



June 8, 2009

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

Dear Chairman Colgan:

I am pleased to submit the Center for Innovative Technology's (CIT) fiscal year 2010 Operating Plan, which was approved by the CIT Board of Directors on May 20, 2009.

For 2010, 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 2009 plan, CIT will continue to secure federal and private sector funded services that support our mission and objective.

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. Daniel Timberlake, Director, Department of Planning and Budget
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
Ms. Betsey Daley, Staff Director, Senate Finance Committee

Enclosure

2214 Rock Hill Road
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June 8, 2009

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

Dear Ms. Daley:

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June 8, 2009

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

Dear Chairman Putney:

I am pleased to submit the Center for Innovative Technology's (CIT) fiscal year 2010 Operating Plan, which was approved by the CIT Board of Directors on May 20, 2009.

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

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June 8, 2009

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

Dear Mr. Timberlake:

I am pleased to submit the Center for Innovative Technology's (CIT) fiscal year 2010 Operating Plan, which was approved by the CIT Board of Directors on May 20, 2009.

For 2010, 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.

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June 8, 2009

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

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Center for Innovative Technology

OPERATING PLAN

Fiscal Year 2010

Approved by the Board of Directors on May 20, 2009

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Executive Summary

Introduction

Fiscal Year 2009 was the fourth year of execution of an operating plan that did not significantly change from the prior year's plan. This contrasts to CIT's history, when plans were annually rebuilt to respond to funding fluctuations and mission re-definition. Achieving plan stability over a five- to seven-year horizon has allowed CIT to maximize program value and return on invested capital.

During 2009 CIT delivered on its stated goals. The Connect service line supported new private-sector and Virginia state clients, the GAP Funds provided funding to a broadening portfolio of high potential companies, 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 telework promotion.

Operating Environment

Annually, CIT reviews the economic climate for technology and technology company creation. As in 2008, the following observations have been validated:

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

In addition to the above observations, management considered the following developments while shaping the 2010 operation direction.

1. Green technology as a research and market sector discipline provides significant opportunity for establishment and development in Virginia.
2. The contracting global economy will continue to provide significant funding challenges for CIT in terms of Commonwealth appropriations.
3. The American Recovery and Reinvestment Act of 2009 represents an opportunity for CIT to secure new federal contracts.

Direction

After carefully reviewing environmental factors that are relevant to CIT's mission, management determined that the programmatic direction for 2010 should be very similar to the 2009 direction, but include some fine-tuning. These adjustments are:

- For expense management and organizational alignment by scientific discipline instead of target market, research programs in the defense (Institute for Defense and Homeland Security) and non-defense areas will be consolidated into one research and development unit.
- The economic downturn is placing increased demands on support services for GAP portfolio companies, shifting CIT's emphasis from new investments to existing portfolio companies.
- Continually reduced funding from the Commonwealth necessitates the pursuit of private funding sources for GAP investment programs.
- All operating groups in CIT will coordinate and support the pursuit of new funding opportunities provided by the American Recovery and Reinvestment Act.

For 2010, 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.

2010 Goals

CIT's 2010 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.

American Recovery and Reinvestment Act

On February 17th, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA). The ARRA created funding for state and local governments that will help offset tax revenue reductions resulting from the economic recession by creating new jobs. Governor Kaine responded to the signing of the ARRA and related federal funding opportunities by forming a statewide information resource and information dissemination service. CIT is actively participating in opportunity and proposal development with Virginia's Department of Education, Department of Mines, Minerals and Energy and state entities involved in broadband deployment. In addition to supporting statewide proposal efforts, CIT management is monitoring competitive grant announcements and has submitted several multi-million dollar proposals. While at the time of this writing it is too early to report the level of success these proposals achieved, CIT management considers the ARRA to be a significant funding opportunity.

Strategic Goals, Plan of Work, Milestones, and Metrics - Fiscal Year 2010

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

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 and 1950s. They slowly grew into powerful and profitable regions as a result of long-term commitments by generations of stakeholders.

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 the public and private sectors decision makers in advancing Virginia’s innovation economy, the Administration and the 2008 Virginia General Assembly passed joint resolution SJ126, which called upon CIT, in conjunction with Virginia’s regional technology councils and other technology leaders, to develop the “Commonwealth Innovation Index.”

In FY2009, CIT and the technology community launched the Index by identifying current industry priorities and the region’s projected five- to ten-year strategic priorities. CIT’s approach, unlike many top-down, descriptive documents, is a community-driven index that engages the local technology community in identifying strategic industry priorities, critical drivers, gaps to achieving goals, and metrics to measure and manage progress.

In FY2010, CIT will focus on advancing the Index “product” as well as the “process,” which is the regional technology councils’ successful adoption of Index development practices and procedures. In FY2010, CIT will complete its work on Phase I and will release the Phase I Index, in which each technology region’s current and future states, enablers, and gaps will be summarized. The report will include an analysis of this data, including an examination of the trends and commonalities at the state level.

