
MEMORANDUM

TO: Joint Commission on Technology and Science
FROM: Patrick Cushing, Staff Attorney
RE: Technology Business Development, Potential Study
DATE: 11/30/05

One of the final recommendations from the Nanotechnology Advisory Committee was developing a study on establishing an organization to promote technology businesses in the Commonwealth. The new organization would be similar in structure to the Ben Franklin Technology Partners (BFTP) in Pennsylvania. BFTP is a nationally recognized program that was established in 1982 and yields on average \$14 for every \$1 of state money invested.

Structure: The BFTP is an independent not-for-profit economic development organization that operates on a regional level through four centers strategically located throughout Pennsylvania. Each center operates independently with its own board and the four centers have similar, but not identical, priorities. All of the centers focus on three main functions for new and established technology businesses: capital, services, and resources. Newly formed companies can come to a BFTP center and apply for funding directly from the center or seek assistance on securing funding from other federal and private sources. Growing companies can come to one of the regional centers and access a full time staff that will provide business services, research, and legal consultation. Established companies can also use the centers to access resources and network with other businesses in Pennsylvania. The end result is that a single individual with an idea can use a BFTP center to help form, incubate, and grow a technology based business.

Funding: Although BFTP actively seeks federal and foundation grants, the majority of its funding comes from the state. As of 2002, Pennsylvania funded BFTP at \$28 million a year.

A potential study to establish an organization similar to BFTP would contain a review of current business and economic development activities within the Commonwealth. All of the following organizations serve some form of business or economic development purpose:

- Center for Innovative Technology (CIT)
- Virginia Economic Development Partnership (VEDP)
- Virginia Department of Business Assistance (DBA)
- Virginia Small Business Development Center (SBDC)

In addition to these organizations there are several venture capital, angel investing, and incubator organizations across the state. The primary key to the success of BFTP appears to be the consolidation of services in one organization. The potential study could build on House Joint Resolution No. 206, 2002 Study on Technology-Based Businesses (House

Document No. 16), which contains an overview of BFTP as well as other state models for encouraging technology based businesses. One parameter of the study should be collecting statistics on the return on investment for organizations like CIT and other state funded economic development projects. The focus in the report should be determining how effective different state funded programs are at attracting existing businesses to the state, incubating young businesses, and growing existing businesses. In addition to BFTP, the study should look at models from other states identified in the 2002 Study on Technology Based Businesses.