



January 20, 2021

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

Dear Mr. Timberlake:

Enclosed please find the Operating Plan for FY2021 for the Center for Innovative Technology (CIT). CIT is the operating arm for the Virginia Innovation Partnership Authority (VIPA). The attached report fulfills the requirements of Item 135.D.1 of the Virginia Acts of Assembly, 2020 Regular Session.

Please feel free to call me at 703-689-3021 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads 'Susan Aitcheson'.

Susan Aitcheson  
CFO  
Center for Innovative Technology

cc: The Honorable Brian Ball, Secretary of Commerce and Trade  
Ms. Cassidy Rasnick, Deputy Secretary of Commerce and Trade  
The Honorable Janet D Howell, Chairman, Senate Finance & Appropriations Committee  
The Honorable Luke E. Torian, Chairman, House Appropriations Committee  
Ms. Anne E Oman, Staff Director, House Appropriations Committee  
Ms. April Kees, Staff Director, Senate Finance & Appropriations Committee  
Ms. Toni Walker, Associate Director, Department of Planning and Budget  
Ms. Samantha Martin, Budget and Policy Analyst, Department of Planning and Budget

**Item 135.D.1**

**Operating Plan**



**CENTER FOR INNOVATIVE TECHNOLOGY**

CENTER FOR INNOVATIVE TECHNOLOGY

FISCAL YEAR 2021

OPERATING PLAN

Approved by CIT Board of Directors

June 24, 2020

TABLE OF CONTENTS

- OVERVIEW** ..... 3
- MISSION, VISION, SCOPE OF OVERSIGHT** ..... 4
- VIPA AND CIT** ..... 6
- CIT** ..... 6
- OPERATING DIVISIONS** ..... 7
  - Commercialization Division ..... 7
  - Entrepreneurial Ecosystems Division ..... 9
  - Investments Division ..... 11
- EXECUTIVE FUNCTIONS** ..... 13
  - Strategic Initiatives ..... 13
    - Smart Communities ..... 14
    - Unmanned Systems ..... 14
    - SCITI Labs ..... 15
  - Policy, Communications and COV Engagement ..... 16
  - Finance and Administration ..... 18
  - Human Resources ..... 19
  - Systems ..... 20
- CIT Locations and Relocation** ..... 21
- Major Operating Risks and Mitigations** ..... 21
- APPENDIX A** ..... 23
- APPENDIX B** ..... 28

## OVERVIEW

FY21 represents the start of a profound transformative period for innovation, entrepreneurship, and technology commercialization in the Commonwealth of Virginia. The new Virginia Innovation Partnership Authority (VIPA) comes into existence on July 1, 2020. Legislation that creates the Authority provides the best overview.

The Administration and General Assembly determined "that there exists in the Commonwealth a need to support the life cycle of innovation, from translational research; to entrepreneurship; to pre-seed and seed-stage funding; as well as acceleration, growth, and commercialization, resulting in the creation of new jobs and company formation. A collaborative, consistent, and consolidated approach will assist the Commonwealth in identifying its entrepreneurial strengths, including the identification of talents and resources that make the Commonwealth a unique place to grow and attract technology-based businesses."

The scope of programs the Authority may undertake is broad. It provides for a wide range of powers and programmatic development. The critical needs and opportunities the Authority can address include:

- Promote the technology-based economic development of the Commonwealth by building, attracting, and retaining innovation and high-technology jobs and businesses in Virginia.
- Increase industry competitiveness by supporting the application of innovative technologies that improve productivity and efficiency.
- Attract and provide additional private and public funding in the Commonwealth to enhance and expand the scientific and technological research and commercialization at the state and federal research institutions and facilities, including by supporting and working with technology transfer offices to advance research from proof-of-concept to commercialization resulting in new business and job creation.
- Attract and provide additional private and public funding to support and enhance innovation-led entrepreneurship ecosystems and coordination of existing activities and programs throughout Commonwealth to create new job opportunities and diversify the economy.
- Ensure promotion and marketing of Virginia's statewide innovation economy and support and coordinate regional marketing efforts to align local and statewide objectives.
- Close the Commonwealth's support gap through pre-seed and seed-stage investments, coordination of private investor networks, and shared due diligence research.

In essence, the Authority is Virginia's hub for growing and diversifying the economy through innovation, entrepreneurship, and technology commercialization.

## MISSION, VISION, SCOPE OF OVERSIGHT

The Virginia Innovation Report published by the Commerce and Trade Secretariat lays out the Administration's view on the Authority's mission and vision. This report gives us insight into the structure and purpose of the Authority.

The new Authority, through its governance and with CIT as the lead managing nonprofit, brings together components of existing and new program activities in an approach through which the whole is greater than the sum of the individual programs. VIPA's design includes governance and management capabilities to ensure that programs generate transformative and measurable results.

VIPA and the not-for-profits under its oversight can provide funds to existing organizations to carry out programmatic activities while also delivering, as needed, vital services in strategic domain areas that existing Commonwealth organizations are not currently serving. Major goals include:

- Creating a continuum of services and investments for innovation-led development that will collectively scale to drive economic diversification, economic growth, and generate measurable benefits, including:
  - Broadening the funnel of commercialization ideas and inventions in targeted technology domain areas, leading to a critical mass of innovation-led companies in Virginia that can catalyze the development of more robust clusters.
  - Producing and investing in more successful startups based on commercialization from research institutions.
  - Elevating and creating R&D excellence that can catalyze industry collaboration and innovation-led development.
  - Fostering a robust innovation ecosystem in regions across the state.
  - Investing in and creating a critical mass of successful innovation-led companies serving commercial markets.
- Emphasizing four major functional elements:
  - Improving the pathway for research commercialization by building university capacity.
  - Focusing on strategic domain areas for research commercialization and acceleration services, including cybersecurity, data analytics, unmanned systems, space and satellite systems, personalized medicine, life sciences and other opportunities that present themselves in the future.

- Developing a backbone of statewide resources that each region can tap into to ensure there is capacity across the state to form quality startups positioned for growth.
- Defining and prioritizing strategic domain areas of research and research commercialization.
- Generating measurable economic development benefits, such as taxable events at corporate and employee levels.

The creation of VIPA will be guided by the principles adopted in the CIT Board of Directors and new leadership in 2016 that set a new tone for CIT based on 4 governing principles to address oversight, reputation and financial management issues. The principles continue to guide the company. Those principles include:

- Inclusion – prioritize outreach to groups in the Commonwealth traditionally underrepresented such as people of color, women, rural communities, students and youth while ensuring that all parts of the Commonwealth are touched by CIT.
- Transparency – openness on all issues among the Board, the Administration, the General Assembly; enhanced Board committees for greater oversight
- Accountability – Board approved operating plans & balanced scorecards; management accountability; rigorous Board and Commonwealth reporting
- Leadership – Board and management policy engagement with COV government, operational execution and measurable results

CIT management will continue applying these principles and ensure that all organizations under VIPA adhere to similar principles on behalf of the VIPA Board of Directors.

#### Scope of VIPA Oversight

VIPA represents the consolidation of oversight at the authority level for multiple state-funded organizations. Those organizations include the Center for Innovative Technology (CIT), the Virginia Catalyst (also known as the Virginia Biosciences Health Research Corporation (VBHRC)), the Commonwealth Center for Advanced Manufacturing (CCAM), the Commonwealth Cyber Initiative (CCI), and the Commonwealth Center for Advanced Logistics Systems (CCALS). Each of these organizations has separate Boards of Directors or governance structures. The Board of Directors of VIPA will interact with the management and boards or governance structures of these organizations. The VIPA Board and the boards and management of the organizations, will define the appropriate oversight model in FY21.

## VIPA AND CIT

Commonwealth legislation designates CIT as the managing not-for-profit for VIPA in FY21. In the past, there was a one-to-one relationship between the state authority, the Innovation and Entrepreneurship Authority (IEIA) and CIT. Given the multi-entity scope of VIPA governance, CIT's role expands to both management of: 1) the CIT organization and programs funded in CIT and 2) administrative support to the VIPA Board of Directors in its oversight of multiple entities. During FY21, CIT management and the VIPA Board will need to define the scope of and cost of support for CIT's administrative role for VIPA with regard to the other entities under VIPA's governance. In addition, CIT is seeking the Administration's and outside legal counsel's advice on the legal relationship between CIT and the other organizations to help clarify governance roles and accounting requirements.

In FY20, CIT's Board and management engaged legal counsel to outline actions for the new VIPA Board. For FY21, enactment language in the legislation allows CIT and the other organizations to continue operating with no disruption. CIT management is working with the Administration on a final plan for Board transition. CIT management will add objectives to the FY21 Corporate Scorecard to ensure focus on governance actions.

