



CIT
CENTER FOR INNOVATIVE TECHNOLOGY

Center for Innovative Technology



Conducts world-class research and development programs that create new industry clusters.



Assists early-stage Virginia based technology companies in their efforts to secure private and federal funding sources



Accelerate the socio-economic growth of Virginia's rural and underserved areas through the application and use of broadband telecommunications



Dedicated to helping large-scale federal and corporate consumers of technology identify and assimilate innovation created in private sector start-up companies. GSA MOBIS Schedule

CIT Entrepreneur

- **Federal Funding Assistance Program** – CIT's Federal Funding Assistance Program identifies and accelerates opportunities for Virginia's small technology businesses to obtain SBIR and STTR awards and other government contracts. Novice and experienced grant recipients may benefit from this program.
- **GAP Fund** – CIT's GAP Fund closes the funding gap between "friends and family" and early-stage equity investment for Virginia-based technology companies. CIT's GAP Fund identifies and makes funds available to seed-stage technology firms with a high potential for commercialization, rapid growth and downstream private-equity financing.

CIT's Federal Funding Assistance Program

- Assists Virginia-based tech firms
- SBIR strategy consultation and mentoring
- Low cost proposal training and review courses
- Discounts with expert proposal consultants
- Discounts on proposal preparation software
- Referral to law firm for free IP and patent consultation
- Discounts on cost accounting solutions and CPA services
- VC/Angel Capital "Readiness" review and consideration for CIT GAP Fund
- Funding assistance to qualified first time Phase I & Phase II applicants to help pay for proposal development resources

Virginia SBIR Data

- Consistently ranked in the top 5 states in SBIR/STTR award dollars since the inception of the program. Ranked 3rd in 2008.
- Through FY 2009, 5000+ projects had been funded.
- As of June 2007, 816 Virginia firms had received SBIR/STTR awards over the life of the programs, w/ \$365M in Phase I and \$882M in Phase II awards.
- Virginia firms have received over \$1.24B in non-dilutive SBIR/STTR funding.
- In 2008, Virginia firms were awarded 254 Phase I's and 157 Phase II's, for a total of \$132,861,572.

Upcoming Training

Oct. 20-21 “SBIR/STTR Grant Prep Workshop”, Herndon, VA

**Nov. 16 “How to Win SBIR/STTR Funding”,
Roanoke, VA**

www.cit.org/events

Federal Funding Assistance Program:

Robert Brooke

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www.cit.org

CIT GAP Funds Overview

Brought you by:



GAP Funds Mission

Address the Commonwealth's funding gap for very early stage technology companies by providing critical pre-seed and seed level capital necessary to move Virginia's most promising and high-potential technologies from the proof-of-concept stage to the marketplace.

CIT GAP FUNDS EVOLUTION

GAP Fund I

GAP Tech Fund

- IT/Telecommunications
- Semiconductors/Electronics
- Networking and Equipment
- Industrial/Energy
- Computers and Peripherals

Current GAP Results

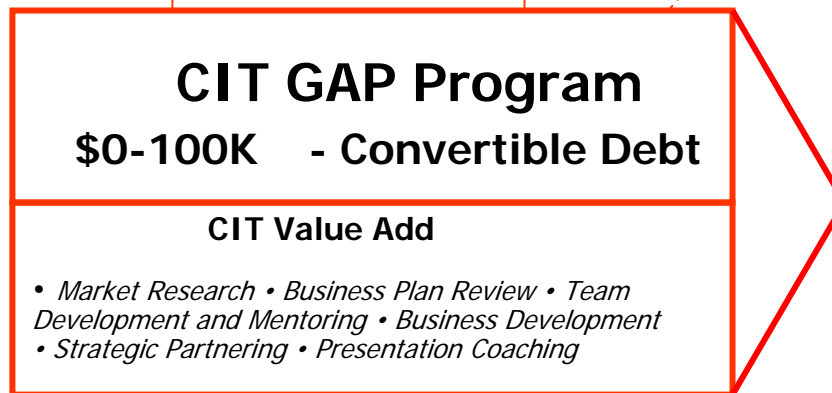
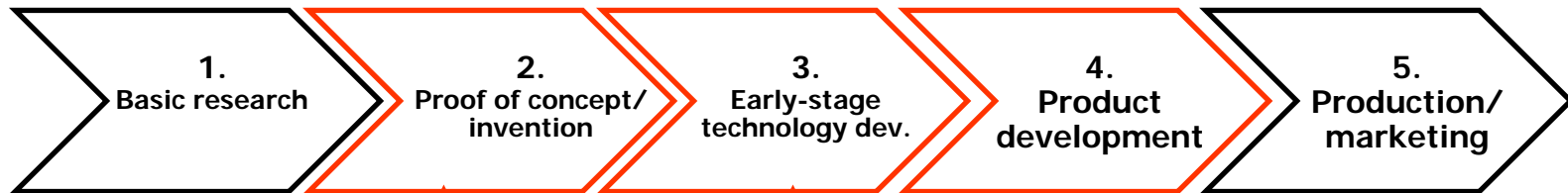
35 Investments
\$38M+ Private Equity Leveraged
12 Series A Investments
4 Portfolio Exits

