CIT
CENTER FOR INNOVATIVE TECHNOLOGY

June 16, 2010

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 2011 Operating Plan, which was approved by the CIT Board of Directors on May 27, 2010.

For 2011, 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 2010 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. 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 16, 2010

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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June 16, 2010

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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June 16, 2010

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

Dear Chairman Colgan:

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June 16, 2010

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

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Accelerating the Next Generation of Technology Solutions, Companies and Employment for Virginia and the Nation

Center for Innovative Technology (CIT)

OPERATING PLAN

Fiscal Year 2011

Approved by Board of Directors on May 27, 2010

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Executive Summary

Fiscal Year 2010 was the fifth consecutive 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.

Operating Environment

Annually, CIT reviews the economic climate for technology and technology company creation. As in 2010, 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 in research and development and industry cluster density.
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. The importance of federal funding has increased due to the shrinking venture capital market.
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 and facilitate the next generation of Internet-based application deployment.
7. Green technology as a research and market sector provides significant opportunity for market definition and development in Virginia.

In addition to the above observations, management considered the following contemporary issues while shaping the 2011 plan direction.

1. The contracting global economy will continue to provide significant funding challenges for CIT in terms of Commonwealth appropriations.
2. The American Recovery and Reinvestment Act of 2009 represents an opportunity for CIT to secure new federal contracts.
3. The creation of new employment opportunities for Americans is the highest priority of national leadership with equal significance for Virginia's leadership.

Direction
After carefully reviewing environmental factors that are relevant to CIT's mission, management determined that the programmatic direction for 2011 should be very similar to the 2010 direction after some fine-tuning. These adjustments are:

- National and Commonwealth leadership has determined that job creation is the top priority for recession recovery. Since 1985, CIT has facilitated the creation of new employment opportunities for Virginians. In 2011, CIT will strive to elevate the Commonwealth's focus on, and investment in, "organic growth" obtained through new company formation.
- In 2010, the economic downturn placed increasing demands on support services for GAP portfolio companies, shifting CIT's emphasis from new investments to support for existing portfolio companies. With restored funding for 2011, emphasis will return to new investments while supporting existing portfolio company challenges.
- CIT and the Virginia Health Quality Center successfully secured a federal grant to implement electronic medical records for rural clinicians. The award of this grant represents a new market for Connect services and a giant step forward for healthcare services. In 2011, CIT will aggressively pursue and support this developing market.
- All operating groups in CIT will continue to coordinate and support the pursuit of new funding opportunities provided by the American Recovery and Reinvestment Act.

Special Emphasis on Commonwealth Job Creation
Traditional economic development programs invest significantly in attracting companies to relocate to their respective geography. While this emphasis is an important offensive strategy it also serves to backfill the loss of jobs resulting from companies that are recruited out of the geography. CIT has consistently advocated for increased emphasis on new company formation based on the scientific discovery and entrepreneurial skills present in the Commonwealth. For 2011, the McDonnell administration and legislature allocated an additional $500,000 for GAP fund investment. This investment, in conjunction with additional funds secured by CIT, will support the creation of 10 new companies in 2011.

CIT believes that a consistent annual allocation of $2 million to its existing CIT GAP Funds Program will provide strong and multiplicative economic development outcomes for the Commonwealth by fostering the next generation of science and technology-based company development to drive Virginia's economy for generations to come.

Background – CIT launched CIT GAP Funds and GAP Fund I to close the "capital gap" challenging the next generation of Virginia's most innovative companies. A "double-bottom-line" fund, CIT GAP Funds places equity investments in Virginia's high-potential technology and life science companies at the earliest stage of company formation in order to produce superior outcomes for portfolio company stake-holders and the economic benefit of new company formation and new job creation in all parts of Virginia.

How CIT GAP Funds Works – Managed through CIT's Entrepreneur service line, CIT GAP Funds has been capitalized by CIT and an ongoing grant from Johnson & Johnson. At present, CIT manages two seed funds – GAP Tech and GAP BioLife – which make seed-stage investments in technology and life science companies throughout the Commonwealth. With allocation of new funds, CIT anticipates focusing on green/cleantech and alternative energy as additional targets of investment. In the course of a typical year, CIT GAP Funds assesses 300-400 proposals from across the Commonwealth, placing eight to ten $100,000 investments. CIT GAP Funds employs a two-level approach to investment actions with all deal sourcing and initial due diligence performed by CIT's internal Investment Team and final investment decisions made by an independent Investment Advisory Board. Post-close, CIT plays an active role in portfolio company development as a board observer and advisor and maintains a rigorous portfolio reporting process, rolling up key accomplishments and risk areas of all companies on a quarterly basis.

Investment Advisory Board – Critical to the success of CIT GAP Funds has been the strong and independent role of CIT GAP Funds' Investment Advisory Board (IAB). Composed of leading regional venture capitalists, angel investors and entrepreneurs, the IAB membership draws upon its professional expertise to make final investment decisions for CIT GAP Funds. Unaffiliated with either Virginia government or CIT's governance structure, the IAB provides the professional validation to the CIT GAP Funds investment process requisite to concurrent and downstream participation in CIT GAP Funds portfolio companies by the private investment community. Membership on CIT's IAB has included: New Enterprise Associates, Grotech Ventures, Intersouth Venture Partners, HIG Ventures, Johnson & Johnson, Valhalla Venture Partners, and New Vantage Associates.

Evergreen Investment Model – CIT developed CIT GAP Funds to follow an "evergreen" investment model. As a result of this model, CIT anticipates that funding capacity will replenish over time as proceeds from initial cash outlays, converted to equity positions in portfolio companies, are returned to the fund for future investment.

Private Dollars Leveraged – The CIT GAP Funds investment model serves as a powerful example of a public-private partnership. Through this model, CIT deploys Commonwealth funds at the earliest stage of company development and helps grow the companies to the point at which private capital market participants will invest and carry company growth forward. Following this model, CIT has helped secure significant downstream financing for its portfolio companies, leveraging private sector investment – across its portfolio – at a rate of 11X Commonwealth dollars deployed.

