



# **Maryland Technology Development Corporation (TEDCO)**

## **Annual Report and Financial Report**

**Fiscal Year 2011**

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## **Introduction**

Technology continues to be the driving force for the New Economy and is critical to Maryland's future. Maryland is richly endowed with technology assets – the largest concentration of federal laboratories of any State in the nation, nationally recognized research universities, a federal contractor base with a specialty in science, security and communications, and an emergent biotechnology cluster.

The Maryland Technology Development Corporation (TEDCO) was created by the General Assembly to “assist in transferring to the private sector and commercializing the results and products of scientific research and development conducted by colleges and universities; assist in the commercialization of technology developed in the private sector; and foster the commercialization of research and development to create and sustain businesses throughout all regions of the State.” TEDCO administers the Maryland Technology Incubator Program, which promotes entrepreneurship and the creation of jobs in technology-related industry by establishing and operating effective incubators throughout the State that provide adequate programs and physical space designed and intended to increase or accelerate business success in the field of technology.

TEDCO, a “body politic and corporate and constituted as a public instrumentality of the State,” is governed by a 15-member Board of Directors, appointed by the Governor with the approval of the Senate and includes the Secretary of the Department of Business and Economic Development as an ex-officio member.

### **Mission**

To facilitate the creation and foster the growth of businesses throughout all regions of the State through the commercialization of technology. To be Maryland's leading source of funding for technology transfer and development programs and entrepreneurial business assistance.

### **Vision**

Maryland will become internationally recognized as one of the premier 21st century locations for technology and technology-based economic development.

# Technology Transfer and Commercialization

## Maryland Technology Transfer and Commercialization Fund

TEDCO's primary initiative in technology transfer and commercialization is the Maryland Technology Transfer and Commercialization Fund (MTTCF). MTTCF supports technology and product development by start-up companies often deemed too early in their development to gain the interest of traditional venture capital investments. MTTCF's investments of up to \$75,000 per project are intended to defray the cost of the additional research and development activities that would move a specific technology or technology package to the threshold of commercialization. Since MTTCF companies must be collaborating with federal laboratories or universities, be tenants of Maryland's technology incubator system or be participants in TEDCO's Rural Business Innovation Initiative to be eligible for this fund, they are in a unique position to avail themselves of the expertise and infrastructure of those institutions which would otherwise be unavailable to them. Under certain circumstances, second rounds of funding may be available. This inherent capitalization aspect of the program, in conjunction with its focus on economically viable but underdeveloped projects, sets MTTCF apart, for example, from DBED's Challenge and Enterprise programs and the University of Maryland's Maryland Industrial Partnership (MIPS) Program.

### **FY2011 MTTCF Statistics**

- # of proposals-47
- # of awards-19
- \$ awarded-\$1,425,000
- Total funding awarded for projects completed since program inception-\$10M
- Total downstream funding of completed projects since program inception-\$435.4M
- Leverage ratio-\$43.5:\$1

These numbers indicate that TEDCO continues to fill a need in the economic landscape of commercialization that has been traditionally overlooked.

TEDCO's primary metric of success has been the downstream funding that awardees have raised since the completion of their projects. MTTCF awardees have attracted external downstream funding at a rate of over **\$43 for every dollar of their MTTCF award**. The external funding originates, for example, from a mixture of venture and angel investors, government Small Business Innovative Research grants (SBIR), private placements and other investments. The capacity of MTTCF firms to attract such investment from external investors is demonstrative of the benefit of the networking facilitated by TEDCO.

## University Technology Development Fund

The University Technology Development Fund (UTDF) facilitates commercialization of university technologies by providing early-stage funding up to \$50,000 for the express purpose of helping university innovators increase the attractiveness of their research to outside companies that may be interested in licensing the technology at a later stage. The funds approved can be used by university researchers for activities such as additional experimentation, prototype

development and limited patent related activities. This fund can also be used for proof of concept studies and to broaden patent claims.

#### **FY2011 UTDF Statistics**

- # of proposals-17
- # of awards-7
- \$ awarded-\$350,000
- Total licensees since program inception-40 (32 in Maryland)
- Total Maryland start-up companies created since program inception-26

#### **TechStart**

Maryland universities are below the national average in spinning out new companies. TEDCO has been working closely with the various university technology licensing offices to identify barriers to new business formation and has identified specific needs, including sophisticated market analysis and business strategy development.

The TechStart program was developed to increase the number of companies commercializing university-developed technologies. TechStart provides funding to universities to evaluate whether selected technologies or technology packages would have sufficient scope and potential to be the basis of a start-up company formed to commercialize the technology.

#### **FY2011 TechStart Statistics**

- # of proposals-8
- # of awards-3
- \$ awarded-\$45,000
- Total Maryland start-up companies created since program inception-19

#### **Coordinating Emerging Nanobiotechnology Research in Maryland Fund**

The General Assembly passed HB1409/SB735 during its 2008 legislative session creating the Coordinating Emerging Nanobiotechnology Research in Maryland Fund. This program has never received an appropriation, and as such there is no program activity to report.

# **Federal Laboratory Technology Initiatives**

## **Ft. Detrick Technology Transfer Initiative**

TEDCO was awarded a congressional earmark to implement the Ft. Detrick Technology Transfer Initiative (FDTTI). FDTTI provided companies with up to \$50,000 to transfer medical technology from innovative high-tech small businesses into the U.S. Army Medical Research and Materiel Command (USAMRMC) to meet Army needs and technology originating from innovations of the USAMRMC to the public sector. Assisting with the implementation of this initiative were TEDCO's local partners, the Frederick County Office of Economic Development and the Ft. Detrick Business Development Office. Both spin-in projects that meet USAMRMC needs and spin-out projects that entertain the licensing and commercialization of Army inventions were considered for funding. Funds were used to defray some of the direct costs of developing early-stage technologies. A total of 26 awards are anticipated to be awarded to companies under this program.

## **Joint Technology Transfer Initiative**

TEDCO was awarded a congressional earmark to implement the Joint Technology Transfer Initiative (JTTI) with the Department of Homeland Security (DHS) and the U.S. Army Medical Research and Materiel Command (USAMRMC) to facilitate the transfer of technology for these federal labs. Technology development projects will be considered within the scope of the JTTI if the company can show how the proposed technology will meet the needs of DHS and/or USAMRMC (Spin-In) and/or the commercialization of DHS or USAMRMC technologies (Spin-Out). JTTI awards of up to \$75,000 will be made to for-profit small businesses in support of technology development projects that fall within the scope of the JTTI. Assistance in identifying whether or not a technology meets DHS or USAMRMC needs and in forming technology transfer collaborations is available from TEDCO.