



December 19, 2022

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

Dear Director Maul:

Enclosed please find the FY2022 Annual Report for the Virginia Innovation Partnership Authority (VIPA) and the Virginia Innovation Partnership Corporation (VIPPC). The report fulfills the Code of Virginia § 2.2-2355 (20) and (17) and the 2022 Appropriations Act Item 127 D requirements.

If any questions, please call me at 703-689-3021.

Sincerely,

A handwritten signature in black ink that reads "Susan Aitcheson". The signature is written in a cursive style and is positioned above the typed name.

Susan Aitcheson
CFO
Virginia Innovation Partnership Corporation

cc: The Honorable Governor Glenn Youngkin
The Honorable Adam Ebbin, Chair, Senate General Laws and Technology
The Honorable Emily Brewer, Chair, House Communications, Technology and Innovation
The Honorable Caren Merrick, Secretary of Commerce and Trade
The Honorable Janet D Howell, Co-Chair, Senate Finance & Appropriations Committee
The Honorable George Barker, Co-Chair, Senate Finance & Appropriations Committee
The Honorable Barry Knight, Chair, House Appropriations Committee
Ms. Anne 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
Dr. Barbara Boyan, VIPC Board of Directors Chair
Mr. Rob Quartel, VIPC Board of Directors Finance Committee Chair

www.vipc.org



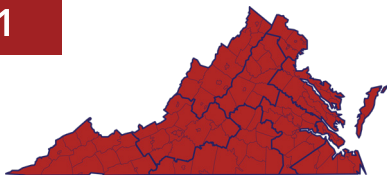
VIPA | VIRGINIA INNOVATION
PARTNERSHIP AUTHORITY

VIPC | VIRGINIA INNOVATION
PARTNERSHIP CORPORATION
Connecting Innovators with Opportunity

Annual Report 2022

In accordance with 2022 Appropriation Act Item 127.D and Code of Virginia § 2.2-2355 (17) and (20), The Virginia Innovation Partnership Corporation is pleased to submit the following report describing key programs and economic performance for the Commonwealth of Virginia.





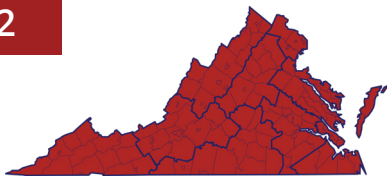
ABOUT VIPA

The **Virginia Innovation Partnership Authority (VIPA)** was launched on July 1, 2020 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. The Authority provides a collaborative, consistent, and consolidated approach that 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 the 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 enhanced deal syndication.

The VIPA, with VIPC as its operating arm, 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.



INDEPENDENT NONPROFIT CENTERS OF EXCELLENCE UNDER A SINGLE STATE AUTHORITY

This new structure allows for greater coordination across these organizations, as well as unified periodic reporting through VIPA to the Secretary of Commerce and Trade and other Commonwealth of Virginia stakeholders.

Below is an overview and direct link to each of the Centers of Excellence (COE) annual reports. VIPA does not approve or include their outcomes in our report metrics. *Click logos for annual reports.*

CCALS
Commonwealth Center for Advanced Logistics Systems
501(c)(3)

Board of Directors
(10 Members)
Chair: *Dawit Haile*
Vice Chair: *Vince Barnett*
President & Exec. Dir.:
Mark Manasco

Commonwealth Center for Advanced Logistics Systems administers and deploys seed money for collaborative public sector projects with Commonwealth partners.

**VBHRC
Catalyst**
Virginia Catalyst
501(c)(3)

Board of Directors
(16 Members)
Chair: *David X. Cifu*
CEO: *Michael Grisham*

Non-stock corporation research consortium comprised of the University of Virginia, Virginia Commonwealth University, Virginia Tech, George Mason University and the Eastern Virginia Medical School that contracts to perform research and develop infrastructure tools in biosciences to facilitate research activities.

CCAM
SOLVING ADVANCED MANUFACTURING CHALLENGES
Commonwealth Center for Advanced Manufacturing
501(c)(3)

Board of Directors
(12 Members)
Chair: *Nezih Yaramanoglu*
CEO: *John Milton-Benoit*

Commonwealth Center for Advanced Manufacturing administers private sector incentive and university research grants.

CCI
Commonwealth Cyber Initiative
Multi-University Program

• Advisory Board
• Leadership Council
Exec. Dir.: *Luiz DaSilva*

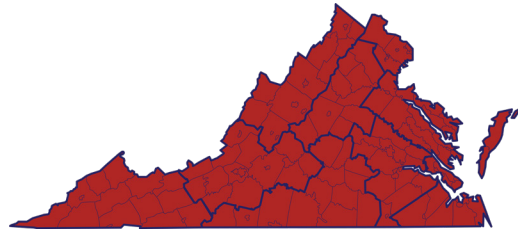
Commonwealth Cyber Initiative funds Hub and Node sites to provide resources for the establishment of research faculty/recruiting, entrepreneurship programs, student internships and educational programming, and operations.

VASEM
Virginia Academy of Science, Engineering and Medicine
501(c)(3)

Board of Directors
(12 Members)
President: *James Aylor*

VASEM is a Virginia nonprofit corporation established to: Inform, Advocate, and Serve.





