



October 8, 2004

MEMORANDUM

TO: Maryland Technology Community

FROM: Phillip A. Singerman, Ph.D
Executive Director

RE: 2004 TEDCO Annual Report

Attached are excerpts from TEDCO's 2004 Annual Report. Submission of this report is a requirement of TEDCO's enabling legislation. The full report is available on TEDCO's website www.marylandtedco.org/2004annual.

Thank you for your continued support of the Corporation.



Technology-Development-Corporation

www.marylandtedco.org

September 30, 2004

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Columbia, MD 21044
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The Honorable Robert L. Ehrlich, Jr.
Governor, State of Maryland
100 State House
Annapolis, Maryland 21401

Gary Murray, Chair
Maryland Economic Development Commission
217 East Redwood Street, 23rd Floor
Baltimore, Maryland 21202

The Honorable Michael E. Busch
Speaker of the House of Delegates
Maryland General Assembly
State House, H-101
Annapolis, Maryland 21401

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate
Maryland General Assembly
State House, H-107
Annapolis, Maryland 21401

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Steve Walker Associates, Inc.

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Pharmaceutical Research and
Manufacturers of America (PhRMA)

TEDCO Executive Director
Phillip A. Singerman, Ph.D.

Gentlemen:

Pursuant to Article 83A, Section 5.2A-06 of the Annotated Code of Maryland, I am pleased to submit on behalf of the Board of Directors of the Maryland Technology Development Corporation (TEDCO), the 2004 Annual Report of the Corporation's activities, including a complete operating and financial statement. We are pleased to report that for the fifth consecutive year, TEDCO received an unqualified ("clean") audit of its financial statements from an independent public accountant, BDO Seidman.

TEDCO was created by the Maryland General Assembly in 1998 to create and sustain businesses throughout all regions of the State through the transfer and commercialization of technology from research organizations and by the private sector; in 2001 TEDCO was further authorized to promote entrepreneurship and job creation by establishing and operating business incubator facilities and programs.

Since the inception of operations in FY2001, TEDCO has established nationally recognized initiatives that provide innovative seed funding for technology transfer, access to federal laboratory technologies and resources, and support for business incubation and entrepreneurial development. These activities are conducted in close coordination with the Department of Business and Economic Development. Although TEDCO's budget has been modest when compared to other States, TEDCO has succeeded in leveraging \$8 million in non-State grants and contracts to support these efforts. In July 2004 *Entrepreneur Magazine* ranked TEDCO as the #1 source in the nation for seed investments in early stage companies.

TEDCO's programs have been noted by the Governor's Commission on the Development of Advanced Technology Business, which specifically endorsed increased funding for TEDCO's seed and pre-seed technology development programs, support of the State's incubator network with capital and operating funds for best practices, and the encouragement of entrepreneurial initiatives and technology transfer with universities.

We trust that we have fulfilled the responsibility that you have placed in the Board of Directors and Management, and greatly appreciate the growing support you have provided to the Corporation.

Sincerely,

Phillip A. Singerman, Ph.D.
Executive Director

cc: TEDCO Board of Directors





2004 Annual Report

September 30, 2004

Access the entire report at
www.marylandtedco.org/resources/publications.html

Maryland Technology Development Corporation
5575 Sterrett Place, Suite 240
Columbia, Maryland 21044
410-740-9442
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Maryland Technology Development Corporation (TEDCO)

2004 Annual Report

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Maryland Technology Development Corporation (TEDCO) 2004 Report

Overview

In 1999 TEDCO was no more than a promise: that a “public instrumentality” – independent of the State but accountable to it – focused exclusively on transferring and commercializing the research of the State’s universities and federal labs, could make a tangible contribution to Maryland’s economy. It consisted solely of a “piece of paper” – its enabling legislation – a highly credible Board of Directors, a single employee, a seed grant of \$642,000 from the Department of Business and Economic Development, and a desk at 217 E. Redwood Street.