New Job Creation - Consistent with expectations placed by CIT GAP Funds on portfolio companies, CIT has taken a structured and empirically-based approach to estimating new job creation resulting from CIT's investment. Historical rates of job creation by Virginia's high-growth potential companies indicate that 4.2 jobs are created for every $1 million of revenue generated by those companies. Based on this rate of job creation and revenue information provided by current CIT GAP Funds portfolio companies between 500 and 2000 jobs could be created by $2 million of new investment activity.

Mission Emphasis
For 2011, 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 place special emphasis of job creation initiatives that will make the Commonwealth the next innovation hub in the United States.

2011 Goals
CIT's 2011 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.
Goal 3 Establish and maintain a statewide university research and development plan.

Entrepreneur service line

Goal 4 Secure global leadership in the development of entrepreneurial technology ventures.

Connect service line

Goal 5 Secure global leadership in the identification and assimilation of innovative technologies.

Broadband service line

Goal 6 Expand the use and application of broadband technologies in rural and underserved areas.

Strategic Goals, Plan of Work, Milestones, and Metrics - Fiscal Year 2011

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

Industry clusters – geographic concentrations of interconnected businesses, suppliers, and associated institutions in a particular field – increase innovation, productivity, and economic prosperity. Elements of successful clusters also include sufficient financing, available infrastructure, advanced communications, an acceptable regulatory climate, and quality of life. States and regions have pursued cluster development in recent decades to enhance their economic development and ability to compete in the global economy. The federal government also recognizes that developing regional innovation clusters is an effective job creation strategy, and, in FY2011, it will invest in programs that stimulate the development of such clusters.

In Virginia, creating industry clusters, particularly regional clusters, is an important method of stimulating company and job creation, retention, and growth. The Commonwealth Innovation Index is a strategic management and planning tool to develop clusters and the innovation associated with the strategically important industries within each of Virginia's ten technology regions. This tool provides elected officials and other decision makers with information that allows targeted investments, thus saving taxpayer dollars.

Targeted investments are particularly important, as:
- innovation is spurred where expertise, assets, and opportunity intersect
- funding is limited; states, the federal government, and industry continue to experience substantial budget challenges

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.

In Virginia, advances in renewable energy, information technology, biosciences, sensors, transportation, unmanned systems, and other technology sectors provide opportunities to develop industry clusters that will spur regional and statewide economic growth.

In 2008, the Administration and the Virginia General Assembly called upon CIT, in conjunction with Virginia's regional technology councils and other technology leaders, to develop the "Commonwealth Innovation Index." Joint resolution SJ126 articulated the need

for a tool to assist public and private sector decision makers as they sought to stimulate innovation and economic growth. CIT's approach engages each regional technology community in identifying their strategic industry priorities, critical drivers, goals, gaps, and metrics to measure and manage progress.

In FY2009, CIT and the technology community launched the Index by identifying current industry priorities and each technology region's projected five- to ten-year strategic priorities.

In FY2010, CIT advanced the Index "product" and released the Phase I report, which summarized the status of each technology region's Index activities and findings. CIT also worked with regional technology councils to facilitate their successful adoption of Index development practices and procedures

Phase II began in FY2010 and will continue in FY2011. As in Phase I, the process will be flexible, with regions tailoring the process and timing to accomplish what they need. 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. Additionally, regions will identify critical drivers to achieve progress, goals, and gaps, as well as metrics by which to measure progress towards goals. Although data is not always available at the regional level, metrics will rely primarily on publicly available sources of data. Anticipated data sources include the National Science Foundation, Small Business Administration, U.S. Patent and Trademark Office, Association of University Technology Managers, STATS Indiana, 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 expects that knowledge gained through the Phase II process will position councils to look for legislative or other opportunities to rally the community, including opportunities to engage local, state, and federal elected officials. CIT will monitor federal activity, including the FY2011 budget, for funding opportunities related to regional innovation clusters.

CIT also will engage councils in Phase III, monitoring and managing progress. Councils will validate and, as needed, refine such topics as future regional growth priorities, unique regional assets, gaps, critical drivers, measurement standards, and metrics goals. In parallel, CIT will work with councils to develop a plan to transition implementation of the Index to the councils and to integrate the process with their overall technology community.

CIT will encourage the technology community to use the Index in workforce, advocacy, and other activities and will work with leaders of technology councils and the Virginia Technology Alliance to develop consistent themes and messages. In conjunction with the ten technology councils, 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.

2011 Program Impact

This objective focuses on creating Phase II of the Innovation Index, producing a Phase II report, entering Phase III, 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, ultimately, is determined by the decisions of the technology councils to assimilate the Index process and proceed with a fully functional Commonwealth Innovation Index and by subsequent regional and state policies and investment in strategic sectors.

Future Program Impact

Regional adoption and implementation of the Index process will permit growth of targeted, niche industry subsectors through strategic investment and policy decisions. Impact will be outcomes of Index-based decisions as well as the strengthening of communities through this grass roots process.

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 II results and to prepare for Phase III activities: validate industry direction and identify drivers, measurement standards, and metrics	September 2010 and bimonthly, or as required	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 2010	VP, Research Investment
Advise Virginia congressional delegation on the Innovation Index, as well as on federal and state advanced technology priorities and capabilities	October 2010	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
Produce Phase II Report	November 2010	VP, Research Investment
Determine product and related costs for transition planning purposes and General Assembly session	November 2010	VP, Research Investment
Develop public relations campaign	November 2010	VP, Government and Public Affairs

Management Reporting Tools

- Phase II report
- Phase III 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 FY2011 R&D priorities are in the areas of defense, energy, and life sciences.

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. For example, in October 2009, the Commission on the Prevention of Weapons of Mass Destruction (WMD) Proliferation and Terrorism reported that biological proliferation and terrorism is the nation's most urgent threat and cited the lack of appropriate disease surveillance as a key deficiency in the nation's biodefense preparedness. CIT's environmental bioterrorism detection (EBD) program, discussed below, responds to this need.

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 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 FY2011 will be two-fold. First, CIT will perform on existing contracts and grants, including EBD, MARCOOS, and Mine Safety, and will develop projects, such as Vessel Tracking and Year II Mine Safety, for which contract-related discussions are anticipated prior to FY2011. These projects are described below. Second, CIT will explore opportunities to develop new translational research proposals, particularly through federal funding, in the areas of defense, energy, and life sciences.

