entities): Capital investment allows companies to generate gains in wages and sales in the years following the cash infusion; however, collection and reporting of these statistics is outside the scope of CIT's metrics collection process

Milestones

Activity	Date	Person Responsible
Analyze approximately 60 companies to yield nominations of 20 companies to participate in regional venture capital showcases	April 2006	Director, Federal Funding
Present 12 companies to the GAP Investment Advisory Board to yield 5-6 annual investments	June 2005	Vice President, Entrepreneurship & Investment Services
Identify 15 new companies per quarter for investment consideration through the CIT GAP Fund	September 2005 and Quarterly	Director, Entrepreneurship & Investment Services
Deliver semi-annual private investment workshops and educational events	December 2005 June 2006	Director, Entrepreneurship & Investment Services

Management Reporting Tools

CIT will use two tools to track its performance against these milestones.

- Monthly CAP Pipeline Analysis Report
- Quarterly report of projected and actual leverage cash

Activity 2.3 – Operate a world-class field support service for emerging innovative companies

Program and Plan of Work

Building on 19 years of experience with one-on-one assistance to technology businesses, CIT will continue to provide high value services for early-stage technology businesses. These services are available directly from six field representatives or through referrals to CIT programs or sources of specialized assistance in the CIT network. The suite of CIT services are tailored to the needs of the current portfolio of high potential early stage technology companies will continue. These services will include:

- Providing access to scientific, technical, business, and market information
- Developing federal grant opportunities in SBIR/STTR, ATP, and federal R&D and procurement contracts in conjunction with CIT's Federal Funding Assistance Program
- Providing advanced services for market analysis, market/business planning, and financial investment consultation from the CIT supported Entrepreneurship Center
- Linking companies with technology expertise, intellectual resources in Virginia's colleges and universities
- Assisting companies with accessing technologies from NASA and other federal labs
- Developing the e-business support solutions such as Web markets, electronic procurement capabilities, and electronic data interchange capabilities
- Providing assistance with Web site and e-commerce development

CIT will additionally provide this suite of services and staff support to the Hampton Roads Technology Incubator (HRTI) in partnership with the City of Hampton and James City County. Services provided to HRTI and the rest of Virginia's small technology businesses will result in a \$20M of economic value.

In FY06, CIT will also move to a field support model and directly support the development of innovation, identification, and assessment (I²A) service line. This new service line is more fully described in the discussion of Activity 5.1. As CIT moves toward the development of I²A services, CIT will place additional emphasis on the NASA technology commercialization and mission support which will enhance CIT's ability to provide similar services to its customers. New information tools will be deployed to increase the capacity for this service.

Impact

- **Cash** (revenue for CIT): \$0.0K
- **Leverage Cash** (revenue and investments for Commonwealth entities): \$0.0K
- **Economic Value** (wages and sales gains for Commonwealth entities): \$20,000K

Milestones

Activity	Date	Person Responsible
Review high potential clients in portfolio	Quarterly	VP Field Operations
Report FY05 client impacts	July 2005	VP Field Operations
Implement FY06 methods improvements resulting from evaluation of FY05 client assessments	August 2005	VP Field Operations
Complete establishment of information domains to support introduction of next generation technologies to contract markets	September 2005	VP Field Operations
Complete filter and screening methods for selection of innovative technologies to review	October 2005	VP Field Operations
Complete methods for securing assessments of next generation technologies that meet contract requirements	November 2005	VP Field Operations
Establish template for recommending technologies to customers	December 2005	VP Field Operations
Support I ² A services through mentoring of early stage businesses with technologies of interest to contractors	January 2006	VP Field Operations

Management Reporting Tools

- CIT will use an Operations Assessment Report from field operations at the end of 1st and 2nd quarters and bi-monthly in 3rd and 4th quarters with completed procedural guides to monitor performance against these milestones.

Goal 3: Advance Virginia Technology Commissions and Policy Initiatives

Activity 3.1 – Provide administrative and technology policy support for Virginia Research and Technology Advisory Commission (VRTAC)

Program and Plan of Work

CIT will provide executive oversight and administrative support for the Virginia Research and Technology Advisory Commission (VRTAC) to support its mission of advising the Governor on appropriate research and technology strategies for the Commonwealth, with emphasis on policy recommendations that will enhance the global competitive advantage of research institutions as well as technology-based commercial endeavors in Virginia.

