
MONTGOMERY COUNTY BUSINESS INNOVATION NETWORK: PROGRAM AND POLICY REVIEW

PREPARED FOR:

MONTGOMERY COUNTY DEPARTMENT OF ECONOMIC DEVELOPMENT

PREPARED BY:

ORION VENTURES, LLC

May 2012

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ABOUT ORION VENTURES

Orion Ventures, LLC (Orion) is a consulting firm that provides business development, public policy and communications solutions to public and private sector organizations. Orion brings a unique perspective of government, business and non-profit experience to provide a customer focused and comprehensive array of services to its clients.

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EXECUTIVE SUMMARY

The creation of ‘incubators’ to encourage, foster and improve the development of new businesses was a relatively new concept for communities when Montgomery County, Maryland (Montgomery County) opened its first incubator (later to be known as an ‘Innovation Center’) in 1993. Montgomery County’s first incubator was in a leased facility designed to provide low-cost, flexible space to encourage the development of new technology companies.¹ The early success of this first incubator, as defined by its high occupancy rate, encouraged Montgomery County to further the incubator concept by establishing, constructing and leasing additional incubator facilities, which have become the Montgomery County Business Innovation Network (the BIN).

Over the next decade, the BIN has become a central hub of Montgomery County’s economic development activity, encouraging the growth and expansion of technology and life science companies. Through its inception and growth, the BIN’s primary policy objective has been to provide ready access to space with flexible lease terms for emerging technology firms. This has helped justify the program’s growth and helped build a solid programmatic foundation for the Montgomery County Department of Economic Development (DED).

As Montgomery County seeks to emerge from the significant worldwide economic downturn from 2009 to 2012, DED has begun to assess its programs to determine if it is structured to provide the community with the best tools for future economic growth. Part of this programmatic assessment includes the review of the BIN and its current policy objectives.

Before moving forward with any changes or enhancements to the BIN, DED retained Orion to review the existing program policies and objectives, provide policy alternatives and recommendations for DED and create a comprehensive list of current BIN tenants. This report provides the first level of review and sets the stage for future policy decisions—it does not include an in-depth analysis of all policy alternatives, a comprehensive fiscal audit of the BIN, a cost assessment of proposed policy options or a comparative review of other incubator-like systems. These elements should be included in the next steps of analysis for the BIN program once DED has had a chance to

review where it stands now and discuss alternatives for the future. The intended audience for Orion's report is the DED management team and Montgomery County policymakers, including the County Executive, senior Montgomery County management and the County Council. As a result, this report assumes a level of programmatic understanding of the BIN.

During the BIN's existence, there have been many reports measuring numerous different elements to show that the program has been successful, including measuring the amount of new jobs created, the amount of outside equity raised, the number of patents filed and the amount of space occupied to name just a few. Each of these measures has shown various aspects of growth for the BIN, but does not necessarily show that the program as a whole has been successful. In order to do this one must first understand the underlying policy objective and the corresponding measure of that objective.

In 2009, the Montgomery County Council's Office of Legislative Oversight (OLO) issued a report entitled *The Department of Economic Development: Review of Budget and Strategies*, which examined Montgomery County's economic development programs. Interestingly, the report found that, "Measuring the success of economic development programs poses many difficulties for evaluators. Much of the difficulty lies in determining and quantifying the change directly caused by an economic development program."² The report goes on to state that it is important for economic development programs to have clear policy objectives that then can be linked to specific outcome measures in order for there to be a possibility of attributing specific outcomes to specific actions.

Orion reviewed the BIN's policy objectives since its inception and found that the BIN had a very clear, almost singular, objective—to provide low-cost space with flexible lease terms for emerging, primarily technology-based companies, with the implicit assumption that this capacity would allow new companies to start and grow in Montgomery County. With this stated objective, it follows that the key measures for success must be the amount of space available, the occupancy rate of that space and the number of companies participating in the program. There are now five Innovation Centers and each has operated at an average occupancy rate of more than 85%. More than 200 companies have participated in the BIN program with 140 companies currently occupying space in one of the five locations.³ We believe these statistics show that the primary programmatic objectives have clearly been met.

The question now confronting DED and Montgomery County's policy makers is what should the program objectives be for the future in order to meet Montgomery County's economic needs of high quality job creation, expansion of new life science and technology-based businesses and effective allocation of limited public resources? This next step is critically important because unless the policy direction is clear, it is nearly impossible to create measurable objectives to determine the BIN's success in the future.

This report lays out five policy alternatives for consideration by Montgomery County's decision makers. Some of these alternatives can be standalone, and others can be combined to achieve success. Each of these policies also has specific objectives associated with it in an effort to link them in an effort to link the policy and programs with measurable outcomes. Finally, each of the alternatives also leverages the existing BIN assets with other resources that exist within the region in an effort to maximize Montgomery County's competitive advantage.

Alternative 1—Industry Specific Innovation Centers

Policy Goal: To achieve strategic company creation and job growth in specific industry sectors that will be beneficial to Montgomery County's economic growth and expansion.

Alternative 2—Accelerator

Policy Goal: To cultivate and identify early stage companies with high growth potential and entrepreneurs that would benefit from rigorous guidance, seed funding and space to create a strong entrepreneurial environment and cultivate capital partners.

Alternative 3—Venture-based Public/Private Innovation Center(s)

Policy Goal: To create and grow companies that are able to attract funding by establishing public/private partnerships to provide more rigorous assessment of program applicants, establish venture capital relationships with firms entering the Innovation Centers, provide more industry specific management and implement industry best practices.

Alternative 4—Federal and Academic Partnering with Innovation Centers

Policy Goal: To leverage Montgomery County's BIN to accelerate technology transfer and commercialization efforts from local federal and academic research assets in order to identify and develop new companies and products based on the ongoing research being undertaken in these institutions.

Alternative 5—Refine Existing BIN

Policy Goal: To build upon the success of providing low-cost, flexible space for emerging technology and life science companies by providing more diligence, guidance and management milestones in order to improve program efficiencies and foster a higher graduation rate.

Each of the alternatives mentioned above contains elements of programs that exist in other incubator-type models throughout the nation. Orion has attempted to tailor them to Montgomery County's particular strengths.

Recommendations

Orion has outlined a number of recommendations that should be applied no matter which policy alternative(s) Montgomery County seeks to implement. These recommendations are designed to improve the utilization of the existing limited resources and to provide greater clarity to the BIN and the effectiveness of its programs. In addition, Orion has provided specific recommendations for DED's consideration regarding new policy directions for the BIN.

- 1) Establish a clear policy objective(s) to achieve future economic growth and provide guidance to DED management and staff to establish measureable outcomes associated with the policy to provide benchmarks for success.
- 2) Implement a clear, consistent and regular mechanism for tracking outcome measures and participating company data. It is important to maintain regular tracking of companies in the program and those that have graduated in order to have any meaningful data and statistics. This should be done in a standardized, centralized database.
- 3) Focus BIN activities on industry segments where Montgomery County has or can achieve a competitive advantage and will create jobs with incomes sufficient to allow employees of BIN companies the opportunity to reside in Montgomery County.
- 4) Develop programming that is tailored to the specific activities/requirements of each Innovation Center and ensure adequate resources for appropriate staffing to provide ongoing support for participant companies.
- 5) Provide resources for Innovation Center tenants that can be used to address their ongoing capital requirements in addition to providing access to space.
- 6) Proactively develop milestones for participant companies that will lead to a more defined period of occupancy and more defined graduation requirements to ensure that Montgomery County's resources are being used to assist companies that demonstrate a high likelihood of moving out of the BIN and into other locally owned commercial real estate.
- 7) Establish a recruitment process for new companies (this can be done through Policy Alternatives 1-4) to provide a 'pipeline' of candidate companies to move into the BIN as firms either graduate, fail to meet their established milestones, or new facilities come on line.
- 8) Develop a detailed recommendation of staffing requirements to meet new programmatic needs or modifications.

- 9) Explore alternatives for reducing debt service associated with the BIN's capital expenditures.

The BIN has been successful in achieving its stated policy objectives up to this point. However, for the program to be seen as truly successful, it is now important to leverage this key county asset more strategically. In so doing, Montgomery County and DED should work to make the program more focused and build partnerships that will go well beyond the current BIN program.

Montgomery County's investment in the BIN has established a solid foundation to aid in future economic growth in key industry segments. The Policy Alternatives outlined in this report coupled with the preceding Recommendations now provide options of how to leverage that investment. Clear decision-making and effective programmatic implementation may indeed allow Montgomery County to be in the forefront of using a company incubation model to achieve entrepreneurial, technology-oriented economic growth.

Next Steps

Now that Montgomery County has a clearer understanding of its current BIN program, and of options for future growth, Orion recommends that DED undertake an in-depth cost-benefit analysis and implementation strategy analysis for each of the alternatives presented in this report, or the alternative that seems to best meet Montgomery County's policy objectives. Orion also recommends that a rigorous competitive analysis be completed with respect to other incubators in Maryland, the District of Columbia and Virginia.

Montgomery County policymakers must now approve and support the next policy objective to guide the DED management and staff when developing and implementing a plan for the BIN going forward. The coincidence of the new fiscal year, the shedding of some of the recession's more challenging attributes and DED's programmatic review make this an ideal time to move forward with the next steps of the BIN.

PROJECT INTRODUCTION

Forward

Since the onset of the recession in 2009, DED has increasingly focused on creating and retaining jobs in Montgomery County. A significant piece of DED's portfolio is the BIN—a collection of Innovation Centers supported by Montgomery County designed to support entrepreneurs from various industries.

At the current time, with resources at a premium and the region's economic dynamics being reshaped with the specter of reduced federal spending, DED is evaluating its programs and prioritizing activities to maximize job growth for Montgomery County. This review of the BIN will serve to provide background and alternatives for decision-makers to establish a framework for how Montgomery County can strengthen the BIN programs for future growth and economic opportunity.

The BIN has served as a model for other incubators around the country and provides a solid foundation to support new companies in Montgomery County. Now after more than a decade, it should be enhanced and refined to meet the needs of a changing economy. In particular, the area of life sciences and technology present an opportunity to examine best practices in the public and private sectors and incorporate these elements to improve company viability, attract outside investment and spur job creation. In addition, as our local and regional economies start to recover, now is an ideal time to review the public policy goals (stated and otherwise) and objectives of the BIN and make refinements that can aid in our local economic recovery and expand the entrepreneurial culture in our community.

The intended audience for Orion's report is the DED management team and Montgomery County policymakers, including the County Executive, senior Montgomery County management and the County Council. As a result, this report assumes a level of programmatic understanding of the BIN.

Further, in preparing this report, Orion has reviewed presentations and materials given to Montgomery County's policy makers from DED officials, as well as presentations and materials from other organizations regarding Montgom-

ery County's BIN program. The data and statistics included in this report are based on the information provided by DED and BIN staff, as well as Orion's analysis of reports from the county, DED and outside organizations. Statistics used in this report regarding BIN companies, graduates and employment data are current as of March 1, 2012 unless otherwise noted. Due to inconsistencies in data provided, Orion in some instances made evaluations and recommendations on the basis of the best estimate of the situation as reflected in the report.

History of Business Incubators in America

The idea of creating an 'incubator' to provide access to cost-effective shared space and common services to support emerging companies is relatively new. The first business incubator is commonly recognized as having been created in Batavia, New York in 1959. However, widespread adoption of business incubators did not start to occur until the 1980s in response to encouragement from the U.S. Small Business Administration, as well as recognition within communities as to the importance of economic development and diversification of employment industries in the context of widespread industrial plant closings in the 1970s.⁴

With the support of economic development organizations, community leaders and the public at large, the business incubator concept experienced a rapid pace of growth, expanding from 12 incubators in existence nationwide in 1980, to opening more than 50 new locations per year by the latter half of the decade. Pennsylvania's Ben Franklin Partnership Program, established in 1982, was one of the country's first comprehensive plans to develop a technology industry cluster, and included business incubators as a key component. This program is still in operation today and is recognized as one of the top technology-based economic development programs in the nation.⁵

Currently, over 1,100 business incubators are in operation nationwide. The National Business Incubation Association (NBIA) estimates that in 2005, North American incubators provided assistance to over 27,000 emerging companies, which in turn employed over 100,000 workers and generated revenues of over \$17 billion. Further, NBIA research has shown that for every \$1 of estimated public subsidy provided, a return of approximately \$30 in local tax revenue is generated from the incubator, clients and graduates.⁶

After somewhat falling out of favor with the dot-com crash of the early 2000s, business incubators are currently experiencing a renaissance. Incorporating new concepts such as virtual incubators and startup accelerators that focus on the information technology sector, programs continue to expand and grow both in the public/nonprofit sector, as well as the for-profit arena. In addition, recent studies have highlighted the returns that can be found by investing in business incubator programs when one examines the resulting job

creation and jump-starting of local economies. According to a research study conducted for the U.S. Department of Commerce Economic Development Administration (EDA), business incubators provide communities with significantly greater results at less cost than does any other type of public works infrastructure project. The study concluded that the cost per job created is between \$144 and \$216 for municipal investments in incubator systems, as compared to between \$2,920 and \$6,872 per job created for infrastructure projects.⁷

A study commissioned by the EDA in 2011 titled *Incubating Success*, found that the amount of public subsidy provided to incubators varied greatly. Of the 49 top incubator programs studied in the report, the programs collected an average of 58.7% of program costs through rent and service fees. Thus, the programs received an average of 41.3% of operating costs in public subsidy. It is important to note that the amount of subsidy received varied widely—one program relied 100% on public subsidy to cover operational costs while 12 of the groups studied covered all operational expenses through rent and service fees (excluding capital costs) and three covered all operations and capital costs via rents and service fees.⁸

Since 2000, the concept of an incubator has been expanded to meet the needs of market segments. One concept that is often discussed as an add-on to an existing incubator program, or to replace the traditional incubator model is that of an ‘accelerator.’ There is no standard definition of an accelerator and many of the concepts are similar to those of an incubator, but rather than incubate a company for years, accelerators provide intense mentorship and programming with a goal of bringing a company’s product to market in less than a year. In addition, there is typically more private sector involvement in an accelerator effort—usually venture or angel investors and managers with an industry specific focus.⁹

Background on Montgomery County’s BIN

Maryland currently is home to 20 business incubators, which contain companies in fields that range from biotechnology, information technology, services and cyber security—to name just a few. Five of these facilities are located in Montgomery County, the most of any county in the state.¹⁰

As stated on the BIN website and throughout documents addressing the purpose and function of the BIN, the mission of the BIN is to support the growth and development of businesses in Montgomery County in the fields of biotechnology, information technology, professional services, women and minority owned businesses and international technology firms. Montgomery County believes that government can play a unique role in nurturing and incubating emerging technology and biotechnology firms in Montgomery County. Such companies often struggle to initially raise the investment capital needed to

commit to substantial leases of commercial office and lab space, as well as to retain all of the expertise necessary for a small company to grow and prosper. The BIN fills some of this void by providing emerging companies with flexible office and laboratory facilities, short-term lease agreements and access to a variety of assistance.¹¹

The function of the BIN is consistent with the DED's mission to, "Create, attract, retain and expand business in Montgomery County, expand employment opportunities for the residents of the county, enlarge the county's economic base, enhance the competitiveness of the businesses located in the county and promote Montgomery County as a SmartLocation for business globally."¹²

Montgomery County's BIN program dates to the establishment of the Montgomery County Technology Enterprise Center (MCTEC) founded in 1993 in Rockville. This facility is no longer in existence, but there are currently five Innovation Centers in the BIN. The first of the current BIN facilities is Shady Grove, which opened in 1999 in partnership with the Maryland Economic Development Corporation (MEDCO) with the stated goal of fostering emerging company growth within Montgomery County, as well as capitalizing on Montgomery County's proximity to major federal installations such as the National Institutes of Health (NIH), the Food and Drug Administration (FDA) and the National Institute of Standards and Technology (NIST).¹³ Over the next nine years, Montgomery County would open four additional Innovation Centers in various locations throughout Montgomery County: Silver Spring in 2004, Wheaton in 2006, Rockville in 2007 and Germantown in 2008. A sixth facility is under consideration for the White Oak area. Coupled with the growth in the BIN system, DED and BIN staff has developed a set of programs and services to aid emerging companies in their growth.¹⁴

The BIN currently supports approximately 140 tenant companies. In addition, the BIN is coupled with a Virtual Incubator Program for companies that are not ready to enter the full program or are waiting for space to become available.¹⁵ Expenses for the BIN totaled approximately \$4.4 million for FY2011 and Montgomery County currently subsidizes the BIN at a rate of 43.4% through money in the general fund allocated for operating grants and personal costs, or approximately \$1.9 million annually.¹⁶

The BIN currently targets an occupancy rate of approximately 95 percent in order to maximize rental revenue while leaving room for tenant expansion and new company entrance.¹⁷ Orion has found that the average length of time current tenants have been in the BIN is 3.26 years. It should be noted that Orion's review of the BIN found no formal graduation process or definition implemented within the BIN, although the definition that DED uses to identify a graduate is a firm that has relocated from the BIN into commercial real es-

tate located within Montgomery County. DED documents such as the 2008 *Incubator Network Annual Report* indicate that companies are encouraged to graduate within a three to five year window upon entering the BIN and outline the standard nomenclature of a 'graduate' that is used by BIN staff.¹⁸ However, this policy is not consistently applied, and in fact has been argued against in other DED documents such as the 2011 *Business Innovation Network Annual Report* which, while acknowledging that companies *should* ideally graduate within the stated time, argues that companies should not be forced to graduate within a certain timeframe as it could be destabilizing for those firms and reduce the occupancy rate for a given incubator, thus impacting the program's bottom line.¹⁹

Further, it is important to note that Orion's review of the BIN's current tenants, graduates and length of occupancy found that Innovation Centers that cater to more time-intensive industries—such as biotechnology—actually have a shorter average occupancy period than Innovation Centers that house services firms exclusively—such as the Wheaton Innovation Center.²⁰ According to DED statistics, at the current time, more than 100 companies have moved from the BIN to outside real estate, thus graduating under the above definition, creating more than 1700 jobs in Montgomery County.²¹ These companies currently occupy over 600,000 square feet of commercial space in Montgomery County and contribute approximately \$4 million per year in tax revenue.²² See Appendix I for a brief overview of nine firms that began as part of the BIN and have continued to grow successfully in Montgomery County.

SUMMARY OF BIN FACILITIES AND PROGRAMS

Description of Assets

As previously indicated, the BIN encompasses five facilities along with a Virtual Incubator Program. The Virtual Incubator Program, which currently serves 15 companies, provides entrepreneurs, scientists and researchers with the use of limited facility resources such as a mailbox, access to conference rooms, phones, fax and copy machines, as well as the support and mentoring programs provided to all BIN tenants through the Innovation Centers.²³ The county has contracted with Scheer Partners to provide property management services for each of the Innovation Centers.