EBD is a comprehensive biothreat detection system that has the potential to minimize human exposure to zoonotic pathogens, limit casualties and/or fatalities from these threats, and mitigate animal-to-human disease progression. EBD incorporates near-real time information about wildlife disease outbreaks with historical animal 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 FY2011, CIT will continue executing the $1.9 million Phase III, during which CIT and its team will demonstrate a system prototype to validate concept viability and historical health data integration functionalities. Two data systems have been identified as potential recipients of this information: the Defense Department's Electronic Surveillance System for Early Notification of Community-based Epidemics (ESSENCE) 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 reduce external energy requirements dramatically and will 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 conclude the project in FY2011, focusing on a strategy to identify and transition high-potential, energy-related intellectual property into an incubative environment.

CIT also will continue the mine safety project it began in FY2010, in which CIT teamed with companies 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. CIT expects to enhance this system with federal FY2010 funding.

CIT will continue its participation in the Mid-Atlantic's Regional Coastal Ocean Observing System (MARCOOS) in FY2011. This program leverages the high-frequency radar infrastructure acquired during its 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 in harbors at close range.

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. CIT's professionals have a history of successfully managing proof of concept projects in partnership with industry, academia, and government. We meet requirements of demanding projects, including multi-million dollar, multi-year programs designed to save lives and preserve the environment. 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.

2011 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 FY2011, CIT will provide $623,000 in revenue and $403,000 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, Mine Safety, and MARCOOS programs	In accordance with project deadlines	VP, Research Investment
Provide status and other compliance reports for other contracts and grants performed in FY2011	In accordance with project deadlines	VP, Research Investment
Identify and submit budget documentation for FY2012 appropriations requests	In accordance with federal deadlines (est. August 2010)	VP, Research Investment
Identify and pursue funding 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, to the Small Business Administration for the Mine Safety program, 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

Goal 3: Establish and maintain a statewide university research and development plan

Objective 3.1 – Coordinate and facilitate initiation of Virginia's research and development strategic planning process

Program and Plan of Work

Universities play a key role in innovation and academic research and are a source of new knowledge and technology development. These advancements create value for society as a whole, as well as individual institutions.

Virginia's public and private research institutions engage in research in a wide range of disciplines and applications, including energy, engineering, information technology, life sciences, marine science, materials science, and nanotechnology. Universities and the Commonwealth's leadership have recognized the multi-faceted value of research, particularly national leadership in research. Discoveries and technology development ultimately may lead to patents, licenses, revenue, company attraction, and the increased stature for the institution, researcher, and the state. Infusions of federal and industry funding support programs that educate and train our future workforce, pay for expensive instrumentation, and cover overhead costs. According to Steven Chu, Secretary of the U.S. Department of Energy, published estimates of annual rates of return on investment for publically funded R&D range from 20 to 67%.[1] At the same time, officials have recognized the costs associated with maintaining a broad array of research programs as well as the value of research that is synergistic with the state's business priorities and strengths.

The 2009 General Assembly passed legislation that called for the Innovation and Entrepreneurship Investment Authority (IEIA) to develop a comprehensive R&D strategic roadmap for the Commonwealth to identify research areas worthy of institutional focus. Legislation also called for IEIA to review and update the roadmap at least once every three years.

Through assessments of Virginia universities' strategic plans, the Authority will recommend alignments of research and development and economic growth in the Commonwealth. For FY2011, CIT will work in conjunction with the CIT Board of Directors' Committee on Strategic R&D Planning to define the approach, staffing, and deliverables to comply with the IEIA mandate.

Unique Value Proposition

The statewide university research and development plan will allow the Commonwealth to align the state's academic R&D with its regional and statewide strategic technology priorities. It will provide elected and other officials with information that drives economic growth in the Commonwealth through smart research-related investments and policies.

[1] Dr. Steven Chu, Secretary, U.S. Department of Energy, January 12, 2010, testimony to the U.S. Senate Committee on Energy and Natural Resources

2011 Program Impact

This objective focuses on supporting a newly created board for the statewide university R&D plan, producing an October status report for the Administration and General Assembly, and producing a subsequent strategic plan. Program impact is determined by state and university policies and investments in strategic R&D sectors.

Future Program Impact

Future impact will be based on investments and other decisions that elected and other officials make as a result of information garnered through the university R&D roadmap. It is expected that the roadmap will permit the Commonwealth to conduct a more informed review of research and development investments, legislative proposals, economic development initiatives and federal grant opportunities.

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
Support administrative and operational requirements of the R&D plan's board	September 2010 and ongoing	VP, Research Investment
Advise Administration and General Assembly on the statewide university R&D plan	October 2010	VP, Research Investment
Advise Virginia congressional delegation on the statewide university R&D plan	October 2010	VP, Research Investment
Develop public relations campaign	November 2010	VP, Government and Public Affairs
Assess university capabilities and compare with strategic priorities called out in the Innovation Index	February 2011 and ongoing	VP, Research Investment

Management Reporting Tools

- Annual report prepared for the Governor and General Assembly
- Statewide university research and development plan

Entrepreneur Service Line

Goal 4: Secure global leadership in the development of entrepreneurial technology ventures

Objective 4.1 – Identify and accelerate opportunities for small technology firms to obtain federal R&D awards

Program and Plan of Work

Virginia maintained a third place ranking in number of Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) awards and funding, behind California and Massachusetts, in 2008, the latest year in which data is available. Virginia firms received 254 Phase I awards and 157 Phase II awards, with a total 2008 award amount of $138 million compared to $105 million in awards in 2007.

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 Department of Energy, Department of Defense, National Institute of Standards and Technology, 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 FY2011: 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 FY2010, the FFAP enhanced the availability of support and training material by posting web-based training tools on the CIT web site. In FY2011, CIT will host additional SBIR webinars to increase the reach of the training and to reduce costs of delivering federal funding training in all areas of the state.

In FY2011, 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. FFAP will continue to examine federal funding sources to enhance program development.

