CIT
CENTER FOR INNOVATIVE TECHNOLOGY

June 5, 2008

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

Dear Mr. Brown:

I am pleased to submit the Center for Innovative Technology's (CIT) fiscal year 2009 Operating Plan, which was approved by the CIT Board of Directors on May 21, 2008.

For 2009, CIT will continue programs that support its mission of "accelerating the next generation of technology and technology companies". Doing this enables us to position Virginia as the nexus of technology innovation in the increasingly competitive national and global economies.

Similar to the 2008 Plan, CIT will continue to secure federal and private sector funded services that support our mission and objective.

The 2009 Plan contains minor adjustments to the 2008 Operating Plan. These adjustments are reflected in the process and procedure CIT will use to both predict and record the contribution that CIT makes to the Commonwealth. These adjustments are necessary to reflect programmatic changes resulting from funding variables.

On behalf of the entire CIT organization, we would like to express our gratitude for the ability to serve the Commonwealth by building its future economic engines.

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

Respectfully,

Peter Jobse
President & CEO
The Center for Innovative Technology

cc: Mr. Billy Barbee, Senior Budget Analyst, Department of Planning and Budget
The Honorable Lacey Putney, Chairman, House Appropriations Committee
Mr. Robert P. Vaughn, Staff Director, House Appropriations Committee
The Honorable Charles Colgan, Chairman, Senate Finance Committee
Ms. Betsey Daley, Staff Director, Senate Finance Committee

Enclosure

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June 5, 2008

Mr. Billy Barbee
Senior Budget Analyst
Department of Planning and Budget
1111 East Broad Street, Room 5040
Richmond, Virginia 23219-3418

Dear Mr. Barbee:

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June 5, 2008

The Honorable Lacey Putney
Chairman, House Appropriations Committee
General Assembly Building
P.O. Box 406, Room 947
Richmond, Virginia 23218

Dear Chairman Putney:

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Staff Director, House Appropriations Committee
General Assembly Building
P.O. Box 406, Room 947
Richmond, Virginia 23218

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June 5, 2008

The Honorable Charles Colgan
Chairman, Senate Finance Committee
General Assembly Building
P.O. Box 396, Room 626
Richmond, Virginia 23218

Dear Chairman Colgan:

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June 5, 2008

Ms. Betsey Daley
Staff Director, Senate Finance Committee
General Assembly Building
P.O. Box 396, Room 626
Richmond, Virginia 23218

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Center for Innovative Technology

OPERATING PLAN

Fiscal Year 2009

Approved by Board of Directors on
May 21, 2008

Table of Contents

Executive Summary

Introduction

Fiscal Year 2008 was the third year of execution of an operating plan that did not significantly change from the prior year's operating plan. This contrasts to previous years when plans were annually rebuilt due to funding fluctuations and mission re-definition. Achieving plan stability over a five to seven year horizon will allow CIT to maximize program value and return on invested capital.

During 2008 CIT delivered on its stated goals. The Connect service line supported new private sector and Virginia state clients, the GAP Fund portfolio reached 25 investments since inception, the Research and Development service line transitioned key projects to the federal government for continued development, and the Broadband service line contributed to rural broadband penetration and addressed telework promotion.

Also, to support CIT's federal market activities, CIT was awarded a General Services Administration government wide acquisition contract to sell services to the federal government. These changes continue to validate CIT's transformation from a grant-allocation organization to a service-based organization capable of serving state, federal and private sector clients.

Operating Environment

Annually, CIT reviews the economic climate for technology and technology company creation. As in 2007, the following observations have been validated:

1. There is a significant void in angel and early-stage investment capital for seed-stage companies nationally as well as in the Commonwealth.
2. Reductions in the federal research and development workforce and increased emphasis on security programs are creating opportunities for translational research programs involving multiple universities and companies.
3. Advanced technology fields including nanotechnology and biotechnology require pursuit of specific market segments in order to establish a market leadership position.
4. Changing economic and geopolitical environments create the need to stimulate innovation for new solutions to challenges in energy production and consumption.
5. Access to affordable broadband is mandatory to support rural economic development.
6. Federal funds play a significant role in supporting the capital requirements of many early-stage technology companies.
7. Early-stage companies and large-scale technology consumers have a difficult time identifying each other, which prevents technology assimilation and young company growth.

Direction
After carefully reviewing environmental factors that are relevant to CIT's mission, management determined that the programmatic direction for 2009 should be the same as 2008.

For 2009, the CIT mission of "*accelerating the next generation of technology and technology companies*" coupled with the objective to *"achieve national recognition as the premier services provider engaged in technology company creation and company growth"* will focus the organization on expanding its programs and in return make the Commonwealth the next innovation hub in the United States.

2009 Goals
CIT's 2009 goals and corresponding service lines are as follows:

Research and Development service line

Goal 1 Create new industry clusters in advanced technologies.
Goal 2 Solve national technological challenges through world class R&D solutions.

Entrepreneur service line

Goal 3 Secure global leadership in the development of entrepreneurial technology ventures.

Connect service line

Goal 4 Secure global leadership in the identification and assimilation of innovative technologies.

Broadband service line

Goal 5 Expand the use and application of broadband technologies in rural and underserved areas.

Strategic Goals, Plan of Work, Milestones, and Metrics - Fiscal Year 2009

Research and Development Service Line

Goal 1: Create new industry clusters in advanced technologies

Objective 1.1 – Establish and advocate development of an innovation index to evaluate and manage industry cluster development in Virginia

Program and Plan of Work

Innovation is widely recognized as a key driver in the ability of states and nations to successfully compete in the global economy, both today and for the near future. Although innovation has many definitions, it is most often described as new ideas and inventions applied in products, processes, and services that add value to companies and to society in general. Although no standard for innovation indicators has been defined, cities, states, and countries around the world measure and evaluate their own innovation performance by monitoring such indicators as patent applications, private equity investment, company creation, corporate and academic research expenditures, and advanced degrees in science and engineering. These indicators inform public and private sector officials' decisions about policies, investments, and other factors designed to encourage innovation and entrepreneurship and build industry clusters. By employing this data, leaders can align and position their investments so that their jurisdictions capture and maintain a leading position in the global innovation and technology economies.

Clusters are the "ecosystems" of people, institutions, and industries that create and translate ideas into economic prosperity. Building clusters requires articulating short-, medium-, and long-term visions with attention to the many underlying technology and business foundations of an innovation ecosystem. In addition, cluster development requires a long-term commitment by stakeholders – one that spans multiple business cycles and terms of office. Two of today's most successful technology clusters, North Carolina's Research Triangle Park and California's Silicon Valley, were formed in the 1940s and1950s. They slowly grew into powerful and profitable regions as a result of long-term commitments by generations of stakeholders.

Virginia has an admirable record of achievements in technology research, commercialization, and other activities that propel innovation. Progress in scientific research, access to capital and skilled business managers, and a supportive physical and policy infrastructure create opportunities for the growth of new and existing industries that will become the next-generation economic engines for the Commonwealth. In Virginia, advances in renewable energy, information technology, life sciences, nanotechnology, and other technology sectors provide opportunities to develop industry clusters that will enable the Commonwealth to compete globally.

Recognizing the need for a tool to assist public and private sector decision makers in advancing Virginia's innovation economy, the Administration and the 2008 Virginia General Assembly passed joint resolution SJ126, calling on CIT to develop a "Commonwealth Innovation Index." For FY2009, the index will benchmark Virginia's innovation activity and performance against peer states, including Maryland, Massachusetts, North Carolina, and Pennsylvania. The baseline will rely primarily on publicly available sources of data, including that from the National Science Foundation, Small Business Administration, U.S. Patent and Trademark Office, Association of University Technology Managers, and the PriceWaterhouseCoopers/National Venture Capital Association MoneyTree™ Report.

CIT will work closely with the technology community, including its regional technology councils, to identify appropriate industry clusters and innovation indicators for the index. Further, CIT will encourage the technology community to use the index in workforce, advocacy and other activities. In conjunction with the technology community, CIT will inform state, local, and federal officials about the role of such data and its contribution to identifying, creating, and growing strategic industry clusters. CIT also will recommend procedures and develop cost estimates for publishing and disseminating the index.