CIT will maintain public communications for VRTAC events and meetings, including quarterly meetings and Capitol Hill Day and maintain a database of contact information of VRTAC members and their committee assignments. CIT also will ensure compliance with state reporting and public information requirements. In addition, CIT will support program development for initiatives identified by the Commission and will provide research and guidance on opportunities to build advocacy or develop policy recommendations.

VRTAC committees are structured to accomplish various objectives throughout the fiscal year, and CIT provides strategic and operational planning support to those committees. CIT will assist the State and Federal Advocacy subcommittee in conducting a year-round advocacy for research and development. CIT will also provide guidance and oversight in development of policy recommendations to support the Intellectual Property, Incubation of New High-Tech Industry, and Research subcommittees and will coordinate a planned report on defining Virginia's innovation economy.

Impact

- This activity sets the strategic direction for the Commonwealth in R&T???-based economic development. These initiatives will require two to four years before metrics will be reflected in specific operating plan activities.

Milestones

Activity	Date	Person Responsible
Coordinate VRTAC State and Federal Advocacy Plan with CIT	September 2005	Executive Director of VRTAC
Host quarterly VRTAC meetings	September 2005, November 2005, March 2006, May 2006	Executive Director of VRTAC

Coordinate study of Virginia's innovation future	November 2005	Executive Director of VRTAC
Host Capitol Hill Day event	4 th Quarter	Executive Director of VRTAC

Management Reporting Tools

- Minutes from VRTAC meetings and related meeting documentation
- Report on defining Virginia's innovation economy

Activity 3.2 – Provide Support for Secretary of Technology Initiatives - Commonwealth of Virginia’s Information Technology Symposium (COVITS)

Program and Plan of Work

The Commonwealth of Virginia Information Technology Symposium (COVITS) is an annual world-class conference focused on the convergence of business, government, and academia leadership to identify, discuss, and propose solutions to critical technology issues. Each September, the conference is hosted at a different location in Virginia. The conference theme focuses on an important technology challenge faced by the triad of leadership. In 2005, with the theme of “The Promise of Digital Government,” COVITS 2005 will examine the issues and challenges facing governments and the solutions offered by the private sector.

The event is co-sponsored by Virginia’s Secretary of Technology, Virginia’s Center for Innovative Technology, and a Virginia university local to the event location. COVITS intends to:

- Enhance awareness in the U.S. about capabilities and resources of the Commonwealth
- Be nationally recognized as a key event where industry solutions meet government requirements
- Increase domestic and international investment and technology-based economic development

CIT will coordinate production of COVITS 2005 in Richmond and will direct the preparation of final reports and wrap up activities for the conference.

CIT will work with the Secretary of Technology to transition COVITS 2006’s program management, program development, and coordination roles from CIT to the Virginia Information Technology Agency or another unit of the Virginia Secretary of Technology.

Impact

- **Cash** (revenue for CIT): \$650K
- **Leveraged Cash and Economic Value** (revenue and investments for Commonwealth entities): Outside scope of CIT’s metrics collection process

Milestones

Activity	Date	Person Responsible
Coordinate production of event	September 2005	Director, IT&T
Oversee preparation of final financial and administrative reports	October 2005	Director, IT&T

Transition oversight and production of event to VITA	October 2005	Director, IT&T
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Management Reporting Tools

- COVITS project report
- COVITS project budget
- Monthly status report

Activity 3.3 – Provide Support for Secretary of Technology Initiatives - Commonwealth Technology Research Fund (CTRF)

Program and Plan of Work

The Commonwealth Technology Research Fund was created in 2000 to attract increased public and private research funding for Virginia's public institutions of higher education. The goal of the fund is to increase technological and economic development in Virginia, through investment in higher education research.

Responsibility for administration of the CTRF was transitioned from the Department of Planning and Budget (DPB) to CIT in FY04, per legislative mandate. Continued funding has not been provided as of the FY06 budget, thus, the extent of these duties is expected to involve general oversight of the remaining grants that have funds rolling forward into FY06. An annual report will be compiled and filed with the Governor's Office and the General Assembly, as required by the Code of Virginia 2.2-2233.1.