VIPC | VIRGINIA INNOVATION PARTNERSHIP CORPORATION

Connecting Innovators with Opportunity

The Virginia Innovation Partnership Corporation (VIPC), Connecting Innovators with opportunities. The nonprofit operations arm of the Virginia Innovation Partnership Authority (VIPA), VIPC is the commercialization and seed stage economic development driver in the Commonwealth that leads funding, infrastructure, and policy initiatives to support Virginia's innovators, entrepreneurs, startups, and market development strategies. VIPC collaborates with local, regional, state, and federal partners to support the expansion and diversification of Virginia's economy.

Programs include: Virginia Venture Partners (VVP) | Virginia Founders Fund (VFF) | Commonwealth Commercialization Fund (CCF) | Smart Communities | Unmanned Systems | Entrepreneurial Ecosystems | Regional Innovation Fund (RIF) | Federal Funding Assistance Program (FFAP) for SBIR & STTR | University Partnerships | Startup Company Mentoring & Engagement. For more information, please visit www.virginiaipc.org. Follow VIPC on Twitter, LinkedIn, and Facebook.

VIPA & VIPC are Guided by Four Governing Principles:

INCLUSION

Prioritize outreach to historically underrepresented groups in the Commonwealth such as people of color, women, and rural communities while ensuring that all parts of the Commonwealth are touched by VIPC.

ACCOUNTABILITY

Openness on all issues among the Board, the Administration, the General Assembly; enhanced Board Committees for oversight across all VIPA activities.

TRANSPARENCY

Board approved operating plans & balanced scorecards; management accountability; Board and Commonwealth reporting.

LEADERSHIP

Board and management policy engagement with COV government, operational execution, and measurable results.



Anticipated Changes in FY2023

During FY23, VIPC will provide leadership for funding, infrastructure, and policy initiatives that support the success of Virginia's innovators, entrepreneurs, startups, and market development strategies that create jobs, new startups, and well-trained entrepreneurs and innovators.

Our anticipated changes surround the growth and development of existing, new programs, and opportunities which will include:

The generation of measurable economic development benefits.

- Expanded investment strategies that support more investment while generating ROI.
- Broaden the funnel of entrepreneurs and commercialization ideas.
- Track consistent set of growth metrics.

Be a catalyst for the Commonwealth's entrepreneurial ecosystem.

- Collaborate with Centers of Excellence (COE) on programs and funding to ensure synergy.
- Deploy Regional Innovation Fund (RIF) grants to ensure stable ecosystem support.
- Collaborate with accelerators, incubators, university-based entrepreneurial programs.
- Develop a continuum of support services and investment tools.

Support full innovation life cycle, from research to commercialization.

- Expanded partnership with feds (DHS, NIH, EDA) for innovation.
- Commercial-first innovation.
- Expand path-to-market partnerships with companies, early adopters & communities.
- Pilot projects to prove & validate product/functionality.
- Living laboratory facilities and operational adoption partners to reduce "valley of death".

Define and prioritize strategic technology domains for investment.

- Launch Virginia Innovation Index.
- Collaborate with technology-focused entities such as VASEM, CCI, MITRE, VEDP.
- Incorporate emerging Federal priorities such as resiliency.
- Incorporate commercial market trends such as autonomy, AR/VR, personalized medicine.
- Focus on industries and research with potential for Virginia leadership.
- Continuous evolution of technology baseline & focus.

Innovation outreach, including marketing and policy development.

- Policy development & advocacy supporting industry-permissive approaches.
- Regional/Statewide marketing.
- Citizen engagement & outreach for awareness and support.
- National/international visibility and publicity in leadership areas.

Regional Innovation Fund (RIF)

- Beginning in FY23, the RIF program's eligibility has been expanded to include entrepreneur support organizations (ESOs) based outside of Virginia but that have a significant operating presence in Virginia with a track record of supporting Virginia-based startups. It has also been expanded beyond only co-funding eligible GO Virginia projects to support state and regional ESOs in all regions of the Commonwealth that have actively collaborated with the VIPC Commercialization, Entrepreneurial Ecosystems, Investment, and/or Strategic Initiatives divisions.

NEW Activity: Petersburg Founders Fund (PFF)

- The Petersburg Founders Fund (PFF) is a new competitive direct grant program, and VIPC will not take an equity stake in the companies. However, via the PFF, the Commonwealth will invest in the future growth of Petersburg's economy and entrepreneurial ecosystem. Services for founders will also include mentoring, access to markets, business acceleration and incubation, introduction to potential lenders and investors, and other important benefits. The PFF will connect to and build on existing entrepreneurship programs in the City and surrounding communities.

NEW Activity: Virginia's State Small Business Credit Initiative (SSBCI)