2009 Program Impact

This objective focuses on creating a sample innovation index and related education and advocacy with Virginia's elected officials. The index will be a tool to help the Commonwealth's officials determine future industry direction and the targeted areas for investment that will enable Virginia to maintain leadership in innovative fields. Program impact is ultimately determined by the Commonwealth's decision to proceed with a fully functional Commonwealth Innovation Index and by subsequent policies and investment in strategic sectors.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Produce materials for technology council briefings relating to the Innovation Index	July 15, 2008	VP, Research Investment
Meet with regional technology councils to introduce the Innovation Index concept	August 31, 2008 and bi-monthly, or as required	VP, Research Investment
Brief Virginia Research and Technology Advisory Committee (VTRAC) on the Innovation Index and on federal, state, and international trends in advanced technologies	September 2008	VP, Research Investment

Advise Administration, General Assembly, and commissions on the Innovation Index as well as on federal and state advanced technology priorities and capabilities	October 2008	VP, Research Investment
Advise Virginia congressional delegation on the Innovation Index as well as on federal and state advanced technology priorities and capabilities	October 2008	VP, Research Investment
Develop and review with technology councils Innovation Index components, including clusters and table of contents/indicators	November 2008	VP, Research Investment
Propose Innovation Index use in technology council, regional, and other planning programs	April 2009	VP, Research Investment
Determine product and related costs for FY2010 budget planning purposes and General Assembly session	May 2009	VP, Research Investment
Develop public relations campaign	November 2008	VP, Government and Public Affairs

Management Reporting Tools

- Pilot product, Innovation Index
- Briefings for state and federal officials and commissions as scheduled

Goal 2: Solve national technological challenges through world-class R&D solutions

Objective 2.1 – 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). IDHS is an organization 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 R&D, education, and technology transition at member institutions and firms, with an emphasis on telecommunications, biodefense, sensor systems, robotics, crisis management, and energy independence. Industry members commercialize technology and develop solutions that support rapid technology insertion and deployment.

As the CIT lead for defense and homeland security initiatives, IDHS builds on both the nation's and Virginia's experience with new and innovative technology applications that provide critical defense and homeland security solutions and support the expansion of research and industry developing these solutions. To deliver these solutions, 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; noncompetitive solicitations; and Congressional appropriations. These funding arrangements include those in which CIT is the lead institution, conducts project management, or is the catalyst and facilitator for proposal submissions.

Although the defense and homeland security market has been historically robust, out-year R&D funding levels are decreasing in constant dollars, and there is significant competition for funding. IDHS' structure is unique and offers advantages in the marketplace, but it is not without competition. Increasing numbers of private and not-for-profit organizations are maneuvering for leadership in national security consulting and R&D market sectors. To strengthen its competitive advantage, IDHS identifies opportunities that have unique requirements for university and private sector collaborative R&D.

In 2008, energy-related science and technology (S&T) funding was the only significant growth area in a generally decreasing Department of Defense S&T budget. Capitalizing on the IDHS Executive Director's membership and participation on the Defense Science Board Task Force on Energy Strategy, IDHS secured a $225,000 FY2008 Small Business Administration (SBA) grant to develop the strategy for an Energy Independence Research and Development Park.

IDHS's FY2009 and Defense appropriation proposals focus on alleviation of critical external energy vulnerabilities. The proposed programs will reduce external fuel requirements and accelerate the transition of key interrelated renewable energy and efficiency technologies. IDHS will work with the military services to identify and develop the most promising waste-to-energy technologies, identify and address deficiencies, demonstrate performance, and deploy as quickly as possible those systems that reduce vulnerability and increase capability. These programs will enable U.S. military bases and forward operating bases to function in the future at a net zero consumption of external energy.

IDHS developed the initial concept proposal for a successful energy-related Joint Capability Technology Demonstration (JCTD), Net Zero Plus. The program is designed to exponentially reduce the logistics footprint and distribution requirements of fossil fuels by integrating mature and emerging alternative energy technologies into existing infrastructure, thereby reducing external energy demands of committed units and providing increased mission capability. Net Zero Plus has been approved for a "rolling start" in calendar year 2008. In coordination with the Army Rapid Equipping Force Power Surety Task Force, the Department of Defense, and interagency partners, this program is designed to decrease dependence on distributed fuel, to save lives because of the decreased requirement for fuel convoys, and to generate surplus energy for storage or distribution to surrounding

communities. IDHS has proposed extension of the JCTD beyond its initial forward operating base focus to include strategy development for energy-secure fixed military bases.

In addition to these new energy initiatives, IDHS members, through the Partnership Intermediary Agreement with the Department of Defense, have developed and demonstrated prototype solutions for three translational research programs previously defined within the agreement: Red Cell, Remote Presence, and Environmental Bioterrorism Detection.

In September 2007, the Red Cell program -- an advanced alert and warning system built on the existing United States' cellular infrastructure -- was demonstrated at Fort Pickett in Blackstone, Virginia, in an exercise that also featured components of the Remote Presence and Environmental Bioterrorism Detection programs. The demonstration included the Virginia National Guard, the Virginia Department of Emergency Management, and regional fire and rescue, hazardous material, and medical response teams.

The Remote Presence program leverages and extends DOD and commercial unmanned vehicle technologies for advanced military and first responder applications. This year the Remote Presence program implemented the payload requirements for unmanned ground vehicles (UGVs) recommended by the warfighter and civilian first responder communities. The IDHS Operations Committee approved 2008 concept development of a UGV interoperable interface, and the Dragon Runner UGV was demonstrated successfully as an integral part of the Fort Pickett exercise.

The Environmental Bioterrorism Detection program established a framework to assimilate wildlife health data and alerts into human health systems, including evaluation of detection data collected for diseases monitored by the Centers for Disease Control and Prevention (CDC). Systems include an innovative use of wildlife as natural biosensors, a surveillance system to monitor CDC Category A, B, C agents/diseases, and a rapid pathogen detection and identification device that can be used for wildlife, insects, or humans. The program continues to build upon the wildlife surveillance framework established through a national network of wildlife rehabilitation centers, hospitals, and animal health care professionals.

2009 and Future Program Impact

IDHS builds on Virginia's core strengths through new and innovative applications of technologies that provide critical defense and homeland security solutions and support the expansion of research and industry developing these solutions. For FY2009, IDHS will execute $737,000 in research contract awards to support the existing DOD and SBA programs. In parallel, IDHS is pursuing DOD line-item funding for FY2009 and beyond.

By design, the Red Cell, Remote Presence and Environmental Bioterrorism Detection programs have established a framework for a systems-based approach to build, sustain, and improve national security, preparedness, and defense for a broad range of threats and hazards. These programs were also established for their commercial value. By keeping both R&D and commercialization goals in mind, IDHS helps position Virginia companies and research institutions to participate in significant national technology deployment programs.

Upon DOD approval and release of the demonstration report for Red Cell, IDHS will transition the Red Cell concept and related technologies for commercialization via the demonstration partners. Fully deployed, this system will alert citizens in specific geographic locations to emergencies and security-related incidents. While IDHS has positioned Red Cell initially to address regional incidents, the scalable nature of the concept allows it to extend easily into a national and international capability.

The Remote Presence program has developed and demonstrated an interoperable interface for UGVs that will create new options and markets for interoperable payloads across multiple platforms. After successful concept demonstration at Fort Pickett of the Dragon Runner UGV (as the technology test bed), technology transition will be an FY2009 acquisition decision of the Marine Corps.

The Environmental Bioterrorism Detection program continues in the upcoming year to expand current threat awareness, surveillance and detection capability, and risk and consequence management to mitigate both natural and intentional threats. The program will continue to build on wildlife and livestock surveillance systems while exploring logical integration points into human health systems. The network not only will provide early detection to mitigate effects on human health but will also function as a sentinel for livestock populations, protecting the nation's food supply and diminishing the economic impact of such a threat.