Impact

- The economic reports are independent of CIT's metrics

Milestones

Activity	Date	Person Responsible
Prepare and submit annual report on CTRF operations to the Governor and General Assembly	June 2005	VP, Research Investment

Management Reporting Tools

- Annual report prepared for State Administration and General Assembly
- Annual and final reports from grant recipients

Goal 4: Solve national and regional technological challenges through world-class R&D programs

Activity 4.1 – Deliver solutions to national defense and homeland security challenges through IDHS

Program and Plan of Work

CIT underwrites and operates the Institute for Defense and Homeland Security. IDHS is a consortium of university, industry, and government research and development partners dedicated to delivering solutions that support the United States' defense and homeland security objectives. Through this strategic partnership, IDHS conducts research and development, education, and technology transition at member institutions and firms, with an emphasis in the fields of telecommunications, biodefense, sensor systems, remote presence, crisis management, and risk management. Additionally, industry consortium members will commercialize technology and develop solutions that support rapid technology insertion and deployment.

As part of its original mandate, IDHS is working to increase defense and homeland security R&D funding flowing to Virginia colleges and universities, businesses, and government laboratories. To accomplish this, IDHS and selected CIT staff identify and secure federal funding through strategic partnering agreements with government, industry, universities and non-profits; multi-institutional competitive solicitations; non-competitive solicitations; and Congressional appropriations. Funding opportunities include those in which CIT is the lead institution, conducts project management, and is the catalyst and facilitator for proposal submissions.

The homeland security market is robust overall, but there is significant competition for funding in the R&D area. While IDHS' structure is unique and offers advantages in the marketplace, it is not without competition. Multiple private and not-for-profit organizations are maneuvering for leadership in the homeland security consulting and research and development market sectors. To strengthen competitive advantage, IDHS seeks opportunities that have unique requirements for university and private sector collaborative research and development.

Fiscal year 2006 marks a key milestone for IDHS. During 2006, IDHS' first three new research and development programs will be initiated and new R&D programs will be defined and championed with the Virginia Congressional Delegation.

For FY06, IDHS will deliver \$8,200,000 of contribution to CIT's Cash, Leveraged Cash, and Economic Value metrics.

Impact

For FY06, IDHS will use the following metrics for Activity 4.1:

- **Cash** (revenue for CIT/IDHS): IDHS will bill \$2.2M in revenue against IDHS research grants and contract activity in FY06.
- **Leveraged Cash** (revenue and investments for Commonwealth entities): IDHS will facilitate securing \$3M in federal awards for research grants and/or contracts for Virginia research institutions.
- **Economic Value** (wages and sales gains for Commonwealth entities): CIT/IDHS will facilitate business opportunities for clients that will generate economic value of \$3M.

Milestones

Activity	Date	Person Responsible
Release FY06 operating plan	July 2005	IDHS Executive Director
Develop program management plans for R&D projects	30 days post funding	IDHS Program Managers
Develop Congressional/Legislative Appropriations Strategies for FY07-08	March 2006	IDHS Executive Director
Pursue \$6M in Congressional plus-ups for FY06	September 2005	IDHS Executive Director
Secure funding for operational programs	In accordance with award deadlines	IDHS Executive Director
Identify and submit proposals for \$10M in federal agency grants for defense and homeland security initiatives	In accordance with award deadlines	IDHS Executive Director

Management Reporting Tools

CIT will use several reporting tools to track its performance against these milestones:

- Monthly sales pipeline report tracks proposals and awards
- Quarterly IDHS report for VRTAC
- Biannual executive steering committee reports
- Contract specific project reports

Activity 4.2 – Deliver technology solutions to national and regional economic challenges

Program and Plan of Work

CIT staff identifies federal funding opportunities and undertakes federal grants and contracts through strategic partnering agreements with government, industry, universities, and non-profits. CIT's roles include performing project management for federally funded projects. Competitive solicitations, non-competitive solicitations, and Congressional appropriations are potential sources of funding. CIT may be the lead institution and/or conduct project management on behalf of its partners. In doing so, CIT will manage grants and contracts on time and on budget and achieve research and commercialization results that meet or exceed program-specific goals.

Areas of opportunity are federal R&D and economic development programs that complement the mission of CIT and allow it to greatly leverage the Commonwealth's appropriation. CIT is currently engaged in regional Chesapeake Bay initiatives in coastal ocean observations and forensic research.

Key activities for FY06 include performing on existing grants and contracts, supporting business development for Coastal Observation funding in Fiscal Year 2006 and Fiscal Year 2007-2008, and developing a long-term business model for Coastal Observation. The plan of work also calls for identifying and securing additional strategic grants and contracts.

Through these activities, CIT will achieve \$2.353M in research revenue for FY06.