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. CIT's unique position in both monitoring state-wide research initiatives and managing a seed-stage venture capital fund targeting Virginia start-ups provides the CIT Federal Funding Assistance Program with a singular ability to reach entrepreneurs in the Commonwealth best able to access and exploit federal R&D funding.

2011 Program Impact

The FY2011 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
Market and conduct 4 detailed SBIR Training Modules in webinar format, covering various topics related to SBIR/STTR proposal preparation	September 30, 2010	Director, Federal Funding
Market and deliver 2 additional webinar events and 2 live SBIR workshops	December 31, 2010	Director, Federal Funding
Market and deliver 2 additional webinar events and 1 live SBIR workshop	March 31, 2011	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, 2011	Director, Federal Funding
Market and deliver final 1 additional webinar event and 2 live SBIR workshops.	June 30, 2011	Director, Federal Funding

Management Reporting Tools

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

Objective 4.2 – Accelerate funding for early-stage technology firms

Program and Plan of Work

CIT has benchmarked 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 (2008 GSP: $383 billion), Maryland (2008 GSP: $269 billion), and Massachusetts (2008 GSP: $352 billion). Over the past five years (2005 – 2009), Virginia companies have attracted $2.2 billion in venture capital, tracking closely with neighboring Maryland, which has attracted $2.5 billion. Virginia, however, suffers significantly in comparison to Massachusetts, which attracted $14.3 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 225 in Massachusetts and 132 in Maryland.

	2008 GSP	Venture Funding	Seed Stage Investments
Maryland	$269B	$2.5B	132
Massachusetts	$352B	$14.3B	225
Virginia	$383B	$2.2B	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 CIT GAP Funds in 2004 to provide critical seed-stage funding to the Commonwealth's high-potential, early-stage technology companies. Since that time, CIT GAP Funds 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 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 Q2 FY2010, CIT has drawn upon this system to leverage private money against Commonwealth funds at a rate of almost 12:1.

CIT's pace of FY2010 investments 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 FY2011. As a result, CIT expects that seed-stage funding for the Commonwealth's high-potential technology start-ups will remain low 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 FY2011, CIT GAP Funds will address these needs through continuation of the past three 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 $6.5 million from placement by institutional and angel funds.

In FY2011, contingent on the availability of federal and other outside funding, CIT will explore alternatives to the creation and funding of energy and cleantech companies through the establishment of GAP Energy/Cleantech Fund and company creation services. Also in FY2011, CIT will develop a state-wide program to acknowledge and celebrate the Commonwealth's leading science and technology entrepreneurs.

Unique Value Proposition

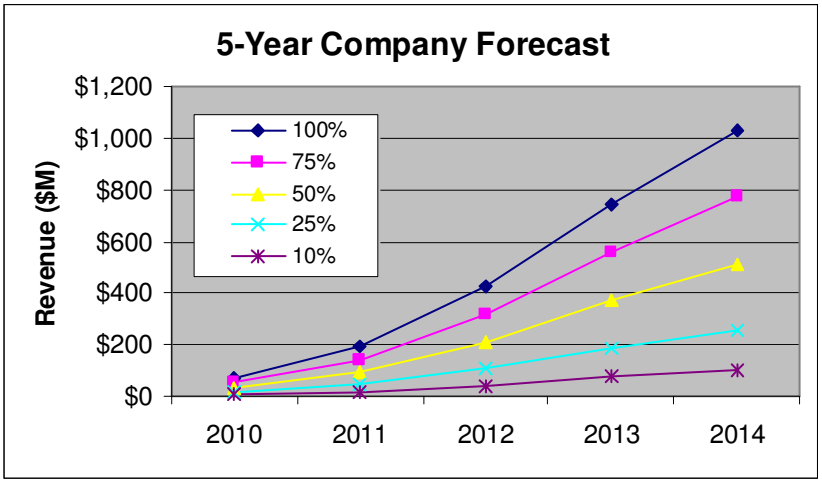
As a double-bottom-line fund designed to resolve Virginia's current shortage of seed stage capital, CIT GAP Funds offer superior economic returns for entrepreneurs and co-investors while providing significant economic development contribution to the Commonwealth.

2011 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 FY2011, CIT will stimulate $6.5 million of private sector investment in new technology companies.

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, from 5 new investments in FY2011 and 28 existing investments, 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
Deliver monthly updates of the Virginia Venture Calendar and quarterly updates of the GAP Fund Portfolio Newsletter	July 2010- June 2011	Investment Associate
Identify 15 new companies per quarter for investment consideration through the CIT GAP Technology and GAP BioLife Funds	September 2010 and quarterly	Director, Investments
Present eight technology companies to the GAP Technology Fund investment committee to yield four annual investments	June 2011	VP, Entrepreneurship and Investment Services
Present four life science or biotech companies to the GAP BioLife Fund investment committee to yield one annual investments	June 2011	VP, Entrepreneurship and Investment Services

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

Executive Summary

At the conclusion of FY2010, the Connect service line will enter the new fiscal year with the following:

- $2.4 million contract relationship with the Virginia Health Quality Center (VHQC) for medical records implementation
- $1.0 million contract relationship with Department of Defense Technical Support Working Group (TSWG) for advanced training technologies
- $.5 million contract relationship with Virginia Department of Education (VDOE) for education technology assessment
- A proven model for selling and delivering client work

For FY2011, the Connect service line has three operating principles, they are:

- Maintain and grow existing strategic client relationships
- Examine, propose, and pursue new additional growth from new clients
- Recruit and onboard new team members to support new business and drive success

Objective 5.1 – 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 technologies gain a competitive advantage because they can tailor emerging 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 line 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 FY2011, Connect will continue to build on the client relationships developed in 2010, aggressively execute business and proposal development efforts, and continue to build and refine the consulting service model, including an increased focus on the mobile learning, education, and Health IT sectors.

With almost $3.5 million of sales in FY2010, more than doubling sales for the second consecutive year, Connect has proven the market potential for its service. The challenge in FY2011 will be to maintain the momentum and continue the pace of growth. This will be addressed in five important ways:

1. Lead Generation – 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 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 – Through consistent deal profiling, Connect has had considerable success increasing contract closure rates in FY2010. 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.
5. Grow current client engagements – The Connect team has demonstrated its ability to grow client relationships, deliver services based on client value propositions, create

effective proposals, and deliver on-time and on-budget. Connect will continue to nurture and develop its current revenue generating relationships with VDOE, TSWG, VHQC, and Fairfax County.