The Shady Grove Innovation Center was opened in 1999 through a partnership with MEDCO and a \$2.3 million loan from PNC Bank. Total costs for the project were \$9.5 million and the fair market value of the property is estimated at \$10 to \$11 million. The facility encompasses 60,000 square feet, of which 33,680 are leasable. The Shady Grove Innovation Center focuses on the biotechnology and information technology fields and has 76 office spaces and 24 wet labs. There are currently 44 companies leasing space at Shady Grove—35 of which are biotechnology companies with 14 of them occupying lab space. The Shady Grove Innovation Center also is home to one of the two locations of the Maryland Biotechnology Center, which is part of the Maryland Department of Business and Economic Development—an organization charged with coordinating and consolidating a host of State, university and private sector biotechnology initiatives and resources to make it easier for biotechnology companies to access.²⁴

The Silver Spring Innovation Center opened in 2004. Montgomery County owns the facility outright and the total capital cost for the incubator was \$2.5 million. Currently, the fair market value of the property is estimated at \$3 to 4 million. The facility encompasses 21,000 square feet, of which 9,920 are leasable. The Silver Spring Innovation Center focuses on the information technology and professional services areas and has 36 office spaces with no lab or clean rooms offered. The Silver Spring Innovation Center is currently home to 23 companies including 10 in information technology and 10 in consulting/service sectors.²⁵

The Wheaton Business Innovation Center was opened in 2006. Montgomery County leases the facility from the Westfield Shopping Center. The space is on a ten-year lease that expires in 2016 with a 2.7 percent annual increase. Capital costs for the facility were \$300,000. The facility encompasses 12,000 square feet, of which 5,623 is leasable. The Wheaton Business Innovation Center is specifically targeted at the support and growth of minority and women-owned non-technology companies and has 36 office spaces. The Wheaton facility is currently home to 21 companies with 19 of them in consulting and service industries.²⁶

The Rockville Innovation Center opened in 2007 and is owned in partnership among Montgomery County and MEDCO. Capital costs were \$6.6 million and the fair market value of the property is approximately \$4 to 5 million. Located in the Rockville Town Square, the facility encompasses 22,000 square feet, of which 13,339 are leasable. The Rockville Innovation Center is designed to support international technology firms looking to establish a presence in Montgomery County, as well as technology and professional services firms, and contains 46 office spaces. The Rockville Innovation Center is currently home to 23 companies—the majority of which are involved in information technology.²⁷

The Germantown Innovation Center opened in 2008. The center is co-located at Montgomery College's campus in Germantown. Montgomery County leases the facility from the College Foundation. Montgomery County's lease runs until 2026 and total capital costs were \$6.7 million. The facility encompasses 33,000 square feet, of which 17,513 is leasable. The facility contains the only clean room facilities in the BIN system. In addition, the Germantown Innovation Center contains 9 wet labs and 50 office spaces. The Germantown Innovation Center is currently home to 29 companies, 15 of which are biotechnology companies along with 9 information technology firms.²⁸

BIN Facilities At-a-Glance²⁹

Orion was tasked with conducting an inventory of firms currently enrolled in the BIN and recording metrics such as type of firm, length of residency, number of employees, source of funding and key milestones achieved. Attached as Appendix 2 of this report is a complete list of each of the companies currently participating in the BIN, as well as graduates and terminations and the corresponding metrics to the extent data was available to the contractor. Orion created this list from a compilation of the BIN website, spreadsheets provided by BIN staff and data from Scheer Partners, as well as follow-up research on BIN company websites. It is important to note that BIN records often exhibited conflicting information and Orion's presented data is a compilation of all available sources.

Tables 1 and 2 show a snapshot of the data that is contained in Appendix 2.³⁰ Table 1 is a summary of the current number of companies and Full Time Equivalents (FTEs) in each of the BIN facilities as well as a comparison with the number of FTEs at program admittance.³¹ In addition, Table 1 demonstrates how the average length of occupancy for current companies differs between Innovation Centers.

Location	Year Established	Current # of Companies	FTEs at Program Admittance	FTE's at Present Time	Average Length of Time Current Companies Have Been in the BIN
Shady Grove	1999	44	66	165	3.41 years
Silver Spring	2004	23	104	151	3.31 years
Wheaton	2006	21	45	58	4.01 years
Rockville	2007	23	59	155	2.96 years
Germantown	2008	29	98	132	2.60 years
BIN TOTAL		140	372	661	3.26 years

TABLE 1: Summary of Number of BIN Companies, FTES and Average Time in BIN

Table 2 is a summary of the tenants of each facility by industry type.³²

TABLE 2: Summary of BIN Tenants by Industry Type

Location	Biotechnology	Information Technology	Consulting/ Services	Green Technology
Germantown	15	9	5	0
Rockville	5	13	4	1
Shady Grove	35	6	2	1
Silver Spring	2	10	10	1
Wheaton	0	2	19	0

Table 3 summarizes each facility's net leasable area, projected rental income at the 95% occupancy level and average income per square foot as compared to gross square feet in each facility.³³

Facility	Rental Income @ 95% Occupancy	Gross Area (Sq. Ft.)	Net Leasable Area (Sq. Ft.)	Average Income Per Leasable Sq. Ft.
Shady Grove	\$1,314,004	60,000	33,680	\$39.01
Silver Spring	\$ 292,618	21,000	9,920	\$29.50
Wheaton	\$ 166,268	12,000	5,623	\$29.57
Rockville	\$ 427,331	22,000	13,339	\$32.04
Germantown	\$ 652,073	33,000	17,513	\$37.23

TABLE 3: Summary of Leasable Area, Projected Rental Income and Average Income Per Square Foot

Description of Programs and Services

The most immediate benefit provided by the BIN is flexible and short-term lease agreements for space in the Innovation Centers. However, beyond just providing a physical space for company growth, the BIN has evolved to provide a variety of services and programs to aid in company success. In order to maintain efficiency, programs are implemented over the entire BIN and open to all tenant and virtual companies.

Throughout the history of the BIN, DED staff have facilitated and provided a variety of coordinated, as well as one-off programs and services to BIN companies. Attached as Appendix 3 to this report are flyers and descriptions for seminars that have been provided at the various BIN locations. Below are examples of some of the programs and services offered to BIN companies:

- Upon entrance to the BIN, BIN staff meets with individual companies to assess company needs and obstacles to growth. Then, BIN staff attempts to connect the company with resources necessary for success.
- The BIN holds a 'Lunch and Learn' program where BIN companies are offered the opportunity to meet and learn from a variety of outside service providers. These seminars are held approximately six to eight times per month and are open to all BIN companies, as well as virtual companies, with topics ranging from intellectual property issues, to human resources, accounting and capital issues.³⁴

- BIN staff provide educational seminars for BIN companies ranging from employment law, tax credit and grant opportunities, executive recruitment, investor presentations, financial analysis and networking strategies.³⁵
- BIN staff have some relationships with sources of investment capital for emerging companies such as venture capital groups, investment bankers and state/federal grant sources. In addition, BIN staff utilizes the University of Maryland's Capital Access Network (CAN).³⁶
- The BIN has programs to foster and promote networking opportunities and BIN companies are provided a free one-year membership to the Tech Council Maryland and World Trade Center Institute upon entry for additional networking opportunities.³⁷

POLICY CONSIDERATIONS

One of the primary objectives Orion was tasked with in this report is to provide some level of assessment of the BIN program and then make recommendations going forward. The first step in that process is to determine the policies that governed the creation of the BIN and its ongoing implementation. To that end, various documents were reviewed going back to the mid-1990s to determine the key policies identified for the program. Those policies were then evaluated to determine what objectives had been established for the BIN and the success in meeting those objectives.

Why is Policy Important?

A business incubator program such as the BIN can be established for many reasons—to create economies of scale for businesses in a capital-intensive industry cluster, to provide mentorship and guidance to new and emerging businesses, to revitalize real estate in economically depressed areas—are just a few. The rationale and justification for such a program is important because it establishes the policy under which the incubator operates and that policy then determines the objectives that are measured to determine whether the policy and incubator are successful.

As with any program, the BIN can be viewed from a variety of perspectives as it evolves and matures. An added challenge to the assessment of the BIN program is the fact that economic conditions have evolved dramatically during its 15 years in existence—from periods of high economic growth to the most significant economic downturn since the Great Depression. As a result, the frame of reference through which the BIN is viewed has changed significantly.

What is the Governing Policy for the BIN?

Clearly, the overarching policy objective for DED is to create and retain jobs in Montgomery County. In support of that policy, Montgomery County pursued an incubator approach as a way to grow technology based companies and jobs organically. To that end, **during the more than 15 year span of the BIN, the primary objective has been to provide ready access to space for emerging technology firms with flexible terms as it assumed that this will spur on job creation.**³⁸

Beginning in July 1993, in response to struggling economic times, Montgomery County established the Montgomery County Technology Enterprise Center (MCTEC) as its first business incubator (later to be known as a Business Innovation Center) in a 13,500 square foot space that was subleased from McDonnell Douglas in Gaithersburg. The objective of the MCTEC was to provide, **“Low-cost rental space and support services for knowledge-based, technology-intensive start-up or early-stage information technology firms”** in order to support entrepreneurship development and technological innovation in Montgomery County.³⁹

As a result of this policy, an initial review of the program was conducted in 1996 by the Suburban Maryland High Technology Council (HTC), an organization contracted to operate the facility. The HTC identified ten objectives for measurement in its Performance Review. They included:

- 1) Number of tenants in the facility;
- 2) Occupancy rate;
- 3) Number of jobs created by tenants;
- 4) Sales volume and increase of tenants in the facility;
- 5) Number of graduates;
- 6) Sales and jobs of firms that graduated;
- 7) Firms in business three and five years after graduation;
- 8) Number of licenses established with federal laboratories or universities;
- 9) Amount of venture capital/debt obtained by tenants; and
- 10) Number of products or services introduced.

After examining these measures, the HTC concluded in the report that, “The incubator has proved to be a valuable economic development tool . . . the program has performed well . . . still premature to fully measure its economic performance.”⁴⁰ Through the provision of space, Montgomery County—evidenced by the items it chose to measure—expected the outcomes to show economic growth.

By 1997, the incubator concept was expanded and Montgomery County began an initiative in conjunction with the State of Maryland to develop an incubator for emerging life science and technology companies. The new Maryland Technology Development Center (MTDC) was opened in 1999 **to replace and more fully implement the objectives articulated for MCTEC and provide space that was owned by Montgomery County.** During this timeframe, the economy was growing at a much faster rate and there was significant demand for real estate that would be suitable for technology and life science companies. Thus, **the objective of ensuring that there was space for these types of companies became a significant focus of the program.**⁴¹

At the same time that the MTDC was getting underway, Montgomery County was beginning an assessment of its economic development goals and objectives. In 2002, Montgomery County released its new plan entitled: *“Montgomery County, The Ideallocation—Strategic Plan for our Community’s Quality of Life and Economic Development”* (the Plan). One of the strategic goals of the Plan was to, “Stimulate Existing Businesses and Entrepreneurship.” In order to do this, the Plan identified, **“Expanding the County’s incubator program that supports start-up firms in biotechnology, information technology, and related high-growth industry sectors” as the highest priority to implement the strategic goal.**⁴²

As early as 2003, Montgomery County began to deliver on the Plan’s objective by providing \$1 million in funding to supplement a \$1 million grant from TEDCO and a \$500,000 investment from the state to start construction of the Silver Spring Innovation Center. In addition to the previously identified strategic objective, the justification for this new Innovation Center was that, **“MTDC is at full capacity and turning away or wait-listing information technology and biotech companies.”**⁴³

At the opening of the Silver Spring Innovation Center in September 2004, the press release recognized that this is the, **“County’s second business incubator and provides low-cost office space and services for start-up technology companies.”** Thus, the policy objective of providing space continued. In addition, stated policy begins to reflect the notion of providing programming to those companies occupying space. Likewise, the concept of providing services was reflected in a 2002 brochure advertising the BIN where it identifies, “A menu of cost-free programs, services and amenities.”⁴⁴

In 2006, Montgomery County recognized additional need for space and leased two floors of an office facility in Wheaton from Westfield. Orion could find no documented policy objectives for opening this Innovation Center. However, it seems to be consistent with the policy objective of providing low-cost office space.

The City of Rockville also undertook its own analysis regarding the potential for establishing an incubator as a component of its new town center project. In 2004, a consultant’s report recommended proceeding with an incubator focused on life science and health care organizations, as well as international organizations seeking to expand business operations in the U.S. and growing non-profit organizations.⁴⁵ In 2007, the City of Rockville and Montgomery County entered into an agreement that transformed the Rockville incubator into the Rockville Innovation Center, a member of the BIN. According to DED staff, this inclusion of the new Rockville facility also was a continuation of the county’s policy to provide additional space for emerging companies in the technology fields.

The policy of providing space for emerging technology firms continued in 2006 with a recommendation from Montgomery County Executive to the County Council to lease and renovate a facility in Germantown for the purposes of creating a Germantown Business Innovation Center. In the recommendation, the County Executive indicated that, “In 2002, the Department of Economic Development investigated the feasibility of extending the success of the Shady Grove Life Science Center to other locations in Montgomery County.” There were no other qualifying data associated with this statement, so it is assumed that the success of the Shady Grove Life Science Center must be its ability to provide space to emerging companies.⁴⁶

Even with the change in county leadership in 2006, the policy of providing space for emerging technology companies is the theme of the BIN. In a 2008 document entitled, “*A Vision for Economic Development in Montgomery County*,” the objective for the BIN was to, “**Continue to expand Montgomery County’s successful incubator network and provide seed funding to incubator companies through DED’s financial grant and loan programs.**” This objective is consistent with the previously stated objectives. The additional objective of providing seed funding to incubator companies emerged as a new policy recognizing the need to provide capital resources to new firms in addition to space. Further, the document discusses a new Innovation Center expansion project.⁴⁷

In addition to the policy objectives identified above, in interviews for this report and in recent updates to the Montgomery County Council, current DED leadership identified three basic policy objectives for the BIN: **1) to provide below market rent; 2) to provide a short-term lease option to businesses; and 3) to provide lease options with no requirement for personal guarantees.** As demonstrated, these policy directives are consistent with previous policy objectives.⁴⁸

In Economic Development, What Do You Measure?

After reviewing the policy objectives behind the BIN, Orion’s next task was to determine whether such policy objectives were met and how success was measured. Since its inception, the BIN generated many measurements outlining activities of the program. Oftentimes these measures have been just that—measurements that show activity within the program.

One of the outcomes that has been measured most often is the occupancy rate of each Innovation Center. In fact, going back to the first report of the HTC the first two objectives measured were the number of tenants in the facility (nine) and the occupancy rate (100%).⁴⁹ This is particularly significant because payments to the HTC were directly connected to the fiscal success of the program, which was a function of how much rent was being provided by the tenants to cover the cost of the facility. As outlined above, there were

a series of other measures included in that initial report, some of which have reappeared in later program assessments of the BIN and some of which have never fully been captured since. The frustration associated with reporting on the BIN occupancy rates is that it reduces what many people view as a key government program designed to develop exciting, high-quality technology businesses, to a somewhat less glamorous landlord/tenant relationship.

Nevertheless, since the primary objective of the BIN is to provide access to space for new and emerging technology firms, the number of firms and occupancy rate has been most often reported. As the BIN has grown, this reporting has appeared to serve two functions: 1) to provide guidance as to when additional space is required; and 2) to provide some guide as to how much revenue each individual facility is generating to cover its lease costs or debt service. Given the objective of the program these measures appear reasonable.

If the Innovation Centers are consistently at a high rate of occupancy, and those tenants are paying their rent in a timely fashion, then there are approximately 140 emerging companies being supported in the BIN by Montgomery County at any one time. This in and of itself is a good thing since each of those companies has some number of employees, pays rent, taxes and is presumably working to get bigger and better. Given the program's stated policy, these outcomes would seem to indicate that the BIN has successfully met these objectives.

Table 4 outlines the annual occupancy rates of each of the five Business Innovation Centers over the past six fiscal years.

Location	FY06 ⁵⁰	FY07 ⁵¹	FY08 ⁵²	FY09 ⁵³	FY10 ⁵⁴	FY11 ⁵⁵
Shade Grove	95%	95%	95%	90%	90%	88%
Silver Spring	82%	85%	72%	87%	82%	98%
Wheaton	70%	95%	92%	95%	95%	90%
Rockville	NA	40%	92%	78%	90%	91%
Germantown	NA	NA	NA	38%	95%	89%

TABLE 4: BIN Occupancy Rates by Fiscal Year

If a community implements a program such as the BIN with the stated objective of providing space, even if it's marginally successful, there will be some new companies formed, new jobs created, capital raised and new products and services brought to market that might not have occurred otherwise. The question is, if these other elements are considered to be the byproduct of the primary objective, is it reasonable to expect those byproducts should be measured? And if so, by what measure and to show what outcome?

Measuring Policy Byproducts

Each year there are reasons for DED staff to compile lists of data regarding the BIN. First, there were performance reports generated by the HTC providing feedback on the performance measures in their contract with Montgomery County. Later, Montgomery County established an annual listing of activity measures for its departments and agencies that included various sets of data on the BIN. In 2008, Montgomery County instituted a program called 'CountyStat' where performance measures were developed and then reported regularly to senior management. Finally, there are reports to the County Council to substantiate continued investment in the BIN during its annual review of the operating and capital budgets. Each of these activities is necessary and warranted and provides a good forum to showcase the activities of the BIN, but the numbers reported do not necessarily reflect the program's success.⁵⁶

As stated earlier, in 2009 OLO recognized the difficulty in measuring the outcomes of economic development programs. In the report, *The Department of Economic Development: Review of Budget and Strategies*, OLO staff recognized that, "Measuring the success of economic development programs poses many difficulties for evaluators. Much of the difficulty lies in determining and quantifying the change directly caused by an economic development program."⁵⁷

The report goes on further to explain by way of example that, "(E)valuations of economic development programs that tout the number of jobs created by businesses in the program can erroneously assume that none of the economic activity would have occurred but for the program assistance." This provides further justification of the need to clearly articulate the objectives of what is to be measured and why. It is always possible to generate statistics regarding economic growth and decline, but the challenge is to link the appropriate cause and effect when developing the program, if at all possible. Only then can observers gain a clear picture of whether the program has been successful at achieving its desired outcomes.⁵⁸ Therefore, while there have been many statistics and reports generated, the data really only reflect the perspective of the person asking for or presenting the data, not the BIN's success or failure.

It is important to note that given the clarity of the policy associated with the BIN and the difficulty of linking any policy to specific outcomes, that the different reports that have been requested and generated were a significant effort for the staff with no particular value except to provide some quantification of activities. Given the limited resources of the BIN and its various programs, it will be important going forward to request data that can reasonably show the success of the approved policies and not just generate data with little bearing on the BIN's policy objective(s). For example, in this report's "Policy Alternatives" there are specific policies identified with associated out-

come measures. Future requests for program data should generally be limited to these measures. It should be noted that if additional data is requested, the policy objectives documented should be revised and the new data should be specifically related to those new policy objectives.

FISCAL CONTEXT

In order for Orion to evaluate the potential policy considerations, as well as recommendations that Montgomery County could act upon, Orion has undertaken a review of a portion of the BIN fiscal data to provide context. For this analysis, FY2011 data from DED were used (including rental rates), as complete FY2012 data was not available.⁵⁹ Tables 5 through 12 show various fiscal data on an individual facility basis.

It should be noted that rent revenue numbers were derived from the “Maximum Annual Rent Revenue at 100% capacity” by taking 95% of those values. This was done to reflect the county’s stated overall goal for each facility to maintain 95% occupancy. This percentage would be considered a best-case rental income scenario.⁶⁰ In actuality, rent revenue will be less than 95% due to lower occupancy rates, delinquency in rent payments and tenant bankruptcies. Again, the figures and analysis of the data are intended to show rough cost recovery and county investment for each location. To that end, personnel costs were shown to demonstrate the total resources committed to each Innovation Center. In addition, Orion has assumed that Scheer Partners’ management fees are included in operating expenses. No historic revenue/expense analysis was performed.