The military and civilian Energy Independence initiatives are designed to address waste management, energy production, and associated climate impacts as a single, solvable problem. Fully consistent with the Virginia Energy Plan, execution of the program will dramatically reduce external energy requirements and accelerate the deployment of key interrelated renewable energy and efficiency technologies. Ultimately, this will enable military bases and forward operating bases to operate at a net zero consumption of external energy. Technologies developed will significantly impact industries such as transportation, aerospace, and commercial and residential construction. Commercialization of solutions identified within the program will pave the way for Virginia, a major waste importer with a very strong military presence, to become a national alternative energy technology leader, increasing its energy and economic security while reducing its carbon footprint – and converting waste from a liability into an energy production asset.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Department of Defense Partnership Intermediary concept development phase final reports	July 2008	IDHS Executive Director and Program Manager
SBA Energy Independence R&D Park program initiation	July 2008	IDHS Executive Director and Program Manager

Develop Department of Defense Partnership Intermediary Agreement FY2009 extension	July 2008	IDHS Executive Director
SBA Energy Independence R&D Park program monthly reports	August 2008 - June 2009	IDHS Program Manager
IDHS Operations Committee concept development program review	September 2008	IDHS Executive Director and Program Manager
SBA Energy Independence R&D Park program Task I completion and report	December 2008	IDHS Program Manager
Environmental Bioterrorism Detection concept demonstration phase initial report	December 2008	IDHS Program Manager
Educate congressional delegation on opportunities for program development and expansion	November 2008 - March 2009	IDHS Executive Director
Annual Partnership Intermediary Program review with Department of Defense and Air Force Research Laboratory	January 2009	IDHS Executive Director
SBA Energy Independence R&D Park program Task II completion and report	May 2009	IDHS Program Manager
IDHS Operations Committee program review of Environmental Bioterrorism Detection and SBA Energy Independence R&D Park programs	June 2009	IDHS Executive Director and Program Manager

Management Reporting Tools

- Monthly progress reports to Small Business Administration
- Quarterly Partnership Intermediary Agreements progress reports to DOD/Air Force Research Laboratory
- Monthly and final subcontractor reports
- Monthly financial reports for billing and project management
- Briefings for state and federal officials and commissions as required
- Annual program review with the Office of the Secretary of Defense and Air Force Research Laboratory
- Annual program review with the Small Business Administration

Objective 2.2 – Deliver technology solutions to solve national and regional challenges

Program and Plan of Work

To enable the development of technology-based solutions that solve national and regional challenges, CIT conducts high-value scientific projects that drive research toward commercialization and deployment. These translational R&D programs provide growth opportunities for research and business organizations while providing solutions to

environmental, safety, economic, and other challenges faced by Virginia, the region, and the nation.

CIT identifies opportunities for translational research in areas of strategic importance, creates teams to develop effective solutions, performs project management, and grows projects into national programs. CIT identifies federal and other funding opportunities and undertakes grants and contracts through strategic partnering agreements with government, industry, universities, and nonprofits. Competitive solicitations, non-competitive solicitations, and Congressional appropriations are also sources of funding. CIT may be the lead institution and/or conduct project management on behalf of its partners. By managing grants and contracts, on time and on budget, CIT achieves research and commercialization results that meet or exceed program-specific goals.

CIT is engaged in a Coastal Observation initiative along the Delmarva coastline. Funded by the National Oceanic and Atmospheric Administration (NOAA), this project has state, regional, and national environmental and economic implications. This translational research program developed a regional system that collects, analyzes, and archives data related to coastal observation and improves the understanding of the impact of the Chesapeake and Delaware Bays on the shelf ecosystems. When completely deployed, the Coastal Observation system will dramatically improve researchers' ability to characterize and monitor the coastal ecosystem by providing real-time, continuous information to a variety of users.

Because of the expertise and technology it developed during the Coastal Observation program, CIT will participate in the Mid-Atlantic's Regional Coastal Ocean Observing System (RCOOS) in FY2009. In addition, CIT will pursue new funding opportunities in coastal ocean observing and offshore renewable energy that leverage the infrastructure and knowledge gained through the Coastal Observation program.

Also in FY2009, CIT will continue development of a mine safety project, which engages private and public sector organizations to develop and deploy a personnel tracking and communications system. This system will include sensors that monitor methane, carbon dioxide, dust, and other elements associated with mine safety and protection of emergency personnel in the event of a crisis.

CIT's key activities for FY2009 include performing on existing grants and contracts, supporting business development for coastal ocean observation and its infrastructure, continuing the development of vessel-tracking and mine safety projects, and examining additional opportunities to develop new translational research proposals in the areas of energy, biotechnology, communications, marine sciences, and nanotechnology.

2009 Program Impact

CIT provides significant value to the Commonwealth by contributing to the development of technology solutions for regional challenges as well as facilitating the expansion of research and industry developing these solutions. In FY2009, CIT will generate and record $180,000

in revenue from federal grants and contracts. Additionally, CIT will provide a minimum of $125,000 in research contract awards to support programs that will be recorded as leveraged cash for CIT's metrics.

Future Program Impact

CIT has invested in the Coastal Observation project because it serves the citizens of the Commonwealth, the region, and the nation. Through this initiative, as well as the vessel tracking and mine safety projects, CIT helps position companies and research institutes to participate in what will become a significant national technology deployment program.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Provide status and other compliance reports for the Coastal Observation project	November 2008	VP, Research Investment
Provide status and other compliance reports for the RCOOS project	In accordance with project deadlines	VP, Research Investment
Identify and submit budget documentation for $1 million in FY2009 Vessel Tracking project	In accordance with federal deadlines (est. August 2008)	VP, Research Investment
Lead public/private team pursuing $3 million mine safety opportunity	September 2008	VP, Research Investment
Identify opportunities in translational research	Ongoing	VP, Research Investment

Management Reporting Tools

- Final performance and financial reports to NOAA and other contract-specific project reports as required
- Reports as required by Rutgers University for RCOOS project
- Subcontractors' final reports and invoices
- Monthly internal financial reports for billing and project management
- Compliance reports as required by client agencies

Entrepreneur Service Line

Goal 3: Secure global leadership in the development of entrepreneurial technology ventures

Objective 3.1 – 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 FY2005, the latest year for which data is available. Virginia firms were awarded a total of $105.9 million, down from $122.9 million in 2004. Although the total number of awards increased in the year, the decrease was reflected in the lower dollar amount of Phase I awards. Virginia was far behind the second-ranked state, Massachusetts, which received $242 million.

To ensure the development of Virginia's next generation of technology companies, Virginia must increase both the number and dollar amount of SBIR and STTR awards. In addition, Virginia needs to increase the number of research awards companies receive from other federal funding programs such as those presented by the National Science Foundation and the National Institutes of Health. Through CIT, the Commonwealth provides assistance to companies developing proposals to commercialize their technologies supported by SBIR/STTR grants.

CIT continues its statewide leadership in federal funding assistance for business through its Federal Funding Assistance Program (FFAP). This program capitalizes on CIT's experience in helping Virginia's technology companies obtain funding through the SBIR/STTR programs. Key program initiatives will continue for delivery of federal funding workshops throughout the Commonwealth: proposal development support; mentoring/commercialization assistance to awardees; and outreach to the federal R&D funding program management community, major and mid-tier prime contractors, and applicable supporting professional resources.

In FY2009, the FFAP will increase its capacity to generate greater awareness of federal funding opportunities by proactively marketing SBIR/STTR topics to Virginia businesses with capabilities/interests that align with the selected topics in agency announcements. Workshop promotions will be expanded statewide to reach a broader interest group of state university R&D, technology transfer, and patent office staffs as well as the staffs of Small Business Development Centers (SBDC), Procurement Technical Assistance Centers (PTAC), the Virginia Economic Development Partnership (VEDP) and local economic developers.

To increase support for proposal development in FY2009, CIT will explore a web-based self-help center that will help Virginia businesses develop proposals in response to grant announcements. Additional CIT staff services will also be made available to develop proposals.

2009 Program Impact

CIT's FFAP helps Virginia's emerging high technology companies attract R&D dollars from federal executive agencies. Through this program, CIT helps companies build significant value in their enterprises without the dilutive effects of private equity infusion. The FY2009 plan for FFAP will focus CIT's efforts on significantly increasing the amount of SBIR/STTR funding to Virginia businesses.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Provide mentoring support to businesses developing proposals or conducting/commercializing research supported by SBIR/STTR awards	Ongoing	VP, Regional Operations
Establish and maintain database of university R&D, technology transfer, patent office staffs, and technology council, VEDP, SBDC, and PTAC and local economic development staffs	August 2008	Research Analyst
Promote SBIR/STTR programs to technology councils, universities, and economic development agencies	Ongoing	VP, Regional Operations
Develop and deliver advanced commercialization workshop for invited Phase I and Phase II awardees	November 2008	Director, Federal Funding
Design and establish v.1 of web-based self-help center for SBIR/STTR proposal development and commercialization assistance	December 2008	Director, Federal Funding
Establish and deliver v.1 of a proactive marketing program of SBIR/STTR topics to Virginia businesses	December 2008	Research Analyst
Market and deliver nine SBIR/STTR funding proposal support workshops across the Commonwealth	June 2009	Director, Federal Funding
Establish improved methods (v.2) of proactive marketing program of	June 2009	Research Analyst

SBIR/STTR topics to Virginia businesses		
Establish improved web-based self-help center (v.2) for SBIR/STTR proposal development and commercialization assistance	June 2009	Director, Federal Funding

Management Reporting Tools

- Weekly federal funding activity reports
- Weekly Regional Operations reports
- Quarterly Scorecard and CPA reports

Objective 3.2 – Accelerate funding for early-stage technology firms

Program and Plan of Work

CIT has benchmarked the magnitude of both aggregate venture capital deployment and seed capital investment in Virginia with reference to other states of similar size and economic composition. In doing so, CIT compared 60-month trailing venture investments in Virginia (2006 GSP: $369 billion), Maryland (2006 GSP: $258 billion), and Massachusetts (2006 GSP: $338 billion). Over the past five years, Virginia companies have attracted $2.07 billion in venture capital, keeping approximately in pace with neighboring Maryland, which has attracted $2.75 billion. Virginia, however, suffers significantly in comparison to Massachusetts, which attracted $14.75 billion in venture capital during this same period. The difference becomes more acute with a comparison of the number of seed stage investments in these states during the same five-year period. During this time frame, investors placed 35 seed-stage investments in Virginia compared to 132 each in Massachusetts and Maryland.