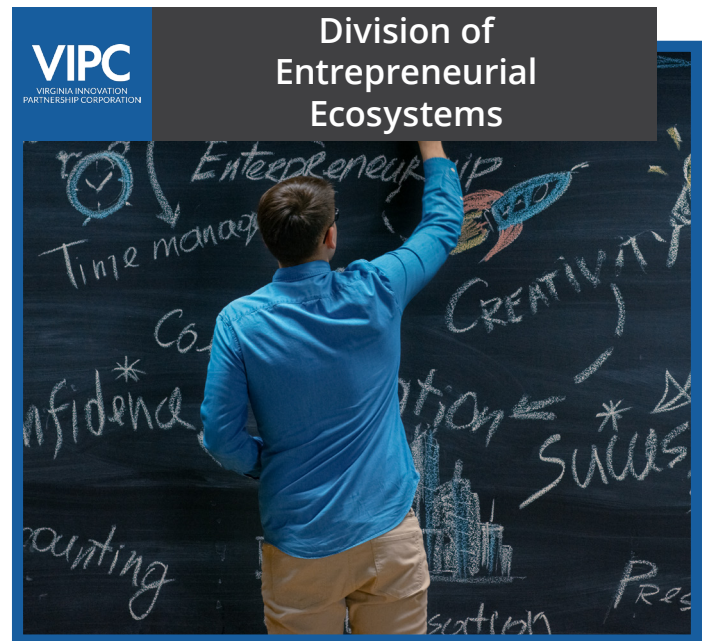
- The U.S. Department of the Treasury will be approving Virginia's application for funding to support the state's small businesses and entrepreneurs. The federal program will provide resources for Governor Youngkin's vision of an innovation economy in the Commonwealth by enabling increased access to capital, especially in traditionally underserved communities. The Virginia Innovation Partnership Corporation (VIPC) will allocate the funding through Virginia Venture Partners (VVP) to place equity investments in Virginia's leading seed stage start-ups, explore investment opportunities in emerging sectors vital to Virginia's future and support other funds aligned with that mission.

VIPC | VIRGINIA INNOVATION PARTNERSHIP CORPORATION

Connecting Innovators with Opportunity

FY2022 PROGRAM OVERVIEW

Click Division to Skip to Section





VIPC | *DIVISION of
COMMERCIALIZATION*

Strategic Investments in Research Commercialization

The Division of Commercialization supports and advances technology commercialization throughout Virginia, with particular emphasis on higher education and the private sector. It plays a crucial role in promoting research and development (R&D) excellence in Virginia and in guiding, coordinating, and funding efforts to support research with commercial potential. The Division manages the Commonwealth Commercialization Fund (CCF), a Commonwealth-funded grant vehicle with programs that support seed-stage privately-held technology companies and promising technology commercialization projects within Virginia's colleges, universities, and other nonprofit research institutes.

Commonwealth Commercialization Fund (CCF)

Private Sector Grant Program (PS): PS provides competitive grants of up to \$75,000 for seed-stage privately-held Virginia-based technology startups.

Higher Education Grant Program (HE): HE provides competitive grants of up to \$300,000 for promising early-stage research commercialization projects within Virginia's public and private research universities and other nonprofit research institutes.

Eminent Researcher Recruitment & Retention Grant Program (ERR): ERR provides up to \$250,000 per year to each of Virginia’s public research universities to help recruit and retain eminent researchers and faculty who will be leaders in commercializing and productizing promising research and development.

Laboratory & Equipment Grant Program (L&E): L&E provides up to \$1M per year to each of Virginia’s public research universities to support the development of next-generation research laboratories. L&E grants can be paired with ERR grants to support the recruitment of new faculty or the retention of existing faculty.

Entrepreneur-in-Residence Grant Program (EIR): EIR provides up to \$250,000 per year to each of Virginia’s public research universities to hire entrepreneurial mentors who work with faculty and researchers to orchestrate commercial “spin-outs” that leverage university-owned IP.

Beginning in FY22, the Commercialization Division transitioned CCF to rolling submissions, allowing the team to support more grant applications and consistent momentum for this process into FY23. As a result, the Commercialization team was reorganized in FY22 to support dedicated business development and grant management functions. The Division has seasoned directors overseeing each of the private-sectors and higher education CCF programs, with an experienced director overseeing grant administration, including awardee outcomes reporting. The Commercialization Division team provides customized guidance and support for each of our applicants and awardees.

[Click Here to Learn More](#)

Primary objectives for the Commercialization Division in FY23 include:

- Attract and review at least 150 CCF private sector grant applications.
- Attract and review at least 80 CCF higher ed grant applications.
- Launch ERR program through Virginia colleges and universities.
- Launch EIR program through Virginia colleges and universities.
- Launch L&E program through Virginia colleges and universities.
- Support the portfolio of CCF, CRCF, and VRIF award recipients.
- Prepare and submit the FY23 CCF annual report and provide other reports as required, including the VIPA report for Legislative Audit and Review Commission (JLARC)’s annual economic development incentive review.
- Encourage founder-friendly IP licensing policies and startup access to facilities at Virginia’s colleges and universities.
- Convene and consult with the Advisory Committee on Commercialization.
- Convene VIPC’s Eminent Researchers, with the objective to build community and collaboration across Virginia’s research universities.

Commercialization at a Glance

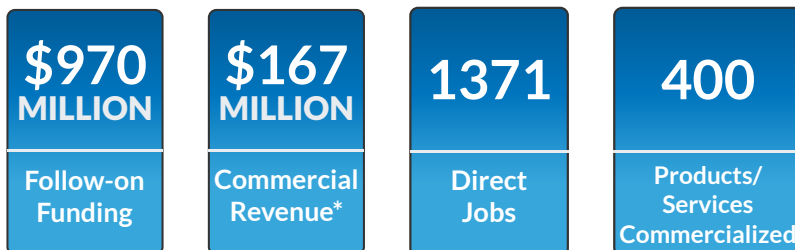
CCF



The Commonwealth Commercialization Fund (CCF) provides grant funding for Virginia-based technology startups and commercialization projects with a high potential for economic development and job creation and that position the Commonwealth as a national leader in science- and technology-based research, development, and commercialization.

107 Projects, \$8M

Cumulative Outcomes Since 2012



CRCF

FY2012-2020

The Commonwealth Commercialization Fund, or CRCF, provided grant funding for Virginia-based technology startups and commercialization projects in support of the Commonwealth's overall plan to enhance economic development through entrepreneurship.