## CIT

Starting in FY21, CIT will organize consistent with the Authority. That is, CIT will consist of three divisions, a Commercialization Division, an Investment Division, and an Entrepreneurial Ecosystems Division. CIT's executive functions will consist of departments for:

- Strategic Initiatives
- Finance and Administration
- Human Resources
- Policy, Communications and Government Engagement

An experienced leader is accountable for the performance of each organization unit. CIT will also maintain the current Board of Directors and Board committees to ensure proper governance of the company.



## OPERATING DIVISIONS

### **Commercialization Division**

The Commercialization Division supports and advances technology commercialization throughout Virginia, with particular engagement with higher education and the private sector. It has a crucial role in promoting research and development (R&D) excellence in Virginia and guiding and coordinating efforts to support research with commercial potential. In doing so, the Division leads three initiatives: the Commonwealth Commercialization Fund (CCF), advancing founder-friendly policies, and identifying allowable, specific uses of buildings owned by public higher education institutions. The Division supports two additional initiatives: Commonwealth centers of excellence and the Virginia Innovation Index.

The initiatives are described below. However, because of the COVID-19 pandemic and rapidly evolving circumstances and needs, the Division's programs, priorities, and timelines may change from what is described. In FY21, proceeds from the sale of the CIT Building supports the Division's activities as well as the Centers of Excellence and Virginia Innovation Index work led by the Strategic Initiatives Division.

### **Commonwealth Commercialization Fund (CCF)**

The CCF is a new program that drives economic growth by funding innovative technology research, development, and commercialization in Virginia, with particular emphasis on higher education and the private sector. Established in the 2020 General Assembly Session, CCF builds upon two programs that transitioned to CCF: the Commonwealth Research Commercialization Fund (CRCF) and the Virginia Research Investment Fund (VRIF). Through grants and loans to Virginia organizations for technology development and commercialization, hiring of eminent researchers, acquisition of equipment, and other activities, CCF will foster economic growth and job creation, and further the goals of the Virginia Innovation Index.

In FY21, the Commercialization Division will launch the CCF. Managing such a grant and loan program includes issuing funding opportunities and supporting award recipients. In offering funding opportunities, the Division's goal is to fund Virginia's innovators early in calendar year 2021. Such a goal can provide much-needed funding to help innovations get to market faster and restart the Virginia economy. CIT management will work with the CIT Board, the new VIPA Board, and the Administration on the appropriate steps and approvals to get funds into the community as soon as possible.

Outreach to the innovation community will occur through electronic and, as permitted, in-person briefings. The Division will expand its partnerships with technology councils, accelerators, higher education, and other members of the entrepreneurial ecosystem. Although the intent is for FY21 private sector funding opportunities to resemble CRCF's programs, the CCF will require

updates, including new processes for guidelines development and application review and selection. The Division will develop and present guidelines for higher education program(s) to the VIPA Board in spring 2021, with the launch(es) scheduled for early FY22.

The Division also will support its portfolio of prior CRCF and VRIF award recipients whose projects are active or are within the five-year reporting window following the project's completion. Among the collection of ~250 CRCF award recipients are those whose awards were announced in June 2020 and will execute performance agreements in Q1 FY21. The Division similarly will support the portfolio of VRIF award recipients. It will coordinate with the State Council of Higher Education for Virginia (SCHEV) in communications with stakeholders, records transfer, and other areas, to ensure a smooth transition.

The CCF and its predecessors may serve as a pipeline for other CIT initiatives, including the GAP Funds, and other CIT initiatives can be pipelines for CCF. Thus, the Division will continue to work closely with colleagues to identify opportunities for joint outreach and other collaboration.

The Division will prepare and submit the FY20 annual report (§ [2.2-2355](#), *para.17*) addressing that year's CRCF and VRIF awards and outcomes, as well as the transition to CCF. Also, the Division will provide reports as required, including for VIPA's annual report, the VIPA President's annual report, and in response to the Joint Legislative Audit and Review Commission (JLARC)'s annual data call.

In supporting research with commercial potential, higher education ecosystems play a pivotal role. Commercialization occurs in many centers and initiatives, such as the Apex Center at VT, Strome Center at ODU, and iLab at UVA, as well as through technology transfer offices. Along with the Division of Entrepreneurship Ecosystems and other CIT colleagues, the Division of Commercialization will continue and expand its engagement with higher education to further shared goals of R&D excellence and commercializing university-based intellectual property.

The Division will establish an Advisory Committee on Commercialization in coordination with the VIPA President or as the VIPA Board determines. The Division may arrange for a short-term Committee to serve through December 2020, with a long-term Committee serving effective January 2021.

### **Advancing Founder-Friendly Policies**

Founder-friendly policies catalyze the creation and growth of spinout companies. Facilitating identification, licensing, and commercialization of university intellectual property leads to company creation and growth, new products and services in the market, revenue to higher ed institutions, and other economic benefits. The Division will coordinate with technology transfer offices and VPs of research and innovation of higher ed institutions to advance such policies

throughout Virginia. Work on this initiative will be deferred until FY22, as the FY21 priority is related to COVID-19 responses for business, higher education, and government.

### **Allowable Building Use**

Additionally, the Division seeks to drive technology research and commercialization by facilitating, as appropriate, the use of buildings owned by public institutions of higher education to support spinoff companies and student commercial initiatives. Benefits could include access to office and other space not at capacity between or during school sessions as well as access to specialized instrumentation and equipment. Work on this initiative will be deferred until FY22, as the FY21 priority is related to COVID-19 responses for business, higher education, and government.

### **Strategic Initiatives-led Activities**

The Division will coordinate with the Strategic Initiatives Department on its work and budgets associated with Commonwealth centers of excellence (§ 2.2-2359) and the Virginia Innovation Index (§ 2.2-2360).

The Division will support Strategic Initiatives in developing recommendations for oversight of initiatives or Commonwealth Centers of Excellence (COEs) related to technology-based or innovation-based economic development. CIT will deliver the annual report to the VIPA Board on December 1, 2020. The Strategic Initiatives Department will propose a model for how initiatives and COEs are formed, matured, and transitioned, as a basis for an integrated set of recommended oversight processes.

The Strategic Initiative Department will defer work on the Virginia Innovation Index until FY22. At that time, the Division will review and advise on the Virginia Innovation Index.

### **Entrepreneurial Ecosystems Division**

In FY21, the Entrepreneurial Ecosystems Division (EED) will be established within CIT to support and promote technology-based entrepreneurial activities throughout Commonwealth. Starting with the understanding that entrepreneurs are the drivers of successful business formation and growth, EED will launch and support programs that serve Virginia's existing and future entrepreneurs. EED will support partner organizations throughout the Commonwealth that fund or offer support services to entrepreneurs, such as the following:

- Colleges and universities
- Accelerators
- Co-working enterprises
- Investors (Investment Division is lead)

- Local business support programs (SVP, P&RI is lead)
- State business assistance programs
  - GO Virginia
  - Small Business and Supplier Division (SBSD) /Small Business Financing Authority (VSBFA)
  - Virginia Economic Development Partnership (VEDP)
- Federal business assistance programs
  - Federal Funding Assistance Program (SBIR/STTR assistance)
  - Virginia SBDC network (27 offices statewide)
  - Procurement Technical Assistance Centers (PTAC)
  - Women’s Business Centers (WBC)

EED will connect and leverage the expertise and infrastructure of CIT partner organizations. EED will work with them to develop and strengthen programs that support entrepreneurs in all regions of the Commonwealth. Either our partners or CIT may administer such programs. In the former case, CIT may provide both funding and administrative support to the partner. We intend to use FY21 as a year to explore and pilot new programs and to provide financial and administrative support to our partners' existing programs. Programs we plan to support or explore in FY21 include:

- Co-funding entrepreneurial ecosystem projects identified by GO Virginia
- Co-funding the Innovation Commercialization Assistance Program (ICAP)
- Exploring a micro-grant program for Virginia’s launch-stage entrepreneurs
- Exploring a grant program to support entrepreneurial ecosystems projects *not* supported by GO Virginia
- Exploring grants to support college and university entrepreneurship centers
- Coordinating the work of the Virginia Accelerator Network

Through the programs listed above, EED will develop a backbone of statewide resources to assist all Virginia entrepreneurs. We will ensure that our programs are inclusive to communities that have been historically underrepresented in entrepreneurship and capital formation.

Incorporated into the programs listed above is an explicit intent to link Virginia's higher education ecosystems more closely with Virginia's entrepreneurial ecosystem. EED believes that support for student-led and faculty-led entrepreneurial initiatives will lead to measurable gains in FY22 and beyond. EED expects (a) more startups using university-based research and IP, and (b) more graduates remaining in Virginia to launch ventures of their own or work in high technology companies. EED will work closely with our colleagues in CIT's Division of Commercialization to coordinate efforts as we continue to engage with key stakeholders within Virginia's higher education ecosystems.