Shady Grove Innovation Center

Annual rent revenue at Shady Grove would yield \$1,314,004 at 95% occupancy. As noted above, that figure is optimistic considering the FY2011 occupancy was 88% and current occupancy is 76%. Table 5 below shows that the total expenses for the Shady Grove Facility are \$1,457,196. At a 95% occupancy rate, the rent revenue covers the facility operating expenses, but not operating expenses, debt service payments and personnel cost, hence the need for an operating grant. Table 12 below shows that Montgomery County’s operating grant and personnel appropriation in FY2011 for this facility cover 17.8% of the operating expenses, debt service payment and personnel costs for the Shady Grove Innovation Center.⁶¹

Rent Revenue (at 95%)	\$1,314,004
Montgomery County General Fund (Operating Grant and Personnel)	\$ 258,692
Total Revenue	\$1,572,696
Operating Expenses	\$ 958,504
Debt Service Payment	\$ 440,000
Personnel Costs (.5 FTE)	\$ 58,692
Total Expenses	\$1,457,196
NET	\$ 115,500

TABLE 5: Total Expenses for Shady Grove Facility

Silver Spring Innovation Center

Montgomery County owns the Silver Spring Innovation Center outright meaning that there is no annual debt or lease payment for this facility. Annual rent revenue at Silver Spring would yield \$292,618 at 95% occupancy as shown in Table 6 below. The operating expenses plus personnel cost for this facility are \$357,615 for FY2011. Thus, the rent revenue is not sufficient to cover the facility's operating expenses and personnel cost. However, it should be noted that for FY2011, Silver Spring had an annual occupancy rate of 98%—yielding \$301,859 in rent revenue. Thus, the rent revenue can fully cover operating expenses (disregarding personnel cost). Table 12 below shows that Montgomery County provides a relatively small operating grant and personnel appropriation for this facility, which covers 22.7% of the operating and personnel expenses mainly to ensure that expenses can continue to be covered, should there be a revenue shortfall.⁶²

Rent Revenue (at 95%)	\$ 292,618
Montgomery County General Fund (Operating Grant and Personnel)	\$ 81,036
Total Revenue	\$373,654
Operating Expenses	\$ 301,579
Debt Service/Lease Payment	\$ 0
Personnel Costs (.5 FTE)	\$ 56,036
Total Expenses	\$ 357,615
NET	\$ 16,039

TABLE 6: Total Expenses for Silver Spring Facility

Wheaton Business Innovation Center

Montgomery County leases the Wheaton Business Innovation Center from the Westfield Shopping Center. Because this space is leased, there is no outstanding long-term debt. However, the space is on a ten-year lease with a 2.7 percent annual increase that expires in 2016. As shown in Table 7 below, annual rent revenue for this facility at 95% occupancy totals \$166,268 and covers only 55% of Montgomery County's lease payment. On the other hand, rent revenue covers the facility operating expenses, but not operating expenses plus lease payments and personnel, hence the need for an operating grant. Table 12 below shows that Montgomery County's FY2011 operating grant and personnel appropriation for this facility covers 71.1% of the operating expenses, debt service payment and personnel cost for this facility.⁶³

Rent Revenue (at 95%)	\$ 166,268
Montgomery County General Fund (Operating Grant and Personnel)	\$ 336,036
Total Revenue	\$502,304
Operating Expenses	\$ 116,776
Lease Payment	\$ 299,594
Personnel Costs (.5 FTE)	\$ 56,036
Total Expenses	\$472,406
NET	\$ 29,898

TABLE 7: Total Expenses for Wheaton Facility

Rockville Innovation Center

The Rockville Innovation Center was developed as a partnership among Montgomery County, MEDCO and the City of Rockville. Outstanding debt on this facility is approximately \$4.3 million, while the current estimated fair market value is \$4.5 million. Rent revenue for Rockville at 95% occupancy is \$427,331 and covers 73% of operating expenses of \$586,303, and 45% of the facility's total expenses of \$1,054,995. As Table 8 demonstrates, this location has the largest difference (in dollars) between rent income and total expenses. This is one contributing factor to the need for the largest operating grant in FY2011 of \$610,000. Table 12 below shows that Montgomery County's operating grant and personnel appropriation for Rockville covers 63.4% of the operating expenses, debt service payment and personnel cost for this facility.⁶⁴

Rent Revenue (at 95%)	\$ 427,331
Montgomery County General Fund (Operating Grant and Personnel)	\$ 668,692
Total Revenue	\$1,096,023
Operating expenses	\$ 586,303
Debt service payment	\$ 410,000
Personnel Costs (.5 FTE)	\$ 58,692
Total Expenses	\$1,054,995
NET	\$ 41,028

TABLE 8: Total Expenses for Rockville Facility

Germantown Innovation Center

The Germantown Innovation Center is co-located with Montgomery College and is leased from the College Foundation. Montgomery County's lease includes a 3% annual escalation rate and runs until 2026. Table 9 shows that annual rent revenue for Germantown at 95% occupancy is \$652,073 and covers 210% of operating expenses of \$310,698. However it is not sufficient to cover the lease payment, operating expenses and personnel cost for FY2011. Table 12 below shows that Montgomery County's operating grant and personnel appropriate of \$570,710 for Germantown covers 53.1% of the operating expenses, lease payment and personnel cost for this facility.⁶⁵

Rent Revenue (at 95%)	\$ 652,073
Montgomery County General Fund (Operating Grant and Personnel)	\$ 570,710
Total Revenue	\$1,222,783
Operating Expenses	\$ 310,698
Lease Payment	\$ 634,821
Personnel Costs (1 FTE)	\$ 28,710
Total Expenses	\$1,074,229
NET	\$ 148,554

TABLE 9: Total Expenses for Germantown Facility

Total BIN Costs

As demonstrated below, Montgomery County invests more than \$1.9 million annually in operating grants and personnel appropriations to run the five BIN locations. These grants are part of DED's annual budget with each facility receiving an operating grant to cover the gap between rental income and total expenses for that facility. In addition, Montgomery County dedicates 3 FTEs at a cost of nearly \$360,000 to manage the programs and provide assistance to tenants, which is paid out of DED's personnel line item, not out of the BIN rent revenue or operating grant funds. Nonetheless, the total cost to the taxpayer for these programs is \$1,915,166.⁶⁶

Table 10 below shows the total annual operating costs of the BIN—which is composed of the operating grants from Montgomery County, coupled with the personnel costs of each Innovation Center.

Facility	Operating Grant	Personnel	Total
Shady Grove	\$ 200,000	\$ 58,692	\$ 258,692
Silver Spring	\$ 25,000	\$ 56,036	\$ 81,036
Wheaton	\$ 280,000	\$ 56,036	\$ 336,036
Rockville	\$ 610,000	\$ 58,692	\$ 668,692
Germantown	\$ 442,000	\$128,710	\$ 570,710
Total	\$1,557,000	\$358,166	\$1,915,166

TABLE 10: Total Annual Operating By BIN Facility

Table 11 below summarizes BIN income and expenses across facilities. A 95% occupancy rate is used to demonstrate a best-case scenario across the entire BIN, as rent collected is usually lower than this figure due to lower occupancy rates, delinquencies and tenant bankruptcies. Operating grants are meant to cover the difference between actual rents collected minus operating expenses and debt service/lease payments. Personnel costs are included in this table as a reference but are not paid out of the operating grant; instead, personnel are paid out of DED's personnel budget line item.

Facility	Rental Income @ 95% Occupancy	Operating Grant	Operating Expenses	Debt Service/Lease Payments	Personnel
Shady Grove	\$1,314,004	\$ 200,000	\$ 958,504	\$ 440,000	\$ 58,692
Silver Spring	\$ 292,618	\$ 25,000	\$ 301,579	\$ 0	\$ 56,036
Wheaton	\$ 166,268	\$ 280,000	\$ 116,776	\$ 299,594	\$ 56,036
Rockville	\$ 427,331	\$ 610,000	\$ 586,303	\$ 410,000	\$ 58,692
Germantown	\$ 652,073	\$ 442,000	\$ 310,698	\$ 634,821	\$128,710
Total	\$2,852,294	\$1,557,000	\$2,273,860	\$1,784,415	\$358,166

TABLE 11: BIN Income and Expenses Across Facilities

Table 12 below shows how Montgomery County subsidizes the various BIN locations to varying degrees based on FY2011 budget numbers. Shady Grove requires very little operating grant and personnel support from Montgomery County as a percentage of total expenses (only 17.8%) while Wheaton receives the most at 71.1%.

In addition, Table 12 shows that Montgomery County pays \$258,692 in operating grant and personnel appropriation for 165 FTEs at Shady Grove; \$668,692 for 155 FTEs at Rockville; and only \$81,036 for 151 FTEs at Silver Spring.⁶⁷

Facility	Operating Grant + Personnel Appropriation	Operating Expenses + Lease/Debt Service Payments + Personnel Costs	% of Expenses Covered by County Funds	Current # of Companies	Current # of FTEs
Shady Grove	\$ 258,692	\$1,457,196	17.8	44	165
Silver Spring	\$ 81,036	\$ 357,615	22.7	23	151
Wheaton	\$ 336,036	\$ 472,406	71.1	21	58
Rockville	\$ 668,692	\$ 1,054,995	63.4	23	155
Germantown	\$ 570,710	\$ 1,074,229	53.1	29	132
Total	\$1,915,166	\$4,416,441	43.4	140	661

TABLE 12: Montgomery County Subsidy by BIN Facility and Total

ALTERNATIVES FOR FUTURE POLICY DIRECTION AND GOALS

The remainder of this report will focus on the ways in which Montgomery County policy regarding the BIN can be modified to maximize its investment and bring about the greatest economic impact for the community. Coupled with each policy alternative are specific and measurable objectives that will allow Montgomery County and DED staff to accurately assess the performance of the given alternative.

In the preceding fiscal and policy analysis, it has been demonstrated that Montgomery County's BIN has had a fairly singular objective of providing real estate space for emerging technology, life science and services firms. This has resulted in Montgomery County providing a significant ongoing subsidy for each incubator and its associated programs, primarily because of how Montgomery County chose to finance these facilities. There is a need to establish and affirm new, clear policy guidance for Montgomery County's BIN to operate successfully. This policy must be established by consensus among the policymakers who comprise the key leadership of Montgomery County, which include the County Executive, the County Council and the Director of Economic Development. These policy objectives can then be translated into specific actions by the DED management, partners and BIN staff.

As indicated previously, the BIN's pre-existing policy objective established a solid foundation of space in five Innovation Centers throughout Montgomery County. There is now an opportunity to move the program forward on that foundation by identifying and implementing new policies and objectives to maximize returns on Montgomery County's investment.

Following are a series of policy alternatives for Montgomery County's consideration. Some of these alternatives are best implemented individually, while others could be combined depending upon the desired policy outcome. It is important to note that these alternatives reflect the opinion of the consultant with regard to programs that exist in other communities, knowledge of Montgomery County's assets and direction from DED. It is possible that policymakers identify an altogether different policy alternative(s) for the community. Regardless, if the choice is one of these alternatives or another, it is important that policymakers agree on the directive and approve measurable objectives that can be used to assess whether or not the policy is successful. It is imperative that there be a

clear understanding of the link between the policy and the anticipated outcomes for the program to maximize its chances for success.

Key Factors to Consider

Very little happens in isolation and there are a number of factors to be considered in a change in policy. None of these factors on their own should dictate what a new policy will look like, but they should be taken into consideration to understand the implications they may have on existing practices and the feasibility of the new policy. For example, Montgomery County is making annual lease and debt service payments on each of the Innovation Centers. A change in objectives to focus on increasing due diligence to recruit companies that are more likely to receive equity investment in the short term may have the consequence of reducing the occupancy rate in a particular incubator for a period of time. This short term cost could yield significant long term benefit in terms of bringing in additional investment that will be spent in Montgomery County, as well as a greater number of high-quality companies emerging from the system, but it is important to recognize this trade-off so that staff is clear on achieving the primary objective and not getting whipsawed by trying to achieve both objectives and doing neither of them successfully.

Following are some of the factors to consider as one explores the various policy alternatives:

- 1) Debt service payments;
- 2) Ownership and management of the facilities;
- 3) Types and cost of services provided to tenants; and
- 4) Program self-sustainability (i.e. should rent payments cover debt service itself).

Alternative I – Industry Specific Innovation Centers

Policy Goal

To achieve strategic company creation and job growth in specific industry sectors that will be beneficial to Montgomery County's economic growth and expansion.

Potential Outcome Measures

- 1) To achieve the creation and growth of a specified number of new companies each year in the areas of health information technology (health IT), life sciences, software development, green technologies, and cyber security.
- 2) To facilitate equity investment in emerging and existing companies totaling \$X annually.
- 3) To grow X number of new jobs in Montgomery County.
- 4) To achieve X number of graduate companies each year.

Program Overview

With the creation of the first Innovation Center in Montgomery County there was a focus on incubating emerging technology and life science firms in an effort to encourage the growth of these sectors. This theme has continued through the establishment of each of the Innovation Centers with the exception of Wheaton, which is focused on business service firms. Germantown and Shady Grove have lab space and therefore a higher percentage of life science firms locate in these, but not exclusively. Further, this industry concentration is not currently reflected in specific programs within each incubator.

This alternative proposes to establish a specific policy of an industry focus within each incubator, a model that has been successfully deployed in other communities to develop critical mass in specific industry sectors. This model will allow for the BIN to develop and refine industry specific capabilities in what Montgomery County sees as critical growth areas.

The creation of specific industry-focused Innovation Centers provides a significant amount of focus in each space from the moment an applicant enters. Each center would have a specific review committee with experts in the field relevant for that incubator. This will increase the level of diligence in reviewing each applicant's proposal and business plan. It will allow for the identification of staff with experience in the industry represented in the center to better serve the needs of tenant companies. This type of approach also will increase the synergies among the tenants themselves as they are working to develop products and services in similar fields and will provide for enhanced programming from which the majority of tenants can benefit.

In addition, the creation of industry specific Innovation Centers provides strong marketing support for Montgomery County's efforts. Rather than touting an Innovation Center program generally, it allows for specific marketing efforts in those key industry sectors, which will increase branding opportunities for Montgomery County and allow for a targeted and proactive outreach program. For example, Montgomery County's Clean Energy Innovation Center can host specific industry competitions, symposium and venture capital activities. At the same time, the Montgomery County Life Science Innovation Center will undertake similar activities in that specific industry sector. This model can be used to highlight activities in key industry growth sectors. This model has been used effectively in Austin, Texas and Georgia where specific sectors are cultivated within a larger network, thereby providing the economies of scale of a large program with the ability to meet the needs of a specific industry sectors.

The creation of industry-specific Innovation Centers will leverage the existing physical assets of the BIN in Montgomery County and refine the program to increase depth of knowledge, expertise and success in developing new companies in strategic sectors with the result of higher quality and more viable graduates.

For a synopsis of the Austin Technology Incubator and Georgia Centers for Innovation, refer to Appendix 4.

Alternative 2 – Accelerator

Policy Goal

To cultivate and identify early stage companies with high growth potential and entrepreneurs that would benefit from rigorous guidance, seed funding and space to create a strong entrepreneurial environment and cultivate equity partners.

Potential Outcome Measures

- 1) To identify and support X new entrepreneurs.
- 2) To create a new screening process for emerging business ideas that could be short-term incubator tenants resulting in X new tenants annually.
- 3) To seed X new companies each year in Montgomery County.
- 4) To cultivate a relationship between equity investors and emerging businesses in Montgomery County resulting in X investor presentations each year and generating X amount of equity investment annually.
- 5) To launch X new products per year.
- 6) To graduate X companies per year.

Program Overview

The concept of revising the incubator concept into that of an ‘accelerator’ is fairly new. It results from the sense of impatience that companies simply are not growing and producing fast enough. The notion being to more quickly identify promising commercial opportunities and through a more intensive support and guidance process, move these opportunities quickly out of an incubator stage into viable, investable opportunities. Whereas incubators tend to be established by governments and economic development organizations, accelerators are more often driven by the private sector looking to identify investable growth opportunities. There is not a specific accelerator model, but there are a number of approaches and interesting concepts that could be deployed in Montgomery County.

Elements of programs like those run by Y Combinator or TechStars could be used in Montgomery County to achieve the identified objectives. This model uses an application or competition process to identify 25 to 40 emerging companies annually. These companies are then provided space in a common location and initial seed investment in the range \$25,000 to \$50,000 in exchange for a small equity stake in the companies. An intensive program is provided where each company’s team works closely with experienced entrepreneurs as mentors to build their products and learn business skills. There are

regular opportunities for each company to present its progress to its mentors and peers to foster a shared learning process. The program also can incorporate regular seminars with successful entrepreneurs, industry representatives and venture capitalists. Typically, the program concludes with a ‘pitch’ day where companies show off their products to angel and venture investors.

The accelerator model is typically, but not exclusively, used for Internet startups that can move to market more quickly with less required initial investment. In Montgomery County, health IT may be a sector that could benefit from the implementation of an accelerator model. Additionally, this is a concept that could be combined with other alternatives outlined in this report.

For an article addressing the potential of an accelerator model, refer to Appendix 5.

Alternative 3 – Venture-Based Public/Private Innovation Center(s)

Policy Goal

To create and grow companies that are able to attract venture funding by establishing public/private partnerships in order to provide more rigorous assessment of BIN applicants, establish venture capital relationships with firms entering the program, provide more industry specific management and implement industry best practices.

Potential Outcome Measures

- 1) To establish X number of revenue-generating partnerships between county government, tenant companies and established private sector firms including venture capital, real estate and technology developers resulting in X amount of increased local investment.
- 2) To have X number of firms graduating from the system into local leased space with sufficient revenue-generating capacity, and/or equity investment.
- 3) To increase the number of industry experts working with BIN companies and increase the amount of seed capital for qualified BIN companies.
- 4) To establish a pipeline of new commercial opportunities to replace companies graduating from the BIN.

Program Overview

This alternative presents a number of potential scenarios each with a public/private partnership arrangement and it is not expected that a particular scenario would be used for all Innovation Centers. Instead, it might be possible to have somewhat different public/private partnership models in different Innovation Centers to leverage different private sector relationships.

The first example is based on the Seattle Accelerator which is a private sector venture capital model where a number of venture capital funds partner in a single facili-

ty to identify 'backable' firms and provide them with investment and pooled management resources. With a group of firms working together it reduces risk for each firm, and by providing a core set of industry specific services and management it reduces the administrative burden for each firm. In the case of Montgomery County, it could provide one of the Innovation Centers as its primary partnership contribution and provide some additional investment funds for an equity stake in the founded companies. By working with venture funds as partners, it increases the level diligence that is undertaken for firms that are admitted to an incubator and would likely only provide space for firms that have been approved for investment. This also serves to build a cadre of local investment partners that could explore other local investment opportunities beyond what is in the BIN.

A second model could leverage Montgomery County's BIN real estate investment by creating a partnership with real estate firms that are interested in increasing the number of technology and life science tenants within their buildings in the region. These partners have a vested interest in seeing that new companies are started, and in seeing that those companies graduate within a specific timeframe in order to obtain space in local buildings. This partnership could range from specialty real estate firms managing the entire process within specific Innovation Centers (i.e. initial assessment, provision of services and real estate management), to a more investment driven model as described in preceding paragraph.

For an example of a public-private incubator partnership program, refer to Appendix 6.

Alternative 4 – Federal and Academic Partnering with Innovation Centers

Policy Goal

To leverage Montgomery County's BIN to accelerate technology transfer and commercialization efforts from local federal and academic research assets in order to identify and develop new companies and products based on the ongoing research being undertaken in these institutions.

Potential Outcome Measures

- 1) To establish and maintain partnerships with research institutions.
- 2) To establish a mechanism to provide a regular source (pipeline) of new commercial opportunities based on research activities at the partner institution to create X new companies.
- 3) To leverage Montgomery County's existing assets to link research and commercial institutions to establish and support new companies and products resulting in X licensing opportunities.