GAP BioLife Fund

- Therapeutics
- Medical Devices/Instrumentation
- Bioinformatics
- Genomics and Proteomics
- Bio-defense

CIT GAP Funds Program

Stages of development



Angel or
Series "A"
Financing

Convertible Debt & Bridge Loans

- Useful investment instrument when it's too early to assign a meaningful valuation to the company, but not too early to determine that this is a venturable investment.
 - Initiates as debt
 - Provisions for conversion of the debt to equity upon various downstream events
- Excellent mechanism for a company to bridge the financing gap across a critically enabling but limited period of product development.
- Provides investors with downside protection while protecting the entrepreneur's early equity.

Conditions of Suitability

- Limited and well defined product or market development activities that will lead to revenue.
- High probability that the financed activity will trigger specified conversion provisions or sufficient revenue to repay the debt such as:
 - Likely trigger of Series A due diligence
 - Satisfaction of requirements of sales agreements
- From the investor's perspective, this may provide a low risk "rent to own" situation
 - Investor can provide early financing for a perspective investment where he will convert his debt into his own future Series A investment.

INVESTMENT CRITERIA

Management Team / Founder

- ✓ Full-Time Commitment
- ✓ Integrity
- ✓ Passion
- ✓ Coach-ability
- ✓ Creativity
- ✓ Record of High Achievement

Investment Stage

- ✓ Exclusive Seed Stage Focus
- ✓ 12-36 Months Prior to Series-A
- ✓ Pre-prototype – Pre-Launch Technologies

Investment Range

- ✓ ≤ \$100K Alone; <\$500K Syndication
- ✓ ≤ \$500K Previous Financing
- ✓ Follow-On Investment Option

Proprietary Advantage

- ✓ Unique Technology
- ✓ Defensible IP Position
- ✓ Difficult-to-Replicate Business Model

Scalability

- ✓ Markets with Big Buying Power
- ✓ Potential for Dominant Market Position
- ✓ Large-Scale Production and Delivery Economies

Industries

- ✓ Technology
- ✓ BioLife

Geographic Focus

- ✓ Virginia-Only

INVESTMENT TEAM

Tom Weithman – Managing Director, CIT GAP Funds

- 25+ Years Experience in IT and Software Company Operations and Venture Investing
- Track Record: IBM, Hughes Electronics, Consultant to Numerous Start-Ups

Erika Smith – Investment Director, GAP BioLife Fund

- 17+ Years Management and Technical Experience in Life Science Sectors
- Track Record: Palatine Consulting, Respirationics, Boston Scientific, Pittsburgh Greenhouse

Jennifer O’Daniel – Investment Analyst

- 8+ Years Experience in Business Planning, Venture Investing, and Investment Analysis
- Track Record: Virginia Tech Business Technology Center, SVIT Holding Co.

Christopher Scotton – Entrepreneur-in-Residence

- 22+ Years Experience in Software CEO, Angel investor, entrepreneur
- Track Record: The Phillips Group, Innovectra

Marco Rubin – Venture Advisor, CIT GAP Funds

- 25+ Years in Technology Consulting, Venture Capital, and Corporate Venture
- Track Record: Exoventure, Monumental Venture Partners, MCI New Ventures, Booz Allen

GAP Fund Takeaways

- Feeder Fund with Exceptional Deal Flow
- Unique Sources of Company Creation
- Professional, Rigorous Diligence Process
- Creative Approach to Start-Up Funding
- Viewed as a Desired Partner by Entrepreneurs
- Solid Commitment to Investment Community

For Participation in the GAP Funds:

Please contact:

gap@cit.org

**Also, visit the website at:
CITgapfunds.org**