In Phase II, CIT will work with regional technology councils and the broader community to validate industry objectives and challenges provided by councils during Phase I. CIT and the councils also will identify critical drivers to achieve progress, goals, and gaps, as well as metrics by which to measure progress towards goals. Metrics will rely primarily on publicly available sources of data, although it is recognized that such data is not always available at the regional level. Anticipated data sources include 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. Each region's drivers, measurement standards, and metric targets and goals will be summarized in a Phase II report, which will be completed in the first half of FY2011.

CIT will encourage the technology community to assimilate the Index development practices and procedures and to use the index, specifically its regional "chapter," in workforce, advocacy, and other activities. CIT will work with leaders of technology councils and the Virginia Technology Alliance to develop consistent themes and messages. In conjunction with the technology community, CIT will inform state, local, and federal officials about the Index and its findings, as well as the role of metrics and their significance in identifying, creating, and growing strategic industry clusters.

Unique Value Proposition

The Innovation Index project is designed to facilitate strategic planning for technology-based economic development at a regional level. By mobilizing, educating, and supporting a community-based planning and measurement process, regional economies will be prepared to foster the formation, retention, and growth of key technology initiatives by maximizing investment and policy decisions. CIT is uniquely positioned to support this initiative due to the extensive knowledge it has gained facilitating the growth of Virginia's research and development assets and technology industry base.

2010 Program Impact

This objective focuses on creating Phase I of the Innovation Index, producing a draft of Phase II, and delivering the related education and advocacy with Virginia's technology community and 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 decisions of the technology councils and the Commonwealth 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
Meet with regional technology councils to review Phase I results and to prepare for Phase II activities: validate industry direction and identify drivers, measurement standards, and metrics	September, 2009 and bimonthly, or as required	VP, Research Investment
Produce Phase I Innovation Index	October 2009	VP, Research Investment

Advise Administration and General Assembly on the Innovation Index, as well as on federal and state advanced technology priorities and capabilities	October 2009	VP, Research Investment
Advise Virginia congressional delegation on the Innovation Index, as well as on federal and state advanced technology priorities and capabilities	October 2009	VP, Research Investment
Develop and review Innovation Index components with technology councils and facilitate their use of the Index in council, regional, and other planning programs	October 2010 and ongoing	VP, Research Investment
Determine product and related costs for FY2011 budget planning purposes and General Assembly session	April 2010	VP, Research Investment
Develop public relations campaign	November 2009	VP, Government and Public Affairs

Management Reporting Tools

- Phase I Innovation Index
- Phase II draft
- 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 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 defense, homeland security, environmental, safety, economic, and other challenges faced by Virginia, the region, and the nation. CIT's FY2010 R&D priorities are in the areas of defense and energy.

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's key activities for FY2010 will be two-fold. First, CIT will perform on existing grants and contracts, including environmental bioterrorism detection (EBD) and the development of its energy, vessel-tracking and mine safety projects. These projects are described below. Second, CIT will explore opportunities to develop new translational research proposals, particularly in the areas of defense and renewable energy.

EBD is a comprehensive biothreat detection system that has the potential to minimize human exposure to pathogens, limit casualties and/or fatalities, and mitigate disease progression. EBD incorporates near-real time information about wildlife disease outbreaks with historical health data and creates a new biosurveillance tool for military and public health decision makers.

CIT has received \$3.2 million in federal funding for this multi-year project. Proof of concept was established in Phases I and II. In FY2010, CIT will continue executing the \$1.9 million Phase III, during which CIT and its team will develop a system prototype. Two data systems have been identified as potential recipients of this information: the Defense Department's Epidemic Outbreak Surveillance (EOS) system and the Department of Homeland Security's National Biosurveillance Integration System (NBIS).

CIT's energy initiatives will accelerate the deployment of key renewable energy and efficiency technologies that will dramatically reduce external energy requirements as well as create commercialization opportunities that will pave the way for Virginia to become a national alternative energy technology leader. In FY2009, CIT began execution of a \$225,000 Small Business Administration (SBA) grant to develop the strategy for an Energy Independence Research and Development Park. CIT will continue the program in FY2010, emphasizing renewable energy technology development and adoption.

CIT will continue its participation in the Mid-Atlantic's Regional Coastal Ocean Observing System (MARCOOS) in FY2010. This program leverages the high-frequency radar infrastructure acquired during CIT's multi-year, NOAA-funded Coastal Observation project. In addition, CIT will continue to develop its Over-the-Horizon Vessel Tracking project, which is designed to strengthen physical defenses at Norfolk Naval Station, particularly in light of the substantial commercial ship traffic in the nearby Port of Hampton Roads. The vessel tracking project will develop and test novel technologies to detect and track approaching vessels, filling the information gap between satellites that monitor ships at the global scale and microwave radar systems, which work at close range in harbors.

CIT also will continue development of its mine safety project, which engages private- and public-sector organizations to develop and deploy an environmental monitoring system. The system will minimize catastrophic events by monitoring underground conditions and alerting mine officials to potentially hazardous situations, even if power is interrupted in an emergency. Initially this system will monitor carbon monoxide; the fully developed system will include sensors that track levels of methane, carbon dioxide, dust, and other elements hazardous to mine workers and emergency personnel.

Also in FY2010, CIT will consolidate the Institute for Defense and Homeland Security into its R&D service line. This consolidation takes advantage of program synergies.