Today, five years later, TEDCO has exceeded the hope of its sponsors. Under the guidance of a committed Board of Directors, and with strong support from elected officials at all levels of government, TEDCO’s program activity will exceed \$10,500,000 in the current fiscal year. From one employee, it now has 10 employees, who boast 10 masters degrees, 3 doctorates, and over 120 years of relevant experience.

Although TEDCO’s budget has been modest – when compared to other States – and its programs have been targeted to the earliest stages of technology development, its investments are already showing signs of maturation.

In July 2004 *Entrepreneur Magazine* ranked TEDCO as the **nation’s** #1 source for investments in early stage companies. TEDCO seed investments of \$1,400,000 in 23 companies have stimulated \$35,000,000 in follow-on funding. Of 8 companies that have progressed sufficiently, 5 are repaying their funding.

Even in the early stages of technology development – university conducted R&D – TEDCO’s awards have shown promising results. Of 24 completed projects, 9 have already resulted in license agreements with companies, and in a direct contribution to the Maryland economy, 8 of those companies are in-State, and 7 are start-ups. Even greater impacts are expected as these technologies are presented to the private sector.

TEDCO’s incubation support program is also demonstrating an impact. On September 2, the Silver Spring Innovation Center celebrated its opening. This 20,000 sq. ft. facility – part of the area’s redevelopment program – was over 60% pre-leased before opening. Currently under renovation is 10,000 sq. ft. at Hood College – the Frederick Innovative Technology Center – central to Frederick County’s strategy to leverage the resources at Ft. Detrick. The facility is expected to open in mid-November. Renovated wet labs at the techcenter@UMBC have been in operation for nearly a year, and TEDCO is receiving advance royalty payments from this facility; and the Emerging Technology Center@Johns Hopkins Eastern is beginning to attract tenants. These four projects generated over \$9,000,000 in matching funds, nearly a 3:1 times return of TEDCO’s investment.

TEDCO is currently completing a \$200,000 pilot program from EDA to connect incubator companies with sources of capital, is awaiting a contract from the SBA for a \$495,000 program to support business incubation in southern Maryland and the Eastern Shore, and expects to

receive an award of \$80,000 from the SBA to encourage federal R&D applications from companies working through Western Maryland's incubation programs.

TEDCO established the first systematic, statewide initiative to access federal laboratories for business development. To date, TEDCO has signed special technology transfer agreements with 11 federal facilities, and has organized 20 technology showcases, attracting over 3,000 entrepreneurs, investors, and scientists.

TEDCO's path-breaking initiatives with federal laboratories have been tangibly recognized with federal funding for technology development programs. In July, the Aberdeen Technology Transfer Initiative was launched with a \$965,000 award and in September TEDCO was awarded a \$1,258,000 contract for the continuation of the NAVAIR Technology Commercialization Initiative at Pax River. In October, TEDCO will be submitting a proposal for the \$1,000,000 appropriated in the FY2005 Defense Appropriation budget for an Army Technology Transfer Initiative at Ft. Detrick, and will be submitting a \$965,000 proposal at the invitation of the National Security Agency to create a tech insertion program.

To date, TEDCO has been instrumental in securing 19 federal and non-State awards from 13 organizations, totaling \$8 million for Maryland companies, universities, and programs, supporting technology transfer, business incubation, and broadband assessments.

TEDCO's programs have been noted by the Governor's Commission on the Development of Advanced Technology Business, which specifically endorsed increased funding for TEDCO's seed and pre-seed technology development programs, support of the State's incubator network with capital and operating funds for best practices, and the encouragement of entrepreneurial initiatives and technology transfer with universities.

After extended discussions throughout the year, the Department of Budget and Management and TEDCO identified specific, tangible and measurable performance goals through FY2007. These metrics have been incorporated into the TEDCO's Managing For Results submission to DBM, which will track outcomes in Technology Transfer, Technology Development, Technology Commercialization, Technology Business Formation, Technology Funding, Technology Employment, and Technology Diversification.

TEDCO receives strong bi-partisan support from the Governor's Administration and the General Assembly; as a result, TEDCO's FY05 State appropriation reached a record \$7,967,000. This is an excellent step toward the State's long term goal of having technology development programs competitive with surrounding States. For example, Pennsylvania's Ben Franklin Partnership regularly receives \$30 million annually; if TEDCO were funded at an equivalent per-capita level, its budget would exceed \$12 million.