In addition to exploring and supporting the programs listed above, other tasks for the EED in FY21 include:

- Establish the Advisory Committee on Entrepreneurial Ecosystems.
- Conduct one-on-one and group meetings with regional entrepreneurial ecosystem stakeholders and partners to assess specific needs within regions, and to explore if or how CIT/VIPA can create or support programs that meet those needs.
- Establish the Regional Innovation Fund (RIF) as the vehicle through which EED grants and other support to partner organizations will be disbursed and managed.
- Partner with the GO Virginia regional councils to offer resources and expertise related to entrepreneurial ecosystem development.
- Launch an entrepreneurship information portal to support the diverse stakeholders within Virginia's entrepreneurial ecosystem.
- Manage the existing Federal Funding Assistance Program (FFAP), which identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR, STTR, and other government contracts.

## Investments Division

In FY21, CIT will create a new Division of Investments. This new division includes CIT GAP Funds and any new investment vehicles approved by the VIPA and CIT Boards. The purpose of this Division is to give Virginia a competitive advantage with an array of funding mechanisms provided under section § 2.2-2221 related to direct and indirect investments.

Because the availability of early-stage capital is critical for many emerging technology companies, CIT makes direct investments through CIT GAP Funds. CIT GAP Funds is a family of funds spanning multiple generations of tech, life science, and cleantech/energy funds. Launched in 2018, the Virginia Founders Fund joins these sector-oriented funds and focuses investments on geographic and demographic communities traditionally underserved by risk capital.

Traditionally, CIT management oversees CIT GAP Funds along with advice from the GAP Funds Investment Advisory Board (IAB). CIT will maintain the IAB for GAP-related specific company investment advice. The IAB will also form the nucleus of a broader division Investment Advisory Committee. The division committee will add representatives from the regional and national angel and venture capital communities, as well as corporate strategic partners, to advise management and the VIPA Board on new investment programs and policies.

Primary objectives for the Investment Division in the upcoming fiscal year include continuation of the CIT GAP Funds investment programs to:

- Identify investment opportunities and provide equity investments that catalyze attract additional private investment.
- Provide for continuity and predictability for companies currently in the CIT GAP Funds portfolio.
- Scale up the CIT GAP Funds program to include a three-stage pipeline model to support companies through their seed-stage progression: Seed Stage I - Innovation (Pre-GAP), Seed Stage II - CIT GAP Funds, Seed Stage III – CIT GAP Funds Spin-Out fund.

Seed Stage I will provide for an increased number of pre-GAP seed-stage investments across the Commonwealth, closer relationships with Virginia ecosystem partners in placing capital and value-added entrepreneurial training to selected portfolio companies. Seed Stage II is our current GAP Funds profile. In support of Seed Stage III, CIT will examine alternatives to aggregating and deploying increased private capital into CIT GAP Funds portfolio companies and other startups aligned with CIT's investment mission. These alternatives may include the launch of a CIT GAP Funds "spin-out" fund, building on the CIT GAP Fund's strategic sector investment track record.

In support of the VIPA transition, the Investment Division will implement two additional measures:

- Develop proposals and policies to support the launch of an Indirect Investment Program. These may include CIT's support of investment in sidecar funds or intermediary funds aligned with CIT's investment mission.
- Work with the CIT CEO and Board of Directors toward the appointment of an Advisory Committee on Investment that will advise the Investment Division and assist the Investment Division and CIT Board on making biennial recommendations to the Governor regarding investment strategy.

## **COVID-19 Response**

The Investment Division will work closely with other VIPA operating divisions, CIT's Chief Executive Officer, the CIT Board of Directors, and Virginia's government to support CommonwealthConnect response to and recovery from the COVID-19 pandemic. The Investment Division will propose modifications to the GAP Funds' investment parameters in anticipation of contraction in the angel and non-institutional seed investment markets. Modifications include and increase the number and dollar size of its seed-stage transactions. The Division will also examine the feasibility of augmenting Virginia's resources by aggregating capital from private investment sources to deploy into Virginia's early-stage companies. Additional measures may include the identification and investment "targeting" of Virginia's high-growth prospect companies with technologies or solutions deemed critical to (1) caregiving for Virginia's COVID-19 afflicted, (2) assisting those Virginians displaced by the economic impact of COVID-19 or (3) rebuilding Virginia's "post COVID-19" economy.

## EXECUTIVE FUNCTIONS

### Strategic Initiatives

The Strategic Initiatives Department will lead the execution of the legislative mandate to "provide leadership for strategic initiatives that explore and shape programs designed to attract and grow innovation in the Commonwealth" (§ 2.2-2355). In FY21, the department's efforts focus on the continuing execution of the three primary activities, Smart Communities, Unmanned Systems, and the DHS SCITI Labs program. Management expects all activities to continue but will make adjustments to tasks due to the schedule impacts and limitations on group activities from COVID-19 restrictions.

In addition to these primary activities, Strategic Initiatives will support the transition of Broadband to DHCD, and explore three potential new areas:

- **A Maritime Center of Excellence** centered around Hampton Roads. A working group with broad stakeholder representation has already been formed in FY20 and will re-engage once COVID restrictions are relaxed.
- **Augmented Reality/Virtual Reality (AR/VR)** in conjunction with Shenandoah University. The Shenandoah Center for Immersive Learning (SCIL) has advanced AR/VR capabilities. The Center recently created a commercial spinout, VOTU, with a healthy business plan that has already generated some customers and revenue. CIT will continue as a mentor for VOTU and explore opportunities to build a more significant industry group in the Winchester region.
- **Quantum computing.** Activity related to quantum computing will include efforts to validate the potential for industry formation and growth. Anecdotal feedback indicates interest in this area in the business community. For instance, the Greater Washington Board of Trade included this area in its strategic plan. There are nascent efforts in universities such as George Mason and the potential for synergy with CCI. Geographically the proximity to the Federal government as a likely early customer for commercial offerings provides Virginia with a competitive advantage. Compared to other disciplines such as Artificial Intelligence or Data Analytics, which tend to collections of techniques across a variety of use cases, Quantum Computing offers the potential for a vertically focused industry cluster of hardware and software ventures.

Other potential initiatives and external funding opportunities under § 2.2-2355 will be pursued during FY21, as opportunities provide possible mission support and available staff time allows. Management will defer activity on the Virginia Innovation Index (VII, "the Index") until FY22.

To provide a more comprehensive framework across this range of initiatives and COEs, and per the legislation § 2.2-2359, the Strategic Initiatives Department will work with SCHEV and

propose a model in Q1FY21 for how initiatives and COEs are formed, matured, and transitioned, as a basis for an integrated set of recommended oversight processes.

Appropriated Strategic Initiatives budget for FY21/22 biennium budget is \$1M per year for each of the two years, and for each of the two areas – Smart Communities and Unmanned Systems. SCITI Labs' funding is approximately \$1.7M. Management expects the federal government to authorize an additional estimated \$2M during the current federal FY ending September 30, 2020. This funding will support all current staff who become part of the FY21 Strategic Initiatives team. Management projects the need to add one to two new hires for adequate program support. Management will assess the need for new staff should budgets not meet our expectations. Remaining funds will provide direct program support, including pilot project initiatives under Smart Communities and Unmanned Systems, and subcontracts under the SCITI Labs program.

### **Smart Communities**

Smart Communities activities will continue to focus on pilot projects across Commonwealth, with the intent being "Community-Driven Innovation," supporting early stages of initiatives that develop capabilities identified and desired by the communities involved. Project selection will seek to achieve geographic diversity across Commonwealth, in addition to technology and vendor diversity, with a preference for smaller, innovative Virginia companies.

Current activity around an IoT security and privacy testbed in Stafford County is likely the showcase project for Smart Communities in FY21. Management believes this offers a model from which other communities can follow and learn. A second primary focus is an integration with the Commonwealth Data Trust model that the Chief Data Officer, Carlos Rivero, is establishing. Other numerous discussions and potential pilots are in progress and will evolve throughout FY21, consistent with processes and budget. The goal is to support four pilot projects in FY21.

In addition to the pilot activities, a goal of the Smart Communities effort is to establish a CIT-level advisory group in Q1 FY21, modeled after the successful Unmanned Systems Advisory Board. The objectives of this group will be to help formulate policy and process recommendations, support outreach and suggest and connect potential pilot project opportunities, advise on approaches for scaling Smart Community activities, and provide a core advocacy group to support ongoing Smart Community activities.

### **Unmanned Systems**

The Unmanned Systems Center at CIT will continue to catalyze the growth of autonomous systems, vehicles, and technologies in Virginia. The Center has established itself as the nexus for collaboration between businesses, investors, universities, entrepreneurs, and government organizations, which led to Virginia's recognition as the top state in the country for UAS by Business Facilities Magazine. The Unmanned Systems Center will update the Strategic Plan for



UAV Industry Development to provide a vision for UAV infrastructure investment, commercial operations, and legislative and governance framework.