Program Overview

Many incubator programs are based near major research institutions and provide space where academic researchers and commercial partners can collaborate to develop new commercial opportunities. It then falls to the commercialization/tech transfer teams in those research institutions to work closely with the management of the incubator space to identify new research opportunities within the institution, and to also identify commercial partners with research interests similar to what is being undertaken at the research institution. This then provides a focal point of innovation.

Montgomery County has an opportunity with a number of research institutions to develop similarly structured partnerships. The expansion of various research interests from the University System of Maryland (USM)—particularly those from the University of Maryland College Park and the University of Maryland Baltimore provide one such hub of opportunity. The potential expansion of research interests from Johns Hopkins University provides a similar opportunity. In addition, there are a number of federal research institutions including NIST, the FDA, the NIH and the Walter Reed National Military Medical Center that provide similar opportunities.

The objective would be to link each of Montgomery County's Innovation Centers to a partner institution and staff would be dedicated to working with that institution to develop mechanisms for technology identification, external partnership, licensing and funding. Each program would likely be structured somewhat differently in order to meet the needs of the partner institution, but there would be synergies throughout the program in key areas such as technology management, partnering, and investment. For example, as the USM seeks to undertake more research and technology transfer activities within Montgomery County, MTDC (which is located across the street) could be the primary BIN partner working to identify commercial opportunities from USM to form the basis for new companies—thereby meeting the needs of the University and Montgomery County.

Refer to Appendix 7 for a description of the Chesapeake Innovation Center and University of Maryland BioPark, two programs that have developed partnerships with nearby federal and academic institutions.

Alternative 5 – Refine Existing BIN**Policy Goal**

To build upon the success of providing low-cost, flexible space for emerging technology and life science companies by providing more diligence, guidance and management milestones in order to improve program efficiencies and more rigorous graduation criteria.

Potential Outcome Measures

- 1) Make the BIN a more self-sustaining program.
- 2) Reallocate resources to better achieve policy objectives and increase industry-specific staff expertise.
- 3) Establish company-specific milestones for continued BIN occupancy to ensure Montgomery County's resources are assisting companies most likely to succeed.

Program Overview

The BIN is currently a collection of low-cost real estate assets for emerging companies that provides access an array of programs. Even if Montgomery County chooses to maintain the current policy objective of access to space for emerging technology companies, there are program refinements that can be undertaken to make the program more effective.

First, Montgomery County should review the fiscal data and policy objectives to ensure that all Innovation Centers are designed to meet Montgomery County's employment needs. For example, the Wheaton Innovation Center provides low cost space primarily to business service providers at a cost to Montgomery County of more than \$300,000 per year. This is a very expensive subsidy to maintain a leased facility to assist companies that maintain occupancy for a longer time on average than the technology-based Innovation Centers. Montgomery County could work with a local real estate firm/property manager to re-locate these firms and reallocate the financial resources to provide more significant technology-industry specific programming or to increase access to staffing with more industry expertise.

Another element for fiscal analysis should include the costs associated with each of the Innovation Centers. For example, operating costs for the Rockville Innovation Center are significantly higher than the other facilities. If this disparity could be addressed—for example by modifying the financing mechanism—resources can be freed up to provide additional funding for the remainder of the program.

Many successful incubator programs throughout the country do not have the burden of ongoing capital expenditures. In the 2011 study *Incubating Success* referenced earlier, approximately 25% of companies studied covered their operating costs (excluding capital expenses) with revenue from rent and services. One of the ways to make the BIN a more self-sustaining program would be to eliminate the ongoing debt service payments by having Montgomery County assume the obligation/pay off existing debt associated with Innovation Centers with the goal of having most or all operating and personnel costs covered by rent revenue alone.⁶⁸

Additionally, the BIN can work more proactively with potential BIN participant companies to establish milestones that will govern the length of time a company can be a resident of one of the Innovation Centers. This would serve a number of functions. First, it would create greater accountability on the part of the companies to achieve key growth objectives. Second, it would help the internal management of the real estate because there would be timelines to provide guidance to roughly how long each company would be an Innovation Center resident and staff would know when to begin recruiting new companies. Third, it would benefit the local commercial real estate market since there would be greater clarity regarding when firms would be moving from the Innovation Centers. Finally, it would aid staff in working with individual companies on guidance that is needed to achieve the next milestone so that programming can better meet each company's needs.

CONCLUSIONS AND RECOMMENDATIONS

In concluding a report like this, it is important to keep in mind the initial premise of the document. In this case the DED wanted to evaluate its BIN program in terms of meeting its stated policy objectives. In addition, DED wanted to refine its economic development strategy for the BIN. Finally, DED wanted to have policy alternatives to help set future directions for the BIN.

The BIN did in fact achieve its stated policy objectives, but these objectives, or in this case objective, were never refined beyond the initial goal—to provide ready access to space for emerging technology firms with flexible terms in order to grow companies. Montgomery County has in fact been very successful in achieving its stated objective for the BIN, by virtue of the fact that when this objective was first articulated, Montgomery County contracted for the management of one incubator in leased space housing 9 companies, and now Montgomery County has a network of five incubators housing approximately 140 companies.

One can argue that the goal should have been expanded once the program was up and running. There were certainly attempts to collect data that could be used to substantiate broader policy objectives. However, in the vast majority of the policy documents—those documents used to persuade policymakers or reflect policy decisions—obtained by Orion, the goal of providing space for emerging technology firms, was and continues to be the BIN's primary policy objective.

That does not mean that there are not some elements of this policy directive that cannot be improved upon if for no other reason than it is a more prudent approach. For example, as has been outlined in the fiscal analysis section, a number of the individual incubators do not cover their debt service or lease payments much less the cost of the programs and services provided. In one case, that of the Wheaton Business Innovation Center, it spends more than it takes in, has the longest average occupancy rates for the firms located there and does not meet the stated objective of providing space for emerging technology companies. There will be specific recommendations forthcoming, but this would appear to be a place where there could be a more effective allocation of resources.

Currently, there is some interest in possibly expanding the BIN's policy objective in order to facilitate other activities like increasing the amount of venture capital raised by firms in Montgomery County or increasing the culture of entrepreneurship in Mont-

gomery County. There can be and probably are many good and legitimate objectives for an incubator, much less a network of five. However, it is critical that first and foremost the policymakers (including the executive and legislative branches of government) establish and agree upon a clear set of policy objectives for the program, as well as a clear set of outcome measures. Then the policymakers must allow the DED staff to develop as clear a link as possible between the stated objectives and the outcome measure(s) for that objective. Given the challenges in determining specific cause and effect between economic development goals and outcomes generally, this is not an easy task, but it is virtually impossible if there is not clear policy guidance. This also allows both Montgomery County's leaders and staff to have "buy-in" to ensuring the program is achieving its goals.

As far as specific policy objectives are concerned, the preceding section outlined five different options. There are certainly other options that could be considered, but those stated above are a good match for Montgomery County's assets. As such, we would urge their review and the review of the accompanying materials outlining the programs or areas where similar programs have been developed or implemented. When considering these alternatives, or any alternatives that may have merit, remember that it is important to look upon them with an eye toward tailoring them to the community's needs not just trying to copy a program that may be successful elsewhere. Also, the alternatives presented are not designed to provide either/or choices. In fact, it may be possible to take elements from each of the alternatives to expand the BIN's activities to create a program that can achieve a number of different objectives.

Specific Program Recommendations

Montgomery County seeks to make a significant statement in the area of economic development within the region. A bold transition from the current BIN to a more aggressive program that leverages Montgomery County's assets is one step in helping to make this statement. In addition, it helps to differentiate the County's BIN from other incubator programs in the region. Orion has provided the following recommendations that are designed to adapt elements of exciting programs from around the nation in order for Montgomery County to grow its BIN program.

- 1) Restructure the existing BIN program to provide additional funding for new or ongoing programmatic efforts. Within the existing program, the Wheaton Innovation Center does not appear to meet any of the program's key priorities and it costs more than \$300,000 each year to operate. Montgomery County leases the space for this Innovation Center and it does not even recover the annual lease costs through the rents paid by the program participants. While each of the Innovation Centers has a high occupancy rate, there is a large per-

centage of square footage at each facility that is not being utilized. It would be possible to reconfigure the space in the facilities that Montgomery County owns (or will own) to provide space for the program participants in Wheaton and use the \$300,000 for additional program funding. Alternatively, none of the program participants in Wheaton are either technology or life science firms requiring specialized fit-out, and there is a great deal of commercial space available for lease that could be used by the firms in the Wheaton Innovation Center. For example, as Westfield or other development partners proceed on projects in Wheaton, they could be approached regarding space that could be made available to existing BIN tenants. Finally, the additional resources that this would provide could be used for funding new or additional Innovation Center programs or activities.

- 2) Establish a specific industry focus for each Innovation Center. The BIN provides a critical mass of activity within its overall programming and because of the physical characteristics of some of the innovation centers there has been a de facto industry focus. However, in order to develop specific industry expertise, marketing cache and competitive advantage, it will be necessary for Montgomery County to work with industry and develop a specific focus for each Innovation Center.
- 3) Establish formal commercialization relationships and strategies with key academic and federal research partners. As previously noted in the report, Montgomery County is fortunate that a number of research institutions with research activities located in Montgomery County are interested in intensifying their efforts to increase commercialization of their research output. The Innovation Centers with specific industrial focus, space and expertise provide a unique and logical opportunity to establish a mechanism to incubate commercial opportunities emerging these research institutions.
- 4) Establish an accelerator that could be implanted in one of two ways. The BIN could use existing space at one of the Innovation Centers to host 2 to 3 new 'classes' of startup companies each year. Alternatively, BIN staff could work with local commercial real estate firms to identify space that could be used for a short-term accelerator process. In either case, the goal is to rapidly foster new company growth and quickly move companies from the program into local real estate.

General Recommendations

The following recommendations should be applied no matter which policy alternatives Montgomery County seeks to implement, even if Montgomery County does not seek to make significant changes to the current program. These are designed to improve the utilization of the existing limited re-

sources and to provide greater clarity to the BIN and the effectiveness of its programs.

- 1) Establish a clear policy objective(s) to achieve future economic growth and provide guidance to DED management and staff to establish measurable outcomes associated with the policy to provide benchmarks for success.
- 2) Have a clear, consistent and regular mechanism for tracking outcome measures and participating company data. It is important to maintain regular tracking of companies in the program and those that have graduated in order to have any meaningful data and statistics. This should be done in a standardized, centralized database.
- 3) Focus BIN activities on industry segments where Montgomery County has or can achieve a competitive advantage and will create jobs with incomes sufficient to allow employees of BIN companies the opportunity to reside in Montgomery County.
- 4) Develop programming that is tailored to the specific activities/requirements of each Innovation Center and ensure adequate resources for appropriate staffing to provide ongoing support for participant companies.
- 5) Provide resources for Innovation Center tenants that can be used to address their ongoing capital requirements in addition to subsidizing lease payments.
- 6) Proactively develop milestones for participant companies that will lead to a more defined period of occupancy and more defined graduation requirements to ensure that Montgomery County's resources are being used to assist companies that demonstrate a high likelihood of moving out of the BIN and into other locally owned commercial real estate.
- 7) Establish a recruitment process for new companies (this can be done through Policy Alternatives 1-4) to provide a 'pipeline' of candidate companies to move into the BIN as firms either graduate or fail to meet their established milestones.
- 8) Develop a detailed recommendation for staffing requirements to meet new programmatic needs or modifications.
- 9) Explore alternatives for reducing debt service associated with capital expenditures.

Montgomery County's investment in its Business Innovation Network has established a solid foundation to aid in future economic growth in key industry segments. The Policy Alternatives outlined in this report coupled with the preceding Recommendations now provide options of how to leverage that investment. Clear decision-making and effective programmatic implementation may indeed allow Montgomery County to be in the forefront of using a company incubation model to achieve entrepreneurial, technology-oriented economic growth.

Next Steps

Now that Montgomery County has a clearer understanding of its current BIN program, and of options for future growth, in order to better inform Montgomery County's decision on the next steps it chooses for the BIN, Orion recommends that DED undertake an in-depth cost-benefit analysis and implementation strategy analysis for each of the alternatives presented in this report, or the alternative that seems to best meet Montgomery County's policy objectives. Orion also recommends that a rigorous competitive analysis be completed with respect to other incubators in Maryland, the District of Columbia and Virginia.

ENDNOTES

- 1 *Cost Benefit Analysis. Montgomery County Technology Enterprise Center. January 25, 1996.*
- 2 *Sarah Downie, Karen Orlansky and Sue Richards. The Department of Economic Development: Review of Budget and Strategies. Montgomery County Office of Legislative Oversight. February 3, 2009.*
- 3 *2011 Montgomery County Business Innovation Network Annual Report. Montgomery County Department of Economic Development. June 2011.*
- 4 *NBIA FAQ. The National Business Incubation Association. www.nbia.org.*
- 5 *See Note 4.*
- 6 *See Note 4.*
- 7 *Construction Grants Program Impact Assessment Report. United States Economic Development Administration. 2009.*
- 8 *David A. Lewis, Elsie Harper-Anderson and Lawrence A. Molnar. Incubating Success. United States Department of Commerce Economic Development Administration. 2011.*
- 9 *John Tozzi. Startup Boot Camps Seek Army of Entrepreneurs. Bloomberg Business Week. March 29, 2011. http://www.businessweek.com/smallbiz/content/mar2011/sb20110329239744_page_1.htm.*
- 10 *Maryland Business Incubation Association. 2009. <http://mdbusinessincubation.org>.*
- 11 *Business Innovation Network Website. 2012. <http://www.mcinnovationnetwork.com>.*
- 12 *A Vision for Economic Development in Montgomery County. Montgomery County Department of Economic Development. December 2008.*
- 13 *See Note 12.*
- 14 *See Note 3.*
- 15 *See Note 3.*
- 16 *Data compilation put together by Orion from sources including BIN website, spreadsheets provided by BIN staff, data provided by Scheer Partners and Orion research. See Appendix 2 for a compilation of current BIN tenants, virtual tenants, graduates, terminations, occupancy period and FTEs.*
- 17 *See Note 3.*
- 18 *Montgomery County Incubator Network Annual Report. Montgomery County Department of Economic Development. April 2008.*
- 19 *See Note 3.*

- 20 See Note 16.
- 21 According to Orion's analysis of BIN and DED documents, BIN staff identify 'graduates' of the program as any company that has moved from a BIN facility into outside real estate space regardless of company stage or milestones achieved.
- 22 See Note 3.
- 23 *Montgomery County Department of Economic Development Website. 2012. <http://www.montgomerycountymd.gov/dedtml.asp>.*
- 24 See Note 3.
- 25 See Note 3.
- 26 See Note 3.
- 27 See Note 3.
- 28 See Note 3.
- 29 See Note 16.
- 30 See Note 16.
- 31 See Note 16.
- 32 See Note 16.
- 33 *Montgomery County Incubator Network Overview and FY11 Operations Summary and Budget. Montgomery County Department of Economic Development and BIN Staff. This document is attached as Appendix 8.*
- 34 *Montgomery County Business Incubator Network Brochure and Special Events Spreadsheet. Montgomery County Department of Economic Development. 2002 and 2012. See Appendix 3 for examples of programs and services outlined in the Brochure.*
- 35 See Note 11.
- 36 See Note 34.
- 37 See Note 3.
- 38 See Note 2.
- 39 See Note 1.
- 40 See Note 1.

- 41 *Taking Montgomery County's Technology Community to the Next Level. Sage Policy Group, Inc. January 2005.*
- 42 *Montgomery County, The Idealocation – Strategic Plan for our Community's Quality of Life and Economic Development. Montgomery County Department of Economic Development. 2002.*
- 43 *See Note 23.*
- 44 *See Note 34.*
- 45 *Rockville Technology Business Incubator Feasibility Study Phase I and II. Snider Consulting Services and DDI Associates. June 21, 2004.*
- 46 *Legislation and Resolutions. County Council for Montgomery County, Maryland. October 3, 2006.*
- 47 *See Note 12.*
- 48 *Orion interviews with DED and BIN staff.*
- 49 *See Note 1.*
- 50 *Montgomery County Department of Economic Development Annual Report 2009. County STAT website. Montgomery County Department of Economic Development.*
- 51 *See Note 45.*
- 52 *See Note 45.*
- 53 *See Note 45.*
- 54 *See Note 33.*
- 55 *See Note 33.*
- 56 *See Note 50.*
- 57 *See Note 2.*
- 58 *See Note 2.*
- 59 *See Note 33.*
- 60 *See Note 33.*
- 61 *See Note 33.*
- 62 *See Note 33.*

63 See Note 33.

64 See Note 33.

65 See Note 33.

66 See Note 33.

67 See Note 33 and Note 16.

68 See Note 8.

APPENDIX 1

Sample of BIN companies successfully growing in Montgomery County

June 2009. Updated May 2012

Source: Montgomery County Department of Economic Development

Avalon Pharmaceuticals (sold to Clinical Data)

Ken Carter, Ph.D.
CEO through IPO & acquisition
20358 Seneca Meadows Parkway
Germantown, MD 20876
301-556-9900

Admitted: January 2000
Graduated: October 2000
Current Employees: 135
Employees at Admission: 3

Avalon Pharmaceuticals, Inc./Clinical Data is a biotech company that utilizes an innovative chemical genetics approach to create safer and more effective small molecules medicines-focused in the area of cancer.

The company raised more than 60 million in venture capital funding. In December 2004 the company was selected as a Top 100 Innovator by Red Herring. Red Herring covers technology innovation, venture financing, and the deals that make a difference. Its award-winning journalists go deeper, providing a comprehensive, critical analysis of what's new and why it matters. Red Herring's editorial staff evaluated over 1,200 submissions from 900 public and private companies, and selected the Top Innovator companies. The company executed an IPO in 2005 and was sold in 2009 to Clinical Data. Today Clinical Data occupies 56Ksf of office and lab space in the County.

Dr. Carter returned to the Montgomery County Incubator Network to launch his current venture, Noble Life Sciences, which also graduated and occupies 6,000 square feet of office and lab space in Gaithersburg. The company currently employs 6 people. In addition he and his team are actively investing and incubating several additional companies, and continue to collaborate with the Montgomery County Incubator Network as Virtual Members.

Visual Networks (acquired by Fluke Electronics – division of Danaher, Corp)

Scott Stouffer
Founding CEO
2096 Gaither Road
Rockville, MD 20850
301-296-2300

Admitted: July 1999
Graduated: Expanded to occupy predecessor space to SGIC
Current Employees: 281
Employees at Admission: 5

Visual Networks is a provider of WAN systems and technology. The company executed an IPO in 1998 and was successfully sold to Danaher in 2006. The State of Maryland earned

\$23MM on its investment through the Maryland Venture Fund which seeded the Maryland Technology Development Corporation (TEDCO). This is one of the most successful incubator graduate companies in the State. Today the company occupies 9,000 square feet of office space.

Mr. Stouffer is currently back in the Montgomery County Incubator Network with a new venture, Grodo, Inc, www.grodo.com. The company has two full time employees (himself included) and several part time employees.

Nextone Communications (re-named NextPoint Networks)

Sridhar Ramachandran CEO	Admitted: April 1999
101 Orchard Ridge Rd., Suite 300	Graduated: January 2003
Gaithersburg, MD 20878	Current Employees: 225
Tel. 240-912-1300	Employees at Admission: 4

Nextone develops carrier-grade products that provide scalable session management of voice over IP (VoIP) and other real-time services. Nextone's portfolio of core and edge session management technologies enables service providers and carriers to interconnect their voice networks in the most simple and cost effective way. Nextone has offices in Asia and Europe.

