Center for Innovative Technology FY2017Annual Report

Driving Innovation and Entrepreneurship to Create Virginia's New Economy

In accordance with Code of Virginia Section 2.2-2221.1(D), the Center for Innovative Technology is pleased to submit the following annual report describing key programs and their economic performance for the Commonwealth of Virginia.

September 30, 2017

CENTER FOR INNOVATIVE TECHNOLOGY **GENERATING** IMPORTANT BENEFITS FOR THE NEW VIRGINIA ECONOMY

CIT GAP Funds

Job projections for next 5 years – **8,000** to **9,000** jobs created

$22.9 Million GAP Investments + **$584 Million** Leveraged Private dollars

Commonwealth Research Commercialization Fund

$22.6 Million invested across **272 Awards**

With leveraged dollars of **$60 Million**

CRCF recipients reported in FY17 that they received **$100M** in follow on investment

MACH37 Cyber Accelerator

Launched **46 New** Virginia Cybersecurity Companies in **4 Years**

CIT Strategic Initiatives

EMERGE

CIT and private partners launched **6** startups through the nation's first smart cities accelerator focused on growing early stage businesses aimed at making communities smarter, more livable, and more resilient.

CIT continued it's work on the DHS EMERGE program assisting **28** early stage companies in their commercialization of first responder technologies.

CIT Broadband

A trusted **broadband advocate and expert**, creating and leveraging partnerships to accelerate **broadband access** across the Commonwealth

Assisted **31** VA Localities in FY17

Federal Support for VA Companies

CIT drove Virginia's #3 National Ranking in SBIR/STTR Funding in 2016

VIRGINIA: **$117,262,231** IN **256 Awards**

Driving Innovation and Entrepreneurship to Create Virginia's New Innovation Economy

The Center for Innovative Technology (CIT) accelerates innovation by building public-private initiatives that bring government, industry and universities together to help entrepreneurs create new companies, help government improve performance, and help community leaders lay the foundations for their innovation economies. CIT, a not-for-profit corporation, carries out its mission through five service lines: CIT Entrepreneur, CIT R&D, CIT Strategic Initiatives, CIT Broadband and the MACH37 Cyber Accelerator. Through these activities, CIT leverages public and private sector investments to develop Virginia's new innovation economy, creating new, high-growth companies and sustainable job growth.

CIT Entrepreneur: Access to Capital

Because the availability of early-stage capital is critical for many emerging technology companies, CIT offers the CIT GAP Funds and Federal Funding Assistance Program. The CIT GAP Funds makes seed-stage equity investments in Virginia-based technology, green technology and life science companies with a high growth potential. The GAP Funds are overseen by CIT and private sector experts – the Investment Advisory Board – who conduct thorough due diligence on the companies before making investments. CIT's Federal Funding Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR, STTR and ATP awards and other government contracts.

CIT R&D: Strategic Investments in Research Commercialization

The CIT R&D team facilitates the commercialization of research and prototype of emerging solutions by identifying strategic opportunities and building and managing teams that develop and deploy innovative, marketable solutions. The team manages the Commonwealth Research Commercialization Fund (CRCF), which invests in research and commercialization at Virginia colleges and universities, companies, federal labs and other research institutions in their efforts to advance technology and drive economic growth in the Commonwealth. Closely aligned with the CRCF is the Commonwealth Research and Technology Strategic Roadmap, a strategic planning tool that identifies key industry sectors with commercial promise that are worthy of institutional focus and economic development for Virginia. Building on the Roadmap, the team provides a snapshot of high-potential innovation and entrepreneurship performance measures through the Innovation and Entrepreneurship Measurement Systems (IEMS). A tool for policy development, the IEMS reports trends in such areas as talent pipeline, R&D and access to capital.

CIT Strategic Initiatives: Positioning the Commonwealth for Future Economic Growth

CIT Strategic Initiatives provide early leadership for the Commonwealth around important emerging areas that impact future economic development such as Smart Communities, Unmanned Systems, emerging Broadband technologies and blockchain. During FY17 the legacy Connect service line was dissolved, with the external mission refocused on strategically important technologies, under the direction of the CTO.

CIT Broadband: New Infrastructure for the New Innovation Economy

CIT Broadband works comprehensively to establish public-private partnerships that expand broadband access and accelerate the socio-economic growth of Virginia's rural and underserved areas. CIT Broadband is an honest broker between providers and customers, a trusted resource for localities, a market analyst and an advocate for broadband adoption and use. Led by the CIT and its partners, the Commonwealth of Virginia continues to work towards Governor McAuliffe's goal of ubiquitous, affordable broadband access and ensuring its citizens and localities are realizing the benefits broadband brings. Access to and adoption of reliable broadband provides a locality the opportunity to grow in almost every arena. Broadband impacts all areas of community life including local government, healthcare, education, economic development, public safety and overall quality of life.