Unique Value Proposition

CIT R&D is uniquely positioned to develop solutions for regional and national challenges in such sectors as defense and national security, energy independence, and marine science. A nonprofit with a decades-long reputation for neutrality, CIT is expert in identifying and managing the best teams and developing and deploying innovative technology-based solutions to complex problems. In providing solutions to government and commercial clients, CIT also helps small companies and universities move research from the lab to real-world settings, ensuring that local economies benefit from that commercialization and growth.

2010 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. For FY2010, CIT will provide \$917,000 in research contract awards to support the programs.

Future Program Impact

CIT has invested in these environmental bioterrorism, coastal security, and energy projects because they serve the citizens of the Commonwealth, the region, and the nation. Through these initiatives, CIT helps position companies and research institutes to participate in what will become significant national technology deployment programs.

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 EBD program	In accord with project deadlines	VP, Research Investment
Provide status and other compliance reports for the MARCOOS project and other contracts and grants performed in FY2010	In accordance with project deadlines	VP, Research Investment
Identify and submit budget documentation for \$3 million in FY2011 EBD funding	In accordance with federal deadlines (est. August 2009)	VP, Research Investment
Identify and submit budget documentation for \$1 million in FY2010 Vessel Tracking funding	In accordance with federal deadlines (est. August 2009)	VP, Research Investment
Lead public/private team pursuing \$1 million mine safety opportunity	In accordance with federal deadlines (est. August 2009)	VP, Research Investment
Identify opportunities in translational research	Ongoing	VP, Research Investment

Management Reporting Tools

- Periodic and final performance and financial reports to Defense Threat Reduction Agency for the EBD program, SBA, and other contract-specific federal project reports as required
- Reports as required by Rutgers University for MARCOOS project
- Subcontractors' final reports and invoices
- Monthly internal reports for business development, 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 FY2007, the latest year for which data is available. Virginia firms were awarded a total of \$95.7 million, down from \$113 million in FY2006, and far behind the second-ranked state, Massachusetts, which received \$185 million. Although the total number of awards to Virginia companies was the same for each year, 2007 saw fewer Phase II awards – 97 compared to 127 awards in 2006.

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), which helps Virginia’s technology companies obtain SBIR/STTR funding. Key program initiatives will continue for FY2010: delivery of specialized 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 enhanced the availability of support and training material by posting a special documents library and basic training sessions on the CIT web site. In FY2010, CIT will pilot several SBIR training “webinars” to increase the reach of the training.

In FY2010, FFAP will continue to promote its services to a broad 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.

Unique Value Proposition

CIT's Federal Funding Assistance Program brings non-dilutive financing to enhance the value of Virginia's early-stage technology companies and promotes a more robust and innovative R&D base within the Commonwealth.

2010 Program Impact

The FY2010 plan for FFAP will focus CIT's efforts on significantly increasing the amount of SBIR/STTR funding to Virginia businesses by conducting online and offline training as well as mentoring and proposal development support to 200 Virginia companies.

Future 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.

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
Enhance FFAP materials on the CIT web site, to include video and other advanced training	September 30, 2009	Director, Federal Funding
Market and deliver four of the eight planned SBIR/STTR funding proposal support workshops in each region (NOVA, Central VA, SW VA, Eastern Shore, VA)	December 31, 2009	Director, Federal Funding
Conduct at least one SBIR/STTR training webinar as a pilot	March 31, 2010	Director, Federal Funding
Provide mentoring and training support to 200 Virginia businesses developing proposals or conducting/commercializing research supported by SBIR/STTR awards	June 30, 2010	Director, Federal Funding

Management Reporting Tools

- Weekly federal funding activity reports
- Quarterly FFAP pipeline report
- Quarterly scorecard

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 (2007 GSP: \$383 billion), Maryland (2007 GSP: \$269 billion), and Massachusetts (2007 GSP: \$352 billion). Over the past five years (2004 -2008), Virginia companies have attracted \$2.3 billion in venture capital, keeping approximately in pace with neighboring Maryland, which has attracted \$2.8 billion. Virginia, however, suffers significantly in comparison to Massachusetts, which attracted \$15.4 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 44 seed-stage investments in Virginia compared to 164 in Massachusetts and 128 Maryland.

	2007 GSP	Venture Funding	Seed Stage Investments
Maryland	\$269B	\$2.8B	128
Massachusetts	\$352B	\$15.4B	164
Virginia	\$383B	\$2.3B	44

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 Funds in 2004 to provide critical seed-stage funding to the Commonwealth's high-potential, early-stage technology companies. Since that time, the GAP Funds have 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 and Grubstake Breakfast, and the Southeast Venture Conference. CIT also makes referrals of potential investment targets to individual investors and investment funds. From the GAP Funds' launch through FY2008, CIT has drawn upon this system to leverage private money against Commonwealth funds at a rate of almost 10:1.

In FY2009, CIT GAP Funds realized a significant increase in deal flow over FY2008. CIT's pace of FY2009 investments, however, slowed down as CIT GAP Funds focused on a smaller number of seed-stage opportunities best able to aggregate sufficient capital to needed to withstand the elongated venture capital investment cycles brought about by the global economic downturn.