	2006 GSP	Venture Funding	Seed Stage Investments
Maryland	$258 billion	$2.75 billion	132
Massachusetts	$338 billion	$14.75 billion	132
Virginia	$369 billion	$2.07 billion	35

In order to be a leader in the development of the next generation of technology companies, Virginia must, at a minimum, perform on a par with Maryland. Optimally, Virginia should use Massachusetts as a model in the deployment of seed-stage capital investment.

CIT's Capital Access Program recognizes the critical role that private equity investment plays in the initiation and growth of high technology enterprises. CIT launched the GAP Fund in 2004 in order to provide critical seed-stage funding to the Commonwealth's high-potential, early-stage technology companies. Since that time, the GAP Fund has served as the centerpiece of CIT's "feeder" system to identify and groom technology companies for target investment by the regional angel and venture capital communities. As a part of this

system, CIT undertakes structured outreach to key funding entities by participation in investment events such as Early Stage East, the Mid-Atlantic Venture Association Capital Connection, the Business Alliance, Grubstake Breakfast, and the Southeast Venture Conference. CIT also makes referrals of potential investment targets to individual investors and investment funds. From the GAP Fund's launch through FY2007, CIT has drawn upon this system to leverage private money against Commonwealth funds at a rate of almost 10:1.

In FY2008, CIT built on the past success of the GAP Fund by launching the GAP BioLife Fund, underwritten as a partnership between CIT and Johnson & Johnson. This new fund is dedicated to seed-stage investment in medical devices, biotechnology, and pharmaceuticals. Based on the FY2008 performance of the GAP BioLife Fund, Johnson & Johnson elected to provide additional funding to expand the fund's investment capability in FY2009.

Beginning in FY2008, in an effort to bring additional out-of-region finances to promising Virginia startups, CIT expanded its outreach and marketing efforts to angel and venture investment communities outside the lower Mid-Atlantic region. CIT will continue this effort in FY2009, actively marketing the GAP Technology Fund and GAP BioLife Fund portfolios to early-stage financiers in other national technology centers such as Boston, Research Triangle Park, New York, Austin, Atlanta, and Silicon Valley. Finally, CIT will continue to explore expanding on the partnership model developed with Johnson & Johnson by seeking to attract other corporate strategic and foundation assets to invest in the GAP Funds.

Through the administration and distribution of the GAP Technology Fund, the GAP BioLife Fund, and through additional referral work that CIT will conduct on behalf of other companies in which it may elect not to invest, CIT anticipates helping more than 30 early-stage technology companies gain critical exposure to the nation's early-stage investment community. CIT will contribute to the ability of Virginia's companies to raise $7 million from placement by institutional and angel funds.

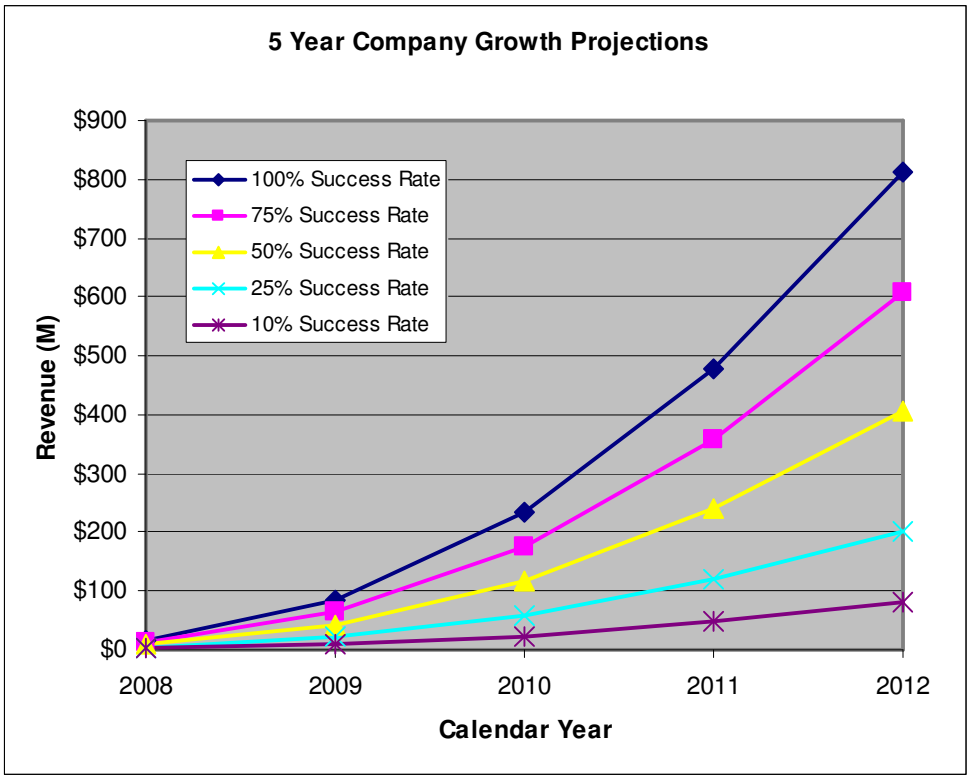
2009 Program Impact

The Capital Access Program facilitates the creation of new high-impact technology companies in Virginia. By providing programs and funding that stimulate private sector investment, these public-private partnerships jumpstart the next generation of the Commonwealth's economy. For FY2009, CIT will stimulate $7 million of private sector investment in new technology companies. This investment will be recorded as leveraged cash for CIT's performance metrics.

Future Program Impact

The companies that receive capital generation assistance from CIT are positioned for accelerated company growth in 24 to 36 months after their initial investment. This growth, recorded as company revenue, contributes to Virginia's gross state product and the economy of Virginia through new job creation. Since new company formation is a high-risk activity, the aggregated value of the future contribution of CIT client companies is factored at 75%,

50% and 25% success rates. The projected value of company revenue growth is profiled in the following graph.



Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Present 10 technology companies to the GAP Technology Fund investment committee to yield four to five annual investments	June 2009	VP, Entrepreneurship and Investment Services
Present eight life science or biotech companies to the GAP BioLife Fund investment committee to yield three to four annual investments	June 2009	VP, Entrepreneurship and Investment Services
Identify 15 new companies per quarter for investment consideration through the CIT GAP Technology and GAP BioLife Funds	September 2008 and quarterly	Director, Investments
Deliver monthly updates of GAP Fund Portfolio Newsletter	December 2008-June 2009	Investment Associate

Management Reporting Tools

- Monthly Capital Access Program pipeline analysis reports
- Quarterly GAP portfolio update
- Quarterly reports of leveraged cash
- Quarterly reports of actual and projected GSP contribution

Connect Service Line

Goal 4: Secure global leadership in the identification and assimilation of innovative technologies

Objective 4.1 – Accelerate the assimilation of new technology by large-scale federal and private sector technology consumers

Program and Plan of Work

Reductions in expenditures for government and private sector research create an opportunity for early-stage science and technology companies to fill the innovation gap by delivering solutions that meet the mission objectives of large-scale technology consumers. These larger consumers that identify and assimilate early-stage niche technologies and companies gain a competitive advantage by their ability to tailor technology solutions to their requirements.

Connect is a consulting service for large-scale technology consumers that offers:

- Requirements definition for client innovation objectives
- Identification of technology solutions that map to objectives
- Analysis, vetting, and presentation of relevant technology solutions
- Technology assimilation planning and support services

For large technology consumers, the Connect service provides identification of and access to innovation matching their requirements, in markets they find difficult or inefficient to explore. Smaller innovative technology companies are attracted to Connect's outreach program because it gives them a new channel for market development in an untapped client base.