MACH37 Cyber Accelerator: Intensive Program to Launch Cyber Startups

MACH37 is America's premier market-centric cybersecurity accelerator. The Accelerator is designed to facilitate the creation of the next generation of cybersecurity product companies. MACH37's unique program design places heavy emphasis on the validation of product ideas and the development of relationships that produce an initial customer base and investment capital. MACH37 refers to "escape velocity," the minimum velocity needed to escape earth's gravitational field. This is an apt term for our accelerator because newly launched technology companies must push past forces that inherently prevent their growth.

Economic Performance of Key Areas

CIT Entrepreneur: Growth Accelerator Program (GAP)

The GAP Fund was established to meet the early stage capital demands challenging the Commonwealth's most promising science and technology-based start-ups whose funding requirements could not be met by traditional financing means. GAP Fund investments are governed by the goal of developing the next generation of Virginia's science and technology economy and the entrepreneurial ecosystem required to support that economy. To this end, the GAP Fund places equity and convertible debt investments in tech, clean-tech and life science companies at the earliest stages of company formation, in a manner conducive to stimulating significant private investment or "leverage cash" as a result of CIT's deployment of public dollars.

Fundamental to CIT's ability to successfully deliver private capital is that, unlike grant programs, CIT holds an ownership position in the investee company and maintains that ownership for a multi-year holding period of indeterminate length while the company grows in scope of operations and value. CIT recovers GAP Program investments only upon a liquidity event such as a public offering or change of control for the company.

Underwritten by an annual appropriation from the Virginia General Assembly, the GAP Fund Program functions as a double-bottom-line investment fund focused on creating significant economic outcomes for the Commonwealth, entrepreneurs and co-investors, with the goal of recovering investment capital for redeployment. Since inception, the GAP Fund Program has considered investing in over 4,500 companies and has invested $22.9M in 181[i] seed and early stage technology, life science, and energy companies across the Commonwealth of Virginia.

Over the 13-year life of the program, CIT has found that the following metrics most closely align with program objectives:

- Venture and Angel Capital Attracted – Venture and angel capital dollars invested in the GAP Fund Program's portfolio companies as a result of CIT investing dollars appropriated to IEIA and obtained from federal and private sources. CIT calculates its annual leverage factor by dividing the total of venture and angel capital by all GAP Fund Program portfolio companies in a given year by the dollars deployed in new investments in that year.

- GAP Fund Program Return – The ratio of capital returned and anticipated to return to CIT, as a result of portfolio companies being acquired, divided by total GAP Fund Program dollars deployed.

Venture and Angel Capital Attracted

For the period FY17 and inception-to-date, the GAP Fund Program achieved the following leverage cash totals:

- FY17 – During FY17, CIT GAP Funds invested $2.4M. In FY17, CIT attracted $134.1M in angel and venture dollars – inclusive of FY17 new investments, FY17 follow-on investments and pre-existing investments in which CIT did not invest in FY17, for an annual leverage factor of 55.9.

- Inception-to-Date – Since inception, CIT GAP Funds has invested $22.9M. CIT has attracted $584M in angel and venture dollars, for an inception-to-date leverage factor of 25.5.

Important to note in these ratios is the impact of economic conditions with respect to the ability of GAP portfolio companies to attract leverage capital. Poor economic conditions may result in a lower capital attraction ratio due to investor withdraw from the early stage asset class which is not a direct reflection of changes or performance in the GAP program structure and operations.

GAP Fund Program Return

By the end of FY17, CIT had secured and invested a total of $22,935,287, program inception-to-date and had a projected capital return of $28,126,079 on invested funds, resulting in a capital return factor of 1.2. This number indicates that CIT is managing Virginia's GAP Funds Program appropriation consistent with its goal to return funds to preserve the base of funds for future investment in Virginia's early stage companies.

Company Residency Requirements – CIT GAP Funds requires that all companies be headquartered and have substantial business operations in Virginia at the time of investment and for a minimum three-year period thereafter. MACH37 requires that all companies establish a significant presence in the Commonwealth within a 24-month period of graduation from the MACH37 Accelerator. Significant economic penalties, discussed below, apply to companies in breach of these requirements.