Unique Value Proposition

Connect helps its clients solve mission specific problems and challenges with technology solutions that deliver improvements in their operating objectives. CIT is uniquely positioned to help public and private organizations as a neutral party focused on improving the understanding and implementation of technology. CIT Connect does not engage in technology implementation contracts to assure clients that recommendations are neutral and do not position CIT for larger implementation contracts.

2011 Program Impact

For FY2011, the Connect service line is challenged with delivering on the $3 million services backlog and in seeking $1.5 million of additional sales.

Future Program Impact

As a by-product of delivering solutions to large scale technology consumers, the Connect program accelerates the growth of early-stage technology companies by introducing their innovative technology to markets they have not explored. For Commonwealth-resident early-stage 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.

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 2010	VP, Connect
Develop robust pipeline of sales opportunities across government and commercial sectors	July 2010 – January 2011	VP, Connect
Develop channel partners	July 2010 – January 2011	VP, Connect
Sell and close three follow-on projects	November 2010	VP, Connect
Improve pipeline – boost closed business success rate to 30%	December 2010	VP, Connect
Conduct full assessment of	February 2011	Director, Information

information research capabilities and identify opportunities to improve the capabilities and services		Research Services
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
Deliver, analyze, and manage information to support contract requirements	Ongoing	Director, Information Research Services
Execute operational contracts	Ongoing	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 5.2 – 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 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.

The Virginia Department of Education 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 2010 Connect delivered on its fifth project with VDOE and has become a strategic partner of VDOE as they seek additional funding from federal sources including Race to the Top and additional Longitudinal Data System Grants.

Also in 2010 Virginia Health Quality Consortium and CIT together obtained $12.4 million in grant funding from the Office of the National Coordinator with Health and Human Services for the development of a Regional Extension Center to support Electronic Medical Record (EMR) implementations and meaningful use attainment for Priority Primary Care Providers in the Commonwealth of Virginia. As part of this work CIT was asked to participate in the statewide planning effort for the Commonwealth of Virginia Health Information Exchange.

Unique Value Proposition

CIT Connect helps Virginia government to solve mission specific problems and challenges with technology solutions that deliver improvements in their operating objectives. CIT Connect is uniquely positioned to help Virginia's government organizations as a neutral party focused on improving the understanding and implementation of technology. CIT Connect does not engage in technology implementation contracts to assure clients that recommendations are neutral and do not position CIT for larger implementation contracts.

2011 Program Impact

In FY2011, CIT anticipates continuing its successful engagements with the VDOE and VHQC. 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. In addition, these programs will increase 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 2010	VP, Connect
Initiate follow-on project with VDOE	July 2010	VP, Connect
Extend REC and HIE work into additional clients/states	July 2010	VP, Connect
Continue project with VHQC and achieve 6 month goals	September 2010	VP, Connect
Extend VDOE work into work with other states	October 2010	VP, Connect
Continue project with VHQC and achieve 9 month goals	December 2010	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 6: Expand the use and application of broadband technologies in rural and underserved areas

Objective 6.1 – Serve as the Commonwealth's Office of Telework Promotion and Broadband Assistance

Program and Plan of Work

Access to affordable broadband services remains critical to the economic future of all nations as nations, states, and communities are evaluated 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. On March 16, 2010 the Federal Communications Commission unveiled the nation's first "National Broadband Plan" to provide a roadmap for bringing high-speed Internet access to citizens of the United States. Specifically, the plan builds the case for the need for ubiquitous connectivity to enable application advances in seven key sectors:

economic opportunity, education, healthcare, energy/environment, government performance, civic engagement, and public safety.

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.

Furthermore, 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 current emphasis on the availability of high-quality broadband services has led both federal and state leaders to examine broadband availability, affordability, and adoption rates and move from being reactive to proactive in their strategic planning and policy activities.

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. Since its inception, the director has been, and continues to be, 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.

2011 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.

- Determine "next generation" telework goals for the Commonwealth's eligible workforce
- Staff Broadband Advisory Council
- Evaluate and lead efforts to secure American Recovery and Reinvestment Act of 2009 (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
Compile Broadband and Telework annual report to the Governor and General Assembly as required	November 2010	Director, Office of Telework Promotion and Broadband Assistance
Identify and pursue federal broadband funding and revenue opportunities	December 2010	Director, Office of Telework Promotion and Broadband Assistance
Develop and monitor broadband- and telework-related legislation for the FY2011 General Assembly session	January 2011	Director, Office of Telework Promotion and Broadband Assistance
Conduct Phase I NTIA-funded broadband mapping and planning initiatives	June 2011	VP, Broadband Programs
Create an environment that facilitates collaboration between broadband technology researchers, service providers, and consumers	June 2011	Director, Office of Telework Promotion and Broadband Assistance
Support ongoing activities of the Commonwealth's Broadband Advisory Council	June 2011	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:

- Broadband and telework annual reports (as required by legislation)
- Meeting minutes and reports
- Presentations and briefings as requested

Objective 6.2 – 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 (through the national broadband plan) 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 FY2011 will build upon the work and findings developed by the of the Broadband Advisory Council and the National Broadband Plan 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

Mapping
In 2009, CIT was designated to serve as the Commonwealth's liaison to the National Broadband Initiatives. As such, CIT submitted two applications to the broadband program managed by the National Telecommunications and Information Agency – one for broadband mapping/planning and the other for building sustainable broadband demand (adoption).

In March 2010, CIT was awarded a mapping and planning grant from the National Telecommunications and Information Agency (NTIA) to augment and refine the Commonwealth's broadband availability map and to contribute data to the national broadband map. CIT has partnered with the Virginia Geographic Information Network (VGIN), Virginia Tech and several private sector organizations to carry out the initiative.