The economic downturn will continue to adversely impact angel investment and venture capital markets in FY2010. As a result, CIT expects that seed stage funding for the Commonwealth's high-potential technology start-ups will be less plentiful in the coming year. This will result in increased demand for the scarce financial resources of CIT GAP Funds and a decreased number of prospective syndication partners for CIT GAP Funds investments. These twin dynamics highlight both the continued importance of the CIT GAP Funds mission and the imperative of establishing new partnerships to serve as sources of co-investment for – and sources of investment in – CIT GAP Funds. In FY2010, CIT GAP Funds will address these needs through continuation of the past two years outreach activities to key east coast venture and angel investment markets such as Boston, Research Triangle Park, Philadelphia, and Atlanta and aggressively exploring corporate strategic, foundation, and individual sources of investment in CIT 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.

Unique Value Proposition

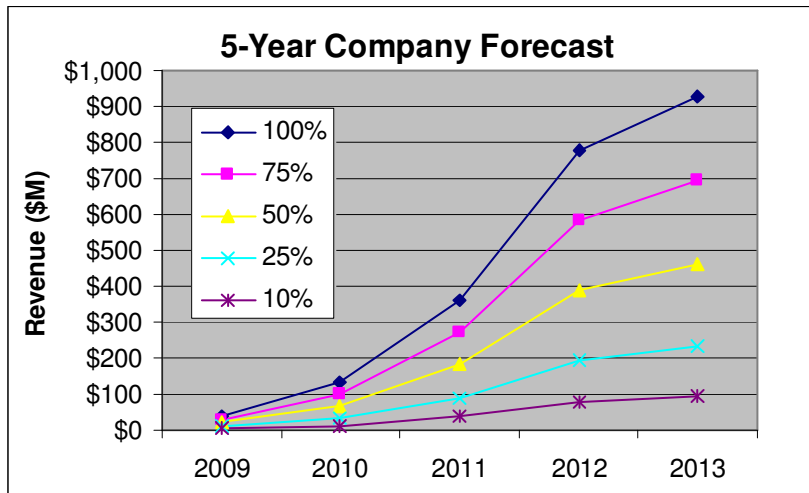
As a double-bottom-line fund designed to resolve Virginia's current shortage of seed stage capital, CIT GAP Funds offer superior economic returns for entrepreneurs and co-investors while providing significant economic development contribution to the Commonwealth.

2010 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 FY2010, 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 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 three to four annual investments	June 2010	VP, Entrepreneurship and Investment Services
Present eight life science or biotech companies to the GAP BioLife Fund investment committee to yield two to three annual investments	June 2010	VP, Entrepreneurship and Investment Services
Identify 15 new companies per quarter for investment consideration through the CIT GAP Technology and GAP BioLife Funds	September 2009 and quarterly	Director, Investments
Deliver monthly updates of the Virginia Venture Calendar and quarterly updates of the GAP Fund Portfolio Newsletter	December 2009- June 2010	Investment Associate

Management Reporting Tools

- Quarterly 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 because they can 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
- Identification of potential strategic partners for clients
- Development of innovation roadmaps for clients
- Education and awareness of the potential impact of emerging technology for clients

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 FY2009 Connect secured and successfully delivered on contracts with Virginia Department of Education (VDOE), Fairfax County, and the Department of Defense (DOD). The successful execution of these engagements will lead to follow-on work, establish loyal clients, and provide a recurring revenue base.

In FY2009 CIT Connect won a significant piece of work from the Combating Terrorism Technical Support Office/Technical Support Working Group (CTTSO/TSWG) focusing on mobile learning technologies in the military. This project will allow CIT Connect to define the DOD strategy for mobile learning and will also generate approximately \$700,000 in revenue in FY2010.

In FY2010, Connect will continue the second phase of development. It will continue to build on the client relationships developed in 2009, continue its aggressive business and proposal development efforts, and continue to build and refine the consulting service offering. This will include an increased focus on the mobile learning and education sectors.

With almost \$1.5 million of sales in FY2009, Connect has shown the market potential of its offering. The challenge in FY2010 will be to maintain the momentum and continue the pace of growth. This will be addressed in five important ways:

1. Lead Generation

In FY2010 Connect will institute a more rigorous process to improve lead-generation, ensuring it is more productive and repeatable.

2. Early Stage Influencing/Deal Shaping

Connect will leverage its role in the education and in mobile learning marketplace to create a new set of opportunities focused in these areas.

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

By deal profiling, Connect has had considerable success closing deals in FY2009. It has developed six proposals, four of which were accepted and two of which are still under consideration by clients at the time of this writing. This relentless focus on key clients will be continued in FY2010 as Connect seeks to leverage its dealings with VDOE and TSWG into ongoing, long-term relationships. .

5. Maintain and grow current clients

The Connect team has demonstrated its ability to grow relationships with clients, understand the value proposition, create an effective proposal and deliver work on time. Connect will continue to nurture and develop its current revenue generating relationships with VDOE, TSWG and Fairfax County.

Unique Value Proposition

Connect helps its clients solve specific problems and challenges, improving their ability to plan for the future. Connect brings revenue into CIT to offset direct and indirect costs. Additionally, the detailed technical insight and expertise Connect acquires helps grow the business and improves client relationships. These insights and capabilities are then leveraged to support and improve government operations in the Commonwealth.