CIT Enforcement of GAP Portfolio Company Residency – Over the life of the GAP Program, CIT's policy and practice regarding remedies that invoked as a result of an investee company's departure from the state has evolved, matured and become more specific.

In FY05, with the start of the GAP Fund program, CIT established its initial policy regarding company residency requirements. As at that time all CIT investments were in the form of a convertible debenture, our loan covenants explicitly addressed this issue. Under that policy, if a portfolio company were to relocate to

another state, CIT, at its option, could invoke one of two remedies: (1) CIT could demand the immediate payback of all principal and interest; or, (2) upon note conversion to equity, CIT could invoke a deeper discount percentage (50% vs. 20% of the initial note).

In FY13, CIT revisited this policy and added redemption language to address all equity agreements. In FY14, CIT further refined this language. The current policy and practice, memorialized in CIT GAP Funds transaction covenants, is as follows:

- Equity Investments: If a company relocates its primary business from the Commonwealth within 36 months of CIT investment, CIT retains its equity position in the company and is repaid a penalty fee equal to two times CIT's investment. Also within 36 months of CIT's investment, if the company accepts any direct or indirect funding from a publicly-funded economic development or company-attraction entity requiring temporary or permanent relocation of the Company's headquarters or any member of the company's senior management outside of the Commonwealth of Virginia, the company shall be required to pay CIT a penalty equal to two times (2x) CIT's principal investment.

- Convertible Debt Investments: If a company relocates its primary business from the Commonwealth within 36 months of CIT investment, CIT can convert into common shares at a 50% discount or elect to be paid back principal plus interest. If the note has previously been converted, then CIT will be paid a penalty fee equal to CIT's principal investment. Also within 36 months of CIT's investment, if the company accepts any direct or indirect funding from a publicly-funded economic development or company-attraction entity requiring temporary or permanent relocation of the company's headquarters or any member of the company's senior management outside of the Commonwealth of Virginia, the company shall be required to pay CIT a penalty equal to two times (2x) CIT's principal investment, regardless of whether CIT holds debt or equity in the company.

MACH37 Accelerator investments are transacted as $50K common stock equity investments designed to attract or retain cyber startups in Virginia. Companies receiving investments from MACH37 are located at CIT's offices in Herndon, VA for the three-month duration of their acceleration period and then have 24 months to establish a significant presence in Virginia. Covenants call for a full redemption of CIT's investment in the event that companies fail to establish a significant presence in Virginia. Also within 36 months of CIT's investment, if the company accepts any direct or indirect funding from a publicly-funded economic development or company-attraction entity requiring temporary or permanent relocation of the company's headquarters or any member of the company's senior management outside of the Commonwealth of Virginia, the company shall be required to pay CIT a penalty equal to two times (2x) CIT's principal investment.

The FY2017 activity below is provided in response to Section 428.O.2 of the Appropriation Act. Since GAP investments are, by design, seed stage and intended to leverage private investment and stimulate the next generation of new technology companies, job creation and tax revenue impact are longer-term objectives. Eleven of these companies were formed during FY17 to participate in MACH37 Cyber Security Accelerator.

I. The number of companies receiving investment from the fund:
    a. FY17: 33 companies
    b. Inception-to-date: 181 companies

II. The state investment and amount of privately leveraged investments per company:
    a. FY17: CIT invested $2.4M and leveraged $25.4M in angel and venture dollars on FY17 investments. During FY17, CIT's inception-to-date investments leveraged $134.1M.

b. Inception-to-date: CIT has invested $22.9M and has leveraged $584M in angel and venture dollars, $134.1M of which was leveraged during FY17.

III. The estimated number of jobs created or preserved in Virginia during FY17:
   a. FY17: 345 jobs in companies invested in by CIT in FY17
   b. Inception-to-date: In FY17, companies reported that 1,497 jobs were created or preserved in FY17 by companies invested in by CIT in FY17 or before

IV. The estimated tax revenue generated during FY17:
   a. FY17 investments:
      i. Estimated 2017 corporate income tax: $372,104[ii]
      ii. Estimated 2017 personal income tax on jobs: $2,558,750[iii]
   b. Inception-to-date:
      i. Estimated 2017 corporate income tax: $2,741,810[iv]
      ii. Estimated 2017 personal income tax on jobs: $10,759,688[v]