Impact

Cash (revenue for CIT): \$2,353K

Leveraged Cash (revenue and investments for Commonwealth entities): \$1,613K

Economic Value (wages and sales gains for Commonwealth entities): \$350K

Milestones

Activity	Date	Person Responsible
Provide status and other compliance reports for the DOJ-FBI project	In accordance with award deadlines (expected: July 2005, Oct. 2005, Feb. 2006)	VP Research Investment
Provide status and other compliance reports for the Coastal Observation projects (II and III)	September 2005 February 2006	VP Research Investment

Provide status and other compliance reports for the PTAC II project	In accordance with award deadlines (final report December 2005)	VP Research Investment
Provide status and other compliance reports for the NSA NTIP project	In accordance with award deadlines (monthly through December 2005, final)	VP Research Investment
Identify and submit proposal for FY06 \$2M Coastal Observation award	In accordance with award deadlines (est. February 2006)	VP Research Investment
Provide status and other compliance reports for the NASA TECC II project	In accordance with award deadlines (monthly through January 2006, final)	Regional Operations
Develop long term-business model for Coastal Observation and other contracts and grants	4 th Quarter	VP Research Investment

Management Reporting Tools

- Contract-specific project reports
- Monthly financial reports for billing and project management
- Compliance reports as required by client agency
- Quarterly divisional performance reports

Activity 4.3 – Expand the use and application of broadband technologies in Virginia’s rural and underserved areas

Program and Plan of Work

CIT is charged by the General Assembly “to support the efforts of public and quasi-public bodies within the Commonwealth to enhance or facilitate the prompt availability of and access to, advanced electronic communications services (broadband), throughout the Commonwealth, monitoring trends and advances in advanced telecommunications technology to plan and forecast future needs for such technology, and identify funding options.”

This charge places a premium on the infrastructure portion of the broadband equation. More and more however, experts are acknowledging that technology infrastructure alone is not going to solve the problems of rural/underserved areas. Rather, the acquisition of broadband infrastructure needs to be embedded in a broader planning and development approach that includes knowledge enhancement and quality of life aspects.

According to the United States Advisory Council on the National Information Infrastructure, successful information technology infrastructure development requires a broad range of stakeholders: private sector leaders, community partnerships/coalitions, government leaders, and strong individuals who champion the cause. The report, *“Identifying Technology Infrastructure Needs in America’s Distressed Communities,”* indicates that communities play a key role in providing access and learning, while government has a critical role as catalyst. The report continues, “all levels of government have a significant role to playing in ensuring the effective deployment of the Information Superhighway.”

CIT’s broadband program for FY2006 will concentrate on filling the role of catalyst and ensuring that communities throughout Virginia have the opportunity to effectively deploy and employ the Information Economy. CIT staff will work with communities to develop and deploy “holistic” broadband strategies that place equal emphasis on infrastructure acquisition and application development/deployment. On the infrastructure side, CIT will provide a framework for attracting and supporting affordable broadband infrastructure. For application development/deployment, CIT, with partners across the Commonwealth will provide programs and opportunities designed to elevate the Internet sophistication of businesses and local governments. Both the framework and the development activities are designed to have a direct impact on the success of broadband deployments throughout the Commonwealth.

Impact

- **Cash** (revenue for CIT): \$118K
- **Leveraged Cash** (revenue and investments for Commonwealth entities): \$100K
- **Economic Value** (wages and sales gains for Commonwealth entities): \$3M

Milestones

Activity	Date	Person Responsible
Complete Broadband Demand Assessments and Training in 11 Southside Counties as outlined in Federal EDA grant	Completion June 2006; Activities will be conducted monthly or as required	Director, Broadband Outreach
Assist five communities with their broadband planning and deployment initiatives (Infrastructure assessments, demand aggregation/development, project definition and deployment)	Assist 2 communities in Quarters 1&2; 3 additional communities in Quarters 3&4	Director, Broadband Outreach
Present eight topical educational opportunities (broadband/e-commerce) to augment existing broadband infrastructure deployments	4 opportunities completed by December 2005, the remaining 4 opportunities will be presented by June 30, 2006	Director, Broadband Outreach
Manage the delivery of e-commerce training and assistance to companies in underserved/rural areas (through VECTEC)	Report \$3M in Economic Impact for FY06	Director, Broadband Outreach

Management Reporting Tools

- Briefings for local, state, and federal officials and commissions as requested
- Broadband annual report (as directed by the Office of the Secretary of Technology)
- Reports as required for federally funded Southside EDA project
- Annual metric assessment

Goal 5: Deliver innovation, identification, and assimilation services

Activity 5.1 – Bridge the innovation gap by delivering innovation, Identification, and assimilation services to large scale users of advanced technology

Program and Plan of Work

CIT's two decades of experience and leadership in the fields of technology commercialization, company generation, and early stage company development provide a solid base for the development of a new service line. The new consulting service will specialize in identifying emerging technology companies whose innovation can be applied to the mission requirements of large scale advanced technology consumers such as the federal government and Fortune 500 technology companies.