356 Projects, \$28.4M

VRIF

FY2016-2020

The Virginia Research Investment Fund, or VRIF, was established in 2016 as part of the GO Virginia initiative to fostered economic development and job creation through competitive grants that supported innovative and collaborative research, development, and commercialization efforts among and between public institutions of higher education and the private sector.

5 Projects, \$5.5M



VIPC

DIVISION of
ENTREPRENEURIAL
ECOSYSTEMS

Strengthening Communities

The Division of Entrepreneurial Ecosystems was established in July 2020 to support and promote technology-focused entrepreneurial ecosystems throughout the Commonwealth. Regional entrepreneurial ecosystems in Virginia have grown significantly over the last several years as communities have recognized that successful technology and innovation-led startups are important to economic growth and development. Regional ecosystem-building initiatives and entrepreneurial support organizations (ESOs) have been established to meet the needs of Virginia's diverse and dynamic regional economies.

The Division acts as a supporter, connector, and convener for entrepreneurial ecosystems and stakeholders throughout Virginia. These stakeholders include startup incubators business accelerators, venture development organizations, regional technology councils, chambers of commerce, and other Virginia-based organizations that assist entrepreneurs through the early stages of business formation and growth.

Regional Innovation Fund (RIF) [Click Here to Learn More](#)

The RIF is a VIPC-administered state-funded program that provides competitive grants to leading Virginia-based entrepreneurial support organizations (ESOs) and ecosystem builders (EB). RIF grants provide operational and sustained funding for these partners and RIF grants can

be renewed on an annual basis as grantees continue to make progress toward projected outcomes and metrics.

The Division of Entrepreneurial Ecosystems launched the RIF in March 2021 and has made four awards through June 2022.

Primary objectives for the Division of Entrepreneurial Ecosystems in FY23 include:

- Support innovation ecosystems across the Commonwealth, including organizing, co-hosting and sponsoring regional and statewide events.
- Provide up to \$2.0M in RIF funding to entrepreneurial support organizations and regional ecosystem builders.
- Map technology-based entrepreneurial ecosystem resources to determine gaps in services available at the regional and statewide levels.
- Establish and execute the Petersburg Founders Fund (PFF) a grant program to assist entrepreneurs and companies in one of Virginia's most economically-challenged communities.
- Establish a multi-tiered customer development pilot program to assist entrepreneurs in gaining access to commercial, and governmental.

For activities associated with the Division of Entrepreneurial Ecosystems, 4 capacity-building/organizational support grants totaling \$800,000 were awarded for FY22 activities (including 2 awarded at the end of FY21) using RIF to enable regional entrepreneurial support and ecosystem building services. These grants supported organizations located in GO Virginia regions 2, 4, 5, and 9.

Additionally, EED awarded \$360,000 to support the Innovation Commercialization Assistance Program (ICAP) and 8 sponsorships to Entrepreneur Development Programs (EDPs) participating in the Virginia Accelerator Network initiative during FY22. In addition to awarding funds, the Division provided technical assistance to ICAP and the Virginia Accelerator Network participating organizations. These projects increased the geographic impact of EED to 7 out of 9 GOVA Regions served with 1 additional statewide resource supported.

These programs anticipated \$25 million of initial and follow-on capital with 30 companies accelerated and 675 entrepreneurs to receive pre-acceleration support. Supported programs reported the following successes for FY22:

- \$61 million in capital raised
- 410 pre-acceleration entrepreneurs supported
- 29 companies accelerated
- 36 post-acceleration companies supported
- 153 jobs created
- 5,937 mentoring hours supported
- 24 events held with 1,138 attendees
- 500 entrepreneurs engaged
- 11 new companies formed

Entrepreneurial Ecosystems at a Glance

445 Federal Funding Assistance Program

businesses supported annually

The Federal Funding Assistance Program (FFAP) has provided Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) support to over 400 businesses annually via workshops, consultations, and mini-grants. FFAP was transferred to the Commercialization division on July 1, 2022.



\$200k each in grants

Regional Innovation Fund

The Regional Innovation Fund was launched in March 2021 and has made its first four grants of \$200K apiece to ecosystem builders, startup accelerators and innovation hub projects in Charlottesville, Hampton Roads, Richmond, and Roanoke-Blacksburg.



\$360k mini grants & other opportunities

State & Regional Ecosystem Support

The Entrepreneurial Ecosystems Division provided \$200K to the Virginia SBDC Network ICAP program to expand pre-acceleration services for tech entrepreneurs across all regions of Virginia. It provided \$160K in strategic mini-grants to accelerators, incubators and other ESOs as part of the Virginia Accelerator Network initiative. EED also engaged and support Regional Technology Councils and Minority Business Organizations to advance inclusive innovation-led entrepreneurship at the local and regional levels.



Investing in Virginia Companies

The Division of Investment was established to support VIPPC Virginia Venture Partners and any new investment vehicles approved by the VIPA and VIPPC Boards. The purpose of this Division is to give Virginia a competitive advantage with an array of funding mechanisms provided under section § 2.2-2355 related to direct and indirect investments. Historically, Virginia Venture Partner has focused on direct investment, placing equity financing in early-stage science and technology-based companies through a family of funds spanning multiple generations of tech, life science, and clean energy theses.

Launched in 2018, the Virginia Founders Fund joined these sector-oriented funds, placing investments in Virginia communities traditionally underserved by risk capital. In FY22, Virginia Venture Partners added the Virginia Partners Fund, providing a specific focus on Virginia's traditionally underserved geographies.