V. The number of companies who have received investments from the GAP fund still operating in Virginia:
   a. FY17 investments: 33 out of 33
   b. Inception-to-date: 114 out of 181
      i. 8 have moved from the Commonwealth
         1. 1 moved from Virginia to Connecticut. This company had received a $100K convertible note from CIT - $50K from Commonwealth-appropriated funds and $50K resulting from a grant to CIT by Johnson & Johnson. In June of 2009, CIT elected to be paid back the $50,000 Commonwealth-appropriated funds plus interest and to convert Johnson & Johnson grant-sourced $50,000 principal and interest at a 50% discount.
         2. 7 are part of MACH37
            a. 6 are part of MACH37 and have returned to their place of origin and are working to establish a Virginia presence. CIT maintains a high level of visibility into those companies, including frequent interaction with the CEO and team, Board of Director observation rights and receipt of a required quarterly statue report.
            b. 1 is part of MACH37 and has returned to its place of origin and is past the required time horizon to establish a place of business in Virginia. The company has issued CIT a note for the amount of the penalty.
      ii. 27 have failed
      iii. 32 have been acquired or paid back CIT

VI. Return on investment
   a. FY17 investments: $0
   b. Inception-to-date: $4,418,738

VII. The number of investment that failed:
   a. FY17 investments: 0
   b. Inception-to-date: 27 failures, $3,563,600 invested

VIII. Number of companies created or expanded and the number of patents filed during FY17:

a. FY17:
   i. Companies created or expanded: 31 companies
   ii. Number of Patents filed: 16
b. Inception-to-date:
   i. Companies created or expanded: 181
   ii. Number of Patents filed during FY17 by 181 companies: 54

CIT R&D: Commonwealth Research and Commercialization Fund (CRCF)

The CRCF accelerates innovation and drives economic development in the Commonwealth, while solving important state, national, and international problems through technology research, development, and commercialization. Since the inception of the CRCF program in FY2012, 782 applications were submitted from all of the Commonwealth's ten technology regions and nine GO Virginia regions and, from these submissions, 272 awarded projects were announced. These announced awards total more than $22 million, and are being leveraged with nearly $60 million in committed matching funds, including federal awards. CRCF projects have covered the following technology sectors: advanced manufacturing, aerospace, communications, cyber security, energy, environment, information technology – including data analytics, life sciences, modeling and simulation, nuclear physics, transportation, and unmanned systems.

One $2.8 million solicitation was offered in FY2017 and included five programs: Commercialization, Eminent Researcher Recruitment, Matching Funds, SBIR Matching Funds, and STTR Matching Funds. Applications were invited from academia, federal labs, other nonprofit research institutions, university research consortia, and the private sector. Seven technology sectors were eligible for funding in FY2017: advanced manufacturing, cyber security, energy, environment – with a focus on water quality only, information technology, life sciences, and unmanned systems. In FY2017, CIT received 166 applications – a 12.2% increase in submissions over FY2016, and an 88.6% increase in submissions over FY2015. Applicants requested nearly $10.5 million and spanned all programs, industry sectors, and the Commonwealth's ten technology regions / nine GO Virginia regions. Forty awards were announced for $2.7 million; 39 awardees accepted funding. Awarded projects represented five of the ten technology council regions / six GO Virginia regions and all eligible and strategically important industry sectors and leveraged the Commonwealth's investment with approximately $7 million in matching funds. These CRCF projects are being performed by companies, universities, and research organizations across the state and align with Virginia's key strategic technology priorities as outlined in the Commonwealth Research and Technology Strategic Roadmap.

FY2017 CRCF awards, along with awards made since the program's inception, address a breadth of critical research areas. Energy-focused projects seek to make HVAC and building operations more efficient, while projects focused on water quality aim to reduce nitrogen and phosphorus inputs to Virginia's waterways and detect lead in drinking water. Projects in life sciences, a robust industry and important sector for many award recipients, range from new testing for gluten allergies to wound care to assistive vision technology for the blind. Game-changing cyber security, IT, and autonomous vehicle technologies will also be validated through FY2017 projects.

CRCF awards were approved by the CIT Board of Directors following a multi-step review process that included funding recommendations made by the Research and Technology Investment Advisory Committee (RTIAC). The RTIAC is a legislatively-established body comprised of representatives drawn from higher education, economic development, research institutes, venture capital firms, and technology corporations.

CIT Strategic Initiatives

EMERGE – In partnership with the US Department of Homeland Security Science and Technology Directorate, the EMERGE program utilizes business accelerators to speed the delivery of innovative wearable technologies to first responders. Part of a larger DHS S&T initiative, the program drives entrepreneurs to innovative ideas that address the unique needs of the Homeland Security community. Over the course of two years ending in FY17 the EMERGE program assisted 28 early stage companies interact with the first responder community and evaluate their options for addressing that market; several are now selling products into that market.