Virginia benefits from the Connect service line because it attracts new companies and high technology jobs to the state. In addition to economic development value, the Connect program gives Virginia the ability to translate technology requirements from the national agenda to solutions for the Commonwealth.

In FY2008 Connect secured and successfully delivered on contracts with Northrop Grumman, the Virginia Department of Education, the Virginia Department of Transportation, the Office of Naval Research (ONR), and the Governor's Office for

Commonwealth Preparedness. The successful execution of these engagements will lead to follow-on work, establish loyal clients, and provide a recurring revenue base.

In 2008 CIT Connect entered into a ground-breaking consulting relationship with a confidential major defense contractor. The client has developed a 10-year strategy to enter a new market and introduce a new service capability for the Department of Defense. CIT is providing a vital component of the strategy by working with the client on a number of different projects to source and identify innovative technology and research associated with this new service capability.

In FY2009, Connect will continue the second phase of development. It will continue to build on the client relationships developed in 2008, continue its aggressive business development and proposal development efforts, and continue to build and refine the consulting service offering.

While Connect has had success with several clients, proven the value of the offering, and delivered several engagements, in 2009 it will refine its performance to reach its full potential:

1. Lead Generation

The Connect team has proven itself in terms of developing relationships with clients, understanding the value proposition, developing an effective proposal and delivering work successfully. In 2009 Connect will focus on improving the lead generation process to ensure it is more productive and repeatable.

2. Early Stage Influencing/Deal Shaping

In 2007 CIT was able to play a key role in influencing the Army Commercialization Pilot Program definition. Although the CIT team was not successful in winning the contract, it was one of three finalists short-listed from the original field of 70 vendors. In 2009, Connect will engage clients in the early stages of deal shaping and program definition, thereby increasing the likelihood of securing new contracts.

3. Resource Optimization

In order to keep pace with the aggressive demands of client relationship management, proposal development, business operations, and client delivery, Connect will continue to leverage resources from within CIT and with external partners.

4. Deal Profiling and Selection

Connect will need to effectively balance mission objectives, performance risk, and ability to close opportunities to achieve a cost-effective business development and delivery practice. To accomplish this, a more rigorous business development process has been established.

2009 Program Impact

For FY2009, the Connect service line is targeted to secure $1.5 million of newly awarded contracts.

Future Program Impact

The Connect program is designed to accelerate the growth of early-stage technology companies by introducing their innovative technology to markets they cannot afford to explore at this stage of their funding and development. As a result of these introductions, companies will record new sales. For Commonwealth-resident companies, increased sales will contribute to Virginia's gross state product and create new jobs. For companies outside the Commonwealth, new sales with large clients like the federal government will give them an opportunity to expand into Virginia, creating new job opportunities for Virginians.

Performance measures for this program will be recorded as company revenue growth and company attraction. These projections will be developed for FY2010 based on clients that are secured in FY2009. When relevant, performance reporting for large-scale technology consumer companies will include projections for increased revenue or cost reductions resulting from deployment of recommended technologies.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Refine segment-specific marketing and sales strategy	July 2008	VP, Connect
Develop robust pipeline of sales opportunities across government and commercial sectors	July - January 2009	VP, Connect
Sell and close three follow-on projects	November 2008	VP, Connect VP, Regional Operations
Execute operational contracts	Ongoing	VP, Connect
Develop channel partners	July – January 2009	VP, Connect
Improve pipeline – boost closed business success rate to 30%	December 2008	VP, Connect

Management Reporting Tools

- Innovative company creation reports
- Client database reports on active clients
- Consulting service development status reports
- Target market analysis reports
- Partnership status reports
- Monthly sales pipeline reports tracking opportunities and awards
- Client satisfaction surveys

Objective 4.2 - Accelerate the assimilation of new technology for Virginia-specific initiatives

Program and Plan of Work

Because of its size and regulated procurement environment, government at all levels has been a late adopter of new enterprise wide technology and capability. Enabling government to more readily adopt technology sooner provides three important benefits:

1. Ability to drive cost or service improvements, at a faster pace, thereby delivering greater value to the citizen/taxpayer.
2. Ability to learn more about new technologies, and to learn at a faster pace, which drives secondary benefits in terms of collaboration, teamwork, and coordination among and across different government agencies.
3. Increased chances of success for emerging technology companies that address government needs, which will drive benefits for those companies and consequently economic benefits for Virginia.

In 2008 CIT Connect successfully executed three enterprise technology projects for the Commonwealth of Virginia. The projects with the Department of Transportation (VDOT), the Office of Commonwealth Preparedness (OCP), and the Department of Education (VDOE), will be used to support the development of additional programs.

For cost and performance reasons, VDOT needs to transition its large communications infrastructure in fiber, leased line, and dial-up lines to a wireless infrastructure. To support this move, CIT performed an analysis of different wireless communication standards and developed a set of case study references to support VDOT's planning and implementation activities.

VDOE recently received a $6 million federal grant to develop an electronic data exchange for student records in Virginia. The goal of this program is to provide easier access and distribution of information and data throughout the Commonwealth and thus support more informed decision making on the part of educators and administrators. CIT provided a best practices analysis and a series of case studies on other commercial and governmental data exchange efforts. This analysis was instrumental in the development of the detailed program plan and risk management approach for VDOE.

In the summer of 2007, the Office of Commonwealth Preparedness (OCP) developed and hosted a Virginia wide conference focusing on Campus Security. CIT Connect supported this effort by focusing on Campus Security Alerting Systems, co-coordinating and analysis of requirements gathering across Virginia's Universities, analyzing potential vendors and preparing a report and presentation for the conference.

2009 Program Impact

In FY2009, CIT anticipates continuing its successful engagement with VDOT and VDOE and executing subsequent projects for those clients. In addition CIT Connect will continue discussions with other agencies and engage in a program with one of those.

Future Program Impact

The Connect programs that are specific to Virginia government are designed to increase the awareness of advanced technology solutions for Virginia's challenges. Performance measures for these programs will be measured by the resulting increase in the operational efficiency of government.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Initiate follow-on project with VDOT	July 2008	VP, Connect
Initiate follow-on project with VDOE	July 2008	VP, Connect
Develop project with one additional agency	October 2008	VP, Connect

Management Reporting Tools

- Client database reports on active clients
- Consulting service development status reports
- Target market analysis reports
- Monthly sales pipeline reports tracking opportunities and awards
- Client satisfaction surveys

Objective 4.3 – Provide research, analysis, and information dissemination services

Program and Plan of Work

CIT operations call for the ability to acquire and manage technology/business intelligence and economic statistics over a wide range of requirements, including in-depth information retrieval and database mining, analysis, briefing preparation, and decision-support analysis for both internal and external customers. In its 22-year history, CIT has developed and deployed a comprehensive range of information sources to meet this demand. Formalizing CIT's business intelligence services ensures that CIT maintains an efficient process for collecting, analyzing, and presenting the information that its high-quality services depend on.

2009 Program Impact

For FY2009, the operation and continuing capability expansion envisioned for this objective will directly support the achievement of the metrics reported under Goal 4 as well as indirectly assist with those under the other goals. The resources developed and deployed for this work will allow CIT to perform company and technology identification and assessment, economic and market research, intellectual property analysis, as well as identification of subject matter experts in varying fields of research.

Future Program Impact

This service will enable CIT to achieve national recognition as a leading advanced technology identification and solution mapping service. Additionally, this service will continue to deliver the competitive intelligence that supports CIT's existing and emerging programs and services.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Maintain and advance the current generation of research resources and methodology to meet the information needs of CIT projects and operations	Ongoing	Director, Information Research Services
Monitor established project tracking and cost control methods	Ongoing	Director, Information Research Services
Conduct full assessment of information research capabilities and identify opportunities to improve the capabilities and services	February 2009	Director, Information Research Services
Deliver, analyze, and manage information to support contract requirements	Ongoing	Director, Information Research Services

Management Reporting Tools

- Project tracking reports
- Project cost reports
- Weekly Regional Operations reports
- Quarterly Scorecard and CPA reports

Broadband Service Line

Goal 5: Expand the use and application of broadband technologies in rural and underserved areas

Objective 5.1 – Serve as the Commonwealth's Office of Telework Promotion and Broadband Assistance

Program and Plan of Work

Access to affordable broadband services is critical to the economic future of all nations. Now more than ever before, nations, states, and communities are being judged on the amount and cost of broadband services that are available. Despite continued investment and private-sector deployments, the United States continues to lag other nations in the quest for ubiquitous broadband. In the latest Organization for Economic Cooperation and Development report (2006), the United States ranked 15th in number of broadband subscribers with 19.6 subscribers per 100 inhabitants compared to Denmark, which topped the list with 31.9 subscribers per 100 inhabitants[1].