Key priorities in FY21 in support of this strategic vision include:

- Launching the VA FIX (Flight Information Exchange) in partnership with Virginia's Department of Aviation, Department of Transportation, and private partner ATA.
- Promoting the use of UMS-based solutions to the COVID-19 emergency response.
- Creating new pilot projects with Virginia state agencies and private companies to demonstrate the use of UMS technology.
- Developing partnerships for Virginia companies with major service providers (package delivery, public safety, and infrastructure.)
- Supporting the Mid Atlantic Aviation Partnership (MAAP) as it expands services beyond IPP.
- Creating a UXS speakers bureau of experts to help promote the value of this critical industry.

The Unmanned Systems Center leads the Commonwealth's participation at the industry's largest international event, Xponential, with support of key corporate sponsors under the Virginia Pavilion banner. A 24-member advisory board and an extensive stakeholder community bring together expertise and leadership from across Virginia to guide strategies and priorities in the Center. The Center will continue to maintain the Commonwealth's UMS website and Virginia's Unmanned Systems Directory and to serve as the central source for information and assistance related to the unmanned systems landscape in Virginia.

### **SCITI Labs**

The SCITI Labs program will enter into a new contract with the U.S. Department of Homeland Security (DHS) for FY21. The new contract has initial funding of \$1.7M, with a ceiling of \$4.2M per year over four years. Based on discussions with DHS regarding more funding, management set a conservative revenue target of \$2M for SCITI Labs in FY21.

The primary focus of this program will be continued strong execution against the defined Program Plan and customer technology interests. Current interests include:

- Detection of wildfire ignition using ground-based IoT sensors
- Vehicle inspection at speed
- Smart buildings and communities
- UAV and other Public Safety-related technologies
- Infrastructure protection against a range of threats, including cybersecurity and chemical release threats, in addition to more traditional threats

## **Policy, Communications and COV Engagement**

### **Marketing and Communications**

The new VIPA authority transition and company renaming efforts will drive many of the priorities, messaging, and marketing tactics in FY21. Thoughtful, well-planned, inclusive communications are critical to the launch of the Authority; business agility will be a significant factor in the success of the project. The communications team will also prepare a transition marketing plan for VIPA and a plan to rebrand CIT. The communications team expects to be responsive to stakeholders through the VIPA transition while maintaining the current level and quality of public-facing communications for all CIT business units through the change.

In FY21, we will continue to build and expand on the successful marketing strategy and tactics of the past year, while also planning and executing the new Authority plan. The communications strategy and development initiatives in FY20 provide a solid foundation for communicating in FY21, including through the VIPA transition, program changes, and the rebranding of CIT.

### **Foundations for FY21 Communications Summary**

FY20 was transformative for CIT communications. CIT successfully refreshed the brand, created consistent messaging across the organization, refined program definitions, and expanded outreach tactics. Through these efforts, we significantly increased engagement with the community, our stakeholders, and the world. On LinkedIn, CIT had a 900% increase in views and a 1400% increase in content interaction – meaning people clicked on our posts and paid attention to our messages. On Twitter, there was a 400% increase in impressions and interactions. On Facebook, we have more than doubled our audience and exchanges as well.

CIT reaches more than five hundred thousand people per year through our social media. CIT.org averages over 10,000 visitors per month, and the number is growing. We do not expect the VIPA transition to affect these results. Management will continue to build on them through the new Authority transition and CIT renaming process.

The communications team also launched a new website for the organization on a newly upgraded platform in FY20. The leadership team updated the language and improved the descriptions of CIT programs. The team updated the site to make it mobile-friendly, and easy to navigate and understand, with well-defined areas and illustrative, brand consistent graphics. The FY20 communications strategy and tactical execution prepared the groundwork for continued successful communication programs in FY21.

The new platform allows us to post dynamic, up to the minute information on programs, events, and resources that we were not capable of executing before. An example is the recent COVID-19 resource webpage. These updates and upgrades will help the new authority transition process in FY21.

The new platform has tools to increase search engine optimization of our programs, measure traffic, and gain insight into the information of most interest to people. The new platform will make the transition to VIPA and a re-branded CIT more efficient and timely.

## **FY21 Communications Priorities**

FY21 initiatives will build on the success of the previous year and evolve to meet the demands of the new organization transition. Marketing communications priorities follow:

### **Continuation of CIT marketing through VIPA transition**

- Continuity of ongoing marketing communications for each of the divisions and initiatives.
- Maintain the CIT brand and communications tactics while congruently working through the VIPA transition.

### **Create and execute a communications/marketing plan for the new VIPA authority**

- Create a marketing plan for VIPA transition and renaming project.
- Work with leadership, the board, and stakeholders on the marketing plan, input, and timeline.
- Communicate and get internal buy-in on the benefits/definition of VIPA by the end of August 2020 and develop a comprehensive communications strategy to introduce VIPA to Virginians.
- Work with the Secretary of Commerce and Trade to create a marketing and communications plan for VIPA rollout.
- Train board members and staff on consistent messaging of VIPA.

### **Create and execute a timeline and communications plan for renaming/rebranding CIT**

- By the September CIT board meeting, the goal is to have an agreement in place with the CIT Board on the name change process.
- Name change implementation by the end of FY21.

### **New Website**

- Update website to reflect the Authority and re-branded CIT.
- Timeline dependent on the marketing plan and how extensive the changes are to the site and branding.

### **New Office Location**

- Design/Branding/Publicity – Timeline TBD.

## Business objectives for individual business units

- All CIT communications will flow up from the individual business unit objectives. Below is a graphic representation of CIT's communication approach. Each business unit has its own strategic messaging and owns uniquely defined outcomes while all are underneath the CIT, and eventual VIPA/re-branded CIT overall marketing communications umbrella.



## Finance and Administration

### Chief Financial Officer

In FY 21, VIPA consolidates oversight at the authority level for multiple state-funded organizations. Those organizations include the Center for Innovative Technology (CIT), the Virginia Catalyst (also known as the Virginia Biosciences Health Research Corporation (VBHRC), the Commonwealth Center for Advanced Manufacturing (CCAM), the Commonwealth Cyber Initiative (CCI) and the Commonwealth Center for Advanced Logistics Systems (CCALS). The Chief Financial Officer of CIT, the managing not for profit for VIPA in FY21, will 1) manage the financial responsibilities of the CIT organization and programs funded in CIT and 2) support the VIPA Board of Directors in its financial oversight of the other state-funded organizations under the VIPA umbrella. CIT is seeking the Administration's and outside legal counsel's advice on the legal relationship between VIPA, CIT and the other organizations to help clarify governance roles and accounting requirements.

The CIT Finance and Administration (F&A) Group promotes the financial well-being of the CIT organization. The CFO leads CIT's F&A group, which is responsible for all financial, legal, and administrative functions of the corporation, including the design and operation of a federal and state

compliant financial management system. Key priorities of the F&A Group are to independently evaluate the quantitative and qualitative return on investment of the programs in CIT, ensure that programs operate within the agreed-upon financial envelope, and maintain the stability of the organization through sound financial management.

## Human Resources

Human Resources (HR) must confront many challenges in its operational activities. CIT is facing significant adjustments with the new Virginia Innovation Partnership Authority (VIPA) transition. CIT will be experiencing considerable amounts of change with evolving legislation and funding, as well as the succession of a new Board. CIT is also researching new office geographic locations with the sale of the Herndon location. Given these factors and levels of uncertainty, it is even more critical that employees embrace change and the opportunity it brings.

HR will take a leadership role and engage in an aggressive strategy to provide services in support of VIPA's and CIT's vision and mission. HR will work with management to value human capital and align it with company initiatives, values, strategies, and the needs of all stakeholders. Management's goal is that CIT remains a great place to work for employees with a passion for creating economic opportunities for others. Management will take affordable steps to maintain the morale and performance of our valuable employees.

In support of the CIT mission, HR will engage with leadership on the following objectives:

- **Maintain the skills and leadership necessary to successfully carry out CIT's mission and vision through workforce and succession planning.**  
As the transition, funding, and geographic locations evolve, a critical task will be to focus on staffing considerations. CIT commits to maintain its mission-focused team through workforce design, staffing plans, and succession planning that consider current skills gaps, an aging workforce, and future staffing expectations.
- **Recruit, hire, motivate, and retain high performing, diversified talent in a workforce that is highly geographically distributed.**  
CIT has proven its effective recruiting processes by the caliber of its employees. CIT will continue to maximize our human capital by hiring employees from a diverse pool of highly qualified candidates and by broadly communicating employment opportunities to a distributed audience. CIT has a goal to retain our current valued employees who are critical to our reputation and success. We intend to manage attrition rates by continuing flexible remote working policies as CIT's distributed workforce expands.