One of the founders, Raj Sharma has returned to the Montgomery County Incubator Network to launch 3CLogic, a cloud-based call center company.

Systems Integration & Development, INC (SID)

Ajay Agrawal, President & Founder	Admitted: January 1999
9900 Belward Campus Drive	Graduated: July 2002
Rockville, MD 20850	Current Employees: 110
Tel. 301-840-2120	Employees at Admission: 4

SID specializes in designing, developing, and implementing superior quality web based software solutions for commercial enterprises and government agencies. SID has developed several web based COTS tools as solutions for workflow management, document management and tracking systems. In 2004 the company was named members of several key "who's who" lists in the IT world, including Maryland Technology Fast 50 (ranked 21st), Washington Technology Fast 50 (ranked 13th), and the Technology Fast 500 for North America (ranked 483rd.) The company occupies 7,200 square feet of office space.

GeneDX, Inc.

Sherrri Bale & John Compton, Founders	Admitted: July 1999
President & Clinical Director	Graduated: September 2002
207 Perry Parkway	Current Employees: 200
Gaithersburg, MD 20877	Employees at Admission: 2
Tel: 301-519-2100, x102	

GeneDx specializes in genetic testing for rare hereditary disorders. Its mission is to make clinical testing available to people with rare genetic conditions and their families. The found-

ers and its technology came from the National Institutes of Health. The company occupies 15,000 square feet of office and lab space.

Opgen, Inc.

Doug White
CEO
708 Quince Orchard Boulevard
Gaithersburg, MD 20878
Tel: 301-919-6635

Admitted: March 2008
Graduated: July 2008
Current Employees: 50
Employees at Admission: 2

Opgen holds the record for the fastest graduation in the Incubator Network. The company owns a proprietary molecular detection system. The purpose of its technology is to detect and identify pathogens. Opgen's technology was utilized by the U.S. FDA to detect and trace the source of e-coli and salmonella that broke out in the produce markets. The company has received \$75MM in venture funding and has contracts with the FDA and DARPA. Opgen occupies 14,000 square feet of office and lab space in Gaithersburg.

The company's founding CEO, Noel Doheny brought the company to Maryland from Wisconsin. He is currently the CEO of Epigenomics, another company he is moving to Maryland; this one from the west coast.

Aeras Global TB Foundation

Jim Connelly
President & CEO
1405 Research Boulevard
Rockville, MD 20850
Tel: 301-547-2900

Admitted: February 2004
Graduated: September 2006
Current Employees: 65
Employees at Admission: 5

Aeras is the recipient of over \$329MM in grants, namely from the Bill & Melinda Gates Foundation. The organization is focused on developing a new and improved vaccine for tuberculosis, as well as diagnostics and therapeutics. The company occupies 6,000 square feet of office and lab space.

Radius Technology Group, Inc.

Chris Archer
CEO
804 Pershing Court, Suite 001
Silver Spring, MD 20910

Admitted: August 2004
Graduated: August 2007
Current Employees: 30
Employees at Admission: 3

Radius Technology is an award winning Information Assurance and Security Services Firm. They offer innovative, comprehensive information assurance and technology security services. Their risk-based approach aligns the most effective information assurance solutions with the unique needs and business objectives of its clients. Radius purchased its current location (1,200 square feet) upon its graduation from the Silver Spring Innovation Center.

Get Real Consulting (formerly InetXperts)

Robin Weiner

Admitted: October 2002

CEO

Graduated: December 2007

51 Monroe Street

Current Employees: 30

Suite 1903

Employees at Admission: 3

Rockville, MD 20850

Get Real Consulting is the 2009 Microsoft Health Users Group—Innovation Awards Winner and the 2008 Emerging Business of the Year (Montgomery County Chamber). The company focuses on delivering high quality IT/Healthcare solutions and was one of the first Microsoft Health Vault solutions providers. The company occupies 1,600 square feet of office space.

APPENDIX 2

Appendix 2 - Inventory of BIN Tenants, Virtual Companies, Graduates and Terminations
Current BIN Tenants

Company	Facility Location	Industry	Date Admitted	Length of time (Y,M,D)	Length of time in incubator (days)	FTE at Admittance	Current FTE	Source of Funding	Key Milestones Achieved
Advanced Biomimetic Sensors	Germantown	Medical Devices	1/11/2008	4 2 23	1580	1	2		
Advent InfoSystems	Germantown	Infotech	10/1/2008	3 6 2	1316	1	1	Private investment	
Affion	Germantown	Infotech	10/1/2008	3 6 2	1316	10	12		
Aqleo	Germantown	Infotech	6/8/2010	1 9 26	701	2	7		
Biologics Resource	Germantown	Biotechnology	7/1/2011	0 9 2	313	2	2		
Biz International, Inc.	Germantown	Services	12/1/2010	1 4 2	525	1	2		
CLC Bio	Germantown	Infotech	8/1/2010	1 8 2	647	2	4		
COBB Systems Group LLC	Germantown	Services	7/1/2010	1 9 2	678	2	6		
Corneologic Systems	Germantown	Biotechnology	5/15/2009	2 10 19	1090	15	5	Private investment	IP
CoreKids - US Child Health	Germantown	Research Institute	10/1/2008	3 6 2	1316	3	5		
CYNKZ, LLC	Germantown	Infotech	11/1/2009	2 5 2	920	2	2		
DSP Logic, Inc.	Germantown	Digital Signal Processing	6/8/2010	1 9 26	701	1	3		
eLaunchers.com	Germantown	Services	12/15/2008	3 3 19	1241	2	5		
Expertech	Germantown	Infotech	10/1/2008	3 6 2	1316	6	10		
Four Gates, LLC	Germantown	Infotech	2/1/2009	3 2 2	1193	1	1		
GeneWiz, Inc.	Germantown	Biotechnology	6/1/2009	2 10 2	1073	2	4		
Growing Company Solutions	Germantown	Biotech consulting	4/1/2009	3 0 2	1134	1	1	\$5k Equity	
Human Biostar, Inc.	Germantown	Biotechnology	7/1/2011	0 9 2	313	4	4		
JOHN Laboratories	Germantown	Biotechnology	10/1/2008	3 6 2	1316	2	4	Private investment from Home office	
Mosaigen	Germantown	Biotechnology	10/1/2008	3 6 2	1316	1	2		
NanoRods	Germantown	Biotechnology	5/15/2009	2 10 19	1090	1	3		
Next Healthcare	Germantown	Biotechnology	3/19/2010	2 0 15	782	1	2		
Radix Pharmaceuticals, Inc.	Germantown	Biotechnology	3/15/2011	1 0 19	421	1	1		
Reahm Pharmaceuticals, Inc.	Germantown	Biotechnology	7/1/2009	2 9 2	1043	16	15		
RNL Biostar	Germantown	Biotechnology	8/1/2009	2 8 2	1012	8	9		
Shakthy Information Systems	Germantown	Infotech	3/11/2009	3 0 23	1155	2	4		
Stem Cell Medicine	Germantown	Biotechnology	4/20/2009	2 11 14	1115	1	1		
SuperNova	Germantown	Biotechnology	3/1/2010	2 1 2	800	2	2		
Syntegra Solutions	Germantown	Pharmaceutical Consulting	4/1/2009	3 0 2	1134	5	6		IP
					985	98	132		
				Average time in SIC = 2.6 years		Start FTE = 98	Current FTE = 132		
Aithers, LLC	Rockville	Services	7/1/2011	0 9 2	313	10	10		
Aiscore, LLC	Rockville	Infotech	1/1/2009	3 3 2	1224	1	4		
Batavia Bioservices	Rockville	Biotechnology	7/1/2011	0 9 2	313	2	3		moving out 3/31/2012
Business-Community Synergies	Rockville	Infotech	2/1/2008	4 2 2	1559	1	2		
Clark Concepts, LLC	Rockville	Services	9/1/2009	2 7 2	981	1	3		
Clean Currents	Rockville	GreenTech	6/13/2007	4 9 21	1792	1	15		
Cobb Systems Group LLC	Rockville	Infotech	6/8/2010	1 9 26	701	3	3		
Daewoong America, Inc.	Rockville	Biotechnology	1/1/2010	2 3 2	859	2	4		
Encore Network Group Services, Inc.	Rockville	Services	10/1/2009	2 6 2	951	3	50		

Appendix 1 - Inventory of BIN Tenants, Virtual Companies, Graduates and Terminations
Current BIN Tenants

Company	Facility Location	Industry	Date Admitted	Length of time (Y,M,D)	Length of time in incubator (days)	FTE at Admittance	Current FTE	Source of Funding	Key Milestones Achieved
Advanced Biomimetic Sensors	Germantown	Medical Devices	1/11/2008	4	23	1	2		
Advent InfoSystems	Germantown	Infotech	10/1/2008	3	6	1	4	Private investment	
Aflion	Germantown	Infotech	10/1/2008	3	6	10	12		
Aqleo	Germantown	Infotech	6/8/2010	1	9	2	7		
Biologics Resource	Germantown	Biotechnology	7/1/2011	0	9	2	6		
Biz International, Inc.	Germantown	Services	12/1/2010	1	4	1	2		
CLC Bio	Germantown	Infotech	8/1/2010	1	8	2	4		
COBB Systems Group LLC	Germantown	Services	7/1/2010	1	9	2	6		
Correlig Systems	Germantown	Biotechnology	5/15/2009	2	10	19	1077	5 Private investment	IP
CureKids - US Child Health	Germantown	Research Institute	10/1/2008	3	6	2	1303		
CYNZ, LLC	Germantown	Infotech	11/1/2009	2	5	2	907		
DSPLogic, Inc.	Germantown	Digital Signal Processing	6/8/2010	1	9	26	688		
eLaunchers.com	Germantown	Services	12/15/2008	3	3	19	1228		
Expertech	Germantown	Infotech	10/1/2008	3	6	2	1303		
Four Gates, LLC	Germantown	Infotech	2/1/2009	3	2	2	1180		
GeneWiz, Inc.	Germantown	Biotechnology	6/1/2009	2	10	2	1060		
Growing Company Solutions	Germantown	Biotech consulting	4/1/2009	3	0	2	1121	1 \$5k Equity	
Human Biostar, Inc.	Germantown	Biotechnology	7/1/2011	0	9	2	300		
JOINN Laboratories	Germantown	Biotechnology	10/1/2008	3	6	2	1303	2 4 Private investment from Home office	
Mosalgen	Germantown	Biotechnology	10/1/2008	3	6	2	1303		
NanoRods	Germantown	Biotechnology	5/15/2009	2	10	19	1077		
Next Healthcare	Germantown	Biotechnology	3/19/2010	2	0	15	769		
Radix Pharmaceuticals, Inc.	Germantown	Biotechnology	3/15/2011	1	0	19	408		
Rexahn Pharmaceuticals, Inc.	Germantown	Biotechnology	7/1/2009	2	9	2	1030		
RNL Biostar	Germantown	Biotechnology	8/1/2009	2	8	2	999		
Shakthy Information Systems	Germantown	Infotech	3/11/2009	3	0	23	1142		
Stem Cell Medicine	Germantown	Biotechnology	4/20/2009	2	11	14	1102		
SuperNova	Germantown	Biotechnology	3/1/2010	2	1	2	787		
Syntegra Solutions	Germantown	Pharmaceutical Consulting	4/1/2009	3	0	2	1121		IP
							971		
								Start FTE = 98	
								Current FTE = 132	
Aitheras, LLC	Rockville	Services	7/1/2011	0	9	2	300		
Axiscore, LLC	Rockville	Infotech	1/1/2009	3	3	2	1211		
Batavia Bioservices	Rockville	Biotechnology	7/1/2011	0	9	2	300		moving out 3/31/2012
Buisness-Community Synergies	Rockville	Infotech	2/1/2008	4	2	2	1546		
Clark Concepts, LLC	Rockville	Services	9/1/2009	2	7	2	968		
Clean Currents	Rockville	GreenTech	6/13/2007	4	9	21	1779		
Cobb Systems Group LLC	Rockville	Infotech	6/8/2010	1	9	26	688		
Daewoong America, Inc.	Rockville	Biotechnology	1/1/2010	2	3	2	846		
Encore Network Group Services, Inc.	Rockville	Services	10/1/2009	2	6	2	938		

GiraMondo Wine Ventures	Wheaton	Services	7/1/2006	5	8	23	2116	3	1	
Health RSI	Wheaton	Services	9/1/2009	2	7	2	968	1	1	
JVR Communications	Wheaton	Services	1/6/2006	6	2	28	2302	2	2	
KELEA Professional Services	Wheaton	Services	1/6/2006	6	2	28	2302	2	2	
Law Offices of Michael T. O'Bryant	Wheaton	Services	11/22/2010	1	4	12	521	2	2	
Law Offices of Roberto Allen	Wheaton	Services	1/1/2010	2	3	2	846	1	4	
LGL Accounting Services	Wheaton	Services	7/1/2011	0	9	2	300	1	1	
Mendoza & Company Inc	Wheaton	Services	6/6/2006	5	9	28	2151	1	3	
NANA Design	Wheaton	Services	1/12/2006	6	2	22	2296	2	3	
National Hispanic Communication Group	Wheaton	Services	2/2/2009	3	2	1	1179	2	2	
PBF Global	Wheaton	Services	1/5/2008	4	2	29	1573	1	1	
SW Creatives, LLC	Wheaton	Services	1/7/2008	4	2	27	1571	1	3	
WISE Comprehensive Solutions	Wheaton	Infotech	1/11/2006	6	2	23	2297	2	4	
Woodard & Associates, Inc	Wheaton	Services	1/11/2006	6	2	23	2297	3	2	
Workplace Management Group	Wheaton	Services	1/11/2006	6	2	23	2297	1	2	
							1484	45	58	
				Average time in WIC = 4.01 years				Start FTE = 45	Current FTE = 58	

Current BIN Virtual Tenants (VIP)

Company	Facility Location	Industry	Status	Date Admitted	FTE at Admittance	Current FTE
Path Forward, LLC	Germantown	Services	virtual	3/15/2009	1	2
Torres Management	Germantown	Services	virtual	10/1/2008	2	2
Aparna Biosciences	Rockville	Biotechnology	virtual	12/1/2008	2	7
Applied Wireless Local Area Network	Rockville	Infotech	virtual	12/3/2007		
EEL Corporation	Rockville	GreenTech	virtual	2/1/2009	1	1
Heatherstone	Rockville	Infotech	virtual/graduate	10/1/2008	3	2
Peer2Peer Tutors	Rockville	Services	virtual	6/16/2008	1	25
NovaTherm Technologies	Shady Grove	GreenTech	virtual	11/15/2011	2	2
Otraces Inc.	Shady Grove		virtual	11/1/2010	1	7
Synam Vaccine	Shady Grove		virtual		no data	no data
TDP Biotherapeutics, Inc.	Shady Grove		virtual	3/1/2012	1	1
Global Business Solutions Inc.	Silver Spring	Services	virtual	7/1/2010	3	5
InfraTrac	Silver Spring	Biotechnology	virtual	11/1/2007	1	1
Nexercise	Silver Spring	Infotech	virtual	4/1/2010	1	2
Open Secure Energy Control Systems, LLC	Silver Spring	Infotech	virtual	3/22/2005	2	2

Blue Rock Capital	5GIC	Service	Graduate	2/28/00	1	1	1	1	No	Acquired	
Burnside Partners Inc.	5GIC	Biotechnology	Graduate	9/1/03	1	1	0	0	Yes		
Canon U.S. Life Sciences, Inc.	5GIC	Biotechnology	Graduate	1/1/05	2	5	32	2	Yes		
CardiMed	5GIC	Biotechnology	Graduate	9/1/07	2	2	2	2	No		
Cardion Therapeutics (R&D Facility)	5GIC	Biotechnology	Graduate	7/15/04	3	6	10	6	No	Acq. By Cephalon	76,000,000
Certhusnet Inc	5GIC	Infotech	Graduate	2/28/07	2	4/30/10	5	25	No	Reloc to China	2,347,178
CIT	5GIC	Infotech	Graduate	4/1/03	1	4/1/06	1	1	Yes		
Clainus Technologies (acquired by Corware Incorporated)	5GIC	Biotechnology	Graduate	7/1/01	3	3	3	3	Yes		
Corware Incorporated	5GIC	Infotech	Graduate	2/1/04	1	10/1/06	1	0	No		
Coram Bioscience	5GIC	Biotechnology	Graduate	10/1/04	3	9/1/05	4	4	No	Reloc to Korea	
Corveda, Inc.	5GIC	Infotech	Graduate	11/1/00	3	2/1/04	4	3	Yes	Acquired	
DVIP Multimedia Incorporated	5GIC	Service	Graduate	5/1/02	2	5/1/04	2	2	Yes		
EClinForce.com	5GIC	Infotech	Graduate	9/1/06	1	4/30/11	1	1	Yes		174,868
Endogeny	5GIC	Biotechnology	Graduate	9/1/06	1	1	1	1	No		
Foligo Therapeutics	5GIC	Biotechnology	Graduate	4/12/99	2	12/31/07	1	1	Yes		
Gallenica Pharmaceuticals	5GIC	Biotechnology	Graduate	7/1/99	2	9/1/01	5	10	No	Reloc to VA	
GeneDx	5GIC	Biotechnology	Graduate	4/1/99	1	7/1/01	3	5	Yes		
GenoQuest Inc	5GIC	GreenTech	Graduate	1/1/10	2	9/30/11	2	2	Yes		
Gizmoworks, LLC	5GIC	Infotech	Graduate	3/1/97	2	10/1/00	5	0	No	Bankruptcy 2002	
Imaacom	5GIC	Biotechnology	Graduate	1/1/99	2	9/1/01	8	15	Yes		
Imperium Inc	5GIC	Biotechnology	Graduate	10/1/03	3	12/31/07	5	12	Yes		
InetExperts / Get Real Consulting	5GIC	Biotechnology	Graduate	5/1/02	5	9/1/04	40	5	Yes		
Institute For Biological Alternative	5GIC	Infotech	Graduate	4/1/02	2	4/1/03	22	2	No	Ceased operation 2005	
IntellTrac, Inc.	5GIC	Aerospace	Graduate	6/7/04	1	10/31/07	2	3	Yes		
InterSpace	5GIC	Biotechnology	Graduate	1/1/04	9	9/30/07	9	9	Yes	Acquired	
Intronn	5GIC	Infotech	Graduate	11/1/98	3	6/30/98	50	50	Yes		
KBM	5GIC	Infotech	Graduate	1/1/100	3	1/1/04	5	10	Yes		
Khera Communications, Inc	5GIC	Biotechnology	Graduate	1/1/99	4	7/1/02	4	75	Yes	Acquired by OriGene	24,009,576
Marflign Biosciences	5GIC	Infotech	Graduate	4/1/99	2	3/1/01	12	0	No	Out of Business 2002	
MemberWare Technologies	5GIC	Service	Graduate	1/1/02	5	5	5	5	Yes		108,108
MGPS	5GIC	Biotechnology	Graduate	10/15/06	2	6/30/11	10	10	Yes		
Neogenix Oncology Corporation	5GIC	Biotechnology	Graduate	6/1/99	4	10/1/00	10	0	No	Out of Business 2004	
Neurologic, Inc.	5GIC	Biotechnology	Graduate	8/1/07	2	2	2	2	Yes		
Neuronascent, Inc.	5GIC	Infotech	Graduate	4/1/99	4	1/1/03	78	225	Yes		
NexTone Communications	5GIC	Biotechnology	Graduate	9/1/10	2	6	45	45	Yes	4/2008 - 7/2008 in SGIC	
OpGen, Inc.	5GIC	Infotech	Graduate	10/15/02	1	3/31/07	3	8	Yes		
Owen Software	5GIC	Biotechnology	Graduate	6/1/99	2	9/1/02	12	50	Yes	Closed MD Operations, Corp HQ in MA remains operational	
Panacea Pharmaceuticals	5GIC	Biotechnology	Graduate	6/1/06	4	2	0	0	No		
Pressure BioSciences	5GIC	Biotechnology	Graduate	4/1/03	2	5/1/09	3	3	Yes		756,620
ProCell / PlantVax	5GIC	Biotechnology	Graduate	2/1/00	4	9/1/03	14	4	Yes		
Protevis Inc	5GIC	Biotechnology	Graduate	7/1/01	2	10/1/03	16	2	Yes		
Quanta Biosciences	5GIC	Biotechnology	Graduate	3/1/04	2	2	1	1	Yes		
Revivo	5GIC	Aerospace	Graduate	1/15/04	2	8/30/10	2	2	Yes		
Satel	5GIC	Biotechnology	Graduate	10/17/05	4	8/31/11	12	3	Yes		16,600,000
Seagene	5GIC	Biotechnology	Graduate	1/1/04	2	2	2	2	Yes		
Sensatex	5GIC	Biotechnology	Graduate	11/1/06	1	1	1	1	Yes		
Shretis Carditech (formerly Austin Signature Supplements)	5GIC	Biotechnology	Graduate	3/8/06	4	4	4	4	No	Reloc. To NoVA	
SMB Live	5GIC	Infotech	Graduate	11/1/00	1	12/31/01	14	0	Yes	Acquired by GeneLogic 2003	
Stemron	5GIC	Biotechnology	Graduate	10/1/07	2	8/30/10	2	2	Yes		
Surveillance Secure	5GIC	Service	Graduate	4/1/09	2	2	4	4	Yes		
Syan Biosciences	5GIC	Biotechnology	Graduate	11/1/00	7	7	4	4	Yes		
Synergy America Inc	5GIC	Infotech	Graduate	9/1/06	3	7/1/02	60	60	Yes		
Systems Integration & Dev	5GIC	Biotechnology	Graduate	9/1/06	3	3	3	3	Yes		
Tengen	5GIC	Biotechnology	Graduate	9/1/06	3	3	3	3	Yes		