This growing emphasis has led states to examine their broadband penetration and subscriber rates and move from being reactive to proactive in their strategic planning and policy activities. It is undeniable that access to affordable, high-quality, broadband services provides communities with a foundation necessary for economic growth and improved quality of life. Communities that lack affordable broadband access are unable to participate in the enhanced social, educational, commercial, medical, and economic development applications and opportunities made available through the Internet. Besides empowering businesses and communities, ubiquitous broadband positions the Commonwealth to lead the nation in the deployment of high-technology services and applications.

Access to affordable, reliable broadband-level telecommunication services is a key success factor for the adoption of telework – a family-friendly, business-friendly work structure that promotes workplace efficiency, reduces strain on the environment and transportation infrastructure, and provides employment opportunities outside of a traditional workplace. Businesses as well as federal, state, and local governments are now adopting telework as a standard business practice.

Acknowledging the importance of broadband and telework to Virginia's economy, in 2008, the General Assembly of Virginia codified the Office of Telework Promotion and Broadband Assistance created in 2006, by Governor Kaine's Executive Order 35. The Office consists of a director appointed by the Secretary of Technology and additional professionals as the Secretary determines. At the current time, the director is provided by CIT.

[1] **OECD Broadband Statistics to December 2006.** Directorate for Science, Technology and Industry http://www.oecd.org/document/7/0,3343,en_2649_34223_38446855_1_1_1_1,00.html#Data2005

The director of the Office of Telework Promotion and Broadband Assistance has the following duties:

- Promote and encourage use of telework alternatives for public and private sector employees, including but not limited to initiating and overseeing appropriate policy and legislative initiatives.

- Support the efforts of both public and private entities within the Commonwealth to enhance or facilitate the deployment of, and access to, competitively priced, broadband services and applications throughout the Commonwealth.

- Specifically work toward identifying and filling service gaps in underserved areas of the Commonwealth and monitor advancements in communication technologies and business models that will facilitate the attainment of this goal.

- Advocate for, and facilitate the development and deployment of, applications, programs, and services including, but not limited to: telework, telemedicine, and e-learning that will bolster the usage of and demand for broadband-level telecommunications.

- Serve as a broadband information and applications clearinghouse for the Commonwealth and a coordination point for broadband-related services and programs in the Commonwealth.

- Advise the Secretary of Technology on broadband adoption, deployment, and application issues.

- Coordinate activities regarding telework with, and regularly report to, a panel consisting of the Secretaries of Administration, Commerce and Trade, Finance, Technology, and Transportation. The Secretary of Technology shall serve as chair of the panel. Additional members may be designated by the Governor.

2009 and Future Program Impact

Performance metrics for the Secretary of Technology's Office of Telework Promotion and Broadband Assistance are tied primarily to the goals stated in the Code of Virginia and the Commonwealth's Economic Development Strategic Plan:

- 20% of the Commonwealth's eligible workforce teleworking by 2010
- Broadband access available to all properties listed in the VAScan database by 2010
- Final report of the Commonwealth's Broadband Roundtable

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Develop and implement programs and strategies for building the acceptance and use of teleworking	June 2009	Director, Office of Telework Promotion and Broadband Assistance
Create an environment that promotes collaboration between broadband technology researchers, service providers, and consumers	June 2009	Director, Office of Telework Promotion and Broadband Assistance
Coordinate and finalize activities and reporting of the Commonwealth's Broadband Roundtable	September 2008	Director, Office of Telework Promotion and Broadband Assistance
Compile Broadband and Telework annual report to the Governor and General Assembly as required	November 2008	Director, Office of Telework Promotion and Broadband Assistance
Develop and monitor broadband- and telework-related legislation for the FY2009 General Assembly session	January 2009	Director, Office of Telework Promotion and Broadband Assistance

Management Reporting Tools

CIT in conjunction with the Office of the Secretary of Technology will use several reporting tools to track its performance against these milestones:

- Final report of the Commonwealth's Broadband Roundtable
- Broadband and Telework annual reports (as required by legislation)
- Meeting minutes and reports
- Presentations and briefings as requested

Objective 5.2 – Provide demand generation and infrastructure development services that advance the presence of broadband in Virginia

Program and Plan of Work

In addition to its work for the Office of Telework Promotion and Broadband Assistance, 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 affordable broadband services throughout Virginia. CIT is charged with monitoring trends and advances in advanced telecommunications technology, planning and forecasting future needs for such technology, and identifying funding options.

Although this charge emphasizes the infrastructure portion of the broadband equation, experts now acknowledge that technology infrastructure alone will not solve the access problems of rural/underserved areas. Rather, the acquisition of broadband infrastructure needs to be embedded in a broader planning and development approach that acknowledges broadband as a critical ingredient for improvements in education, business, and overall quality of life.

CIT's broadband program for FY2009 will build upon the work and findings of the Broadband Roundtable to develop programs and collaborations that will ensure that communities throughout Virginia have the opportunity to actively participate in the information economy. CIT staff will work with communities, federal and state legislators, and industry leaders to develop and institute holistic broadband policies and strategies that emphasize both infrastructure acquisition and application development.

On the infrastructure side, CIT will provide a framework for attracting and supporting affordable broadband infrastructure. For application development, CIT will work with partners across the Commonwealth to support the development and deployment of emerging applications to accelerate infrastructure deployment and adoption. Both the infrastructure framework and the application development activities will contribute to the success of broadband deployments throughout the Commonwealth.

2009 Program Impact

CIT programs in conjunction with the Office of Telework Promotion and Broadband Assistance will:

- Develop a process and framework for obtaining broadband service availability data and for mapping broadband service availability throughout the Commonwealth.

- Produce the final report and online resources for the Commonwealth's Broadband Roundtable.

- Generate a slate of broadband and telework legislative and policy priorities for consideration during the 2009 General Assembly session.

- Work in conjunction with the Secretary of Technology to promote programs that will speed the deployment and adoption of broadband services in the Commonwealth.

Future Program Impact

CIT programs will facilitate the establishment of broadband throughout the Commonwealth and accelerate the adoption of applications utilizing the infrastructure. This combined approach will significantly extend the reach of public and private sector telework programs, resulting in reduction in traffic and pollution. In addition, broadband will improve access to

specialized medical care, educational opportunities, and employment options. These programs will positively impact the quality of life of Virginians.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Provide staff support for Commonwealth Broadband Roundtable - conduct final Roundtable meetings and develop and publish the Final Report	September 2008	VP, Broadband Programs
Develop and manage online broadband resources and information content on **www.cit.org** and **www.otpba.vi.virginia.gov**	June 30, 2009	VP, Broadband Programs

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)

Commonwealth Support Programs

Serve as the executive director of Virginia Research and Technology Advisory Commission

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 charter of advising the Governor on appropriate research and technology strategies for the Commonwealth. VRTAC provides the Governor with policy recommendations that will enhance the global competitive advantage of research institutions as well as technology-based commercial endeavors in Virginia. VRTAC and its subcommittees are structured to accomplish various objectives throughout the fiscal year, and CIT will provide operational support to the groups' meetings. Support includes that for the full commission's quarterly meetings as well as for subcommittees which meet throughout the year, in alignment with specific objectives.

CIT will ensure compliance with state reporting and public information requirements. Tasks include providing guidance and training materials to commission members regarding their membership responsibilities and their compliance with regulations of the Freedom of

Information Act (FOIA) and the Conflict of Interest Act (COIA). Additionally, CIT will coordinate annual submission of financial disclosure statements and biennial COIA compliance training.

CIT will maintain public communications for VRTAC events and meetings, including quarterly commission meetings and subcommittee meetings. CIT will maintain the VRTAC website, as well as a database of contact information of VRTAC members and their subcommittee assignments.

With resources as available, 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.

2009 Program Impact

VRTAC sets the strategic direction for the Commonwealth in research and technology-based economic development. State universities and other entities collect and report data relevant to these strategies; therefore, CIT does not duplicate the reporting of these metrics.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables and metrics.