Success in our mission requires high performance from our leaders and staff. CIT will ensure a high-performance workforce and continue to conduct annual reviews that effectively link performance with organizational goals. CIT continues to use Specific,

Measurable, Actionable, Responsible, and Time Bound (SMART) goals to predict outcomes and ensure impartial evaluation.

- **Increase engagement that fosters employee commitment in a rapidly changing environment.**

HR will continue to read the pulse of the organization to engage employees, boost morale, fulfill expectations, and inspire commitment. Together with leadership, HR intends to bestow greater emphasis on employee investment and development to ensure the stability and competence of our workforce. Our goal is to expand engagement by assessing needs and investing in training platforms to promote education for remote working that also accommodates strategy for replacement.

- **Support the transformation of total compensation programs through analysis and benchmarking.**

To retain talent, CIT commits to offering unique employee value propositions in return for employee knowledge, skills, and capabilities. HR will recommend to the Board Compensation Committee that we reevaluate our current compensation programs to align with market structure.

- **Update policies and procedures that coincide with the new VIPA.**

CIT will uphold its commitment to the Commonwealth for a seamless transition in support of the new VIPA organization. HR will ensure that HR policies and procedures are standardized, documented, and communicated promptly and monitor compliance.

## Systems

The Systems plan under the auspices of the CIO will focus on continued evolution to support a fully distributed and multi-facility workforce while maintaining a sound security posture. Our need for remote work, resulting from the COVID-19, stress-tested our systems architecture with generally positive results. Management anticipates no significant system changes aside from the incremental addition of remote capabilities to the CIT baseline, such as Diplodocus and Google Meet.

When operation resumes in multiple commercial office facilities, the Systems area will evaluate needs in each high-traffic location and on a case-by-case basis, potentially installing infrastructure modeled on the private network segment implemented in The Gather.

From a security posture, the primary goals are to comply with NIST 800.53 Security and Privacy Controls and address any identified issues. Our security controls continue to be a combination of VITA controls and separately implemented CIT controls, using the NIST 800.53 risk management guidelines.

## CIT Locations and Relocation

CIT works to provide support to all regions of Virginia. CIT staff holds or participates in hundreds of community engagements across Virginia each year. In FY20, CIT staff drove the equivalent of all the roads in Virginia twice to get to community engagements. Our meetings and events reach every corner of Virginia from Abingdon to Alexandria and Winchester to Virginia Beach. Physical office presence has never limited CIT staff in connecting with Virginia communities.

In FY20, CIT operated from two physical locations, including Herndon and Richmond, as well as from employees' homes for our remote workers. FY21 will continue our model of remote working and working out of offices in Richmond and Northern Virginia. Richmond is the headquarters for VIPA and CIT effective July 1, 2020. The CIT complex in Herndon, the Northern Virginia location has been sold and the new proprietor has taken ownership.

For FY21, CIT will continue to use building operating reserves to fund offices in Richmond. CIT also has a \$1 lease to remain in the Herndon building until March 31, 2021. The General Assembly's budget provides no appropriation or rent for any CIT locations in FY21. As such, CIT is holding informal discussions with brokers to identify possible office space in Northern Virginia following the end of the lease. CIT management is also working with the Administration to add appropriations for rent in the next budget session. Otherwise, the company is unable to enter any future leases for space.

Most importantly, our sheltering-in-home practices during the COVID-19 pandemic demonstrate our resiliency to operate regardless of access to physical facilities. CIT carried out its vital mission while ensuring the safety of our staff and our stakeholders.

## Major Operating Risks and Mitigations

All corporate transformations come with significant areas of risk during the transformation period. Below are the major areas of risk in this operating plan and mitigations to those risks.

- Board Governance – Inadequate Board governance leads to loss of reputation, financial mismanagement and operational disruption. VIPA is a new Authority replacing the Innovation and Entrepreneurship Investment Authority (IEIA) on July 1, 2020. It is critical that a thoughtful approach to VIPA Board development and transition be undertaken to avoid disruption to programs in the not-for-profits and institute the appropriate Authority and legal governance.
  - Mitigation – Enactment and budget language that keeps the IEIA Board and CIT intact and named the Managing Not For Profit provides the context for a thoughtful, smooth Board transition.

- Mitigation – IEIA and CIT Board members and management created a transition committee preparing transition briefings, legal options and a high-level roadmap for successful Board transition.
- COVID-19 Restrictions – Continuation into FY 21 of COVID-19 related restrictions on business activity impair the ability for CIT to continue operations as planned.
  - Mitigation – Building on CIT’s direction to move to a distributed workforce across Virginia, the Board, staff and management implemented procedures and system enhancements to continue all operations and governance during the Governor’s directed shelter in place.
  - Mitigation – CIT management is preparing an action plan to allow employees to re-enter CIT facilities across Virginia. Our emphasis will be on the safety and security of our employees as well as the mitigation of legal risk of returning to work in our offices.
- Funding Cuts – Substantial budget cuts reflecting re-prioritization of funds to COVID-19 related programs disrupts program plans and staffing.
  - Mitigation – CIT management modeled scenarios of 20% and 30% cuts in general funding and actions in response to cuts that allow all programs to continue at a reduced level of activity but maintain all staff. The purpose of maintaining staff is to be able to get back quickly to normal program activity levels should funding allow.
- Key Personnel Departures – FY21 brings substantial changes in Board governance, programs and funding for VIPA and CIT. Funding uncertainty early in the year also brings stress to the organization. It is possible key staff may depart during this period.
  - Mitigation – Management has undertaken a consistent program of communications to employees to address uncertainty regarding the company as best as possible. Management also prepared succession plans for key personnel.





## Corporate Scorecard FY21

### VIPA Governance and Transition

Objectives	Success Metric	FY21 Measure	Primary Accountability
VIPA transition items ready for VIPA Board engagement	Board briefing book complete	Complete by August 1, 2020	CEO
	Governance items ready for new Board review	Complete by September 1, 2020	
Establish the Advisory Committees on Commercialization	Advisory Committees engaged on division topics	Ready to present Advisory Committee (initial) candidates to VIPA Board by September	VP, Commercialization Division
		Ready to present Advisory Committee (long-term) candidates to VIPA Board by December	
		Initial formal or informal Advisory Committee meeting by December 31, 2020	
Establish the Advisory Committee on Entrepreneurial Ecosystems	Appoint members from diverse regions and underrepresented communities	Ready to present Advisory Committee candidates to VIPA Board by September	VP, Entrepreneurial Ecosystems Division
		Initial formal or informal Advisory Committee meeting by December 31, 2020	
Establish the Advisory Committee on Investment	Appoint members from diverse regions and underrepresented communities	Ready to present Advisory Committee candidates to VIPA Board by September	VP, Investments Division
		Initial formal or informal Advisory Committee meeting by December 31, 2020	
Engage consistently and visibly with VIPA stakeholders across the Commonwealth	Delivery of highly publicized, broad invitation stakeholder events highlighting VIPA, CIT programs and audience participation	Semiannual virtual and permissible in-person, dual location events	CIT Leadership team

## Commercialization Division

Objectives	Success Metric	FY21 Measure	Primary Accountability
CCF – Solicit, process, award and administer a robust pipeline of high-potential private sector CCF projects	Execute FY21 private sector solicitation	Announce awards between January and March 2021	VP, Commercialization Division
Report on CRCF and VRIF-funded outcomes and FY20 projects	Effectively track outcomes in omnibus Annual Report	October 1, 2020 submission	VP, Commercialization Division
Define CCF's FY22 approach, including guidelines for higher ed solicitation	Board approval in Q4 FY21	Present to VIPA Board by March 31, 2021	VP, Commercialization Division
Develop planning / transition model for Commonwealth centers of excellence engaged in commercialization of university research within the VIPA purview	Develop FY22 plan	Draft model to Board (10/2020) Final COE model (11/20)	CTO / CIO VP, Commercialization Division
Advance founder-friendly policies throughout Virginia. <i>This work will be deferred until FY22.</i>	Develop FY22 plan	Inclusion in FY22 Operating Plan and Budget	VP, Commercialization Division
Identify allowable uses of buildings owned by public institutions of higher ed for research-led spin-offs and student commercial initiatives. <i>This work will be deferred until FY22.</i>	Develop FY22 plan	Inclusion in FY22 Operating Plan and Budget	VP, Commercialization Division
Virginia Innovation Index – assisting Strategic Initiatives Division by reviewing and advising on development of VII. <i>This work will be deferred until FY22.</i>	Develop FY22 plan	Inclusion in FY22 Operating Plan and Budget	CTO / CIO VP, Commercialization Division