Tetraoore	SGIC	Infotech	Graduate	11/1/00	4	10/1/00	32	58	Yes	249,479
Therimmune Research (acquired)	SGIC	Biotechnology	Graduate	4/1/09	3	4/1/02	3	3	Yes	
Vectorlogics Inc.	SGIC	Biotechnology	Graduate	2/1/08	2	10/31/11	3	5	Yes	660,268
Visual Networks	SGIC	Infotech	Graduate	4/1/05	4	11/1/07	281	281	Yes	
Zero & One Engineering	SGIC	Infotech	Graduate	3/1/06	4	11/1/07	22	22	No	
Airtime Manager	SSIC	Infotech	Graduate	9/1/04	1	6/30/11	5	1	Yes	
Bio Quick Corporation	SSIC	Biotechnology	Graduate	9/1/2009	2	1/31/2012	2	2	Yes	737,500
BuddyCast, Inc	SSIC	Infotech	Graduate	3/1/2008	1	1/31/10	1	1	Yes	
Clainvovant Technologies, Inc.	SSIC	Infotech	Graduate	6/8/09	1	1/31/10	2	2	Yes	
CodeSoft	SSIC	Infotech	Graduate	11/1/2008	1		4	4	No	
Composamp, Inc.	SSIC	Infotech	Graduate	9/1/08	7	7/31/09	7	7	Yes	
Compugen	SSIC	Infotech	Graduate	1/1/01	2	2/1/05	8	12	Yes	
Continuums Corporation	SSIC	Infotech	Graduate	10/1/10	2	6/30/11	1	1	Yes	
Eyetrans Media Communications	SSIC	Infotech	Graduate	10/1/06	2	2/13/12	4	4	Yes	
Geocentric	SSIC	Infotech	Graduate	2/20/07	1	2/1/10	1	1	Yes	
G-MED North America, Inc.	SSIC	Service	Graduate	3/1/2005	1	12/8/2009	5	8	Yes	
Lebsortelch LLC	SSIC	Infotech	Graduate	12/15/09	1	9/30/10	1	1	Yes	
McKenzie Law Group	SSIC	Service	Graduate	11/1/07	1		1	1	Yes	
Military to Home	SSIC	Service	Graduate	7/15/04	2	12/31/07	6	6	Yes	
Mobitrum Corporation	SSIC	Infotech	Graduate	7/15/04	2	6/30/11	4	5	Yes	2,371,418
NetImmune	SSIC	Infotech	Graduate		2		10	25	Yes	
PeerSat	SSIC	Infotech	Graduate	7/15/04	1	4/1/11	1	1	Yes	
Radius Technology	SSIC	Service	Graduate	8/16/04	4	8/25/07	20	30	Yes	
RC Matrox LLC	SSIC	Infotech	Graduate	7/1/10	4	7/15/11	8	4	No	
Reid Financial Services, LLC	SSIC	Service	Graduate	9/1/06	1		1	1	Yes	
Root Orange LLC	SSIC	Infotech	Graduate	11/1/09	1	9/1/10	3	3	Yes	
SETECS, Inc.	SSIC	Infotech	Graduate	11/8/04	1	3/1/10	2	2	Yes	
Solid Ground	SSIC	Service	Graduate	12/15/09	1	9/30/10	1	1	Yes	
Cadence Marketing Group	WBIC	Service	Graduate	3/1/10	1	6/30/11	2	1	Yes	
Dehorn Corporation	WBIC	Service	Graduate	1/10/08	1	7/31/11	3	3	Yes	
Digital Network Group, LLC	WBIC	Service	Graduate	8/1/06	1		1	1	Yes	
Loving Decisions	WBIC	Service	Graduate	1/6/06	3	11/30/11	1	1	Yes	
Synergy Financial Services LLC	WBIC	Service	Graduate	10/1/09	1	7/31/11	3	3	Yes	
Translate TV	WBIC	Infotech	Graduate	1/2/07	2	1/11/08	5	7	Yes	2,500,000
Vitality LLC	WBIC	Service	Graduate	1/6/06	1	3/31/11	3	4	Yes	

Acquired by Fluke Networks

Acquired

BIN Terminations													Total Equity Raised
Company	Facility	Industry	Status	Date Admitted	Initial FTE	Date Exited	Exit FTE	Current FTE	Remain MOCO	Comments	Total Equity Raised		
Datarchives	GIC	Infotech	Terminated	10/1/09	1	12/31/10	1	0	Yes				
Focus Management Group	GIC	Service	Terminated	1/9/09	1	7/31/10	1	1	No				
Jupiter Biosciences, Inc.	GIC	Biotechnology	Terminated	11/1/09	2	10/31/11	4	3	No	Bankruptcy 2009	9,000,000		
Telecontinuity	GIC	Infotech	Terminated	3/1/09	3		3	0	No				
Alliance Infotech Private Ltd- Montgry Cty	RIC	Infotech	Terminated	8/1/08	1	12/6/11	1	1	Yes				
Babylon	RIC	Infotech	Terminated	5/11/09	1	3/15/10	1	1	No	Returned to Israel			
Culture & Arts Interactive	RIC	Infotech	Terminated	1/18/08	2	9/1/09	1	0	Yes				
EideticVisions, LLC	RIC	Education	Terminated	1/14/10	1	5/1/11	1	1	No				
Gni International	RIC	Infotech	Terminated	4/14/08	1	8/30/08	1	1	Yes				
RealNew Energy	RIC	Cleantech	Terminated	2/1/11	1	8/1/11	1	1	No				
Remegenix	RIC	Biotechnology	Terminated	6/2/08	1	6/30/09	1	1	Yes				
Simblox	RIC	Infotech	Terminated	11/1/08	1	3/31/11	1	3	Yes				
Socroto	RIC	Infotech	Terminated	6/1/08	1	9/30/09	1	1	No				
Wireless Culture	RIC	Infotech	Terminated	3/19/07	1	6/30/09	1	0	No				
Bconvergent Inc	SGIC	Infotech	Terminated	10/1/00	8	11/1/03	2	0	No	No Longer in Business			
BioMat Science	SGIC	Biotechnology	Terminated	11/1/99	1	11/1/03	6	0	Yes	No Longer in Business			
Cangen	SGIC	Biotechnology	Terminated	7/15/04	2	7/1/08	2	0	No	No Longer in Business			
NetXcel	SGIC	Infotech	Terminated	1/1/08	2		0	0	No	No Longer in Business			
Novatarg	SGIC	Biotechnology	Terminated	4/1/04	1		0	0	No	No Longer in Business			
Orthospot	SGIC	Biotechnology	Terminated	9/1/04	3		2	2	Yes				
Sahajanand BioTech	SGIC	Biotechnology	Terminated	9/1/07	2		0	0	No				
Silbiotech, Inc.	SGIC	Biotechnology	Terminated	2/1/10	1	3/31/10	0	0	No				
Transmedix	SGIC	Biotechnology	Terminated	4/1/03	1		0	0	No				
WebSolve	SGIC	Infotech	Terminated	6/8/05	3		1	0	No	No Longer in Business			
ZaraCom	SGIC	Infotech	Terminated	3/1/06	2	10/1/09	0	0	No	No Longer in Business			
Apogee Ventures	SSIC	Infotech	Terminated		2		2	2	Yes				
Carifone Interactive													
Marketing	SSIC	Infotech	Terminated	11/1/07	1		1	1	Yes				
Diaspora Development LLC	SSIC	Service	Terminated	12/1/08	1	9/1/10	1	0	No				
Global Enterprises Holdings Inc	SSIC	Service	Terminated	7/22/09	1	1/31/11	1	1	Yes				
Truhart Systems International, LLC	SSIC	Service	Terminated	7/15/04	1		1	0	No	No Longer in Business			
Web Management Group	SSIC	Service	Terminated	6/1/06	1		2	1	No				
Bienes Raices Realtors	WBIC	Service	Terminated	6/1/06	4	7/31/09	12	4	No				
Feep Corporation	WBIC	Service	Terminated	12/15/09	2		2	2	Yes				
Image Consulting Group	WBIC	Service	Terminated	4/1/09	1		1	1	Yes				
Ingle Consulting Group	WBIC	Service	Terminated	1/10/08	1		1	1	Yes				
Maryland Financial Advisory	WBIC	Service	Terminated	1/1/09	1		1	1	Yes				
Socometrics	WBIC	Service	Terminated	10/1/07	1		1	1	Yes				
Valens Marketing Group	WBIC	Service	Terminated	6/1/06	1		1	1	Yes	No Longer in Business			

APPENDIX 3

Description of Seminars and Programs

Refer to the following documents for an overview of programs and services that have been provided by the BIN. Note that not all programs described are currently offered or have been implemented throughout the entire history of the BIN.



DEPARTMENT OF ECONOMIC DEVELOPMENT



MONTGOMERY COUNTY
BUSINESS INCUBATOR NETWORK



MONTGOMERY COUNTY, MARYLAND – YOUR STRATEGIC BUSINESS ADDRESS!

Next door to the nation's capital city of Washington, D.C., we're your gateway to the region's robust federal marketplace. We have 19 federal research and regulatory agencies located here, including the National Institutes of Health, the Food and Drug Administration, and the National Institute of Standards and Technology. Centrally located at the epicenter of the Mid-Atlantic's thriving federal, biotech and advanced technology marketplace, we are located two hours or less by air from 60% of the U.S. and Canadian population, with three major airports offering 475 weekly non-stop flights to 34 destinations in 29 foreign countries. No wonder we're home to the headquarters of industry leaders including Marriott International, MedImmune, Lockheed Martin, Discovery Communications and Hughes Network Systems.

THE INCUBATOR NETWORK

Managed by the Montgomery County Department of Economic Development, the Business Incubator Network offers the infrastructure and resources needed to facilitate the growth and success of young biotech, advanced technology and business services companies, thereby stimulating job creation to benefit the local economy.

HOW IT WORKS

Step 1: Information & Application

- Our website (www.montgomerycountymd.gov/ded) is your best source for initial, general information on our Incubator Network and individual incubator facilities.
- Contact the Business Incubator Network when you're ready to:
 - Schedule a tour
 - Discuss your company's business plan
 - Review admission requirements
 - Obtain an application
 - Discuss a specific question

Step 2: Admission

- Submit a completed application including your company's business plan for review by our incubator Tenant Review Committee (TRC).
- Our staff will pre-screen your application and either schedule a company presentation before the TRC or provide you with detailed comments and guidance on steps you can take to get your business plan to the next level.
- Scheduled presentations are limited to 15 minutes, followed by Q&A from the Committee.
- Admission decisions are made and communicated to each company within 24 hours.

Step 3: Terms

- Once admitted, you must provide the first month's payment, a security deposit (equal to the first month's payment) and a certificate of insurance. Terms are for one year, renewable annually for three to four years.



Step 4: Resources

- While in the facility, your company will benefit from a menu of cost-free programs, services and amenities, including:
 - Access to sources of capital
 - Monthly business education programs
 - Business networking events
 - Legal and intellectual property resources and services
 - Shared amenities including fully-integrated multi-media conference rooms, business and lab equipment, office services and more
 - Periodic progress reviews with our Tenant Review Committee to help track your progress and keep your company on the path to continued growth and success

Step 5: Graduation

- As your company gradually increases its revenues, staff and office or lab space, you'll ultimately outgrow the facility.
- At that time, our staff will gladly help celebrate your company's "graduation," and assist you with finding new commercial office space.
- After graduation from the incubator, your company will continue to benefit from the ongoing support and resources of the Department of Economic Development.

A PROVEN FORMULA FOR SUCCESS

- Since 1999, graduates of the County's Business Incubator Network have added over 1,000 jobs to the local economy.
- The National Business Incubator Association estimates that four out of five new businesses fail within the first five years, while 80 percent of firms cultivated in an incubator are still in business after that same time period.
- Successful graduates include:
 - Aeras Global Foundation
 - Avalon Pharmaceuticals
 - Nextone
 - Tetracore
 - Visual Networks

INCUBATOR NETWORK FACILITIES

Maryland Technology Development Center

Opened in 1999, Montgomery County's 60,000 s.f. flagship incubator facility features 24 wet labs, 60 offices and accommodates 35-45 biotech and advanced technology companies.

Silver Spring Innovation Center

Opened in 2004, this 20,000 s.f., 4-story facility is currently home to over 20 multi-media, advanced technology and wireless companies. It features 40 offices, and is ideally situated in a Federal Hub Zone steps from Washington, D.C.

Wheaton Business Innovation Center

Opened in 2006, this custom-designed, 10,000 s.f. Center has 30 offices and is located literally across the street from the Wheaton Metro Station in one of the County's Enterprise Zones, offering special tax incentives to eligible businesses.

Rockville Innovation Center

Opening in 2007, this brand new, state-of-the-art 25,000 s.f. Center features over 50 offices and will host 25-35 international and bioinformatics companies in the heart of Rockville's new \$350 million Town Center.



Montgomery County Business Incubator Network
9700 Great Seneca Highway
Rockville, Maryland 20850

Tel: 240.453.8470
Fax: 240.453.6208
www.montgomerycountymd.gov/ded



Maryland Intellectual Property Legal Resource Center

Maryland Intellectual Property Legal Resource Center
University of Maryland
387 Technology Drive
College Park, MD 20742-3371

301-314-8572

POLICY STATEMENT

Mission

The Maryland Intellectual Property Legal Resource Center was established in 2002 to educate law students, entrepreneurs, and the community about the legal aspects of intellectual property. As part of its mission, the MIPLRC also provides free legal services on intellectual property and related matters to emerging technology companies and explores relevant legal, ethical and policy issues in the high technology and intellectual property areas.

Legal Services

The Center delivers legal services primarily through law students, who practice under the supervision of experienced faculty members. The Center is therefore a vehicle for training law students to serve the needs of early stage high technology companies. The types of legal services provided are explained in greater detail under Legal Services.

The Role of the Center

The MIPLRC provides services from its locations at the University of Maryland in College Park, Maryland, and the University of Maryland School of Law in Baltimore, Maryland. In addition to offering academic courses for law students at the University of Maryland School of Law, the Center also presents workshops and lectures on intellectual property issues of relevance to high technology and biotechnology start-up companies. The Center was designed to have three distinct components: an academic program, a clinical program, and a public policy and ethics program.

- Through its **academic** component, the Center offers academic courses for credit to law students, as well as presenting workshops and lectures on intellectual property issues of interest to start-up companies. In the future, the MIPLRC may develop academic offerings for local attorneys, entrepreneurs and scientists, and it may also provide in-house training programs for employees and management of emerging companies.
- Through the Center's **clinical** component, law students provide intellectual property and related legal services to high tech start-up companies and individual entrepreneurs. All services are provided free of charge. Since July 2002, approximately 300 clients have received legal services provided by more than 90 student attorneys.
- The Center's **public policy** component is still evolving. The MIPLRC plans to provide a forum for discussion of ethical and public policy issues relating to the biotech industry, such as gene patenting and licensing, privacy of genetic information, and use of human tissue and human subjects for research. We seek to accomplish this goal by sponsoring seminars and roundtable discussions on relevant topics and by providing information to local companies on relevant legislation pending at the state and national levels.