2010 Program Impact

For FY2010, 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. Projections will be developed for FY2011 based on clients that are secured in FY2010. 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 2009	VP, Connect
Develop robust pipeline of sales opportunities across government and commercial sectors	July - January 2010	VP, Connect
Sell and close three follow-on projects	November 2009	VP, Connect VP, Regional Operations
Execute operational contracts	Ongoing	VP, Connect
Develop channel partners	July – January 2010	VP, Connect
Improve pipeline – boost closed business success rate to 30%	December 2009	VP, Connect
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 2010	Director, Information Research Services
Deliver, analyze, and manage information to support contract requirements	Ongoing	Director, Information Research Services

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 enterprisewide 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 within 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.

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 thereby supporting 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 and risk management plan for VDOE.

In 2009 VDOE hired Connect to perform two important projects – an analysis of policy requirements related to virtual schools and an assessment of future data requirements of its longitudinal data system. Also in 2009 Connect engaged in a ground breaking engagement with Fairfax County providing local level IT benchmarking and web 2.0 strategy work.

Based on the success of these projects, Connect will continue to support VDOE and Fairfax County as well as expand these relationships into other Commonwealth agencies and local jurisdictions.

Unique Value Proposition

As with objective 4.1, Connect helps its clients solve specific problems and challenges, improving their ability to plan for the future. Additionally, Connect's research services develop the databases and business intelligence that form the foundation for Connect Consulting engagements. This knowledge, insight, and capability is leveraged to support program growth and improve government operations in the Commonwealth.

2010 Program Impact

In FY2010, CIT anticipates continuing its successful engagement with the VDOE and executing additional projects for the department. In addition CIT Connect will continue discussions with other agencies, leveraging its expertise to engage in a program with one of these agencies.

Future Program Impact

The Connect programs specific to Virginia government are designed to increase the awareness of advanced technology solutions for the Commonwealth's challenges. These programs will 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 the Virginia Department of Transportation	July 2009	VP, Connect
Initiate follow-on project with VDOE	July 2009	VP, Connect
Develop project with one additional agency	October 2009	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

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 (June 2008), the United States continued to rank 15th in number of broadband subscribers with 25 subscribers per 100 inhabitants compared to Denmark, which continues to top the list with 36.7 subscribers per 100 inhabitants.¹

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.

Further, 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.

This growing emphasis on the availability of high-quality broadband services has led states to examine their penetration and subscriber rates and move from being reactive to proactive in their strategic planning and policy activities.

¹ **OECD Broadband Statistics to June 2008.**
http://www.oecd.org/document/54/0,3343,en_2649_34225_38690102_1_1_1_1,00.html

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.

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.
- Support the efforts of both public and private entities to facilitate access to competitively priced, broadband services and applications.
- Specifically work toward identifying and filling service gaps in underserved areas of the Commonwealth.
- Advocate for services such as telework, telemedicine, and e-learning.
- Serve as a broadband information and applications clearinghouse for the Commonwealth.
- Advise the Secretary of Technology on broadband adoption, deployment, and application issues.
- Coordinate telework activities with a panel of the Commonwealth's executive agency representatives.

Unique Value Proposition

CIT delivers strategic guidance, facilitation, broadband demand generation, and asset mapping services necessary for the Commonwealth of Virginia to ensure statewide deployment of affordable broadband services and applications such as telework. CIT is uniquely qualified to deliver these services due to its extensive experience with Commonwealth broadband deployment projects, federal broadband programs, and technological domain expertise.

2010 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

- Establish and staff Broadband Advisory Council
- Evaluate and lead efforts to secure ARRA funding for broadband initiatives in the Commonwealth

Future Program Impact

Delivering access to high-quality, affordable broadband services provides Virginia’s citizens and businesses with enhanced social, educational, commercial, medical, and economic development opportunities. Besides empowering businesses and communities, ubiquitous broadband positions the Commonwealth to lead the nation in the deployment of high-technology services and applications.

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 acceptance and use of teleworking	June 2010	Director, Office of Telework Promotion and Broadband Assistance
Create an environment that facilitates collaboration between broadband technology researchers, service providers, and consumers	June 2010	Director, Office of Telework Promotion and Broadband Assistance
Support the creation of and ongoing activities of the Commonwealth’s Broadband Advisory Council	December 2009	Director, Office of Telework Promotion and Broadband Assistance
Identify and pursue federal broadband funding and revenue opportunities	June 2009	Director, Office of Telework Promotion and Broadband Assistance
Compile Broadband and Telework annual report to the Governor and General Assembly as required	November 2009	Director, Office of Telework Promotion and Broadband Assistance
Develop and monitor broadband- and telework-related legislation for the FY2010 General Assembly session	January 2010	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 FY2010 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.

Unique Value Proposition

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 that will accelerate broadband adoption. Both the infrastructure framework and the application development activities will contribute to the success of broadband deployments throughout the Commonwealth.

