

THE
STATE
OF THE
START-UP



TEDCO
LEADING INNOVATION TO MARKET

A LETTER FROM THE TOP

In our fifteenth year since TEDCO was formed, our mission remains as critical today as it has ever been and we are proud to say that Maryland continues to remain a top choice for entrepreneurs. This is no surprise, however, as Maryland continues to lead in intellectual property development with the strength of world-class research taking place at our universities and federal labs. TEDCO was formed as a catalyst to ignite critical basic research and bring it into the commercial light of day. We are proud of our role in these accomplishments and are pleased to share them with you through this report.

Every year, TEDCO funds, supports and advises more than 100 Maryland start-up companies and entrepreneurs. We have learned a great deal from these thought leaders about their critical needs. We learned that to be successful, founders seek both capital and mentorship. TEDCO has long been a leading capital supporter of seed round funding and this year, we included new programs such as the Maryland Entrepreneur Resource List (MERL), which connects aspiring start-ups with advisors, mentors and more via our new TEDCO website (www.tedco.md). We also continue to host and support Maryland's Entrepreneur Expo in an effort to support our budding and seasoned entrepreneurs. As a complement to our flagship funding products, this year we have broadened our offerings and have partnered with leading foundations to create a newly formed venture fund for companies within Baltimore City. Continuing to bridge university research excellence and commercial needs, we administer the Maryland Innovation Initiative, which joins public and private universities to create meaningful new companies in our State.

Maryland remains nationally renowned, and we continue to build momentum. Together with our economic development and our university and incubator partners across the State, we have a lot to be proud of. Inside, we include metrics pertinent to the health of our entrepreneurial community, commercialization efforts and a framework for new TEDCO specialty investment funds that will increase opportunities for our entrepreneurs and define the TEDCO of the next decade. We hope this report leaves you with as much excitement and optimism as we feel every day for Maryland's start-up community. The future is here.

Sincerely,



Jack Lewin
Chair
TEDCO Board of Directors



Robert A. Rosenbaum
President and Executive Director
TEDCO

PORTFOLIO COMPANY SUCCESS

- **\$17 million**
IN ENTREPRENEURIAL INNOVATION

- **More than 200**
THRIVING PORTFOLIO COMPANIES

- **\$550 million**
IN FOLLOW-ON FUNDING

- **\$96 million**
IN RESEARCH INNOVATION

- **More than 250**
RESEARCH PROJECTS FUNDED



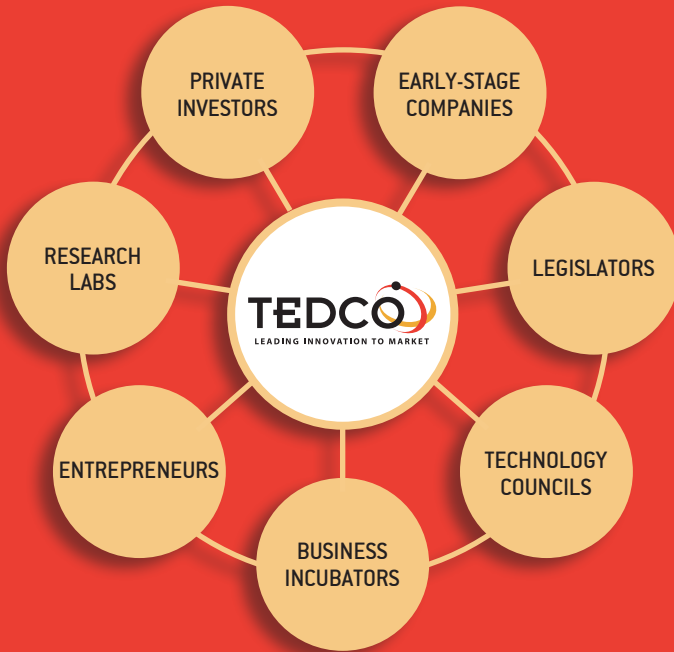
“TEDCO is a champion of Maryland entrepreneurship and innovation. The organization is responsible for supporting cutting-edge research, starting and sustaining companies that will change our future and creating thousands of jobs for Marylanders.”

–Governor Martin O’Malley

OUR MISSION

TEDCO was created by the Maryland State Legislature in 1998 to facilitate the transfer and commercialization of technology from Maryland's research universities and federal labs into the marketplace and to assist in the creation and growth of technology-based businesses in all regions of the State. Today, TEDCO is more than an early-stage funding resource: it is the hub of Maryland's entrepreneurial network where start-ups find mentors, organizational assistance, facilities for daily operations and a roadmap for success. TEDCO does it all:

- Establishes and manages programs that support innovation
- Establishes and manages programs that promote entrepreneurship
- Provides funding for technology transfer development
- Provides funding for business formation, growth and expansion



OUR VISION FOR THE FUTURE

TEDCO is a public corporation that serves as Maryland's lead source for entrepreneurial business assistance and seed funding for the development of start-up companies in our innovation economy. We believe that Maryland will be internationally recognized as a premier location for innovation, entrepreneurship and company formation. This includes multiple innovation clusters, a large and established entrepreneurial community and a thriving venture capital network.