Planning
In addition to developing a next generation map, CIT's award from NTIA will provide the means by which CIT will work with the Office of the Secretary of Technology, the Office of Telework Promotion and Broadband Assistance, and the Commonwealth's Broadband Council to conduct a series of regional planning meetings to develop a framework for

deploying and adopting broadband infrastructure and applications. Additionally, the NTIA mapping/planning initiative includes conducting a statewide assessment of e-commerce and healthcare adoption/usage as a means of base lining activity in Virginia and providing the basis for strategic partnerships and leverage cross funding silos.

Application Development and Deployment
In order to support and sustain the broadband infrastructure being deployed in the Commonwealth, attention must be placed on building "demand" for the applications and services that it enables. During FY2011, CIT will continue to cooperate and collaborate with partners across Virginia to expand and develop programs and applications (telework, telemedicine, etc.) to build sustainable demand.

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

2011 Program Impact

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

- Develop the Commonwealth's second generation broadband availability map in accordance with the technical guidelines released by NTIA. Process will also include establishing a process for maintaining existing broadband data and for expanding broadband mapping capabilities in the Commonwealth.
- Conduct regional planning meetings in conjunction with the Broadband Advisory Council to collect information on broadband activities and needs in the Commonwealth.
- Maintain online broadband resources and serve as a coalescing point for teaming opportunities and Commonwealth-wide applications related to broadband funding.
- 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 2011 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 2011	VP, Broadband Programs
Conduct regional broadband meetings	June 2011	VP, Broadband Programs
Maintain and expand online broadband resources and information content on **www.cit.org** and **www.otpba.vi.virginia.gov**	June 2011	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

The Commonwealth Research Commercialization Fund (CRCF) is a successor to the Commonwealth Technology Research Fund (CTRF). The 2009 General Assembly passed SB1338, which modified the CTRF's name and structure 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.

CIT administers the CRCF, per legislative mandate.

At present, the FY2011 and FY2012 budgets do not provide monies for CRCF. However, activities associated with past awards are required.

CIT's duties will include guidance and oversight of grants funded in previous years that have performance periods into FY2011. As appropriate, CIT will provide public communications and outreach activities, including those through web site postings and press releases. Finally, CIT will prepare an annual report for those awards with performance periods that ended in FY2010 and continue into FY2011. As required by the Code of Virginia, CIT will file this report with the Governor's Office and the General Assembly.

2011 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.

Activity	Date	Person Responsible
Prepare and submit annual report on CRCF operations and prior CTRF awards to the Governor and General Assembly	October 2010	VP, Research Investment
Review and assess projects' performance	May 2011	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 Fiscal Year 2011

CIT		FY11 Budget
Revenue		
Virginia Appropriation	$	4,523,750
Program Revenue	$	2,944,659
Other Income	$	53,781
Sub-total before new business	**$**	**7,522,190**
New Business	$	775,000
Total Revenue for FY11	**$**	**8,297,190**
Expenses		
Programs	$	5,664,463
Commonwealth Support	$	6,541
Innovation Center	$	66,045
Communications & Marketing	$	355,842
Business Development	$	703,307
Advocacy	$	480,257
Unapplied Indirects	$	403,875
Sub-total before new business	**$**	**7,680,330**
New Business	$	775,000
Total Expenses for FY11	**$**	**8,455,330**
Net	**$**	**(158,140)**
Beginning Net Assets	**$**	**2,649,000**
Ending Net Assets for FY11	**$**	**2,490,860**

Detailed Operating Budget by Funding Source for Fiscal Year 2011

Operations Funded by Virginia Appropriation & Other Revenue

Revenue		
Transfer from IEIA - Virginia Appropriation	$	4,523,750
Interest & Misc Income	$	53,781
Total Revenue	**$**	**4,577,531**
Program Expenses		
R&D - Virginia Innovation Index	$	296,867
R&D - Statewide university R&D plan	$	39,912
Entrepreneur - Federal Proposal Assistance	$	324,404
Entrepreneur - GAP	$	1,908,369
Broadband - Office of Telework Promotion & BB Deployment	$	183,993
Commonwealth Research & Commercialization Fund	$	6,541
Innovation Center - APR process	$	66,045
Program Expenses	**$**	**2,826,131**
Other Expenses		
Business Development, Marketing, Advocacy, Misc	$	1,539,406
Indirects Unapplied (Over-applied) to Projects	$	403,875
Other Expenses	**$**	**1,943,281**
Total Expenses	**$**	**4,769,412**
Net Operations funded by VA Appropriation & Other Rev	**$**	**(191,881)**

Operations Funded by Contracts & Grants

R&D

Project # RD162 - 55 - SBA - Mine Safety	$	32,106
Program Expense	$	32,106
Profit/(Loss)	**$**	**-**
Project # RD180 - 55 - DTRA - Environmental Bioterrorism Detection	$	575,368
Program Expense	$	548,184
Profit/(Loss)	**$**	**27,184**
Project # RD170 - 55 - Rutgers - Mid-Atlantic Reg Coastal Ocean Observing System	$	15,789
Program Expense	$	15,789
Profit/(Loss)	**$**	**-**

Connect

Project # CN190 - 57 - TSWG - mLearning- Clin 0002 Imp Plan	$	61,607
Program Expense	$	58,674
Profit/(Loss)	**$**	**2,934**
Project # CN190 - 58 - TSWG - mLearning- Clin 0011 Web 2.0	$	76,101
Program Expense	$	72,477
Profit/(Loss)	**$**	**3,624**
Project # CN210 - 99 - VHQC Total Summary Project	$	921,868
Program Expense	$	921,868
Profit/(Loss)	**$**	**-**

Broadband

Project # BB070 - 55 - NTIA Mapping		$	970,596
Program Expense		$	970,596
	Profit/(Loss)	**$**	**-**
Project # BB070 - 56 - NTIA Planning		$	291,225
Program Expense		$	291,225
	Profit/(Loss)	**$**	**-**
	Program Revenue Under Contract	$	2,944,659
	Program Expenses Under Contract	$	2,910,918

New Business

Program Revenue - New Business		$	775,000
Program Expense		$	775,000
	Profit/(Loss)	**$**	**-**