2010 Program Impact

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

- Develop a process for maintaining existing broadband data and for expanding broadband mapping capabilities in the Commonwealth.
- Maintain online broadband resources and serve as a coalescing point for teaming opportunities and Commonwealth-wide applications related to broadband funding under the ARRA.
- Pursue federal funding and revenue opportunities to support program activities.
- Generate a slate of broadband and telework legislative and policy priorities for consideration during the 2010 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 complementary 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 Advisory Council - develop and publish reports as legislated	June 2009	VP, Broadband Programs
Maintain and expand 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

Manage the Commonwealth Research Commercialization Fund (CRCF)

Program and Plan of Work

In 2009, the General Assembly, passed legislation creating the Commonwealth Research Commercialization Fund (CRCF). SB1338 modified the name and structure of the Commonwealth Technology Research Fund (CTRF) in order to:

- Better focus the monies available under this program to key areas of research and development in the Commonwealth.
- Emphasize the importance of commercialization of research and development through matching-funds programs and the leveraging of private and federal funds for commercialization activities.
- Provide a loan program for the construction of facilities utilized in commercializing qualified research.

SB1338 also amended the existing qualified equity and subordinated debt investment tax credit to limit its applicability only to companies engaged in science and technology-related businesses and to encourage investment in companies focused on commercializing research developed at universities. This bill was a recommendation of the Joint Subcommittee Studying Biosciences and Biotechnology in the Commonwealth (House Joint Resolution 248). \$1 million for CRCF is included in the Commonwealth's FY2010 budget.

CIT administers the CRCF, per legislative mandate. CIT's duties will include guidance and oversight of grants awarded with FY2010 monies, as well as grants funded in previous years that have performance periods into FY2010. In addition, CIT will provide public communications and outreach activities, including those through web site postings and press releases. 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.

2010 Program Impact

Award recipients will report contributions to the state's R&D, intellectual property creation and licensing, and commercialization targets. CIT will compile and summarize these contributions in the annual report to the Governor's Office and the General Assembly.

Milestones

The following milestones are specific to this objective and will be used to manage the objective's deliverables. The board of the Innovative Entrepreneurship and Investment Authority will provide guidance on metrics direction and oversight.

Activity	Date	Person Responsible
Manage proposal and award process	October 2009	VP, Research Investment
Prepare and submit annual report on CRCF operations and prior CTRF awards to the Governor and General Assembly	October 2009	VP, Research Investment
Review and assess projects' performance	May 2010	VP, Research Investment

Management Reporting Tools

- Annual report prepared for the Governor and General Assembly
- Interim and final reports from grant recipients

Summary of Operating Budget for FY2010

RESEARCH AND DEVELOPMENT SERVICE LINE		FY 10
GOAL 1. DEVELOP INDUSTRY CLUSTERS		
Objectives - Establish and advocate development of an innovation index to evaluate and manage		
1.1 industry cluster development in Virginia		
Project # RD130 - 00 - Virginia Innovation Index		
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 369,239
Costs		\$ (369,239)
GOAL 2. SOLVE NATIONAL TECHNOLOGY CHALLENGES		
2.1 Objectives - Deliver technology solutions to solve national & regional challenges		
Project # RD160 - 55 - SBA - Energy Grant		
Program Revenue		\$ 102,178
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 29,427
Costs		\$ (131,605)
Project # RD170 - 55 - Mid-Atlantic Regional Coastal Ocean Observing System - MARCOOS		
Program Revenue		\$ 7,967
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ -
Costs		\$ (7,967)
Project # RD200 - 00 - New R&D Business		
Program Revenue		\$ 2,097,000
Program Revenue - Employees Billable		\$ 214,335
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 379,324
Costs		\$ (2,690,659)
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 - FY10 Appropriation & FY09 Carry-over funds		\$ 317,214
Costs		\$ (317,214)
3.2 Accelerate funding for very early stage technology firms		
Project # EN070 - 00 - GAP Fund Program		
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 2,444,660
Costs		\$ (2,444,660)
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 - New Connect Business		
Program Revenue - New Contracts		\$ 684,722
Program Revenue - Employees Billable		\$ 181,636
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 351,340
Costs		\$ (1,217,698)
Project # CN190 - 55 - TSWG - mLearning		
Program m Revenue - New Contracts		\$ 401,049
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ (0)
Costs		\$ (401,049)

4.2 Accelerate the assimilation of new technology for Virginia specific initiatives		
Project # CN090 - 00 - New Virginia Connect Business		
Program m Revenue - New Contracts		\$ 150,000
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 175,349
Costs		\$ (325,349)
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 - FY10 Appropriation & FY09 Carry-over funds		\$ 352,627
Costs		\$ (352,627)
COMMONWEALTH SUPPORT PROGRAMS		
Project # VA140 - 00 - Commonwealth Research Commercialization Fund (CRCF)		
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 11,520
Costs		\$ (11,520)
INNOVATION CENTER		
Project # IN010 - 00 - Innovation Center		
Program Revenue - Donation from Innovation Foundation		\$ 175,000
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 50,400
Costs		\$ (225,400)
ADMINISTRATIVE PROGRAMS		
Project # VA040 - 00 - Communications and Marketing		
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 240,246
Costs		\$ (240,246)
Project # VA050 - 00 - Business Development		
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 629,356
Costs		\$ (629,356)
Project # VA060 - 00 - Advocacy		
Revenue - FY10 Appropriation & FY09 Carry-over funds		\$ 504,309
Costs		\$ (504,309)
Analysis of Fund Balance		
Forecasted FY09 Ending Fund Balance		
		\$ 2,152,000
FY10 Appropriation		\$ 4,762,710
Interest Income		\$ 35,000
Program Revenue - Employees Billable		\$ 395,972
Transfer from Innovative Technology Foundation		\$ 175,000
Total Program Revenue		\$ 3,442,916
	FY10 Source of Funds	\$ 8,811,598
Total Program Costs		\$ (9,868,899)
Total Overapplied Indirects		\$ 298,608
	FY10 Use of Funds	\$ (9,570,291)
Budgeted FY10 Ending Fund Balance		\$ 1,393,307