Reductions in expenditures for federal and corporate research are creating an opportunity for early stage science and technology companies to 'fill the innovation gap' through the deployment of their technology. Large scale consumers have recognized the value of discovering these companies while they are in their developmental stages so they can work to drive solutions to their technology requirements.

In the fall of 2005, the CIT was awarded a contract with a Department of Defense agency to identify innovative private sector companies whose technology could be applied to defense requirements. Relevant experience with this contract coupled with the field service experience of CIT's field operations are the foundation of the new service offering that will diversify CIT's revenue base, accelerate the adoption of innovation on a national scale, and fuel the growth of advanced technology companies in the Commonwealth.

The new service line is named 'Innovation Identification and Acceleration' (I²A). The value proposition for the service line is:

I²A isan innovation identification, match, and assimilation assessment service.

I²A providesaccess to innovation specific to client requirements in markets that are cost effective for client access.

I²A clients.....reach new innovation sources and assimilate technologies that achieve mission goals without incurring the expense of in-house organizations.

I²A servesfederal government, private industry, and private equity markets.

I²A was developed under the following planning objectives:

1. New services must stay true to the CIT mission – grow technology in Virginia
2. New services should capitalize on CIT's reputation for identifying and accelerating innovation
3. New services must establish a revenue base significant enough to ensure full operating overhead recovery

Additionally, the collateral value of the new service line was designed to achieve the following value for the Commonwealth:

1. Accelerate the growth of emerging companies and resulting hi-tech employment
2. Increase the Commonwealth's venture capital presence
3. Attract new technology companies to Virginia

In fiscal year 2006, the I²A service line will operate within the first phase of development, this will include establishing a database of innovative technology companies, defining and branding a consultative service offering, incorporating field services and implementing sales and marketing programs.

During the first 22 months of operations, the I²A service line will operate at a deficit, at month 23, the service is projected to be cash positive. At month 48, the service is projected to be self-funding for CIT.

Impact

For FY05, the I²A service line is targeted to achieve the following metrics for Activity 5.1:

- **Cash** (revenue for CIT/IDHS): I²A services will record \$1,120,000 of revenue from \$1,500,000 of sales during fiscal year 2006.
- **Leveraged Cash** (revenue and investments for Commonwealth entities): I²A services are projected to provide \$500,000 of leverage to CIT client companies during fiscal year 2006.
- **Economic Value** (wages and sales gains for Commonwealth entities): I²A services are projected to deliver economic value starting in fiscal year 2007.

Milestones

Activity	Date	Person Responsible
Validate and prioritize target markets	July 2005	I ² A program manager I ² A sales executive
Establish and trademark consulting process	September 2005	I ² A program manager
Establish innovative company database - Virginia	September 2005	I ² A program manager VP Regional Operations

Establish sales team	July 2005	CIT President I ² A program manager
Establish proposal development team	September 2005	I ² A program manager
Submit first proposal	September 2005	I ² A program manager I ² A sales executive
Develop assessment methods for field operations	December 2005	I ² A program manager VP, Regional Operations
Establish innovative company database – national regions	December 2005	I ² A program manager VP Regional Operations
Establish GSA schedule presence	December 2005	VP Finance and Admin Contracting Director I ² A program manager

Management Reporting Tools

CIT will use several reporting tools to track its performance against these milestones:

- Innovative company creation report
- Client database report on active clients
- GSA schedule development status report
- Consulting service development status report
- Target market analysis report
- Monthly sales pipeline report tracking opportunities and awards