2012 / THE YEAR IN REVIEW

Since 1998, TEDCO has deployed \$110 million for innovation and secured \$550 million in follow-on funding from private investments. The organization has funded more than 350 projects and currently has a proud portfolio of 200 thriving companies. While the organization has flourished for more than a decade, FY 2012 will go down as a very important year in TEDCO history.

Under the leadership of Rob Rosenbaum and John Wasilisin, TEDCO embarked on a rebranding initiative to chart the course for the future of the organization. Best practices were identified, processes and procedures were shored up and exciting new momentum was established. Notable highlights of the past year include:

● LAUNCH OF INCOME-GENERATING ACTIVITIES

TEDCO changed its Technology Commercialization Fund (formerly MTTCF) agreement into a conventional convertible note to ensure additional opportunities for long-term income. The organization also launched an effort to establish a family of four highly focused investment funds, or TEDCO affinity funds. The first of these funds is Propel Baltimore, a \$4.3 million fund targeted at Baltimore City companies. The other funds, still in the formative stages, include the Veterans Opportunity Fund, a \$10 million fund geared toward entrepreneurs who served in the U.S. military; Chesapeake Regional Innovation Fund, a \$20 million fund supporting technologies spawned out of regional universities; and Orange Knocks, a \$20 million fund targeted at cybersecurity technologies. Bay Bridge Equity, TEDCO's \$50 million venture fund, will complement the affinity funds and is currently in the planning phase.

● LAUNCH OF THE MARYLAND INNOVATION INITIATIVE (MII)

In FY 2012, TEDCO proudly accepted administrative and management responsibility of MII, a \$5.8 million program created by Governor O'Malley and the Maryland General Assembly, targeted directly at technology transfer from five universities (Johns Hopkins, Morgan State, University of Maryland College Park, University of Maryland Baltimore County and University of Maryland Baltimore). Under the guidance of a seasoned board of directors, the initiative recently announced its first two programs:

Innovation Discovery Program

Provides funding that will enable qualifying State universities to engage "site miners": tech commercialization experts responsible for identifying promising technologies and fostering collaborations across departments, schools and institutions to maximize the commercial potential of Maryland's scientific discoveries.

Innovation Commercialization Program

Provides funding to support the commercialization of qualified university technologies at three distinct stages: pre-commercial translational research, commercialization planning and early-stage product development. Under the Innovation Commercialization Program, awards of up to \$215,000 will be available to projects at a single qualifying university, while awards of up to \$270,000 will be available to joint applications between two or more qualifying universities.

● **RECOGNITION AS A NATIONAL MODEL FOR TECHNOLOGY TRANSFER SUCCESS**

TEDCO President and Executive Director Rob Rosenbaum was invited to testify at a meeting of the U.S. House of Representatives' Committee on Science, Space and Technology. Rosenbaum testified on federal government policies that could help increase technology transfer from federal labs.

● **EXPANDING SUPPORT FOR MARYLAND ENTREPRENEURS**

Historically, TEDCO has provided ad hoc mentoring, advice and portfolio workshops for entrepreneurs. This year, TEDCO augmented these efforts with the following statewide programs.

The 2011 Entrepreneur Expo

Held during Global Entrepreneurship Week, this unique educational and networking event attracted more than 350 participants. The event brought together aspiring and seasoned entrepreneurs to celebrate entrepreneurship and highlight the assets that Maryland has to offer the entrepreneurial community.

Maryland Entrepreneur Resources List (MERL)

This year, TEDCO launched MERL, a list of mentors and advisors willing to advise and support entrepreneurs. The list currently includes more than 50 mentors and has resulted in multiple matches and introductions.

Venture for America

Modeled after Teach for America, this initiative puts talent into early-stage companies instead of classrooms. TEDCO played an instrumental role in bringing the program to Baltimore and continues to serve as the region's main point of contact.

● **THE MARYLAND STEM CELL RESEARCH FUND (MSCRF)**

This year, MSCRF received the 2012 Excellence in Technology-Based Economic Development (TBED) National Award from the State Science and Technology Institute (SSTI) for providing competitive grant programs to public and private entities, advancing cutting-edge research and technology, leveraging state funds and developing strong economic growth in the life sciences sector. MSCRF also hosted its annual symposium this year in Annapolis where 350 participants representing a range of academic and medical institutions, biotech companies, nonprofit research organizations and government agencies presented their results during a two-day event. In 2012, MSCRF funded \$12.4 million in 40 new projects: 9 Investigator-Initiated, 17 Exploratory and 14 Post-Doctoral Fellowship Research Grants out of 179 applications.