Activity	Date	Person Responsible
Coordinate quarterly VRTAC meetings	September 2008, November 2008, March 2009, May 2009	VP, Research Investment
Coordinate VRTAC subcommittee meetings	All quarters as required	VP, Research Investment
Support the creation of Nanotechnology Users Network as directed by HJR 647	December 2008	VP, Research Investment
Prepare annual report for the Governor	December 2008	VP, Research Investment

Management Reporting Tools

- Minutes from VRTAC meetings and related meeting documentation
- Annual report for the Governor
- Annual report for the Joint Commission on Technology and Science and the FOIA Council

Manage the Commonwealth Technology Research Fund

Program and Plan of Work

The Commonwealth Technology Research Fund (CTRF) was created in 2000 to attract increased public and private research funding for Virginia's public institutions of higher education and to increase technology-driven economic development in Virginia by focusing on research with great commercialization potential.

The goal of the fund is to accelerate research and commercialization activities across the state and to increase technological and economic development in Virginia, especially in economically distressed regions, through investment in higher education research. Key areas of interest include technology (including information technology, modeling and simulation, sensor science, and nanoelectronics), life sciences, and renewable energy. The fund has four strategic component programs: matching funds, which leverages federal and private research dollars; strategic enhancement, which upgrades university research capacity; industry inducement, which upgrades research capacity in key university departments to attract specific companies to Virginia; and technology commercialization, which helps universities commercialize technologies developed through their research.

CIT administers the CTRF, per legislative mandate. CIT's duties will include coordination and oversight of grants awarded with FY2009 monies, as well as grants funded in previous years that have performance periods into FY2009. In addition, CIT will provide public communications and outreach activities, including those through website postings and press releases. CIT's duties may include modification of guidelines for the FY2009 program. Finally, CIT will prepare an annual report and file it with the Governor's Office and the General Assembly, as required by the Code of Virginia.

2009 Program Impact

The Virginia General Assembly allocated $1 million to fund the CTRF FY2009 program. Contributions to the state's R&D and commercialization targets will be developed based on the award profile approved by the CTRF Grant Allocation Committee.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables. Metrics are contingent upon CIT administrative funding.

Activity	Date	Person Responsible
Manage proposal and award process	September 2008	VP, Research Investment
Prepare and submit annual report on CTRF operations to the Governor and General Assembly	October 2008	VP, Research Investment
Support Grant Allocation Committee	Quarterly	VP, Research Investment
Review and assess projects' performance	January 2009	VP, Research Investment

Management Reporting Tools

- Minutes from Grant Allocation Committee meetings and related meeting documentation
- Annual report prepared for the Governor and General Assembly
- Interim and final reports from grant recipients
- Reports for the Grant Allocation Committee, as required

Summary of Operating Budget for FY2009

RESEARCH AND DEVELOPMENT SERVICE LINE	FY 09
GOAL 1. DEVELOP INDUSTRY CLUSTERS	
1.1 Objectives - Establish and advocate development of an innovation index to evaluate and manage industry cluster development in Virginia	
Project # RD130 - 00 - Virginia Innovation Index	
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 490,450**
Costs	**$ (490,450)**
GOAL 2. SOLVE NATIONAL TECHNOLOGY CHALLENGES	
2.1 Objectives - Deliver solutions to national defense and homeland security	
Project # RD160 - 55 - SBA - Energy Independence	
Program Revenue	**$ 225,000**
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 56,187**
Costs	**$ (281,187)**
2.2 Deliver technology solutions to national and regional economic challenges	
Project # RD090 - 55 - NOAA - Coastal Observation	
Program Revenue - NOAA grant	**$ 194,000**
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 53,455**
Costs	**$ (247,455)**
Project # RD170 - 55 - Mid-Atlantic Regional Coastal Ocean Observing System - MARCOOS	
Program Revenue	**$ 34,615**
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 19,411**
Costs	**$ (54,026)**
ENTREPRENEUR SERVICE LINE	
GOAL 3. LEADERSHIP IN DEVELOPMENT OF ENTREPRENEURIAL VENTURES	
3.1 ID and accelerate opportunities for small tech firms to obtain federal R&D awards	
Project # EN020 - 00- Federal Proposal Assistance	
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 262,359**
Costs	**$ (262,359)**
3.2 Accelerate funding for very early stage technology firms	
Project # EN070 - 00 - GAP Fund Program	
Transfer from Innovative Technology Foundation	**$ 125,000**
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 2,571,555**
Costs	**$ (2,696,555)**
CONNECT SERVICE LINE	
GOAL 4. SECURE LEADERSHIP IN THE ID AND ASSIMILATION OF INNOVATION TECHNOLOGIES	
4.1 Accelerate the assimilation of new technology by large scale technology consumers	
Project # CN010 - 00 - Connect	
Program Revenue - New Contracts	**$ 462,225**
Program Revenue - Employees Billable	**$ 287,775**
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 395,160**
Costs	**$ (1,145,160)**
4.2 Accelerate the assimilation of new technology for Virginia specific initiatives	
Project # CN090 - 00 - Virginia Connect	
Progra m Revenue - New Contracts	**$ 500,000**
Revenue - FY09 Appropriation & FY08 Carry-over funds	**$ 153,722**
Costs	**$ (653,722)**

4.3 Provide research, analysis and information dissemination services		
Project # CN040 - 00 - Provide research, analysis, and information dissemination services		
Revenue - FY09 Appropriation & FY08 Carry-over funds	$	244,221
Costs	$	(244,221)
BROADBAND SERVICE LINE		
GOAL 5. EXPAND THE USE OF BROADBAND TECHNOLOGIES		
5.1 Serve as the Commonwealth's Office of Telework Promotion and Broadband Assistance		
Project # BB060 - 00 - Office of Telework Promotion and Broadband Assist & Broadband Deployment		
Revenue - FY09 Appropriation & FY08 Carry-over funds	$	293,713
Costs	$	(293,713)
Project # BB030 - 00 - VECTEC - Pass-thru only		
Revenue - FY09 Appropriation & FY08 Carry-over funds	$	312,430
Costs	$	(312,430)
COMMONWEALTH SUPPORT PROGRAMS		
Project # VA110 - 00 - VRTAC and CTRF		
Revenue - FY09 Appropriation & FY08 Carry-over funds	$	65,539
Costs	$	(65,539)
ADMINISTRATIVE PROGRAMS		
Project # VA040 - 00 - Communications and Marketing		
Revenue - FY09 Appropriation & FY08 Carry-over funds	$	346,437
Costs	$	(346,437)
Project # VA050 - 00 - Business Development		
Revenue - FY09 Appropriation & FY08 Carry-over funds	$	695,121
Costs	$	(695,121)
Project # VA060 - 00 - Advocacy		
Revenue - FY09 Appropriation & FY08 Carry-over funds	$	489,052
Costs	$	(489,052)
Analysis of Fund Balance		
Forecasted FY08 Ending Fund Balance	$	1,904,000
FY09 Appropriation	$	5,803,077
Interest Income	$	150,000
Transfer from Innovative Technology Foundation	$	125,000
Total Program Revenue	$	1,703,615
FY09 Source of Funds	$	7,781,692
Total Program Costs	$	(8,277,426)
Total Unapplied Indirects	$	(513,219)
FY09 Use of Funds	$	(8,790,645)
Budgeted FY09 Ending Fund Balance	$	895,047

Detailed Operating Budget for FY2009

RESEARCH AND DEVELOPMENT SERVICE LINE	FY 09
GOAL 1. DEVELOP INDUSTRY CLUSTERS	
1.1 Objectives - Establish and advocate development of an innovation index to evaluate and manage industry cluster development in Virginia	
Project # RD130 - 00 - Virginia Innovation Index	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	490,450
Total Revenue	**490,450**
Programs Costs	
Total Salaries	131,892
Fringe	75,851
Travel	13,230
Supplies (only direct supplies such as for workshops or conferences)	0
Contractual	25,000
Temporary Services	6,000
Other	73,500
Overhead	66,974
Total Costs Before G&A	392,447
G&A	98,002
Equipment	
Contractual-Over-Cap	
Total Costs	**490,450**
Net	**0**
GOAL 2. SOLVE NATIONAL TECHNOLOGY CHALLENGES	
2.1 Objectives - Deliver solutions to national defense and homeland security	
Project # RD160 - 55 - SBA - Energy Independence	
Revenue	
Program Revenue	225,000
FY09 Appropriations & FY08 Carry-over funds	56,187
Total Revenue	**281,187**
Programs Costs	
Total Salaries	0
Fringe	0
Travel	
Supplies (only direct supplies such as for workshops or conferences)	
Contractual	225,000
Temporary Services	0
Other	0
Overhead	0
Total Costs Before G&A	225,000
G&A	56,187
Equipment	0
Contractual-Over-Cap	
Total Costs	**281,187**
Net	**0**
2.2 Deliver technology solutions to national and regional economic challenges	
Project # RD090 - 55 - NOAA - Coastal Observation	
Revenue	
NOAA - Coastal Current Grant	194,000
FY09 Appropriations & FY08 Carry-over funds	53,455
Revenue	**247,455**