Metrics Summary for Fiscal Year 2006

in thousands

	GOALS AND ACTIVITIES	CASH	LEV CASH	ECON VALUE
1	Create new industry clusters in Virginia			
1.1	ID opportunities to accelerate nanomanufacturing	FY2007	FY2007	FY2007
1.2	Educate about opportunities in SmartBio	FY2008	FY2008	FY2008
2	Make Virginia a global Leader in the development of entrepreneurial technology ventures			
2.1	Identify and accelerate opportunities for small technology firms to obtain federal R&D awards	-	2,500	-
2.2	Accelerate funding for very early-stage technology firms	FY2007	5,000	-
2.3	Operate a world-class field support service for emerging innovative companies	-	-	20,000
3	Advance Virginia Technology Commissions and Policy Initiatives			
3.1	Provide administrative and technology policy support for Virginia Research and Technology Advisory Commission (VRTAC)	-	-	-
3.2	Administer COVITS	650	-	-
3.3	Administer Commonwealth Technology Research Fund	-	-	-
4	Solve national and regional technological challenges through world-class R&D programs			
4.1	Deliver solutions to national defense and homeland security challenges through IDHS	2,200	3,000	3,000
4.2	Deliver technology solutions to national and regional economic challenges	2,353	1,613	350
4.3	Realize the highest percentage of broadband deployment among states in the U.S.	118	100	3,000
5	Bridge the innovative gap by delivering innovation, identification, and assimilation services			
5.1	Deliver I ² A services that accelerate new company development	1,120	500	FY2007
	Totals	6,441	12,713	26,350
	FY06 Total Return to Virginia	\$45,504		

Metric estimates shown as FY2007 represent best-case estimates for future value yield.

Organizational Structure for Fiscal Year 2006

There are 34 full-time employees in CIT's FY06 operating plan.

CIT's Research Investment division is responsible for strategy and program development for CIT's initiatives in nanotechnology and SmartBio.

CIT's Entrepreneurship and Investment Services division is responsible for strategy and program development for CIT's activities in federal funding assistance for small businesses, entrepreneurial support services, and programs to help technology startups gain access to capital.

CIT's Field Support division will phase out their responsibilities associated with one-on-one support of small technology business clients and transition to a referral and brokering assistance model in conjunction with the establishment of the I²A service.

CIT's Institute for Defense and Homeland Security conducts research and development programs with partners from academia, industry, and government to solve national technology challenges in defense and homeland security.

CIT's Broadband and eBusiness Initiatives Director is responsible for strategy and program development to increase the deployment of affordable last-mile technologies into underserved areas of Virginia.

CIT's I²A division will primarily responsible for the start-up phase of CIT new business line. This will include establishing a database of innovative technology companies, defining and branding a consultative service offering, incorporating field services, and implementing sales and marketing programs.

Each of the above divisions will also provide project management services for federal contracts that CIT currently has or will obtain during this operating year.

The operating divisions with responsibility for strategic programs receive support from two additional divisions within CIT: Communications and Finance & Administration.

The Communications division provides marketing and public relations strategy and support for all program activities and major events. This division also provides guidelines for presenting CIT corporate and program information to its customers, stakeholders, partners, and media. It works closely with CIT's Board of Directors to sharpen its message and to extend its communications reach.

The Finance and Administration division provides all finance, accounting, information technology, legal, human resources, and office and building operations support.

Summary of Operating Budget for Fiscal Year 2006

Summary of Operation Budget for Fiscal Year 2006

COMMONWEALTH OF VIRGINIA ACTIVITY	
REVENUE	6,787,000
EXPENSES	
GOAL 1 DEVELOP INDUSTRY CLUSTERS	
Nanotechnology	199,290
SmartBio	25,649
	224,939
GOAL 2 DEVELOP ENTREPRENEURIAL TECHNOLOGY	
Federal Funding Assistance	240,129
Capital Access Program	1,206,680
Entrepreneurial Dept. - Management	205,822
Field Support	1,124,645
	2,777,276
GOAL 3 VIRGINIA INITIATIVES	
VRTAC	59,779
COVITS	698,321
	758,099
COMMUNICATIONS	686,499
GENERAL & ADMINISTRATIVE (G&A)	1,232,200
	1,918,699
TOTAL EXPENSES	5,679,013
CARRY-OVER FUNDS	1,917,110
BALANCE FOR VIRGINIA STATE ACTIVITY	3,025,097
WORLD-CLASS R&D PROGRAMS	
REVENUE	4,692,456
EXPENSES	
GOAL 4 WORLD-CLASS R&D PROGRAMS	
IDHS	501,963
Technology Solutions	4,684,719
Off-site	134,159
Broadband	209,306
	5,530,146
NET WORLD CLASS R&D	-837,690
BALANCE BEFORE I'A	2,187,406
INNOVATION, IDENTIFICATION, AND ASSIMILATION (I'A) ACTIVITY	
REVENUE	1,120,000
EXPENSES	
GOAL 5 I'A	
Program and HQ Support	2,833,337
Off-site	276,218
	3,109,554
NET I'A	-1,989,554
BALANCE	197,852