Most important to the success of the program has been the leadership of the members of the Board of Directors. That has always been the bedrock of the organization, and the basis for its continuing performance.

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION

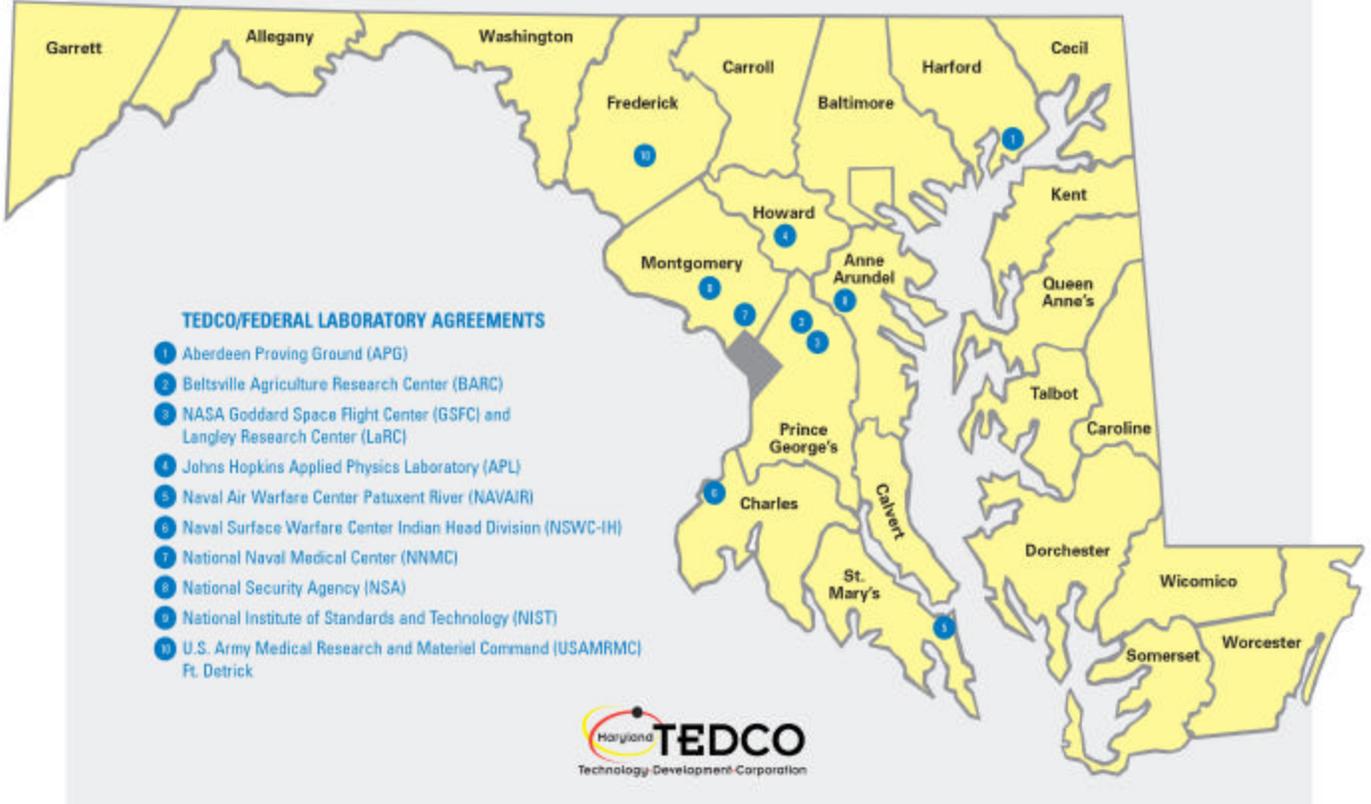
Federal Technology Transfer Projects



July 2004

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION

TEDCO/Federal Laboratory Agreements



July 2004

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION

Maryland Technology Incubators



September 2004