Net Operations funded by Contracts & Grants		**$**	**33,742**

Consolidated Revenue & Expenses & Changes in Net Assets

Total Revenue		$	8,297,190
Total Expenses		$	8,455,330
Change in net assets		$	(158,140)
	Beginning Net Assets	$	2,649,000
	Ending Net Assets for FY11	**$**	**2,490,860**

Project Budgets for Fiscal Year 2011

RESEARCH AND DEVELOPMENT SERVICE LINE	
GOAL 1. DEVELOP INDUSTRY CLUSTERS IN ADVANCED TECHNOLOGIES	
1.1 Objective - Establish and advocate development of an innovation index to evaluate and manage industry cluster development in Virginia	
Project # RD130 - 00 - Virginia Innovation Index	
Revenue	
FY11 Appropriations & FY10 Carry-over funds	296,867
Total Revenue	**296,867**
Programs Costs	
Total Salaries	56,521
Fringe	33,602
Travel	13,300
Supplies (only direct supplies such as for workshops or conferences)	750
Contractual	78,500
Temporary Services	0
Other	
Overhead	42,074
Total Costs Before G&A	224,746
G&A	72,121
Equipment	
Contractual-Over-Cap	
Total Costs	**296,867**
Net	**0**
GOAL 2. SOLVE NATIONAL TECHNOLOGY CHALLENGES	
2.1 Objective - Deliver technology solutions to solve national & regional challenges	
Project # RD162 - 55 - SBA - Mine Safety	
Revenue	
Program Revenue	32,106
FY11 Appropriations & FY10 Carry-over funds	0
Total Revenue	**32,106**
Programs Costs	
Total Salaries	3,308
Fringe	1,967
Travel	800
Supplies (only direct supplies such as for workshops or conferences)	
Contractual	0
Temporary Services	0
Other	0
Overhead	2,462
Total Costs Before G&A	8,537
G&A	2,740
Equipment	0
Contractual-Over-Cap	20,829
Total Costs	**32,106**
Net	**0**

		Project # RD170 - 55 - Rutgers - Mid-Atlantic Reg Coastal Ocean Observing System	
		Revenue	
		Program Revenue	15,789
		FY11 Appropriations & FY10 Carry-over funds	0
		Revenue	**15,789**
		Programs Costs	
		Total Salaries	1,720
		Fringe	1,023
		Travel	300
		Supplies	7,630
		Contractual	
		Temporary Services	
		Other	
		Overhead	1,280
		Total Costs Before G&A	11,953
		G&A	3,836
		Equipment	
		Contractual-Over-Cap	
		Total Costs	**15,789**
		Net	**0**
		Project # RD180 - 55 - DTRA - Environmental Bioterrorism Detection	
		Revenue	
		Program Revenue	575,368
		FY11 Appropriations & FY10 Carry-over funds	-27,184
		Revenue	**548,184**
		Programs Costs	
		Total Salaries	51,016
		Fringe	30,329
		Travel	4,500
		Supplies	
		Contractual	
		Temporary Services	
		Other	30,000
		Overhead	37,977
		Total Costs Before G&A	153,822
		G&A	49,362
		Equipment	
		Contractual-Over-Cap	345,000
		Total Costs	**548,184**
		Net	**0**
GOAL 3. ESTABLISH & MAINTAIN A STATEWIDE UNIVERSITY R&D PLAN			
3.1		**Objective - Virginia's research & development strategic planning process**	
		Project # RD190 - 00 - Develop statewide university R&D plan	
		Revenue	
		Program Revenue	0
		FY11 Appropriations & FY10 Carry-over funds	39,912
		Total Revenue	**39,912**

		Programs Costs	
		Total Salaries	12,470
		Fringe	7,413
		Travel	600
		Supplies (only direct supplies such as for workshops or conferences)	450
		Contractual	0
		Temporary Services	0
		Other	0
		Overhead	9,283
		Total Costs Before G&A	30,216
		G&A	9,696
		Equipment	0
		Contractual-Over-Cap	0
		Total Costs	**39,912**
		Net	**0**
ENTREPRENEUR SERVICE LINE			
GOAL 4. LEADERSHIP IN DEVELOPMENT OF ENTREPRENEURIAL VENTURES			
4.1		**Objective - ID and accelerate opportunities for small firms to obtain federal R&D awards**	
		Project # EN020 - 00- Federal Proposal Assistance	
		Revenue	
		FY11 Appropriations & FY10 Carry-over funds	324,404
		Total Revenue	**324,404**
		Programs Costs	
		Total Salaries	75,460
		Fringe	44,861
		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	56,172
		Total Costs Before G&A	245,593
		G&A	78,811
		Equipment	
		Contractual-Over-Cap	
		Total Costs	**324,404**
		Net	**0**
4.2		**Objective - Accelerate funding for early stage technology firms**	
		Project # EN070 - 00 - GAP Fund Program	
		Revenue	
		Program Revenue	
		FY11 Appropriations & FY10 Carry-over funds	1,908,369
		Total Revenue	**1,908,369**

		Programs Costs	
		Total Salaries	267,540
		Fringe	159,053
		Travel	12,000
		Supplies (only direct supplies such as for workshops or conferences)	4,500
		Contractual	251,000
		Temporary Services	500
		GAP I Investment Pool	
		GAP Tech Investment Fund Pool	200,000
		GAP BioLife Investment Fund Pool	200,000
		GAP Energy Investment Fund Pool	100,000
		Other	51,000
		Overhead	199,157
		Total Costs Before G&A	1,444,749
		G&A	463,620
		Equipment	
		Contractual-Over-Cap	
		Total Costs	**1,908,369**
		Net	**0**
CONNECT SERVICE LINE			
GOAL 5. SECURE LEADERSHIP IN THE ID AND ASSIMILATION OF INNOVATION TECHNOLOGIES			
5.1		**Objective - Accelerate the assimilation of new technology by large scale federal and private sector technology consumers**	
		Project # CN190 - 57 - TSWG - mLearning- Clin 0002 Imp Plan	
		Revenue	
		Program Revenue	61,607
		FY11 Appropriations & FY10 Carry-over funds	-2,934
		Total Revenue	**58,674**
		Programs Costs	
		Total Salaries	18,681
		Fringe	11,106
		Travel	727
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	
		Temporary Services	
		Other	
		Overhead	13,906
		Total Costs Before G&A	44,419
		G&A	14,254
		Equipment	
		Contractual-Over-Cap	
		Total Costs	**58,674**
		Net	**0**
		Project # CN190 - 58 - TSWG - mLearning- Clin 0011 Web 2.0	
		Revenue	
		Program Revenue	76,101
		FY11 Appropriations & FY10 Carry-over funds	-3,624
		Total Revenue	**72,477**