Detailed Operating Budget for FY2010

RESEARCH AND DEVELOPMENT SERVICE LINE			
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		
	FY10 Appropriations & FY09 Carry-over funds		369,239
		Total Revenue	369,239
	Programs Costs		
	Total Salaries		79,871
	Fringe		44,951
	Travel		13,600
	Supplies (only direct supplies such as for workshops or conferences)		500
	Contractual		70,000
	Temporary Services		0
	Other		10,000
	Overhead		67,754
		Total Costs Before G&A	286,676
	G&A		
	Equipment		
	Contractual-Over-Cap		
		Total Costs	369,239
		Net	0
GOAL 2. SOLVE NATIONAL TECHNOLOGY CHALLENGES			
2.1	Objectives - Deliver technology solutions to solve national & regional challenges		
	Project # RD160 - 55 - SBA - Energy Grant		
	Revenue		
	Program Revenue		102,178
	FY10 Appropriations & FY09 Carry-over funds		29,427
		Total Revenue	131,605
	Programs Costs		
	Total Salaries		0
	Fringe		0
	Travel		
	Supplies (only direct supplies such as for workshops or conferences)		
	Contractual		102,178
	Temporary Services		0
	Other		0
	Overhead		0
		Total Costs Before G&A	102,178
	G&A		
	Equipment		0
	Contractual-Over-Cap		
		Total Costs	131,605
		Net	0
	Project # RD170 - 55 - Mid-Atlantic Regional Coastal Ocean Observing System - MARCOOS		
	Revenue		
	MARCOOS revenue		7,967
	FY10 Appropriations & FY09 Carry-over funds		0
		Revenue	7,967

	Programs Costs	
	Total Salaries	782
	Fringe	440
	Travel	
	Supplies	
	Contractual	
	Temporary Services	
	Other	4,300
	Overhead	664
	Total Costs Before G&A	6,186
	G&A	1,782
	Equipment	
	Contractual-Over-Cap	
	Total Costs	7,967
	Net	0
	Project # RD200 - 00 - New R&D Business	
	Revenue	
	Program revenue	2,097,000
	Employees billable	214,335
	FY10 Appropriations & FY09 Carry-over funds	379,324
	Revenue	2,690,659
	Programs Costs	
	Total Salaries	154,574
	Fringe	86,994
	Travel	
	Supplies	
	Contractual	394,551
	Temporary Services	
	Other	
	Overhead	131,125
	Total Costs Before G&A	767,244
	G&A	220,966
	Equipment	
	Contractual-Over-Cap	1,702,449
	Total Costs	2,690,659
	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	
	FY10 Appropriations & FY09 Carry-over funds	317,214
	Total Revenue	317,214
	Programs Costs	
	Total Salaries	73,487
	Fringe	41,358
	Travel	11,600
	Supplies (only direct supplies such as for workshops or conferences)	1,000
	Contractual	20,000
	Temporary Services	
	Funding Pool	10,000
	Other	26,500
	Overhead	62,339
	Total Costs Before G&A	246,284
	G&A	70,930
	Equipment	
	Contractual-Over-Cap	
	Total Costs	317,214
	Net	0

3.2	Accelerate funding for very early stage technology firms	
	Project # EN070 - 00 - GAP Fund Program	
	Revenue	
	Program Revenue	
	FY10 Appropriations & FY09 Carry-over funds	2,444,660
	Total Revenue	2,444,660
	Programs Costs	
	Total Salaries	264,582
	Fringe	148,907
	Travel	12,000
	Travel over-per-diem	
	Supplies (only direct supplies such as for workshops or conferences)	500
	Contractual	101,500
	Temporary Services	
	GAP I Investment Pool	
	GAP Tech Investment Fund Pool	700,000
	GAP BioLife Investment Fund Pool	300,000
	Other	24,200
	Overhead	224,445
	Total Costs Before G&A	1,776,133
	G&A	511,526
	Equipment	
	Contractual-Over-Cap	157,000
	Total Costs	2,444,660
	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 - New Connect Business	
	Revenue	
	New Contracts	684,722
	Billable Employees	181,636
	FY10 Appropriations & FY09 Carry-over funds	351,340
	Total Revenue	1,217,698
	Programs Costs	
	Total Salaries	119,175
	Fringe	67,072
	Travel	
	Supplies (only direct supplies such as for workshops or conferences)	
	Contractual	565,547
	Temporary Services	
	Other	
	Overhead	101,097
	Total Costs Before G&A	852,890
	G&A	245,632
	Equipment	
	Contractual-Over-Cap	119,175
	Total Costs	1,217,698
	Net	0
	Project # CN190 - 55 - TSWG - mLearning	
	Revenue	
	Program Revenue	401,049
	FY10 Appropriations & FY09 Carry-over funds	0
	Total Revenue	401,049