SCITI – The EMERGE program has strategically positioned the Commonwealth of Virginia to assume a national leadership role in the public safety domain as it evolves to face the new opportunities and challenges associated with Smart Communities. This is anticipated to result in award of the Smart Communities Interoperability Technology Initiative in FY18, which will look at piloting and commercializing specific technologies of interest to the Homeland Security Enterprise.

Smart Communities Initiative – Smart communities are anticipated to drive approximately $1.5 trillion of economic activity globally over the next 15 years. The CIT Smart Communities initiative involves several related, synergistic activities including the DHS SCITI program. Additionally, CIT has partnered to stand up the Smart City Works Actuator, the first business accelerator focused on smart community technologies. The first cohort of 6 companies graduated from the actuator in June 2017. Another element of the overall Smart Community Initiative is the Virginia Smart Community Working Group, standing up with participation across multiple Agencies and in response to the Governor's Executive Directive 13; CIT has a leadership role as part of this working group formation. Associated technologies supporting the initiative include the UAV Center of Excellence, and CIT Broadband as a critical component technology for Smart Communities in addition to its role described below.

CIT Broadband: Planning and Assistance

During FY2017 CIT's Broadband program was funded through Commonwealth's appropriation of $500,000 for FY2017 in addition to $140,032 rollover from funds not used during the short period (March through June) in FY2015 that CIT's Broadband was not under federal funding. The state funded program is designed to accelerate the socio-economic growth of Virginia's rural and underserved areas through the application and use of broadband telecommunications. In FY18, rollover funds are expected to deplete. In light of this, and due to programmatic synergies, in FY2018, this program will resource share 0.5 FTE in support of broadband development within the Commonwealth's Smart Communities Working Group.

CIT's Broadband program is charged with providing broadband technical assistance to underserved localities throughout the Commonwealth. Based on experience in the field and unique relationships with broadband providers and localities, CIT has developed a methodology called *The Broadband Path*. The Broadband Path is a three-step process to 1) perform a comprehensive broadband assessment, 2) help the locality determine its needs and goals, and 3) facilitate a public-private partnership through a Request for Proposal (RFP). CIT's Broadband Path has been nationally-recognized and is distinctive because it produces tangible, goal-driven, fiscally achievable broadband solutions at no cost to the locality. CIT coordinates with other state and federal entities including; National Telecommunications and Information Administration (NTIA), Department of Housing and Community Development (DHCD), Virginia Tobacco Region Revitalization Commission, Virginia Resources Authority (VRA), Virginia Information Technologies

Agency (VITA), Virginia Tech, Virginia Geographic Information Network (VGIN), Virginia Planning District Commissions and others to help close the digital divide in the Commonwealth. CIT also supports the Broadband Advisory Council in its pursuit in identifying and resolving barriers to broadband deployment. The FY2017 activity summarized below, in response to Section 428.0.1 of the Appropriation Act, was Commonwealth funded activity.

I. Broadband technical assistance provided:
   a. CIT assisted 31 localities in broadband-related activities.
   b. CIT continues to support the Broadband Advisory Council.
   c. CIT continues to maintain the Office of Telework Promotion and Broadband Assistance website (wired. virginia.gov), resources and tools used in assessing needs, planning broadband deployments, and raising awareness to increase adoption and utilization.
   d. CIT continued to leverage its proven methodology – *The Broadband Path* – to assist localities by conducting a comprehensive assessment, identifying the locality's unique needs and facilitating public-private partnerships.

II. The estimated number of households and localities with populations lacking wired broadband access:
   a. Based on June 2016 data, Virginia has 38 localities with 30% or more households that have no fixed broadband access based on the FCC's definition of broadband (25 Mbps download and 3 Mbps upload). A map depicting these localities is available at https://citorg.box.com/s/frm985bff4x7y3srteykha1457rjztt3. This is an improvement from the previous year where 42 localities had 30% or more households with no fixed access.
   b. 7% of households have no access to even basic fixed broadband (10 Mbps download and 1 Mbps upload).

MACH37 Cyber Accelerator

MACH37 is the premier accelerator for cybersecurity entrepreneurs and start-ups nationally. This unique program goes beyond the traditional model of typical business accelerators by providing innovators with focused mentoring and support from an extensive network of visionaries, practitioners, and successful entrepreneurs in cybersecurity. The spring and fall sessions of MACH37's 90-day program are designed to propel graduating companies into the marketplace with validated cyber security concepts and pipelines for accelerated growth.