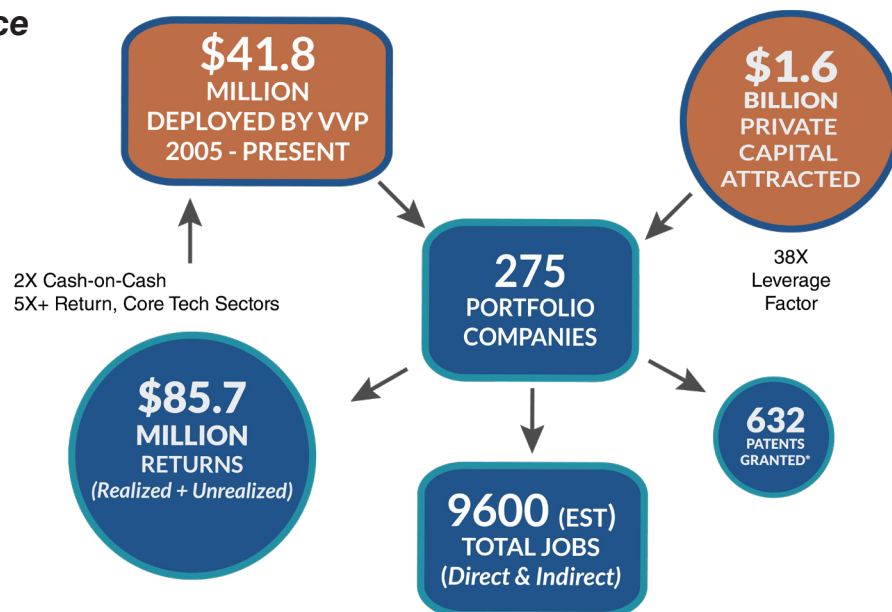
VIPPC management oversees VVP and is advised by the Virginia Venture Partners Investment Advisory Board (IAB). [Click Here to Learn More](#)

The Division of Investment is also advised by the Division Advisory Committee on Investment, which offers guidance on new investment programs and policies.

Primary objectives for the Investment Division in FY23 include:

- Continued development of Virginia Venture Partners three-stage model to support companies through their seed-stage progression:
 - Seed-Stage I Pre-GAP Funds
 - Seed-Stage II VVP GAP Funds
 - Seed-Stage III VVP GAP Funds Spin-Out Fund
- Continued focus on Seed Stage I, pre-GAP investments through the Virginia Founders Fund, Virginia Partners Fund, and Innovation Fund program offerings and on Seed-Stage II investments through flagship GAP Tech, GAP Life Science, and GAP Clean Tech funds.
- Implementation of the Department of Treasury State Small Business Credit Initiative (SSBCI) Venture Capital Program to enhance investment capacity, both the number of investments and dollars deployed through Virginia Venture Partners' existing Stage I and II direct investment channels, and the extension of external investment capacity through indirect investment in external fund managers.
- Exploration of the Seed-Stage III Opportunity Fund launch, to invest pooled private capital under the management of the VIPC Virginia Venture Partners Team into selected Seed Stage II portfolio companies and other late seed-stage Virginia start-ups. VIPC will pilot the fund with initial draw-down of building proceeds for designated investments.
- Design and implement other indirect investment programs. These may encompass the creation of sidecar funds, additional intermediary investment, or co-investment vehicles aligned with VIPC's investment mission or intra-VIPC fund transfer to support other divisional initiatives.
- Work with the Advisory Committee on Investment to advise and assist the Investment Division and VIPA Board on making biennial recommendations to the Governor regarding investment strategy.

Investment at a Glance



The logo for the Virginia Innovation Policy Center (VIPPC) is displayed in a bold, blue, sans-serif font. It is positioned on the left side of a white horizontal banner that spans across the top of the page. The banner is set against a background image of a hand holding a glowing lightbulb with a brain inside, symbolizing innovation and ideas.

*DIVISION of
STRATEGIC INITIATIVES*

Embracing Innovation in the Commonwealth

The Division of Strategic Initiatives will “provide leadership for strategic initiatives that explore and shape programs designed to attract and grow innovation in the Commonwealth” (§ 2.2-2355). FY23 will continue the division’s efforts on the execution of three primary activities: Smart Communities, Unmanned Systems, and the DHS SCITI Labs program. In addition to these primary activities, Strategic Initiatives will deliver the Virginia Innovation Index. Strategic Initiatives Division will also continue to develop the following new areas initiated in FY22:

- A Maritime Center of Excellence centered around Hampton Roads, conducting activity under the FY22 Announcement of Opportunity solicitation with VISA.
- The Public Safety Innovation Center, now initiated and being developed in conjunction with the Public Safety and Homeland Security Secretariat of Virginia.
- Augmented Reality/Virtual Reality (AR/VR), as initially embodied in the AccessVR Lab at GCubed in Stafford County.
- Quantum computing, focused specifically on the development of quantum computing-based software solutions for areas such as Advanced Logistics.
- Other potential initiatives and external funding opportunities under § 2.2-2355 will be pursued during FY23 as opportunities provide possible mission support and available staff time allows.

Primary objectives for the Strategic Initiatives Division in FY23 include:



Public Safety Innovation Center at VIPC [Click Here to Learn More](#)

Assist with the development and implementation of new and/or improved technology for use by public safety emergency responders at the local, state, and federal level.