Programs Costs	
Total Salaries	39,947
Fringe	22,973
Travel	480
Supplies	
Contractual	111,924
Temporary Services	
Other (Post-Docs, Insurance, Editing)	2,400
Overhead	20,285
Total Costs Before G&A	198,008
G&A	49,447
Equipment	
Contractual-Over-Cap	
Total Costs	**247,455**
Net	**0**
Project # RD170 - 55 - Mid-Atlantic Regional Coastal Ocean Observing System - MARCOOS	
Revenue	
MARCOOS revenue	34,615
FY09 Appropriations & FY08 Carry-over funds	19,411
Revenue	**54,026**
Programs Costs	
Total Salaries	4,136
Fringe	2,379
Travel	
Supplies	
Contractual	34,615
Temporary Services	
Other	
Overhead	2,100
Total Costs Before G&A	43,230
G&A	10,796
Equipment	
Contractual-Over-Cap	
Total Costs	**54,026**
Net	**0**
ENTREPRENEUR SERVICE LINE	
GOAL 3. LEADERSHIP IN DEVELOPMENT OF ENTREPRENEURIAL VENTURES	
3.1 ID and accelerate opportunities for small firms to obtain federal R&D awards	
Project # EN020 - 00- Federal Proposal Assistance	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	262,359
Total Revenue	**262,359**
Programs Costs	
Total Salaries	71,215
Fringe	40,956
Travel	11,600
Supplies (only direct supplies such as for workshops or conferences)	1,000
Contractual	44,000
Temporary Services	0
Funding Pool	
Other	5,000
Overhead	36,163
Total Costs Before G&A	209,934
G&A	52,425
Equipment	
Contractual-Over-Cap	
Total Costs	**262,359**
Net	**0**

3.2 Accelerate funding for very early stage technology firms	
Project # EN070 - 00 - GAP Fund Program	
Revenue	
Funds from Innovative Technology Foundation	**125,000**
FY09 Appropriations & FY08 Carry-over funds	2,571,555
Total Revenue	**2,696,555**
Programs Costs	
Total Salaries	414,100
Fringe	238,148
Travel	12,000
Travel over-per-diem	
Supplies (only direct supplies such as for workshops or conferences)	500
Contractual	258,500
Temporary Services	
GAP I Investment Pool	100,000
GAP Tech Investment Fund Pool	600,000
GAP BioLife Investment Fund Pool	300,000
Other	24,200
Overhead	210,277
Total Costs Before G&A	2,157,726
G&A	538,829
Equipment	
Contractual-Over-Cap	
Total Costs	**2,696,555**
Net	**0**
CONNECT SERVICE LINE	
GOAL 4. SECURE LEADERSHIP IN THE ID AND ASSIMILATION OF INNOVATION TECHNOLOGIES	
4.1 Accelerate the assimilation of new technology by large scale federal and private sector technology consumers	
Project # CN010 - 00 - Connect	
Revenue	
New Contracts	462,225
Billable Employees	287,775
FY09 Appropriations & FY08 Carry-over funds	395,160
Total Revenue	**1,145,160**
Programs Costs	
Total Salaries	218,018
Fringe	125,382
Travel	
Supplies (only direct supplies such as for workshops or conferences)	
Contractual	462,225
Temporary Services	
Other	
Overhead	110,708
Total Costs Before G&A	916,332
G&A	228,827
Equipment	
Contractual-Over-Cap	
Total Costs	**1,145,160**
Net	**0**

4.2 Accelerate the assimilation of new technology for Virginia specific initiatives	
Project # CN090 - 00 - Virginia Connect	
Revenue	
New Contracts	500,000
FY09 Appropriations & FY08 Carry-over funds	153,722
Total Revenue	**653,722**
Programs Costs	
Total Salaries	11,088
Fringe	6,377
Travel	
Supplies (only direct supplies such as for workshops or conferences)	
Contractual	500,000
Temporary Services	
Other	
Overhead	5,630
Total Costs Before G&A	523,095
G&A	130,628
Equipment	
Contractual-Over-Cap	
Total Costs	**653,722**
Net	**0**
4.3 Provide research, analysis and information dissemination services	
Project # CN040 - 00 - Provide research, analysis, and information dissemination services	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	244,221
Total Revenue	**244,221**
Programs Costs	
Total Salaries	43,956
Fringe	25,279
Travel	2,000
Supplies (only direct supplies such as for workshops or conferences)	0
Contractual	101,865
Temporary Services	0
Other	
Overhead	22,321
Total Costs Before G&A	195,421
G&A	48,801
Equipment	0
Contractual-Over-Cap	
Total Costs	**244,221**
Net	**0**
BROADBAND SERVICE LINE	
GOAL 5. EXPAND THE USE OF BROADBAND TECHNOLOGIES	
5.1 Serve as the Commonwealth's Office of Telework Promotion and Broadband Assistance	
Project # BB060 - 00 - Office of Telework Promotion and Broadband Assist & Broadband Deployment	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	293,713
Total Revenue	**293,713**
Programs Costs	
Total Salaries	91,230
Fringe	52,466
Travel	20,000
Supplies (only direct supplies such as for workshops or conferences)	22,500
Contractual	0
Temporary Services	0
Other	2,500
Overhead	46,326
Total Costs Before G&A	235,023
G&A	58,690
Equipment	0
Contractual-Over-Cap	
Total Costs	**293,713**
Net	**0**

Project # BB030 - 00 - VECTEC - Pass-thru only	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	312,430
Total Revenue	**312,430**
Programs Costs	
Total Salaries	0
Fringe	0
Travel	0
Supplies (only direct supplies such as for workshops or conferences)	0
Contractual	250,000
Temporary Services	0
Other	0
Overhead	0
Total Costs Before G&A	250,000
G&A	62,430
Equipment	0
Contractual-Over-Cap	
Total Costs	**312,430**
Net	**0**
COMMONWEALTH SUPPORT PROGRAMS	
Project # VA110 - 00 - VRTAC and CTRF	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	65,539
Total Revenue	**65,539**
Programs Costs	
Total Salaries	22,208
Fringe	12,772
Travel	2,642
Supplies (folders, tent cards, name badges, etc.)	375
Contractual	
Temporary Services	0
Other (catering and space)	3,170
Overhead	11,277
Total Costs Before G&A	52,443
G&A	13,096
Equipment	0
Contractual-Over-Cap	
Total Costs	**65,539**
Net	**0**
ADMINISTRATIVE PROGRAMS	
Project # VA040 - 00 - Communications and Marketing	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	346,437
Total Revenue	**346,437**
Programs Costs	
Total Salaries	49,504
Fringe	28,470
Travel	2,000
Supplies (only direct supplies such as for workshops or conferences)	2,000
Contractual	100,000
Temporary Services	0
Other	70,100
Overhead	25,138
Total Costs Before G&A	277,211
G&A	69,225
Equipment	0
Contractual-Over-Cap	
Total Costs	**346,437**
Net	**0**

Project # VA050 - 00 - Business Development	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	695,121
Total Revenue	**695,121**
Programs Costs	
Total Salaries	251,199
Fringe	144,464
Travel	30,000
Travel Over-Per-Diem	3,000
Supplies (only direct supplies such as for workshops or conferences)	
Contractual	
Temporary Services	
Other	
Overhead	127,557
Total Costs Before G&A	556,221
G&A	138,900
Equipment	
Contractual-Over-Cap	
Total Costs	**695,121**
Net	**0**
Project # VA060 - 00 - Advocacy	
Revenue	
FY09 Appropriations & FY08 Carry-over funds	489,052
Total Revenue	**489,052**
Programs Costs	
Total Salaries	91,857
Fringe	52,827
Travel	8,000
Supplies (only direct supplies such as for workshops or conferences)	
Contractual	190,000
Temporary Services	
Other	2,000
Overhead	46,645
Total Costs Before G&A	391,329
G&A	97,723
Equipment	
Contractual-Over-Cap	
Total Costs	**489,052**
Net	**0**