The program emphasizes the validation of cohort company product concepts and the development of relationships to attract an initial customer base and investment capital. MACH37 employs a tailored approach to address the priority needs of each company, based on their individual strengths and weaknesses.

MACH37 was championed by the Commonwealth of Virginia's technology community and launched on September 12, 2013, starting its first cohort that same month. Companies selected for the program typically constitute a team of 2 to 4 entrepreneurs and a technical co-founder working to build alpha or prototype cyber security solutions that address the drivers of a demand for innovations in cybersecurity, including:

- New mainstream demand for advanced capabilities;

- Porous network perimeters that are making traditional solutions less relevant;
- Opportunities created from software defined networking; and
- Challenges of a hyper-connected world with an internet-of-everything.

At the close of the spring 2017 cohort class, the list of successful graduates included 46 new cyber companies that have been attracted from around the country to grow these critical businesses in Virginia. MACH37 has also attracted applications from companies desiring to launch from the Herndon-based accelerator from 11 countries beyond the United States and Canada.

The FY2017 activity below is provided in response to Section 428.O.3 of the Appropriation Act. As in the case of the GAP Fund, MACH37 companies are very early stage and the program is designed to leverage private investment and stimulate the growth of the cyber industry in Virginia. Therefore, there is not sufficient operating history to develop meaningful job creation data or to anticipate equity returns.

I. The number of companies assisted with the cyber accelerator program in:
   a. FY17: 11 companies
   b. Inception-to-date: 46

II. The number of companies operating in Virginia as a result of the program in:
   a. FY17: 11 of the 11
   b. Inception-to-date: 33 of the 46

III. The estimated number of jobs created or preserved in Virginia during FY17:
   a. FY17: 36 jobs in companies invested in by MACH37 in FY17
   b. Inception-to-date: 146

IV. The value of proceeds from the sale of equity in companies that received capital support from the program:
   a. Two MACH37 graduate companies have been acquired or exited since inception of this program.

V. The number of state investments that failed and the state investment associated with failed investments:
   a. Five MACH37 graduate companies have failed since inception of this program; $250,000 state investment.

VI. Number of companies created or expanded and the number of patents filed:
   a. FY17:
      i. Companies created or expanded: 11
      ii. Number of Patents filed: 0
   b. Inception-to-date:
      i. Companies created or expanded: 46
      ii. Number of Patents filed by inception-to-date by FY16 portfolio: 31

Where Innovation Accelerates – Building the Innovation Economy

CIT's role and the focus of our programs is to grow that important part of Virginia's economy. We do that by attracting private sector investment in Virginia Companies, commercializing early stage research from both the private sector from universities, working with regionally-based initiatives to grow innovation, establishing footholds for new industry verticals such as Cyber Security, Unmanned Systems, and Smart Cities. And, we work with localities to build public private partnerships, assess new technologies, and develop strategies for expanding broadband access.

Corporations and even the federal government are shifting innovation strategies away from internal initiatives to investments in startups through funds, incubators, and accelerators. CIT is focused on growing that critical sector of Virginia's economy through existing programs and sharing our staff expertise, mentor networks, investor networks, and access to markets with initiatives in every region of the Commonwealth. We are also working directly with GO Virginia regions to help them build successful innovation programs. FY2018 represents a transformative period for CIT that enhances our role as the Commonwealth's agent in the acceleration of innovation-based economic growth. CIT's priorities in FY18 include:

1. Expand regional and underserved community engagement to develop ecosystems
2. Identify and fund innovators and entrepreneurs at a greater rate
3. Position Virginia as a leader in Smart Communities and expand Broadband access
4. Champion the expansion of the Autonomous Systems industry in the Commonwealth

Please visit us at www.cit.org for help in advancing your technology initiative.

---

[i] CIT has placed initial investments in 182 companies. Two of these companies Xydina and Tau Therapeutics merged forming Cavion, resulting in net total of 181 companies.
[ii] Based on company actual revenue in CY2017 Q1 and Q2 and estimated revenue in Q3 and Q4, assumes a 25% profit
[iii] Assumes an average salary of $125K per Virginia employee.
[iv] Based on company actual revenue in CY2017 Q1 and Q2 and estimated revenue in Q3 and Q4, assumes a 25% profit.
[v] Assumes an average salary of $125K per Virginia employee.