DED Special Events

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Filtered By:

Show: All special events

Special Event: Special Event Name	Special Event: Owner Name	Event Start Date	Participants Satisfaction	Total Attendance	Type
Developing an E-Marketing Strategy & Ramping	Ruth Semple	7/7/09	-	-	- Technical Assistance / Training
Developing Compelling Sales and Marketing Materials	Ruth Semple	7/21/09	-	-	- Technical Assistance / Training
Closing More Sales	Ruth Semple	8/4/09	-	-	- Technical Assistance / Training
Financial Management System: Comprehensive and Flexible	Ruth Semple	8/18/09	-	-	- Technical Assistance / Training
Revenue Projections	Ruth Semple	9/1/09	-	-	- Technical Assistance / Training
Round Table Discussion: Health Care	Steve Kapani	9/6/09	-	-	- Technical Assistance / Training
How to Value a Private Company	Ruth Semple	9/10/09	-	-	- Technical Assistance / Training
Managing Cash Flow	Ruth Semple	9/15/09	-	-	- Technical Assistance / Training
Get To Know Your Neighbors Lunch	Ruth Semple	9/16/09	-	-	- Networking
IP Issues in Structuring Deals	Noune Sekhposian	9/23/09	-	-	- Technical Assistance / Training
Strategies for Saving Employer Dollars in the Retirement Employee Benefit Market	Ruth Semple	9/24/09	-	-	- Technical Assistance / Training
Managing Grant Funding	Ruth Semple	9/29/09	-	-	- Technical Assistance / Training
Obtaining Government Funds in Tough Economic Times	Ruth Semple	11/19/09	-	-	- Technical Assistance / Training
Employment Law Basics	Ruth Semple	12/1/09	-	-	- Technical Assistance / Training
Strategic Business Leadership	Steve Kapani	1/13/10	-	-	- Technical Assistance / Training
Getting the Most out of Consultants	Ruth Semple	1/14/10	-	-	- Technical Assistance / Training
Tax Credits for the Tech Industry	Ruth Semple	1/21/10	-	-	17 Technical Assistance / Training
Internet Search Optimization	Ruth Semple	1/26/10	-	-	- Technical Assistance / Training
How to Read Financial Statements	Noune Sekhposian	1/27/10	-	-	22 Technical Assistance / Training
Strategic Partnering	Ruth Semple	1/28/10	-	-	- Technical Assistance / Training
"How to Avoid the Bidding Process in Winning	John Korpela	2/10/10	-	-	- Technical Assistance / Training
Funding Strategies for Life Sciences	John Korpela	2/11/10	-	-	- Technical Assistance / Training
Speed Networking	John Korpela	2/17/10	-	-	- Technical Assistance / Training
Lunch Meeting - "Company Info Exchange"	John Korpela	2/18/10	-	-	18 Networking
Technical Training: Due Diligence	John Korpela	2/23/10	-	-	- Technical Assistance / Training
Intangible Assets	John Korpela	2/25/10	-	-	- Technical Assistance / Training
Cash Flow Analysis	John Korpela	2/25/10	-	-	- Technical Assistance / Training
Women Executive Leadership Network	John Korpela	2/26/10	-	-	- Networking
Manufacturing and Strategic Decision-Making:	John Korpela	2/26/10	-	-	- Technical Assistance / Training
Lunch & Learn: Funding Strategies for Life Sciences Companies	John Korpela	3/3/10	-	-	- Technical Assistance / Training
The ABCs Of Starting A Business (Mar - Wheaton)	Steve Kapani	3/3/10	-	-	31 Technical Assistance / Training
Lunch & Learn: Funding Strategies for Life Sciences Companies	John Korpela	3/6/10	-	-	- Technical Assistance / Training
Lunch & Learn: Acquiring IP from Troubled Companies	John Korpela	3/6/10	-	-	- Technical Assistance / Training
Lunch & Learn: Securities Rules for Start Up Companies	John Korpela	3/11/10	-	-	- Technical Assistance / Training
MCCC Public Safety Award Luncheon	John Korpela	3/12/10	-	-	- Networking
Technical Training: Building an OnLine Marketing Strategy	John Korpela	3/16/10	-	-	- Technical Assistance / Training
Lunch & Learn: What's Your Business Worth?	John Korpela	3/17/10	-	-	- Technical Assistance / Training
Lunch & Learn: What's Your Business Worth?	John Korpela	3/17/10	-	-	- Technical Assistance / Training
Building an Effective Development Team	John Korpela	3/18/10	-	-	14 Technical Assistance / Training
Lunch & Learn: Building Your Development Team	John Korpela	3/18/10	-	-	14 Technical Assistance / Training
Lunch & Learn: Information Exchange- Companies presentations	John Korpela	3/24/10	-	-	15 Technical Assistance / Training
Lunch & Learn: Intangible Assets	John Korpela	3/25/10	-	-	- Technical Assistance / Training
Technical Training: Investor Presentation (tentative)	John Korpela	4/6/10	-	-	- Technical Assistance / Training
Lunch & Learn: Business Contract & Mediation	John Korpela	4/7/10	-	-	- Technical Assistance / Training
Lunch & Learn: MD Bio Center Resources & Services	John Korpela	4/8/10	-	-	- Technical Assistance / Training
Delegation from Mexico	Steve Kapani	4/13/10	-	-	10 International Business Delegation
Lunch & Learn: Topic TBD	John Korpela	4/17/10	-	-	- Technical Assistance / Training
Lunch & Learn: Fraud & Importance of Internal Control	John Korpela	4/21/10	-	-	- Technical Assistance / Training
Technical Training: Speed Networking	John Korpela	4/22/10	-	-	- Technical Assistance / Training
"Business Valuations"	John Korpela	4/28/10	-	-	11 Technical Assistance / Training
Lunch & Learn: Topic "Immigration Roundtable"	John Korpela	4/29/10	-	-	- Technical Assistance / Training
MCPS-MDOT Workshop	Katie Knowlin	5/10/10	100%	46	Technical Assistance / Training

Lunch & Learn: Demystifying Social Media	Steve Kapani	5/12/10	-	- Technical Assistance / Training
Lunch & Learn: Business Insurance for Government Contractors	Steve Kapani	5/19/10	-	- Technical Assistance / Training
"Teaming In Selling to the Federal Government"	John Korpela	5/26/10	-	3 Team Building
"Best Practices / Pitfalls to Avoid in Dealing How Do I Know if My Prospect is Qualified?"	John Korpela	7/8/10	-	17 Technical Assistance / Training
"Is My Prospect Qualified? - and other sales questions"	John Korpela	7/14/10	-	- Technical Assistance / Training
Anatomy of Contracts: Elements to "Impact of the New Healthcare Reform Legislation"	John Korpela	7/21/10	-	8 Technical Assistance / Training
"Immigration Roundtable Discussion"	John Korpela	7/22/10	-	- Technical Assistance / Training
"GLP Studies & Compliance Issues"	John Korpela	7/28/10	-	11 Technical Assistance / Training
Funding Programs of the Maryland Technology Development Corporation (TEDCO)	John Korpela	7/29/10	-	- Technical Assistance / Training
Montgomery County's New Science City: The Next Stage in the	John Korpela	8/5/10	-	12 Technical Assistance / Training
"Developing An Intellectual Property Strategy"	John Korpela	8/11/10	-	17 Technical Assistance / Training
Budgets, Forecasts and Projections	John Korpela	9/14/10	-	11 Technical Assistance / Training
"What Every Business Owner Needs To Know: Strategic Business Leadership"	John Korpela	9/15/10	-	- Technical Assistance / Training
"Employer Options for Health Insurance: What the New Healthcare	John Korpela	9/16/10	-	- Technical Assistance / Training
"CASH FLOW MANAGEMENT FOR EMERGING BUSINESSES"	John Korpela	9/21/10	-	- Technical Assistance / Training
"LEGAL ASPECTS OF GROWTH: FUND RAISING AND EXPANSION"	John Korpela	9/23/10	-	5 Technical Assistance / Training
"A BANKER'S PERSPECTIVE ON EFFECTIVELY	John Korpela	9/29/10	-	12 Technical Assistance / Training
"EMPLOYMENT LAW FUNDAMENTALS FOR SMALL	John Korpela	10/5/10	-	13 Technical Assistance / Training
"Are You Ready For GLP Studies? Common Compliance Issues"	John Korpela	10/6/10	-	10 Technical Assistance / Training
Information Technology Industry Roundtable	Steve Silverman	10/12/10	-	8 Technical Assistance / Training
"DEVELOPING YOUR BRAND: SIX BRANDING STRATEGIES	John Korpela	10/12/10	-	- Forum
"Government Contract Compliance in Today's Regulatory Environment"	John Korpela	10/14/10	-	9 Technical Assistance / Training
Small Business Resource Session	Steve Kapani	10/19/10	-	- Technical Assistance / Training
"RETAINING KEY EMPLOYEES AND BUILDING VALUE:	John Korpela	10/20/10	-	25 Technical Assistance / Training
"Budgets, Forecasts and Projections: Financial Tools That Are Critical to Your	John Korpela	10/21/10	-	9 Technical Assistance / Training
"CEO ROUNDTABLE"	John Korpela	10/25/10	-	18 Technical Assistance / Training
"OH NO! A PRACTICAL AND COMMON SENSE APPROACH FOR IMPLEMENTING A SUCCESSFUL PERF	John Korpela	10/27/10	-	18 Technical Assistance / Training
"Everything You Need To Know To Get Your	John Korpela	11/4/10	-	8 Technical Assistance / Training
"How to Uncover Golden Opportunities and Marketing Strategy"	John Korpela	11/9/10	-	13 Technical Assistance / Training
"Market Research for Life Sciences Companies:	John Korpela	11/10/10	-	- Technical Assistance / Training
"Get Funded: Design and Deliver the Perfect Investor Pitch"	John Korpela	11/11/10	-	9 Technical Assistance / Training
How Large Businesses Evaluate Opportunities and Build Teaming Partners	John Korpela	11/12/10	-	- Technical Assistance / Training
"SBA and Small Business Financing"	Jerry Godwin	11/16/10	-	21 Networking
Small Business Resource Session	John Korpela	11/16/10	-	- Technical Assistance / Training
"YEAR-END TAX PLANNING WORKSHOP"	Steve Kapani	12/1/10	-	- Technical Assistance / Training
"HOW TO UNCOVER GOLDEN OPPORTUNITIES AND	John Korpela	12/2/10	-	15 Technical Assistance / Training
"SBA and Small Business Financing"	John Korpela	1/12/11	-	9 Technical Assistance / Training
"Developing Your IP Strategy: Copyrights and Trademarks"	John Korpela	1/13/11	-	9 Technical Assistance / Training
"Building for Value: What You Need To Do Now to Prepare for a Future Merger or A	John Korpela	1/18/11	-	17 Technical Assistance / Training
"How to Find Federal Contract Opportunities"	John Korpela	1/19/11	-	9 Technical Assistance / Training
"Recruiting Strategies for Hiring Great Employees"	John Korpela	1/20/11	-	15 Technical Assistance / Training
Small Business Resource Session	John Korpela	1/25/11	-	16 Technical Assistance / Training
"DEVELOPING YOUR BRAND: SIX BRANDING STRATEGIES THAT CAN	Steve Kapani	1/26/11	-	20 Technical Assistance / Training
"CEO Roundtable"	John Korpela	2/10/11	-	11 Technical Assistance / Training
"Maryland's Cyber-security Initiative: Establishing	John Korpela	2/15/11	-	9 Technical Assistance / Training
"Digital, Dynamic, Data-driven, Direct Marketing	John Korpela	2/17/11	-	0 Technical Assistance / Training
		2/23/11	-	0 Technical Assistance / Training

"SO YOU THINK YOU HAVE DISCOVERED A NEW DRUG? NOW WHAT"	John Korpela	3/15/11	-	7 Technical Assistance / Training
Immigration Law Strategies and Solutions	John Korpela	3/17/11	-	7 Technical Assistance / Training
Small Business Resource Session	Steve Kapani	3/23/11	-	15 Technical Assistance / Training
"MARKET RESEARCH FOR LIFE SCIENCE COMPANIES: WHAT YOU NEED TO KNOW TO WIN GRANTS"	John Korpela	4/7/11	-	12 Technical Assistance / Training
"Bio-Vendor Show: 12 Vendors Display Their	John Korpela	4/12/11	-	28 Technical Assistance / Training
"Advanced Facebook: How to Make Your	John Korpela	4/13/11	-	- Technical Assistance / Training
"Payroll 101: What You Need to Know About RIC	John Korpela	4/14/11	-	7 Technical Assistance / Training
Lunch and Learn Program	John Korpela	4/19/11	-	6 Technical Assistance / Training
Lunch and Learn Program	John Korpela	4/21/11	-	6 Technical Assistance / Training
"Crafting an Employee Benefits Strategy to Match SSIC	John Korpela	4/26/11	-	6 Technical Assistance / Training
Small Business Resource Session	Steve Kapani	4/27/11	-	10 Technical Assistance / Training
"Get Funded: Design and Deliver the Perfect Investor Pitch"	John Korpela	5/10/11	-	17 Technical Assistance / Training
"Demystifying Social Media: How to Use It the Right Way to Power Your Sales..."	John Korpela	5/12/11	-	14 Technical Assistance / Training
"Getting Ready for Bio 2011"	John Korpela	5/17/11	-	17 Other
"Business Insurance for Government Contractors	John Korpela	5/19/11	-	6 Technical Assistance / Training
"How to Green Your Company	John Korpela	5/24/11	-	17 Technical Assistance / Training
"Why Communications is an Essential Leadership	John Korpela	5/25/11	-	17 Technical Assistance / Training
Applying for a Bank Loan: What Do Banks Look For?	John Korpela	6/7/11	-	10 Technical Assistance / Training
Lunch & Learn: Applying for a Bank Loan: What Do Banks Look For?	John Korpela	6/7/11	-	- Technical Assistance / Training
"The Basics of Government Contract Accounting"	John Korpela	6/14/11	-	17 Technical Assistance / Training
Lunch & Learn: The Basics of Government Contract Accounting	John Korpela	6/14/11	-	- Technical Assistance / Training
"Turning Your Stories and Key Messages Into ...	John Korpela	6/15/11	-	12 Technical Assistance / Training
Small Business Resource Session	Steve Kapani	6/15/11	-	25 Technical Assistance / Training
"The Maryland Biotechnology Investment Tax Credit:	John Korpela	6/16/11	-	26 Technical Assistance / Training
Lunch & Learn	John Korpela	6/16/11	-	- Technical Assistance / Training
"Common Avoidable Compliance Issues	John Korpela	6/21/11	-	16 Technical Assistance / Training
Lunch & Learn: Common Avoidable Compliance Issues for GLP Studies	John Korpela	6/21/11	-	- Technical Assistance / Training
"Looking for Lab and Offices Space: What You Need to Know	John Korpela	6/23/11	-	- Technical Assistance / Training
Lunch & Learn	John Korpela	6/23/11	-	- Technical Assistance / Training
Lunch & Learn	John Korpela	6/30/11	-	- Technical Assistance / Training
Lunch & Learn: Applying for a Bank Loan: What Do Banks Look For?	John Korpela	7/12/11	-	- Technical Assistance / Training
Lunch & Learn: Internal Controls	John Korpela	7/14/11	-	- Technical Assistance / Training
Lunch & Learn	John Korpela	7/19/11	-	- Technical Assistance / Training
Lunch & Learn	John Korpela	7/21/11	-	- Technical Assistance / Training
Lunch & Learn	John Korpela	7/26/11	-	- Technical Assistance / Training
Lunch & Learn: A Legislator's Perspective on Environmental Legislation in MD	John Korpela	7/28/11	-	- Technical Assistance / Training
Small Business Resource Session	Steve Kapani	9/28/11	-	15 Technical Assistance / Training
Brazilian Delegation	Steve Kapani	10/3/11	-	30 International Business Delegation
Lunch and Learn: "Get Funded: Design and Deliver the Perfect Investor Pitch"	John Korpela	10/11/11	-	- Technical Assistance / Training
Lunch and Learn - SGIC	Noune Sekhposian	10/11/11	-	9 Technical Assistance / Training
Lunch and Learn: "Contracting Opportunities for Small Businesses"	John Korpela	10/13/11	-	- Technical Assistance / Training
Lunch and Learn - RIC	Noune Sekhposian	10/13/11	-	13 Technical Assistance / Training
MD/DC Minority Supplier Development Council's 2011 Leadership Awards Gala	Katie Knowlin	10/14/11	-	510 Networking
Lunch and Learn: "How to Launch a Successful Sales Strategy"	John Korpela	10/18/11	-	- Technical Assistance / Training
Lunch and Learn - WBIC	Noune Sekhposian	10/18/11	-	10 Technical Assistance / Training
Lunch and Learn - SSIC	Noune Sekhposian	10/20/11	-	7 Technical Assistance / Training
Lunch and Learn: "What to Consider When Searching for Lab/Tech Space in MC"	John Korpela	10/25/11	-	10 Technical Assistance / Training
Lunch and Learn: "Developing Your Brand: 6 Branding Strategies That Can Help"	John Korpela	10/27/11	-	10 Technical Assistance / Training
Lunch and Learn - Bethesda Green	Noune Sekhposian	10/27/11	-	- Technical Assistance / Training
Small Business Resource Session	Steve Kapani	10/27/11	-	15 Technical Assistance / Training
Lunch and Learn: "Angel Investment in Technology Companies and Mid-Atlantic	Noune Sekhposian	11/8/11	-	23 Technical Assistance / Training
Lunch and Learn - WBIC	Noune Sekhposian	11/15/11	-	8 Technical Assistance / Training
Lunch and Learn - Bethesda Green	Noune Sekhposian	11/17/11	-	- Technical Assistance / Training

Lunch and Learn - GIC	Noune Sekhpossian	11/22/11	-	13 Technical Assistance / Training
Lunch and Learn - SSIC	Noune Sekhpossian	11/29/11	-	11 Technical Assistance / Training
Small Business Resource Session	Steve Kapani	12/1/11	-	15 Technical Assistance / Training
Lunch and Learn- SGIC	Noune Sekhpossian	12/6/11	-	15 Technical Assistance / Training
Impact of Federal Decisions on the Local Real Estate Market	Noune Sekhpossian	12/13/11	-	120 Technical Assistance / Training
"Using Copyrights and Trademarks to Protect Your Business Assets"	John Korpela	1/12/12	-	- Technical Assistance / Training
"The Who, What, When and Why's to Forming Boards of Advisors and Directors"	John Korpela	1/17/12	-	- Technical Assistance / Training
"Developing an Effective Recruitment Strategy to Hire the Best Employees"	John Korpela	1/18/12	-	- Technical Assistance / Training
"Get to Know the Biotech Loan Programs at the NIH Federal Credit Union"	John Korpela	1/19/12	-	- Technical Assistance / Training
"How to Use Quickbooks to Manage Your Business"	John Korpela	1/24/12	-	- Technical Assistance / Training
"Accounting Tips to Start the New Year"	John Korpela	1/26/12	-	- Technical Assistance / Training
Conference of Chinese Biopharma Association	John Korpela	-	-	- Conference / Tradeshow
SBA Annual Awards Breakfast	John Korpela	-	-	- Networking
Women in Technology Leadership Dinner	John Korpela	-	-	- Networking

APPENDIX 4

Georgia Centers of Innovation

Georgia's Centers of Innovation provide unique, technology-oriented support to businesses and start-ups in the areas of aerospace, agribusiness, energy, life sciences, logistics and advanced manufacturing. Each center provides direct access to university and technical college applied research, commercialization resources, technology connections, matching grant funds, potential investor networks and key government agencies. Client companies are connected to industry-specific experts on the leading edge of technology and innovation. The centers aim to cut red tape, streamline connections and seek technology solutions to industry-led challenges—a framework for a pro-growth, innovative business environment for industries critical to Georgia's expansion.

Center of Innovation for Life Sciences

Augusta, Georgia

<http://lifesciences.georgiainnovation.org>

Led by industry veterans, this center accelerates the growth of life sciences companies with business development assistance and access to top-notch research at Georgia universities, lab and business incubator space and industry expertise. Pioneering companies of all sizes find the life sciences-specific technology solutions and industry intelligence a valuable resource to grow business and speed new products to market.

Center of Innovation for Energy

Atlanta, Georgia

<http://energy.georgiainnovation.org>

This center focuses on expanding and strengthening the state of Georgia's bioenergy industry. Experienced industry experts provide direct assistance to address industry challenges. With a business-oriented focus, the center supports the expansion, production and use of renewable energy and biofuels. Connections to technology, advanced research, commercialization, transportation infrastructure and funding provide a competitive advantage in the evolving marketplace of renewable energy.

Center of Innovation for Agribusiness

Tifton, Georgia

<http://agribusiness.georgiainnovation.org>

This center is Georgia's central resource for accelerating growth in the agribusiness industry. Its team provides business development and growth assistance to companies in the areas of precision agriculture; value-added agriculture such as nutraceuticals and organics; the poultry industry; forest products and biotechnology. Direct access to world-class research facilities and the center's knowledge network give clients a competitive edge. The center provides industry expertise, connections to key state agencies and funding to commercialize innovative research, connecting companies involved in every sector of agribusiness.

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Center of Innovation for Manufacturing

Gainesville, Georgia

<http://manufacturing.georgiainnovation.org>

This center provides the tools needed by advanced manufacturers in Georgia to compete in today's global marketplace. Expertise includes 5S, TPM, Lean evaluations and value stream mapping; customized training programs with the latest advanced robotics and PLC; and CIM equipment, all of which enhance growth and a company's bottom line. Its R&D-friendly environment includes the latest prototyping equipment, allowing companies to test new ideas before investing money. The team provides the connections needed to evaluate, implement and maximize technology to succeed in today's competitive environment.