## Investment Division

Objectives	Success Metric	FY21 Measure	Primary Accountability
VFF Operations – In partnership with Entrepreneurial Ecosystems initiatives, identify pipeline and close investments for the Virginia Founders Fund.	Number of Investments Placed	Goal: 12-16 VFF Investments Placed by May 31 2021	VP, Investments Division
GAP Fund Operations – Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program.	Number of Investments Placed Leverage Cash Rate of Return	Goal: 8-12 GAP Investments Placed, including Innovation Investments, by May 31 2021  Goal: At least \$20M in Initial and Follow-On Capital from Non-Commonwealth Sources  Goal: 1.2 X Total ROR	VP, Investments Division
Indirect Investment Policies - Develop a proposal for and policies to support the launch of an Indirect Investment Program that may include CIT's support of investment in sidecar funds or intermediary funds aligned with CIT's investment mission.	Indirect Investment Policy Formulation	Goal: Formulate Indirect Investment Policies for VIPA Board review by 12/1/20	VP, Investments Division

## Entrepreneurial Ecosystems Division

Objectives	Success Metric	FY21 Measure	Primary Accountability
Launch statewide entrepreneurship information portal	Gain understanding of existing entrepreneurial ecosystem resources, and assess need for additional resources	By 10/31/2020, meet and solicit feedback from 20+ state & regional stakeholders incl. entrepreneurs, incubators & angel groups	VP, Entrepreneurial Ecosystems Division
	launch portal	"Go live" no later than 5/31/2021	
Establish Regional Innovation Fund (RIF)	RIF ready for VIPA Board approval	By 12/31/2020, complete all legal and procedural tasks required to create the RIF	CEO, CFO, VP, Entrepreneurial Ecosystems Division
Federal Funding – Provide education programs (in-person and online) to support companies seeking to raise funds through state and federal grants and contracts	# of companies receiving mentoring and training support	By 5/31/2021, provide mentoring and training to 200 companies	VP, Entrepreneurial Ecosystems Division
Co-fund entrepreneurial ecosystems projects identified by GO Virginia	Align with GO Virginia ecosystem projects, and where VIPA funding provide benefits	By 9/30/2020, meet with GO Virginia leadership in Richmond and in the 9 regions	VP, Entrepreneurial Ecosystems Division
	Develop grant application process to ensure fairness and efficacy	By 12/31/2020, develop and announce grant application process	
	Deploy funds in FY21	By 5/31/2021, commit/deploy grants	
Co-fund Innovation Commercialization Assistance Program (ICAP)	Negotiate with GMU's Mason Enterprise Center amount and terms of VIPA's FY21 support for ICAP	By 8/31/2020, execute ICAP support agreement with GMU	VP, Entrepreneurial Ecosystems
Collaborate with stakeholders to identify and support a startup training program designed to foster, grow and nurture startup tech companies statewide.	Contract with an established provider of lean-startup training for a statewide service offering.	Executed contract by 12/1/20	VP Entrepreneurial Ecosystems Division, VP Investment Division

## Policy, Communications and COV Engagement

Objectives	Success Metric	FY21 Measure	Primary Accountability
Collaborate with stakeholders, regional ecosystems, and VTA to develop and promote a common Virginia brand and statewide outreach strategy	Establish virtual working group of stakeholders	By 10/31/20, working group established and 1 <sup>st</sup> meeting held	CEO, SVP Policy, VP EED
	Develop a plan and outreach strategy	By 5/31/21 Draft strategy plan presented to VIPA BOD	
Collaborate with stakeholders, regional ecosystems, and the VIPA Policy Committee to recommend policy, legislation and investment that advance innovation and entrepreneurship	Draft Legislative Agenda for 2021 Session	By 10/31/20 provide VIPA BOD with recommended legislative and budget priorities	CEO, SVP Policy
Continuation of CIT marketing through VIPA transition	Maintain the CIT brand and comms tactics while congruently working through the VIPA transition	Maintain/increase numbers of social media interaction /quality of forward-facing comms across all channels	Director MarCom
Create and execute a communications/marketing plan for the new VIPA authority	VIPA transition comms plan created and executed	Successful transition to the new authority from a comms perspective internally and externally	Director MarCom
Create and execute a timeline and communications plan for renaming/rebranding CIT	Agree on defined process for name change – 9/20 BOD approval CIT name changed and rebrand completed – 7/21 • All marketing materials / forward facing comms/website changed	<ul style="list-style-type: none"> <li>• Key stakeholders identified</li> <li>• Vision/Objective/Strategy defined</li> <li>• Budget/timeline/plan</li> <li>• Execution milestones</li> <li>• CIT NewCo Name &amp; brand completed</li> </ul>	Director MarCom
New Office Location	<ul style="list-style-type: none"> <li>• Communicate to public on new location/update all forward facing comms</li> <li>• Assist with design of FF&amp;E/branding of new space</li> </ul>	<ul style="list-style-type: none"> <li>• Announcement made about relocation across all comms channels</li> </ul>	Director MarCom
Business objectives for individual business units	Continue ongoing marketing and comms for each of the divisions and initiatives	Detail in FY21 Operating Plan	Director MarCom

## Strategic Initiatives

Objectives	Success Metric	FY21 Measure	Primary Accountability
Smart Communities – conduct or initiate smart community pilot projects with a diverse set of communities	# of pilot projects conducted or initiated	3 pilots projects	CTO
Smart Communities – establish Virginia Smart Community Advisory Group to provide strategic guidance	Advisory Group established and meetings conducted	- Advisory Group established by 12/20 - 2 Advisory Group meetings	CTO
Unmanned Systems – update UMS Strategic Plan	Updated Plan defines transition to industry growth	- Draft Updated Plan 12/20 - Updated Plan 3/21	Dir, UMS
Unmanned Systems – launch VA-FIX	Operational Demonstration	VA-FIX prototype functional and available to operational users by 12/20	Dir, UMS
Unmanned Systems – maintain UMS Speakers Bureau and conduct presentations/demonstrations/webinars to relevant venues/audiences	Number of presentations conducted	4, at least 1 per quarter opportunities realized	Dir, UMS
Engage and educate key State Agencies on use of UXS	Pilot projects, MOU's, other forms of partnering	At least 1 new pilot project	Dir, UMS
Communications and Outreach to include Stakeholders, Legislators, and Industry through major outreach events such as Xponential and Legislative briefings	Participate in major outreach events to update legislators and introduce companies to opportunities in Virginia	3 major outreach events	Dir, UMS
DHS SCITI Labs – successful ongoing execution of SCITI Labs program	Revenue generation Customer satisfaction	- \$2M top line revenue - Positive customer feedback	CTO
VIPA Centers of Excellence – Develop planning/transition model for various Centers of Excellence (COE) within the VIPA purview	COE Planning model complete	- Draft model to Board 10/2020 - Final COE model 11/2020	CTO
Virginia Innovation Index – This work will be deferred to FY22	Develop FY22 plan	Inclusion in FY22 Op Plan and Budget	CTO

## Finance and Business Operations

Objectives	Success Metric	FY21 Measure	Primary Accountability
Financially Sound Operations – Continue to operate CIT to achieve a positive operating fund net asset position.	Positive operating fund net asset position	\$50k - \$100k	CFO
Review quarterly management reports, per Item 135 D2 of FY2021/FY2022 biennium budget, with CIT Finance Committee (FC) and CIT Board.	Obtain CIT Finance Committee and CIT Board approval of reporting.	Presentation by CFO to CIT FC at Fall 2020 meeting. Approval based on timeline set at Fall 2020 meeting.	CFO
Document and implement process for managing CIT's and the Centers of Excellence's (pass-through entities) reporting to the VIPA Board.	Obtain VIPA Board approval of reporting.	Presentation by CFO at 2 <sup>nd</sup> board meeting. Approval based on timeline set at 2 <sup>nd</sup> board meeting.	CFO

## Human Resources

Objectives	Success Metric	FY21 Measure	Primary Accountability
Maintain skills and leadership necessary to successfully carry out CIT's mission and vision through workforce and succession planning.	Succession plans updated	January 2021	Dir., Human Resources
Recruit, hire, motivate, and retain high performing, diversified talent in a workforce that is highly geographically distributed.	Overall performance metrics Employee attrition rate	FY20 YE Performance Review <20%	Dir., Human Resources
Increase engagement that fosters employee commitment in a rapidly changing environment.	Training strategies in place	July 2020	Dir., Human Resources
Support transformation of cash compensation and benefits programs through analysis and benchmarking.	Benchmark total compensation programs	FY21 year end with recommendations for the next biennium budget	Dir., Human Resources
Update policies and procedures to coincide with new VIPA organization.	Update policies and procedures	FY21 year end	Dir., Human Resources

## Systems

Objectives	Success Metric	FY21 Measure	Primary Accountability
Security posture – conform to NIST 800.53	APA IT Audit findings resolved.	<ul style="list-style-type: none"> <li>All audit findings resolved or addressed</li> <li>Annual Risk Management Memo to CEO complete</li> </ul>	CTO
Operating Environment – complete transition to support fully distributed and multi-facility operations	Updated IT baseline	<ul style="list-style-type: none"> <li>Updated IT baseline documented to support fully distributed workforce</li> </ul>	CTO
Transition – evolve IT infrastructure to support new VIPA structure	Updated IT baseline	<ul style="list-style-type: none"> <li>Updated IT baseline documented to support new VIPA structure</li> </ul>	CTO

## **APPENDIX B**

### **Financial Performance**

The FY2021 VIPA \$45,700,000 budget consists of \$20,000,000 in one-time non-general fund appropriation from the CIT headquarters' building sale proceeds and \$25,700,000 of general fund appropriation. \$25,350,000 of the total is pass-through funding to several Centers of Excellence. The remaining \$20,350,000 is for CIT programs and operating base. The budget includes an operating base reduction of \$196,485, as compared to CIT's FY2020 operating base funding.