	Programs Costs	
	Total Salaries	112,567
	Fringe	63,352
	Travel	3,133
	Supplies (only direct supplies such as for workshops or conferences)	
	Contractual	35,831
	Temporary Services	
	Other	1,000
	Overhead	95,490
	Total Costs Before G&A	311,373
	G&A	89,675
	Equipment	
	Contractual-Over-Cap	0
	Total Costs	401,049
	Net	0
4.2	Accelerate the assimilation of new technology for Virginia specific initiatives	
	Project # CN090 - 00 - New Virginia Connect Business	
	Revenue	
	New Contracts	150,000
	FY10 Appropriations & FY09 Carry-over funds	175,349
	Total Revenue	325,349
	Programs Costs	
	Total Salaries	42,553
	Fringe	23,949
	Travel	
	Supplies (only direct supplies such as for workshops or conferences)	
	Contractual	150,000
	Temporary Services	
	Other	
	Overhead	36,098
	Total Costs Before G&A	252,600
	G&A	72,749
	Equipment	
	Contractual-Over-Cap	
	Total Costs	325,349
	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	
	FY10 Appropriations & FY09 Carry-over funds	352,627
	Total Revenue	352,627
	Programs Costs	
	Total Salaries	94,886
	Fringe	53,402
	Travel	20,000
	Supplies (only direct supplies such as for workshops or conferences)	22,500
	Contractual	
	Temporary Services	
	Other	2,500
	Overhead	80,491
	Total Costs Before G&A	273,779
	G&A	78,848
	Equipment	0
	Contractual-Over-Cap	
	Total Costs	352,627
	Net	0

COMMONWEALTH SUPPORT PROGRAMS			
		Project # VA140 - 00 - Commonwealth Research Commercialization Fund (CRCF)	
		Revenue	
		FY10 Appropriations & FY09 Carry-over funds	11,520
		Total Revenue	11,520
		Programs Costs	
		Total Salaries	3,668
		Fringe	2,064
		Travel	100
		Supplies (folders, tent cards, name badges, etc.)	0
		Contractual	
		Temporary Services	0
		Other (catering and space)	0
		Overhead	3,112
		Total Costs Before G&A	8,944
		G&A	2,576
		Equipment	0
		Contractual-Over-Cap	
		Total Costs	11,520
		Net	0
INNOVATION CENTER			
		Project # IN010 - 00 - Innovation Center	
		Revenue	
		Donation from Innovative Technology Foundation	175,000
		FY10 Appropriations & FY09 Carry-over funds	50,400
		Total Revenue	225,400
		Programs Costs	
		Total Salaries	0
		Fringe	0
		Travel	
		Travel Over-Per-Diem	
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	175,000
		Temporary Services	
		Other	
		Overhead	0
		Total Costs Before G&A	175,000
		G&A	50,400
		Equipment	
		Contractual-Over-Cap	
		Total Costs	225,400
		Net	0
ADMINISTRATIVE PROGRAMS			
		Project # VA040 - 00 - Communications and Marketing	
		Revenue	
		FY10 Appropriations & FY09 Carry-over funds	240,246
		Total Revenue	240,246

	Programs Costs	
	Total Salaries	36,941
	Fringe	20,791
	Travel	2,000
	Supplies (only direct supplies such as for workshops or conferences)	
	Contractual	10,000
	Temporary Services	
	Other	85,457
	Overhead	31,337
	Total Costs Before G&A	186,526
	G&A	53,720
	Equipment	0
	Contractual-Over-Cap	
	Total Costs	240,246
	Net	0
	Project # VA050 - 00 - Business Development	
	Revenue	
	FY10 Appropriations & FY09 Carry-over funds	629,356
	Total Revenue	629,356
	Programs Costs	
	Total Salaries	198,511
	Fringe	111,722
	Travel	10,000
	Travel Over-Per-Diem	
	Supplies (only direct supplies such as for workshops or conferences)	
	Contractual	
	Temporary Services	
	Other	
	Overhead	168,397
	Total Costs Before G&A	488,630
	G&A	140,726
	Equipment	
	Contractual-Over-Cap	
	Total Costs	629,356
	Net	0
	Project # VA060 - 00 - Advocacy	
	Revenue	
	FY10 Appropriations & FY09 Carry-over funds	504,309
	Total Revenue	504,309
	Programs Costs	
	Total Salaries	86,493
	Fringe	48,678
	Travel	8,000
	Supplies (only direct supplies such as for workshops or conferences)	
	Contractual	175,000
	Temporary Services	
	Other	
	Overhead	73,372
	Total Costs Before G&A	391,544
	G&A	112,765
	Equipment	
	Contractual-Over-Cap	
	Total Costs	504,309
	Net	0