Detailed Operating Budget for Fiscal Year 2006

COMMONWEALTH OF VIRGINIA ACTIVITY		
REVENUE		
Activity		
	State General Fund Appropriation	6,087,000
	Interest Income	50,000
3.2	COVITS	650,000
	TOTAL REVENUE	6,787,000
EXPENSES		
Activity		
DEVELOP INDUSTRY CLUSTERS		
1.1 Nanotechnology		
	Programs	40,000
	Salaries, fringe, and other variable costs	135,116
	Allocated costs	24,174
	Total for Nano Industry Clusters	199,290
1.2 SmartBio		
	Salaries, fringe, and other variable costs	19,573
	Allocated costs	6,077
	Total for SmartBio Clusters	25,649
	Total for Develop Industry Clusters	224,939
DEVELOP ENTREPRENEURIAL TECHNOLOGY		
2.1 Federal Funding Assistance		
	Federal Proposal Assistance Funds Program	50,000
	Federal Proposal Workshops Program	40,000
	Federal Funding Focus Groups Program	3,000
	SBIR Consulting Services Program	19,000
	University & Federal Lab Outreach Program	6,000
	Salaries, fringe, and other variable costs	105,518
	Allocated costs	16,611
	Total for Federal Funding Assistance	240,129
2.2 Capital Access Program		
	Innovation Avenue Program	15,000
	Entrepreneurial Bootcamps Program	12,000
	Private Equity Programs Program	15,000
	Investment Pool - GAP Program	500,000
	GAP Consultants Program	150,000
	GAP Development - Legal Program	25,000
	Due Diligence - Contracted Out Program	20,000
	Resources for In-House Due Diligence Program	10,000
	Sponsorships (includes MAVA, Mid Atlantic VC, Venture Assoc, GrubStake, etc.) Program	20,000
	Salaries, fringe, and other variable costs	373,235
	Allocated costs	66,445
	Total for Capital Access	1,206,680

	2.0	Entrepreneurial Dept. - Management	
		Salaries, fringe, and other variable costs	172,599
		Allocated costs	33,223
		Total for Entrepreneurial Dept. - Management	205,822
	2.3	Field Support	
		Technology Councils and VTA Program	75,000
		Roanoke - Salaries, fringe, and other variable costs	159,290
		Roanoke - Allocated costs	18,230
		Lynchburg - Salaries, fringe, and other variable costs	140,624
		Lynchburg -Allocated costs	18,230
		Portsmouth - Salaries, fringe, and other variable costs	145,762
		Portsmouth -Allocated costs	18,230
		Richmond - Salaries, fringe, and other variable costs	340,400
		Richmond -Allocated costs	36,459
		Charlottesville - Salaries, fringe, and other variable costs	154,190
		Charlottesville -Allocated costs	18,230
		Total for Field Support	1,124,645
		Total for Develop Entrepreneurship Technologies	2,777,276
		VIRGINIA INITIATIVES	
	3.1	VRTAC	
		Programs	20,700
		Salaries, fringe, and other variable costs	31,516
		Allocated costs	7,563
			59,779
	3.2	COVITS	
		Programs	660,000
		Salaries, fringe, and other variable costs	30,758
		Allocated costs	7,563
			698,321
		Total for Virginia Initiatives	758,099
		TOTAL PROGRAM EXPENSE	3,760,315

COMMUNICATIONS		
	Corporate	277,280
	Business Development	202,800
	Programs	5,012
	SoTech	3,800
	Executive Outreach	25,000
	Salaries, fringe, and other variable costs	146,947
	Allocated costs	25,660
	Total Communications	686,499
GENERAL & ADMINISTRATIVE (G&A)		
	Salaries and fringe	928,709
	Travel	30,000
	Communications	19,767
	Network Communications	17,395
	Insurance	15,589
	Repairs & Maintenance	1,440
	Equipment Rental	6,464
	Office Expense	17,067
	IT(Consulting, Service & Supplies)	85,203
	Dues, Subscriptions, & Memberships	5,000
	Accounting Fees	8,924
	Legal	6,900
	Temporary Services	37,158
	Other Professional Services	5,750
	Recruitment	16,518
	Board Meeting	10,000
	Training	17,500
	Automobile	2,816
	Total for G&A	1,232,200
	TOTAL ADMINISTRATIVE EXPENSE	1,918,699
	TOTAL EXPENSES	5,679,013
CARRY OVER FUNDS		1,917,110
	BALANCE FOR VIRGINIA STATE ACTIVITY	3,025,097