Key goals of this strategic vision include:

- Establish relationships for the exchange of concepts and best practices between the PSIC and other public safety organizations such as local responders, state agencies, commercial or non-profit groups, the Department of Homeland Security, and other federal government agencies/entities.
- Seek out and assess new innovative technologies that could potentially aid and benefit public safety practitioners.
- Assist in the development, testing, and validation of new technologies and equipment.
- Identify, facilitate, and support new initiatives and pilot projects that will further the transition to practice and use of innovative technologies for public safety.
- Identify and help implement and deliver public safety training, primarily around new technologies and capabilities.
- Provide and/or coordinate provision of public safety Subject Matter Expertise (SME) to local and state public safety and other government entities in the Commonwealth.
- Continue to build upon the relationship with the Commonwealth Virginia Department of Public Safety and Homeland Security Secretariat and the federal Department of Homeland Security to advance public safety across various areas to include use of drones, specialized training activities, operational experimentation, IoT, and related technologies, emerging activities relating to Port security and safety, and other public safety centric technology advancement.

SCITI Labs [Click Here to Learn More](#)

The SCITI Labs Commercial First Innovation program will continue with the U.S. Department of Homeland Security (DHS) in FY23. In May 2021, DHS issued a contract modification to add funding to our current multi-year contract, and a second option is expected to be exercised in May, 2022. Management has set a conservative realized revenue target of \$2M for SCITI Labs in FY23. The primary focus of this program will be continued strong execution against the defined Program Plan and customer technology interests.

Key priorities in support of this strategic vision include:

- Detection of environmental threats such as flood and wildfire ignition using networked IoT sensors.
- Smart buildings and communities.
- UAS/C-UAS and other Public Safety-related technologies.

Smart Communities [Click Here to Learn More](#)

Key priorities in support of this strategic vision include:

- Activities will continue to focus on pilot projects across Commonwealth, with the intent being “Community-Driven Innovation.”
- Continued support of early stages of initiatives that develop capabilities identified and desired by the communities involved, including pilot projects with a diverse set of communities. 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.
- Initial areas of focus include: IoT security and privacy, indoor public building and environmental sensors, and continued integration of various pilot activities with the Commonwealth Data Trust model. [Click Here to Learn More](#)

The Virginia Unmanned Systems Center at VIPC [Click Here to Learn More](#)

The nexus of Virginia’s activity in UxS – Land, Air, Sea, Space.

Key priorities in support of this strategic vision include:

- Maintain collaboration between businesses, investors, universities, entrepreneurs, and government organizations.
- Continue to support rapid growth of the UxS industries in Virginia, pivoting towards infrastructure to support growth of heavy cargo transport and eventually people transport (Advanced Air Mobility, AAM).
- Create new pilot projects with Virginia state agencies and private companies to demonstrate value proposition of UxS technology.
- Develop partnerships for Virginia companies with major service providers (package delivery, public safety, and infrastructure).