Center of Innovation for Logistics

Savannah, Georgia

<http://logistics.georgiainnovation.org>

This center is Georgia's leading resource for accelerating logistics growth and competitiveness in the state. Its team connects and works directly with all logistics sectors to identify common problems and innovative solutions. Access to applied university research, product commercialization and matching grant funds enhance participating companies' competitive edge. The center's collaboration with technology firms and academia provides connections and resources to address the constant challenges of the 3 V's of logistics: volume, velocity and visibility.

Center of Innovation for Aerospace

Eastman, Georgia

<http://aerospace.georgiainnovation.org>

This center is Georgia's one-stop shop for the aerospace industry. From blue-chip defense contractors and aviation start-ups to local machine-tooling businesses, the team enables companies to accelerate growth and improve the bottom line. Led by business-savvy industry veterans, the center helps Georgia firms become integral parts of the U.S. Air Force's powerful supply chain; provides grants to create new technology insertion programs; deploys research expertise to solve questions of national significance; and delivers worker training programs.

See the Georgia Centers of Innovation Website for more information: <http://www.georgiahealth.edu/incubator/centers.html>

Austin Technology Incubator

Press Release:

Austin Technology Incubator Graduates Six Clean Energy Companies: Atonometrics, Dorsan Biofuels, Firefly LED Lighting, Ideal Power Converters, OpenAlgae and RRE Solar

Austin, Texas

(PRWEB)

January 26, 2012

Tonight, at a special graduation and alumni event, the Austin Technology Incubator (ATI), a not-for-profit part of the IC2 Institute of The University of Texas at Austin (UT), will graduate 21 companies. Of those 21, six companies were part of ATI's Clean Energy portfolio, including Atonometrics, Dorsan Biofuels, Firefly LED Lighting, Ideal Power Converters, OpenAlgae and RRE Solar.

These companies have collectively achieved remarkable business successes and have created hundreds of jobs for Texans.

Over 20+ years, ATI has developed and refined industry specific capabilities, currently organized into Information Technology, Wireless, Clean Energy and Bioscience sectors. In each industry sector, ATI brings its portfolio companies deep domain expertise and market- and technology-specific networks of advisors and investors. Tonight's graduation event showcases successes in all four sectors, including six remarkable companies in clean energy.

Founded in 2001, the ATI Clean Energy Incubator (CEI) is one of the longest-established clean energy incubators in the United States and has a privileged position since UT does more energy research than any other university in the world. Through a strong partnership with the local electric company, Austin Energy, CEI has historically focused on electricity-related startups and is continuing the leadership role as a founding participant in the Pecan Street Project, which is running a \$30 million smart grid/smart premises demonstration project in Austin. Currently, CEI is working successfully across the clean energy and clean tech spectrum with companies in the important spaces of water, energy management & efficiency, transportation, and green building technologies.

CEI has always invested in building the clean energy/clean tech ecosystem in Central Texas. With Austin Energy, CEI hosts the annual Clean Energy Venture Summit, the premier clean energy investment conference in Texas. The team also partners with the CleanTX Foundation to host CleanTX Forums and Solar Energy Entrepreneur Networking (SEEN) events in Austin. CEI is supported by the City of Austin, the Texas State Energy Conservation Office and the US Department of Energy. The six Clean Energy graduates include:

Atonometrics is a leading supplier of test and measurement technology for the solar photovoltaics (PV) industry. The company has a worldwide presence with customers in Europe, Asia and North America. Germany's leading PV national laboratory, Fraunhofer, has adopted Atonometrics' products in their PV lab.

Dorsan Biofuels was an early-stage biotech company with a proprietary technology for creating fungal biocatalysts capable of producing advanced biofuels and chemicals from agricultural, municipal and industrial waste materials. Dorsan Biofuels raised enough angel money and SBIR funding from the US DOD to perform the research required to secure the IP and successfully completed a sale of those assets to Novozymes A/S, a large multinational producer of high-value chemicals, in December 2011. Dr. Kay Hammer returned to ATI as CEO of Dorsan Biofuels after also being the co-founder, along with Robin Curle, of one of the very first portfolio companies for ATI 20+ years ago. In 1991, Hammer co-founded Evolutionary Technologies International (ETI) – the first spin-out from MCC – to commercialize the results of a 3-year research project to build an enterprise solution to data integration management.

Firefly LED Lighting, founded in 2009, provides patented Firefly LED lighting to numerous commercial properties and residences with long life and high efficiency, using only 10% of the electricity versus incandescent lamps. With up to 60,500 hours of light output, Firefly LED lamps are the brightest, most energy efficient LED lights on the market. Made here in the USA in Texas, Firefly lighting is in large hotels, government buildings, restaurants, commercial properties and universities. Notably, the Texas-based, revenue generating company received a \$3 million ETF grant and is bringing manufacturing jobs to the state.

Ideal Power Converters (IPC) makes electric power converters critical to clean energy installations, especially commercial-scale solar. Its PV inverter, as one example, reduces the weight and size of conventional inverters by 90%, disrupting this multi-billion dollar market. Recognized by the State of Texas with a \$1 million ETF investment, and \$2.5 million from the DOE's Advanced Research Projects Agency-Energy, production of these lightweight systems will also create thousands of clean tech jobs in Central Texas.

OpenAlgae enables low-cost recovery of oils from algae – a solution that requires novel technologies and disciplines ranging from biology to engineering, physics to water management. Algae processing requires a series of difficult separations. The difficulties lie not in the separations, but in doing each separation in a cost-effective, scalable way. OpenAlgae efficiently and cost-effectively concentrates algae from water and recovers oils from algae without using solvents or drying. Founded in 2008, OpenAlgae is owned by the Board of Regents of The University of Texas at Austin and Organic Fuels Holdings, Inc., Houston, Texas.

RRE Austin Solar develops large-scale solar farms and plans to become a 500MW+ solar developer within 5 years. It is developing the largest solar energy farm in Texas, the Pflugerville Solar Farm, where it will produce 60 MW. RRE wants to provide renewable energy through solar PV and become a change agent of clean energy perception.

“It is amazing to be part of ATI during a phase of explosive growth of clean energy and technology companies here in Central Texas. It has been a privilege and a pleasure to work with these six early-stage clean energy companies and assist in getting them to the point of where they are today,” said Mitch Jacobson, Clean Energy Co-Director. “We are very proud of these six companies who are helping to solidify Austin’s and ATI’s leadership in the clean energy and clean tech industry. We look forward to watching their continued success and helping more companies prosper in this very exciting industry.”

About

The Austin Technology Incubator is a not-for-profit part of the IC2 Institute of The University of Texas at Austin that harnesses business, government and academic resources to provide strategic counsel, operational guidance and infrastructure support to its member companies to help them transition from early stage ventures to successful technology businesses. Since its founding in 1989, ATI has worked with hundreds of companies, helping raise close to \$1 Billion in investor capital. For more information, visit <http://www.ati.utexas.edu>.

APPENDIX 5

Article from Los Angeles Times: *Cities without business accelerators risk losing start-ups*

Gus G. Sentementes

July 05, 2011

Reporting from Baltimore — The two young entrepreneurs did everything right to launch a start-up company in Baltimore: They developed a bright idea. They won a local business competition. They networked.

But when it came time for Nick Miller and Adam Zilberbaum to take their business to the next level, the creators of Parking Panda — a smartphone app that helps people rent out their parking spots — took their fledgling company to the Big Apple.

What drew them away? A business accelerator that offered the pair \$25,000, three months of office space in Times Square and the chance to schmooze with New York's high-profile entrepreneurs and venture capitalists.

"Having the opportunity in New York and not having one at all in Baltimore makes the decision a little bit easier," Miller said. "It's really a great opportunity to meet people who will help our business grow."

Baltimore might have had its own private accelerator in place this summer — Miller and Zilberbaum applied for it — but organizers couldn't pull together the necessary funding.

From Silicon Valley in California to Silicon Alley in New York, business accelerators are drawing attention from venture capitalists and attracting start-ups striving to be the next Facebook or Twitter. For many fresh-faced entrepreneurs, such programs fill the gap between having a good idea and creating a working prototype.

For other cities, there is a risk of getting lapped in the race to attract promising entrepreneurs if the local technology community can't develop its own accelerator program.

Accelerators are "kind of a global trend," said David Troy, an entrepreneur and prominent advocate for Baltimore's technology community. "The challenge here is that there's really no reason why those guys [Miller and Zilberbaum] shouldn't be doing that here in Baltimore."

Accelerators are short-term, intensive boot camps, helping founders through the earliest steps of building a solid business plan and a prototype website or product.

In exchange for money and guidance, an accelerator company will give its investors a small stake, ranging from 4% to 10%.

They differ from business incubators, which might nurture an already-focused start-up for a couple of years and help it attract new customers.

The accelerator model is becoming "a vital part of any economic ecosystem," said Tom Sadowski, president and chief executive of the Economic Alliance of Baltimore, a regional economic development organization. "You have to be thinking about the next generation of industry and business. It's part of the vital infrastructure we have to have in place."

Most of the accelerators grabbing headlines these days are funded by private investors. The concept has spread beyond the usual tech hubs to cities such as Philadelphia and Boulder, Colo. There are also publicly funded programs that are typically associated with universities, but they tend to be more focused on commercializing highly specialized research rather than, say, building Web applications for consumers.

New York is better known as a financial center than a beacon for start-ups, but venture dollars nevertheless are flowing into the city.

Venture capital investment in the New York metro region was \$580 million in the first quarter of this year, according to the National Venture Capital Assn., nearly triple the amount that flowed into companies in the Washington-Baltimore region during that same period.

California's Silicon Valley remains king of the start-up world. It pumped \$2.5 billion into new ventures in the first quarter.

Statistics on how well accelerators are positioning companies for growth are limited.

TechStars and Y Combinator finished first and second in a recent ranking by a Kauffman fellow working with Northwestern University and the industry blog TechCocktail, which based results partly on whether the companies they assisted were able to secure additional investment.

James Jaffe, chief executive and president of the National Assn. of Seed and Venture Funds, said the spread of accelerators "is something we want to encourage."

But some see the potential for a market glut.

"Like anything, there can also simply be too many of these organizations," said Lawson DeVries, a principal with Grotech Ventures, an investment firm in Virginia. "The success of these programs is defined by the quality of the companies coming out of their classes, and as more and more accelerators crop up, this will obviously dilute the quality."

For a digital copy of the article above, visit: <http://articles.latimes.com/2011/jul/05/business/la-fi-accelerators-20110705>

APPENDIX 6

Seattle Accelerator

The Seattle Accelerator Corporation (Accelerator Corporation), founded in 2003, is a vehicle for disciplined and efficient investment in and management of emerging biotechnology opportunities. Located in Seattle, Washington, the company identifies, evaluates, finances, and manages ground-breaking emerging life sciences opportunities. The company has established and built a largely proprietary array of sources of deal flow, as well as a key set of resources to bring to bear in the development of the best opportunities emerging from those sources. These key resources, provided by Accelerator and its Affiliates – Amgen Ventures, ARCH Venture Partners, OVP Venture Partners, PPD, Inc., WRF Capital, Alexandria Real Estate Equities, Inc., and the Institute for Systems Biology – include committed investment capital, state-of-the-art facilities, world-class scientific and technical expertise and support, and experienced start-up management.

In the past eight years, twelve companies have been invested in through Accelerator. Five have emerged and raised follow on financings of more than \$144 million, one company remains domiciled at Accelerator. Two companies remain under management at Accelerator. In all, Accelerator companies have raised in excess of \$211 million in initial and follow-on financings. Accelerator's investors have committed an additional \$22.5 million to enable Accelerator to continue to identify, capitalize, and develop the next-generation of exciting emerging biotechnologies.

Accelerator Corporation relies upon a unique set of sources to fill a world-class pipeline of deal flow and has established and utilized a now proven array of resources to identify, evaluate, capitalize and manage emerging biotechnology companies. Accelerator provides this unprecedented collection of resources via a partnership between top-tiered investors, dedicated management, and a world-class research institute. These groups have come together because they recognize the potential of biotechnology both as an investment opportunity and as a critical component of the rapidly evolving future of medicine and healthcare. Moreover, these individuals and organizations have extensive experience in the difficult, complex and costly process of transforming an exciting laboratory discovery into a commercial product. By providing their expertise with companies in the Accelerator portfolio, these industry leaders provide critical knowledge and resources that can help to streamline the development and accelerate the commercialization of novel technologies.

Accelerator, through the global activities of its affiliates, has access to exciting new technologies and commercial opportunities developed at leading research institutions, universities and biotechnology companies around the world. This enables Accelerator to select only the most compelling investments from a deep pool of promising opportunities.

For more information on the Accelerator Corporation, visit: <http://www.acceleratorcorp.com/home>

APPENDIX 7

The Chesapeake Innovation Center

The Chesapeake Innovation Center, located in the “informatics corridor” of Anne Arundel County, Maryland, is a business accelerator that focuses the power of entrepreneurship on America’s most pressing security requirements. By creating a bridge between major users of security technology and small companies at the forefront of innovation, the CIC, its Partners and Member companies are able to offer significant advancements in the areas of informatics, physical and cyber security technologies.

The CIC, America’s first homeland and national security focused accelerator, has partnerships strategic to America’s national security, which include public and private sector entities. CIC sources and screens early stage technology companies and connects those that match the desired criteria to a valuable network of industry leading “Partners” in these sectors. Current Partners include Northrop Grumman Corporation, The Boeing Company, the National Security Agency and ARINC.

Partners engage CIC to keep them informed of innovation in its network of technology communities. CIC’s network of national and international communities are generally at the leading edge of technology and include venture capitalists, federal labs, universities, entrepreneurs, corporations, incubators and other technology hotspots that may not be in the Partners’ network. Partners engage the CIC to scout for a particular technology solution to address a mission critical or highly visible problem. CIC Partners’ objectives are typically to find a technology to acquire, invest in, team with and/or implement within their own enterprise.

CIC also mentors selected early stage technology companies and provides these Member companies a menu of services to help them address the needs of growing companies including customer contracts, funding, staffing, subject matter experts, clearances, government contracting issues, and office facilities.

The CIC is recruiting companies with proprietary innovative technology, strong management teams, and homeland/national security market focus. During the program’s member selection process, each applicant is thoroughly evaluated for its business potential, technical merit and commercial viability, ability to leverage CIC offerings, and the CIC Partner channel.

The CIC was created by the Anne Arundel Economic Development Corporation, which works to increase Anne Arundel County’s economic base through job growth and investment. Refer to <http://www.cic-tech.org/> for more information.

University of Maryland BioPark

The University of Maryland BioPark offers emerging companies an opportunity to become part of a growing community of science joining other emerging, high-growth life science companies and translational research centers of the University of Maryland (UM). For early-stage to mature bioscience companies, the BioPark offers a sophisticated laboratory and office environ-

ment on the University's vibrant academic medical center campus. In 2007, the Association for University Research Parks (AURP) named the BioPark the "Emerging University Research Science Park of the Year."

Founded in 1807, the University of Maryland is a thriving biomedical research institution in downtown Baltimore with professional schools of medicine, dentistry, nursing, pharmacy, law, social work and a multi-disciplinary graduate school. Nearly 1,200 faculty received \$588 million in extramural funding in the last fiscal year, more than \$2 billion in the last four years, in areas including cancer, genomics, vaccines, neuroscience, vascular biology, HIV/AIDS, and regenerative medicine. The 12-acre BioPark on the west side of campus will boast 1.8 million square feet of lab and office space in 12 buildings plus garage parking and landscaped parks at final build-out. By 2010, 470,000 square feet in two-multi-tenant buildings, one 638-space parking garage and the State of Maryland's new Forensic Medical Center were completed. Development of a third multi-tenant commercial building is planned.

BioPark building designs maximize flexibility to accommodate a range of occupancies from small-scale pre-built lab and office space in the BioInnovation Center to full floor users. Infrastructure meets the requirements of the most demanding science environments while permitting optimum internal planning flexibility with minimum intrusions.

Whether your company is locally-rooted or internationally-based, the BioPark provides an ideal location in the midst of a large regional bioscience cluster that is situated at the mid-point of the U.S. East Coast life science corridor and with direct access to the University's talented scientists and outstanding biomedical facilities. The BioPark is also just minutes from major interstates, the airport, rail connections, and Baltimore's beautiful Inner Harbor.

Refer to <http://www.umbiopark.com/index.aspx> for more information regarding the University of Maryland BioPark.

APPENDIX 8

Appendix 8

Montgomery County Incubator Network Overview and FY11 Operations Summary and Budget

	Shady Grove (SGC)	Silver Spring (SSIC)	Wheaton (WBC)	Rockville (RBC)	Germantown (GC)	TOTAL
Year Opened	1999	2004	2006	2007	2008	
Ownership	MEDCO, w/\$2.3 million PNC loan MEDCO retains ownership after mortgage pay off in 2019 due to State's bond	County	County leases facility from Westfield 10-year lease w/2.7% annual increase till 2016	MEDCO, w/\$4.2 million PNC loan Ownership reverts to County after mortgage pay off in 2032	County leases from Montgomery College Foundation 20-year lease until 2026	
Ownership Condition	\$9.45 million (\$850,000 in County fund) \$10-\$11 million	\$2.5 million (\$900,000 in County fund) \$3-\$4 million	\$300,000 Count fund	\$6.6 million (\$900,000 in County fund) \$4-\$5 million	\$6.7 million (\$2.95 million in County fund) N/A	\$25.6 million (\$5.9 million in County fund) \$17-\$20 million
Total Project Capital Costs						
Estimated FMV of Property						
Facility Size/Capacity						
Gross Area (sq.ft.)	60,000	21,000	12,000	22,000	33,000	148,000
Net Leasable Area (sq.ft.)	33,680	9,920	5,623	13,339	17,513	80,075
Number of Office	76	36	36	46	50	244
Number of Wet Lab	24	0	0	0	9	33
Number of Classroom	0	0	0	0	4	4
Number of Tenant (Physical)	45	23	22	22	25	137
Number of Tenant (Virtual)	7	5	0	5	1	18
Current Occupancy Rate	76%	94%	100%	99%	99%	as of 2/27/2012
County Staff Assigned	0.5 workyear	0.5 workyear	0.5 workyear	0.5 workyear	1.0 workyear	3 workyear
County Staff Personnel Costs	\$58,692	\$56,036	\$56,036	\$58,692	\$128,710	\$358,166
Maximum Annual Rent Revenue @ 100% capacity	\$1,383,162	\$308,019	\$175,019	\$449,822	\$886,393	\$3,002,415
FY11 Annualized Occupancy Rate	88%	98%	90%	91%	89%	
FY11 Total Revenue Charged—includes non-rental income	\$1,260,107	\$312,492	\$142,776	\$435,816	\$615,585	\$2,766,776
FY11 Total Operating Costs	\$958,504	\$301,579	\$116,776	\$586,303	\$310,698	\$2,273,860
FY11 Operating Income (Loss)	\$301,603	\$10,913	\$26,000	(\$150,487)	\$304,887	\$492,916
FY11 County Operating Grant	\$200,000	\$25,000	\$280,000	\$610,000	\$442,000	\$1,557,000
Annual Debt Service	\$440,000	\$0	\$0	\$410,000	\$0	\$850,000
Annual Lease (6CAM) Payment	\$0	\$0	\$290,594	\$0	\$634,415	\$934,415
Total County Costs	\$258,692	\$81,036	\$338,036	\$668,692	\$570,710	\$1,915,166

Operating Income + County Operating Grant is used to service debt/lease pmt. Total revenue charged does not equate to actual collected, as 3-9% variance occurs due to delinquency (A/R increase) and tenant companies filing for bankruptcies.