		Programs Costs	
		Total Salaries	23,081
		Fringe	13,722
		Travel	885
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	
		Temporary Services	
		Other	
		Overhead	17,182
		Total Costs Before G&A	54,869
		G&A	17,608
		Equipment	
		Contractual-Over-Cap	0
		Total Costs	**72,477**
		Net	**0**
		Project # CN210 - 99 - VHQC Total Summary Project	
		Revenue	
		Program Revenue	921,868
		FY11 Appropriations & FY10 Carry-over funds	0
		Total Revenue	**921,868**
		Programs Costs	
		Total Salaries	272,739
		Fringe	162,143
		Travel	60,000
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	
		Temporary Services	
		Other	
		Overhead	203,027
		Total Costs Before G&A	697,909
		G&A	223,959
		Equipment	
		Contractual-Over-Cap	0
		Total Costs	**921,868**
		Net	**0**
BROADBAND SERVICE LINE			
GOAL 6. EXPAND THE USE OF BROADBAND TECHNOLOGIES			
6.1		**Objective - 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	
		FY11 Appropriations & FY10 Carry-over funds	183,993
		Total Revenue	**183,993**
		Programs Costs	
		Total Salaries	40,315
		Fringe	23,967
		Travel	20,000
		Supplies (only direct supplies such as for workshops or conferences)	22,500
		Contractual	

		Temporary Services	
		Other	2,500
		Overhead	30,011
		Total Costs Before G&A	139,293
		G&A	44,699
		Equipment	0
		Contractual-Over-Cap	
		Total Costs	**183,993**
		Net	**0**
	6.2	**Objective - Advance the presence of broadband in Virginia**	
		Project # BB070 - 55 - NTIA Mapping	
		Revenue	
		Program Revenue	**970,596**
		FY11 Appropriations & FY10 Carry-over funds	0
		Total Revenue	**970,596**
		Programs Costs	
		Total Salaries	51,915
		Fringe	30,863
		Travel	3,151
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	50,000
		Temporary Services	
		Other	
		Overhead	38,646
		Total Costs Before G&A	174,575
		G&A	56,021
		Equipment	
		Contractual-Over-Cap	740,000
		Total Costs	**970,596**
		Net	**0**
		Project # BB070 - 56 - NTIA Planning	
		Revenue	
		Program Revenue	**291,225**
		FY11 Appropriations & FY10 Carry-over funds	0
		Total Revenue	**291,225**
		Programs Costs	
		Total Salaries	36,563
		Fringe	21,737
		Travel	1,680
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	50,000
		Temporary Services	
		Other	
		Overhead	27,218
		Total Costs Before G&A	137,198
		G&A	44,027
		Equipment	0
		Contractual-Over-Cap	110,000
		Total Costs	**291,225**
		Net	**0**
COMMONWEALTH SUPPORT PROGRAMS			
		Project # VA140 - 00 - Commonwealth Research Commercialization Fund (CRCF)	
		Revenue	
		FY11 Appropriations & FY10 Carry-over funds	6,541
		Total Revenue	**6,541**

		Programs Costs	
		Total Salaries	2,117
		Fringe	1,259
		Travel	
		Supplies (folders, tent cards, name badges, etc.)	0
		Contractual	
		Temporary Services	0
		Other (catering and space)	0
		Overhead	1,576
		Total Costs Before G&A	4,952
		G&A	1,589
		Equipment	0
		Contractual-Over-Cap	
		Total Costs	**6,541**
		Net	**0**
INNOVATION CENTER			
		Project # IN010 - 00 - Innovation Center	
		Revenue	
		FY11 Appropriations & FY10 Carry-over funds	66,045
		Total Revenue	**66,045**
		Programs Costs	
		Total Salaries	0
		Fringe	0
		Travel	
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	50,000
		Temporary Services	
		Other	
		Overhead	0
		Total Costs Before G&A	50,000
		G&A	16,045
		Equipment	
		Contractual-Over-Cap	
		Total Costs	**66,045**
		Net	**0**
ADMINISTRATIVE PROGRAMS			
		Project # VA040 - 00 - Communications and Marketing	
		Revenue	
		FY11 Appropriations & FY10 Carry-over funds	355,842
		Total Revenue	**355,842**
		Programs Costs	
		Total Salaries	42,368
		Fringe	25,187
		Travel	2,000
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	26,000
		Temporary Services	
		Other	142,300

		Overhead	31,538
		Total Costs Before G&A	269,393
		G&A	86,448
		Equipment	0
		Contractual-Over-Cap	
		Total Costs	**355,842**
		Net	**0**
		Project # VA050 - 00 - Business Development	
		Revenue	
		FY11 Appropriations & FY10 Carry-over funds	703,307
		Total Revenue	**703,307**
		Programs Costs	
		Total Salaries	223,372
		Fringe	132,795
		Travel	10,000
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	
		Temporary Services	
		Other	
		Overhead	166,278
		Total Costs Before G&A	532,445
		G&A	170,862
		Equipment	
		Contractual-Over-Cap	
		Total Costs	**703,307**
		Net	**0**
		Project # VA060 - 00 - Advocacy	
		Revenue	
		FY11 Appropriations & FY10 Carry-over funds	480,257
		Total Revenue	**480,257**
		Programs Costs	
		Total Salaries	87,897
		Fringe	52,255
		Travel	8,000
		Supplies (only direct supplies such as for workshops or conferences)	
		Contractual	150,000
		Temporary Services	
		Other	
		Overhead	65,431
		Total Costs Before G&A	363,583
		G&A	116,674
		Equipment	
		Contractual-Over-Cap	
		Total Costs	**480,257**
		Net	**0**