The FY2021 financial profile reflects a conservative, risk-averse approach, intended to promote economic stability while achieving the programmatic objectives outlined in the operating plan.

**Center for Innovative Technology  
Fiscal Year 2021 Budget**

	Operating Funds		Designated Funds					Total
	COV	Other	COV					
	Discretionary Fund	Grants & Contracts	Commercialization Division	Investments Division	Entrepreneurial Ecosystems Division	Strategic Initiatives Fund	Unmanned Systems Fund	
(In Thousands)								
<b>Beginning Balance at 7/1/2020</b>	\$ 362	\$ 357	\$ -	\$ 13,365	\$ -	\$ 340	\$ 1,111	\$ 15,535
<b>REVENUE</b>								
General Fund Appropriation	\$ 3,250			\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000	\$ 10,350
Non General Fund Appropriation - Building Sale Proceeds			\$ 10,000					\$ 10,000
Interest, Sponsorship, Return on Investment	\$ 219							\$ 219
Building Reserve	\$ 731							\$ 731
Contracts & Grants		\$ 1,760						\$ 1,760
<b>Total Revenue</b>	<b>\$ 4,200</b>	<b>\$ 1,760</b>	<b>\$ 10,000</b>	<b>\$ 3,100</b>	<b>\$ 2,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 23,060</b>
<b>EXPENSES AND TRANSFERS</b>								
Operating Programs Net of Over-applied Indirects	\$ (634)							\$ (634)
Designated Programs	\$ 4,413		\$ 6,695	\$ 8,010	\$ 2,000	\$ 1,283	\$ 1,861	\$ 24,262
Building Reserve - Rent	\$ 731							\$ 731
Contracts & Grants		\$ 1,634						\$ 1,634
<b>Total Expenses</b>	<b>\$ 4,510</b>	<b>\$ 1,634</b>	<b>\$ 6,695</b>	<b>\$ 8,010</b>	<b>\$ 2,000</b>	<b>\$ 1,283</b>	<b>\$ 1,861</b>	<b>\$ 25,993</b>
<b>Net Change</b>	<b>\$ (310)</b>	<b>\$ 126</b>	<b>\$ 3,305</b>	<b>\$ (4,910)</b>	<b>\$ -</b>	<b>\$ (283)</b>	<b>\$ (861)</b>	<b>\$ (2,933)</b>
<b>Ending Balance, GF at 6/30/2021</b>	<b>\$ 52</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57</b>	<b>\$ 250</b>	<b>\$ 359</b>
<b>Ending Balance, NGF at 6/30/2021</b>	<b>\$ -</b>	<b>\$ 483</b>	<b>\$ 3,305</b>	<b>\$ 8,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,243</b>
<b>Ending Balance, Total at 6/30/2021</b>	<b>\$ 52</b>	<b>\$ 483</b>	<b>\$ 3,305</b>	<b>\$ 8,455</b>	<b>\$ -</b>	<b>\$ 57</b>	<b>\$ 250</b>	<b>\$ 12,602</b>

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act

**Center For Innovative Technology  
Fiscal Year 2021 Operating Budget by Funding Source**

**Commonwealth Projects Funded By Appropriation & Other Revenue**

		(in thousands)
<b>Revenue</b>		
Commonwealth Appropriation - General Fund	\$	10,350
Commonwealth Appropriation - Non General Fund	\$	10,000
Interest, Sponsorship, Return on Investment & Miscellaneous Income	\$	950
<b>Total Revenue</b>	<b>\$</b>	<b>21,300</b>
<b>Expenses</b>		
Commercialization Division	\$	8,125
Investments Division	\$	9,828
Entrepreneurial Ecosystems Division	\$	2,450
Strategic Initiatives	\$	1,601
Unmanned Systems	\$	2,258
Policy, Communications and Commonwealth Engagement	\$	1,199
Under-applied (over-applied) indirects	\$	(1,102)
<b>Total Expenses</b>	<b>\$</b>	<b>24,359</b>
<b>Net</b>	<b>\$</b>	<b>(3,059)</b>

**Strategic Initiatives Funded by Contracts & Grants**

Program Revenue - DHS Commercial First	\$	1,700
Program Expense	\$	1,574
<b>Profit/(Loss)</b>	<b>\$</b>	<b>126</b>
Program Revenue - SBA FAST	\$	60
Program Expense	\$	60
<b>Profit/(Loss)</b>	<b>\$</b>	<b>-</b>

**Consolidated Revenue & Expenses & Changes in Net Position**

Total Revenue	\$	23,060
Total Expenses	\$	25,993
<b>Change in Net Position</b>	<b>\$</b>	<b>(2,933)</b>
<b>Beginning Net Position</b>	<b>\$</b>	<b>15,535</b>
<b>Ending Net Position</b>	<b>\$</b>	<b>12,602</b>



# **Item 135.D.1a**

**All planned and actual  
revenue and expenditures  
along with funding sources**

**Virginia Innovation Partnership Authority  
Fiscal Year 2021 Budget**

(In Thousands)

	<b>Beginning Balance at 7/1/2020</b>	<b>\$ 2,000</b>
<b>Cash Receipts</b>		
Commonwealth Appropriation - General Fund Item 135	\$	25,700
Commonwealth Appropriation - NGF Item 135 property sale proceeds		20,000
	<b>Total Cash Receipts</b>	<b>\$ 45,700</b>
<b>Cash Disbursements</b>		
VIPA Administrative Expense	\$	20
Transfer to CIT - FY2021 Appropriation		20,350
Transfer to CIT - FY2021 Rent from IEIA Building Reserve		731
Transfer to COEs - FY2021 Appropriation		25,350
	<b>Total Cash Disbursements</b>	<b>\$ 46,451</b>
	<b>Net Change</b>	<b>\$ (751)</b>
	<b>Ending Balance, Total at 6/30/2021</b>	<b>\$ 1,249</b>

**Center for Innovative Technology  
Fiscal Year 2021 Budget**

	Operating Funds		Designated Funds					Total
	COV	Other	COV					
	Discretionary Fund	Grants & Contracts	Commercialization Division	Investments Division	Entrepreneurial Ecosystems Division	Strategic Initiatives Fund	Unmanned Systems Fund	
(In Thousands)								
<b>Beginning Balance at 7/1/2020</b>	\$ 362	\$ 357	\$ -	\$ 13,365	\$ -	\$ 340	\$ 1,111	\$ 15,535
<b>REVENUE</b>								
General Fund Appropriation	\$ 3,250			\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000	\$ 10,350
Non General Fund Appropriation - Building Sale Proceeds			\$ 10,000					\$ 10,000
Interest, Sponsorship, Return on Investment	\$ 219							\$ 219
Building Reserve	\$ 731							\$ 731
Contracts & Grants		\$ 1,760						\$ 1,760
<b>Total Revenue</b>	<b>\$ 4,200</b>	<b>\$ 1,760</b>	<b>\$ 10,000</b>	<b>\$ 3,100</b>	<b>\$ 2,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 23,060</b>
<b>EXPENSES AND TRANSFERS</b>								
Operating Programs Net of Over-applied Indirects	\$ (634)							\$ (634)
Designated Programs	\$ 4,413		\$ 6,695	\$ 8,010	\$ 2,000	\$ 1,283	\$ 1,861	\$ 24,262
Building Reserve - Rent	\$ 731							\$ 731
Contracts & Grants		\$ 1,634						\$ 1,634
<b>Total Expenses</b>	<b>\$ 4,510</b>	<b>\$ 1,634</b>	<b>\$ 6,695</b>	<b>\$ 8,010</b>	<b>\$ 2,000</b>	<b>\$ 1,283</b>	<b>\$ 1,861</b>	<b>\$ 25,993</b>
<b>Net Change</b>	<b>\$ (310)</b>	<b>\$ 126</b>	<b>\$ 3,305</b>	<b>\$ (4,910)</b>	<b>\$ -</b>	<b>\$ (283)</b>	<b>\$ (861)</b>	<b>\$ (2,933)</b>
<b>Ending Balance, GF at 6/30/2021</b>	<b>\$ 52</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57</b>	<b>\$ 250</b>	<b>\$ 359</b>
<b>Ending Balance, NGF at 6/30/2021</b>	<b>\$ -</b>	<b>\$ 483</b>	<b>\$ 3,305</b>	<b>\$ 8,455</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,243</b>
<b>Ending Balance, Total at 6/30/2021</b>	<b>\$ 52</b>	<b>\$ 483</b>	<b>\$ 3,305</b>	<b>\$ 8,455</b>	<b>\$ -</b>	<b>\$ 57</b>	<b>\$ 250</b>	<b>\$ 12,602</b>