In 2012, TEDCO awarded \$14.3 million in grant money to Maryland researchers and entrepreneurs. Just as importantly, the organization strengthened our relationships with State and federal labs and set a course for a sustainable and profitable future.

Technology Commercialization Fund Success

Formerly the Maryland Technology Transfer and Commercialization Fund

Technology Commercialization Fund (TCF) provides up to \$75,000 to support projects that advance a technology toward commercialization. TCF enables companies to achieve early technical milestones that are critical to move technologies further along the commercialization pathway and lead to follow-on investments.

 **\$15 Million**
IN GRANTS AWARDED TO MARYLAND COMPANIES

165  **184**
COMPANIES PROJECTS

\$550 Million+
RECEIVED IN DOWNSTREAM FUNDING FOR THESE PROJECTS



86%
IN BUSINESS TODAY

Technology Validation Program Success

Formerly the University Technology Development Fund

The goal of TEDCO's Technology Validation Program is to foster the creation of more start-up companies based on technologies developed at Maryland's universities, not-for-profit research institutions and federal laboratories.

\$6 Million

GRANTS AWARDED BY TEDCO TO MARYLAND RESEARCHERS



43 & 53

LICENSEES

MD START-UPS

CREATED FROM TEDCO RESEARCH PROGRAMS
(UTDF AND TECHSTART COMBINED)

SPURRING INNOVATION IN RURAL AREAS OF MARYLAND—

Rural Business Initiative (RBI²) Success

RBI² assists start-up and small businesses in the rural areas of Maryland to advance the company to a higher level of success. The program offers professional ongoing mentoring and targeted projects to help companies succeed at no cost to the company. Examples of company assistance include business model or strategy development, market strategy/analysis and competitive analysis, funding opportunities and introductions, financial analysis, business plan or grant review, intellectual property, prototype development and manufacturing problem solving.

286

MARYLAND
COMPANIES

TAKE
ADVANTAGE
OF THIS
PROGRAM.

214

MARYLAND
COMPANIES

RECEIVE
MENTORING
THROUGH THIS
PROGRAM.

4,000 Hours

TEDCO'S TIME SPENT MENTORING THESE COMPANIES.

46

MENTORED
COMPANIES

HAVE
RECEIVED
TECHNICAL
ASSISTANCE.

TRX SYSTEMS, INC. – A TEDCO SUCCESS STORY

As a start-up company with a new, innovative concept — delivering precise infrastructure-free tracking of personnel inside buildings where GPS is not available and in outdoor urban centers where GPS is unreliable — TRX Systems, Inc. (TRX) needed to gain mainstream momentum and turned to TEDCO for its earliest transition funding. In 2006, the company was awarded a \$75,000 Maryland Technology Transfer and Commercialization Fund award, which allowed it to pursue the earliest stages of product development, raise additional capital and be among the first to market.

“Because TEDCO has a strong track record as an early-stage investor, other investors took us much more seriously once we received their support,” said Carol Politi, CEO of TRX Systems. “Additionally, some of the private capital TRX recently raised was due to a connection made at the TEDCO-sponsored ‘Power of 10’ event. Over the years, TEDCO has provided coaching on pitches, invited us to valuable programming and connected us to deeper funding resources. We’re grateful for their continued support.”

Securing top contracts with military and first responder agencies, winning industry praise through a diverse series of awards and receiving investments from private and public funding sources, TRX continues to be a dynamic leader in personnel tracking. Since TEDCO awarded TRX seed funding in 2006, the company was granted an additional \$75,000 through TEDCO’s Joint Technology Transfer Initiative and has received downstream funding from the Maryland Department of Business and Economic Development, New Dominion Angels and Motorola Solutions, Inc.

TRX innovations have been broadly recognized, and the company received the Chesapeake Regional Tech Council Innovator Award, the 2012 Innovator of the Year Award from The Daily Record, Gazette Politics and Business Top 53 Award, Homeland Security Incubator Company of the Year Award, Maryland Technology Enterprise Institute’s Best Homeland Security Company Award and the Tibbetts Award given by the U.S. Small Business Administration for excellence in government research and development.



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SECURITY

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Jennifer Hammaker
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Program Manager,
Technology Funding Programs

Linda Saffer
Program Manager, University Programs

Timothy R. Copney
Office Administrator

Silvia Goncalves
Administrative Assistant

Ann Pulley
Finance Manager

OUR PROGRAMS



Technology Commercialization Fund



Maryland Innovation Initiative



Rural Business Innovation Initiative



Maryland Entrepreneur Resource List



Federal Technology Transfer Initiatives



Agricultural Technology Innovation Partnership



Maryland Stem Cell Research Fund

The future
is here.



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