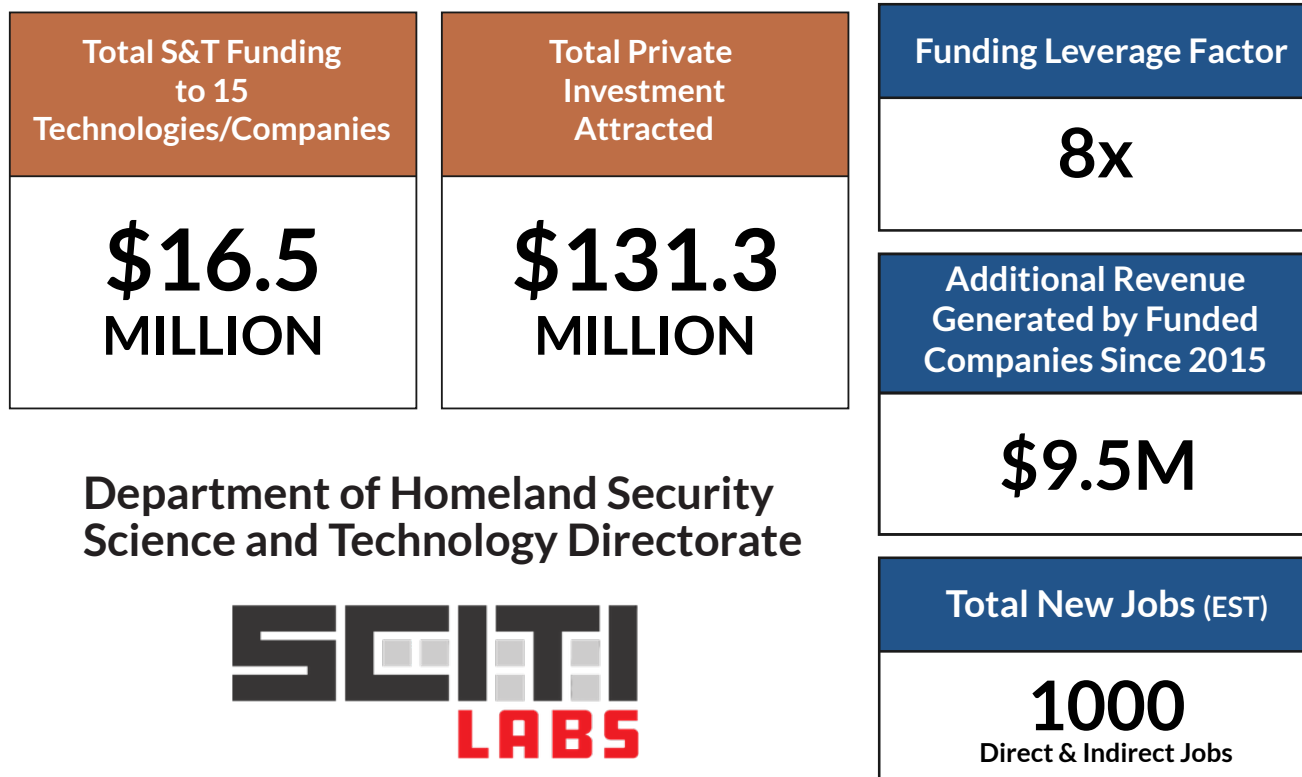
Budget and Resources

Appropriated Strategic Initiatives budget for FY22/23 biennium budget is \$1M per year for each of the two years and for each of the two areas – Smart Communities and Unmanned Systems. Management expects the federal government to authorize additional funding to its existing DHS SCITI Labs Commercial First contract during the current federal FY ending September 30, 2022. Management projects the need to add one to two new hires for adequate program support. The remaining funds will provide direct program support, including pilot project initiatives under Smart Communities and Unmanned Systems and subcontracts under the SCITI Labs program.

Strategic Initiatives at a Glance



Federal DHS Funding Deployed via
VIPC Strategic initiatives since 2015.





VIPC | VIRGINIA INNOVATION
PARTNERSHIP CORPORATION

Connecting Innovators with Opportunity

Appendices

Click on Section to Jump

Division of Investment

Virginia Venture Partners (VVP) Growth Acceleration Programs (GAP)

Division of Entrepreneurial Ecosystems

Regional Innovation Fund (RIF)

Division of Commercialization

Commonwealth Commercialization Fund (CCF)



Virginia Venture Partners (VVP)

The FY2022 activity below is provided in response to Section 127.D.2A of the Appropriations Act.

Since VVP investments are, by design, pre-seed and seed stage focused 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.

- I. The number of companies receiving investment from the VVP:
 - a. FY22: 43 companies
 - b. Inception-to-date: 275 companies¹

- II. The state investment and amount of privately leveraged investments per company:
 - a. FY22: VVP invested \$7.2M and leveraged \$98.6M in angel and venture dollars on FY22 investments. During FY22, VVP's investments leveraged \$241.6M.
 - b. Inception-to-date: VVP has invested \$41.8M and has leveraged \$1.6B in angel and venture dollars, \$241.6M of which was leveraged during FY22.

- III. The estimated number of jobs created or preserved during FY22:
 - a. FY22: 505 jobs in companies invested in by VVP in FY22.
 - b. Inception-to-date: In FY22, companies reported that 3,943 jobs were created or preserved by companies invested in by VVP in FY22 or before.

- IV. The estimated tax revenue generated during FY22²:
 - a. FY22 investments: \$2,479,515
 - b. Inception-to-date: \$18,440,671

- V. The number of companies who have received investments from VVP fund still operating in Virginia*
 - a. FY22 investments: 42 out of 43
 - i. One (1) company ceased operations after their lead venture investor lost interest and advocacy in them and their investment partner (who advocated for the deal) left the firm.
 - b. Inception-to-date: 134 out of 275ⁱ²

Of the 141 companies no longer operating in Virginia:

- I. Nine (9) are active VVP portfolio companies that have moved from the Commonwealth:
 1. Five (5) moved from Virginia to other states after the three year requirement to be headquartered in Virginia timed out.
 2. One (1) moved from Virginia to Connecticut. This company had received a \$100K convertible note from VVP - \$50K from Commonwealth-appropriated funds and \$50K resulting from a grant to VVP by Johnson & Johnson. In June of 2009, VVP 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.
 3. Three (3) were part of MACH37
 - a. Two (2) are winding down operations and pending a write-off and/or collection efforts.
 - b. One (1) was acquired by a company not headquartered in the Commonwealth of Virginia. VVP notified the company of its request to formally abandon its security interest during FY22 but VVP's stock certificate has not yet been canceled.
- II. 132 are Inactive companies
 1. 60 have failed
 2. 72 have been acquired or paid back VIPC
 - a. The above total of 72 includes one company for which VVP received shares of an acquiring company in lieu of a cash payout. While this acquiring company was itself acquired prior to the 6/30/22 date of this report, VVP did not have the opportunity to redeem its shares prior to that date. For this reason, the acquiring company in which VVP holds shares is not included in the total of 72, above, or elsewhere as an independent investment.

**Data only includes companies in which VVP has placed a direct investment. Therefore, it excludes four companies, for which VVP was granted ownership in a newly formed entity as a result of a merger or acquisition without making any additional investments.*

VI. Return on investment

- a. FY22 investments: \$0
- b. Inception-to-date: \$25,665,706

VII. The number of investments that failed:

- a. FY22 investments: 1
- b. Inception-to-date: 60 failures, \$6,238,600 invested

² VVP has invested in 275 companies from inception through FY2022. This is a downward adjustment from 278 total companies in the portfolio inception-to-date due to the following reasons (278 + 1 (item #1 below) - 4 (item #2 below) = 275:

1. Two of the invested companies merged into one company.
2. Four of the invested companies were acquired and, as part of the acquisition, VVP was granted ownership in the four respective new entities without additional cash investment.