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act

**Center For Innovative Technology  
Fiscal Year 2021 Operating Budget by Funding Source**

**Commonwealth Projects Funded By Appropriation & Other Revenue**

(in thousands)

<b>Revenue</b>			
Commonwealth Appropriation - General Fund		\$	10,350
Commonwealth Appropriation - Non General Fund		\$	10,000
Interest, Sponsorship, Return on Investment & Miscellaneous Income		\$	950
	<b>Total Revenue</b>	<b>\$</b>	<b><u>21,300</u></b>
<b>Expenses</b>			
Commercialization Division		\$	8,125
Investments Division		\$	9,828
Entrepreneurial Ecosystems Division		\$	2,450
Strategic Initiatives		\$	1,601
Unmanned Systems		\$	2,258
Policy, Communications and Commonwealth Engagement		\$	1,199
Under-applied (over-applied) indirects		\$	(1,102)
	<b>Total Expenses</b>	<b>\$</b>	<b><u>24,359</u></b>
	<b>Net</b>	<b>\$</b>	<b><u>(3,059)</u></b>

**Strategic Initiatives Funded by Contracts & Grants**

Program Revenue - DHS Commercial First		\$	1,700
Program Expense		\$	1,574
	<b>Profit/(Loss)</b>	<b>\$</b>	<b><u>126</u></b>
Program Revenue -SBA FAST		\$	60
Program Expense		\$	60
	<b>Profit/(Loss)</b>	<b>\$</b>	<b><u>-</u></b>

**Consolidated Revenue & Expenses & Changes in Net Position**

Total Revenue		\$	23,060
Total Expenses		\$	25,993
	<b>Change in Net Position</b>	<b>\$</b>	<b><u>(2,933)</u></b>
	<b>Beginning Net Position</b>	<b>\$</b>	<b><u>15,535</u></b>
	<b>Ending Net Position</b>	<b>\$</b>	<b><u><u>12,602</u></u></b>

# **Item 135.D.1b**

**By program, total grants  
made and investments  
awarded for each grant and  
investment program,  
including CRCF**

**Item 135.D.1b**

As illustrated in item 135.D.1 FY2021 Operating Plan of the managing non-profit, the following excerpt has been modified to include total budgeted grants and investments planned for each grant and investment program administered by the managing non-profit at a total budgeted amount of \$11.362M.

Objectives	Success Metric	FY21 Measure	Budget Grant/ Investment Amount
Virginia Founders Fund (VFF) – In partnership with Entrepreneurial Ecosystems initiatives, identify pipeline and close investments for the Virginia Founders Fund.	Number of investments	12-16 VFF investments placed	\$1.065M
GAP Fund – Identify, process and close a robust pipeline of seed stage investments and maintain portfolio performance to recover all invested capital over the life of the investment program	# of investments placed	8-12 GAP Investments Placed, including Innovation Investments	\$3.335M
	Leverage Cash: amount of initial and follow on investment from non-Commonwealth sources	At least \$20M	
	Rate of Return	1.2 x Total ROR	
CCF – Solicit, process, award and administer a robust pipeline of high-potential CCF projects; Report on CRCF and VRIF-funded outcomes	Execute FY21 private sector solicitation	Announce awards between January and March 2021	\$5.962M (includes deployment of CRCF and VRIF prior year award milestone achievement)
Entrepreneurial Ecosystems – CoFund entrepreneurial ecosystems projects identified by GO Virginia	Align with GO Virginia ecosystem projects, and where VIPA funding provide benefits	By 9/30/2020 meet with GO Virginia leadership in Richmond and in the 9 regions	\$1.0M
	Develop grant application process to ensure fairness and efficiency	By 12/31/2020 develop and announce grant application process	
	Deploy funds in FY21	By 5/31/2021 commit/deploy grants	
Entrepreneurial Ecosystems – Establish the Regional Innovation Fund (RIF)	RIF ready for VIPA Board approval	By 12/31/2020 complete all legal and procedural tasks required to create the RIF	Unfunded, structure established subject to VIPA board allocation of proceeds

**Total**

**\$11.362M**

# **Item 135.D.1c**

**By program, recoveries of  
previous grants or  
investments and sales of  
equity positions**

Recoveries of previous grants, investments and sales of equity positions are unpredictable and, therefore, not budgeted.

# **Item 135.D.1d**

**Cash balances by funding  
source and available,  
committed and projected  
expenditures of cash balances**



**Virginia Innovation Partnership Authority  
Fiscal Year 2021 Cash Budget**

(In Thousands)

	<b>Beginning Balance at 7/1/2020</b>	\$	<b>2,000</b>
<b>Cash Receipts</b>			
Commonwealth Appropriation - General Fund Item 135		\$	25,700
Commonwealth Appropriation - NGF Item 135 property sale proceeds			20,000
	<b>Total Cash Receipts</b>	\$	<u>45,700</u>
<b>Cash Disbursements</b>			
VIPA Administrative Expense		\$	20
Transfer to CIT - FY2021 Appropriation			20,350
Transfer to CIT - FY2021 Rent from IEIA Building Reserve			731
Transfer to COEs - FY2021 Appropriation			25,350
	<b>Total Cash Disbursements</b>	\$	<u>46,451</u>
	<b>Net Change</b>	\$	(751)
	<b>Ending Balance, Total at 6/30/2021</b>	\$	<u><u>1,249</u></u>

**Center for Innovative Technology  
Fiscal Year 2021 Cash Budget**

	Operating Funds		Designated Funds					Total
	COV	Other	COV					
	Discretionary Fund	Grants & Contracts	Commercialization Division	Investments Division	Entrepreneurial Ecosystems Division	Strategic Initiatives Fund	Unmanned Systems Fund	
(In Thousands)								
<b>Beginning Balance at 7/1/2020</b>	\$ 313	\$ 408	\$ -	\$ 13,589	\$ -	\$ 340	\$ 1,199	\$ 15,849
<b>Cash Receipts</b>								
General Fund Appropriation	\$ 3,250			\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000	\$ 10,350
Non General Fund Appropriation - Building Sale Proceeds			\$ 10,000					\$ 10,000
Interest, Sponsorship, Return on Investment	\$ 219							\$ 219
Building Reserve	\$ 731							\$ 731
Contracts & Grants		\$ 1,678						\$ 1,678
<b>Total Cash Receipts</b>	\$ 4,200	\$ 1,678	\$ 10,000	\$ 3,100	\$ 2,000	\$ 1,000	\$ 1,000	\$ 22,978
<b>Cash Disbursements</b>								
Operating Programs Net of Over-applied Indirects	\$ (634)							\$ (634)
Designated Programs	\$ 4,413		\$ 6,695	\$ 8,010	\$ 2,000	\$ 1,283	\$ 1,861	\$ 24,262
Building Reserve - Rent	\$ 731							\$ 731
Contracts & Grants		\$ 1,770						\$ 1,770
<b>Total Cash Disbursements</b>	\$ 4,510	\$ 1,770	\$ 6,695	\$ 8,010	\$ 2,000	\$ 1,283	\$ 1,861	\$ 26,129
<b>Net Change</b>	\$ (310)	\$ (92)	\$ 3,305	\$ (4,910)	\$ -	\$ (283)	\$ (861)	\$ (3,151)
<b>Ending Balance, GF at 6/30/2021</b>	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 57	\$ 338	\$ 398
<b>Ending Balance, NGF at 6/30/2021</b>	\$ -	\$ 316	\$ 3,305	\$ 8,679	\$ -	\$ -	\$ -	\$ 12,300
<b>Ending Balance, Total at 6/30/2021</b>	\$ 3	\$ 316	\$ 3,305	\$ 8,679	\$ -	\$ 57	\$ 338	\$ 12,698

Designated Funds are amounts which are to be spent on a specific purpose stated in the Appropriation Act

# **Item 135.D.1e**

## **Private investment activity related to the fund of funds**

No activity.