WORLD-CLASS R&D PROGRAMS

REVENUE		
Activity		
4.1	NOAA - Dev. Coastal Zone Research Center	1,713,128
	TeCC Option 2	56,000
	EDA - Broadband	118,599
	PTAC II	29,665
	FATE	268,365
	SBIR/STTR Outreach	100,000
	NTIP	186,699
	DOD - IDHS	2,200,000
	IDHS Memberships	20,000
	Total Federal Income	4,692,456
EXPENSES		
Activity		
4.1 IDHS		
	IDHS Consultant and Lobbyist	390,756
	Salaries, fringe, and other variable costs	94,596
	Allocated costs	16,611
	Total IDHS	501,963
4.2 Technology Solutions		
	NOAA - Dev. Coastal Zone Research Center	1,506,225
	EDA - Broadband	102,240
	FATE	243,838
	SBIR/STTR Outreach	100,000
	NTIP	157,236
	DOD - IDHS	2,200,000
	Salaries, fringe, and other variable costs	310,220
	Allocated costs	64,959
	Total Technology Solutions	4,684,719
4.2 Technology Solutions Off-site		
	Salaries, fringe, and other variable costs	122,006
	Allocated costs	12,153
	Total Technology Solutions	134,159
4.3 Broadband		
	Broadband Deployment Program	40,000
	Salaries, fringe, and other variable costs	151,076
	Allocated costs	18,230
	Total Broadband	209,306
	NET WORLD CLASS R&D	-837,690
	BALANCE BEFORE I'A	2,187,406

INNOVATION, IDENTIFICATION, AND ASSIMILATION (I²A) ACTIVITY		
REVENUE		
Activity		
5.0 I ² A		
Contract 1		360,000
Contract 2		280,000
Contract 3		240,000
Contract 4		160,000
Contract 5		80,000
		1,120,000
EXPENSES		
Activity		
5.0 I ² A - Program and HQ Support		
Contract 1		360,000
Contract 2		280,000
Contract 3		240,000
Contract 4		160,000
Contract 5		80,000
Salaries, fringe, and other variable costs		1,583,418
Allocated costs		129,918
	Total I²A - Program and HQ Support	2,833,337
5.0 I ² A - Off-site		
Salaries, fringe, and other variable costs		245,835
Allocated costs		30,383
	Total I²A - Off-site	276,218
	NET I²A	-1,989,554
	BALANCE	197,852

Description of Salary and Benefits Budget Fiscal Year 2006

FTEs	Position Type	Industry Clusters	Entrepreneurship Technology	Virginia Initiatives	Communications	General & Administrative	World-Class R&D Programs	I ² A	Total
	Headquarters								
0.8	Nano Industry Clusters	88,483							88,483
1	Federal Funding Assistance		64,619						64,619
3	Capital Access Program		221,778						221,778
1	Entrepreneurial Dept. - Management		115,920						115,920
0.35	Virginia Initiatives			43,649					43,649
1	Communications				101,766				101,766
6.625	General & Administrative					629,649			629,649
1	IDHS						52,268		52,268
2.25	Technology Solutions						200,635		200,635
5.6	I ² A							395,525	395,525
	Salaries	88,483	402,317	43,649	101,766	629,649	252,903	395,525	1,914,292
	Incentive Salaries	8,848	40,232	4,365	10,177	62,965	25,290	39,553	191,429
	Total Benefits	28,734	144,913	14,261	24,403	236,095	102,124	193,341	743,871
	Total HQ Staff Costs	126,065	587,462	62,275	136,346	928,709	380,317	628,418	2,849,592
	Off Site								-
0.15	SmartBio	12,798							
6	Field Support		501,688						501,688
0.85	Technology Solutions Off-Site						72,524		
1	Broadband						90,875		
3	I ² A							114,368	
	Salaries	12,798	501,688		-	-	163,399	114,368	792,253
	Incentive Salaries	1,280	50,169	-	-	-	16,340	11,437	27,777
	Total Benefits	5,494	194,061				58,954	59,330	118,284
	Total Off Site Staff Costs	19,572	745,918	-	-	-	238,693	185,135	1,189,318
	TOTAL CIT SALARIES & BENEFITS	145,637	1,333,380	62,275	136,346	928,709	619,010	813,553	4,038,910
33.625	Total FTEs	0.95	11	0.35	1	6.625	5.1	8.6	33.625