VIII. Number of companies created or expanded and the number of patents filed during FY22:

- a. FY22:
 - i. Companies created or expanded: 43 companies
 - ii. Number of Patents filed: 36
- b. Inception-to-date:
 - i. Companies created or expanded: 275²
 - ii. Number of Patents filed during FY22: 171

IX. Geographic distribution of investments (based on GO Virginia regions)

- a. FY22 investments: 42 of 43 in Virginia (one company failure)
 - i. Region 1: 1
 - ii. Region 2: 2
 - iii. Region 3: 0
 - iv. Region 4: 9
 - v. Region 5: 6
 - vi. Region 6: 0
 - vii. Region 7: 21
 - viii. Region 8: 0
 - ix. Region 9: 3
- b. Inception to Date: 134 out of 143 active companies are based in Virginia
 - i. Region 1: 2
 - ii. Region 2: 7
 - iii. Region 3: 2
 - iv. Region 4: 18
 - v. Region 5: 11
 - vi. Region 6: 0
 - vii. Region 7: 80
 - viii. Region 8: 1
 - ix. Region 9: 13

³ Corporate and personal income tax revenue estimated. Corporate tax revenue based on company's actual revenue in CY2021 Q3 and Q4 (assumes 50% of total reported CY2021 revenues) and CY2022 Q1 and Q2. Personal tax revenue assumes an average salary of \$125k per Virginia employee.



Regional Innovation Fund (RIF)

The FY2022 activity below is provided in response to Section 127.D.2B of the Appropriations Act.

B(i) and B(ii) Projects Supported to Date

The Regional Innovation Fund (RIF) provides competitive grants to leading Virginia-based entrepreneurial support organizations (ESOs). In FY22, the RIF capacity building grants were awarded to two (2) entities, bringing the number of projects funded since inception to total four (4). The grants of \$200,000 each for a total of \$800,000 since program inception were awarded to organizations to perform regional entrepreneurial support services.

B(iii) - (v) Anticipated and Realized Program Impacts

From the four projects awarded to date, anticipated results as projected by awardees included the following information.

- I. \$18.25 million in capital to be raised over 5 years
- II. 210 jobs to be created over 5 years
- III. 80 companies to be served during the grant period
- IV. 2 new companies to be formed during the grant period
- V. 175 entrepreneurs engaged during the grant period
- VI. 1250 mentor hours facilitated during the grant period
- VII. 18 events held during the grant period

The two RIF grants awarded in FY21 had their initial Year 1 impact reports due in FY22. The awardees did not report any new company formations during the initial period of this award. The two grantees who completed their first-year projects reported that 30 jobs were created and 23 companies were accelerated with the support of this award in the first year.

B(iv) Sources of Investment

Additional sources of investment for the four projects funded under this program to date include \$450,000 in total funding from the US Navy Mid-Atlantic Tech Bridge, Radford University Foundation, Roanoke City, Valleys Innovation Council, Activation Capital, Kaleo Legal, Albemarle County EDA, Charlottesville City EDA, and the Quantitative Foundation.

B(vii) Geography Served

To date, the program has supported projects in GO Virginia Regions 2 (Roanoke-Blacksburg-Lynchburg), 4 (Richmond-Petersburg), 5 (Hampton Roads), and 9 (Charlottesville).



ECONOMIC PERFORMANCE OF KEY AREAS

Commonwealth Commercialization Fund (CCF)

The FY2022 activity below is provided in response to Section 127.D.2C of the Appropriations Act.

The CCF program will continue to reflect the importance of and value the Commonwealth has placed on supporting early-stage innovations to catalyze economic outcomes in FY2023 and beyond. Development of the higher education Entrepreneur-in-Residence Program is underway and the Commercialization Division continues to assess and refine the current funding opportunities to best meet the needs of the entrepreneur and university research community.

For activities associated with the Commonwealth Commercialization Fund:

- i. Number of research grants awarded by domain area
 - a. Private Sector: 36
 - b. Higher Education Tier 1 (TRL 2-4): 3
 - c. Scholarships to accelerators and incubators: 3
- ii. State investment by CCF program
 - a. Private Sector: \$2,648,410

- b. Higher Education Tier 1 (TRL 2-4): \$224,979
- c. Scholarships to accelerators and incubators: \$60,000
- iii. Number of eminent researchers attracted and retained
 - a. FY22: none
- iv. Additional research dollars leveraged as a result of the state investment
 - a. FY22: \$165,913,367
- v. Number of new products completed/released to production
 - a. FY22 Revenue: 84
- vi. Sales and/or revenue
 - a. FY22: \$38,264,957
- vii. Start-ups created from the research investment
 - a. FY22: 8
- viii. New licenses granted to companies within Virginia
 - a. FY22: 4
- ix. New licenses granted to companies outside Virginia
 - a. FY22: 28
- x. The geographic distribution of the grants (by GO Virginia region)
 - a. FY22: 57
 - i. Region 1: 1
 - ii. Region 2: 12
 - iii. Region 3: 0
 - iv. Region 4: 10
 - v. Region 5: 8
 - vi. Region 6: 0
 - vii. Region 7: 23
 - viii. Region 8: 0
 - ix. Region 9: 3
 - b. Inception: 468
 - i. Region 1: 3
 - ii. Region 2: 84
 - iii. Region 3: 3
 - iv. Region 4: 69
 - v. Region 5: 65
 - vi. Region 6: 9
 - vii. Region 7: 117
 - viii. Region 8: 12
 - ix. Region 9: 106