

2011 Program Report Card: **SMALL BUSINESS INCUBATOR PROGRAM (SBIP)**

Connecticut Department of Economic and Community Development

Quality of Life Result: A dynamic, vibrant and prosperous state economy benefiting all Connecticut residents.

Contribution to Result: Technology-based start-up businesses located within the incubator facilities statewide are growing; and are positively contributing to the local and state economies.

The SBIP eases the financial burden on the technology start up businesses by providing capital which assists these companies in commercializing their products; grow their companies, maintain and create jobs that are high wage and high value. Grants provided under this program assist these companies in moving forward to the next level either towards technology transfer; commercialization of the technology; and product and market development.

Funding:

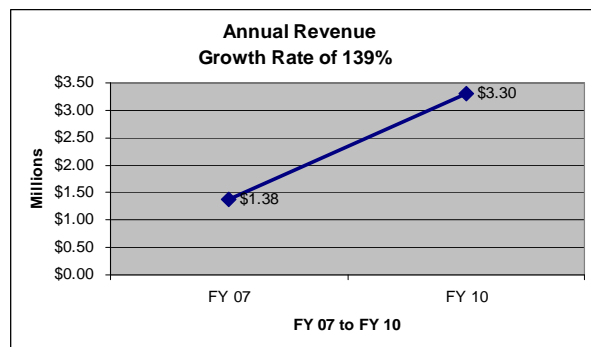
Actual SFY 10 Total Program Expenditures:	\$0 ¹	State Funding:	\$650,000	Federal Funding:	\$0	Other Funding:	\$0
Estimated SFY 11 Total Program Expenditures:	\$500,000	State Funding:	\$500,000	Federal Funding:	\$0	Other Funding:	\$0

Partners:

Connecticut Center for Advanced Technology (CCAT); The Connecticut Business Incubator Network (CBIN); Small Business Incubator Advisory Board; Central Connecticut State University - Institute of Technology and Business Development; Connecticut Enterprise Center; CI - CTECH (New Haven); CI/University of Bridgeport - CTECH (IncUBator); Thompsonville Enterprise Center; University Of Connecticut - Technology Incubation Program (TIP); Connecticut colleges and universities; Chambers of Commerce; business/trade organizations; federal/state/local economic development organizations; local/state/federal partnerships; and incubator businesses.

Performance Measure One:

Number and percentage of increase in annual revenue.



Story behind the baseline: The increase in revenue demonstrates that the participating companies within the SBIP program are better off and the program is meeting its goal of growing technology based start-up businesses through the assistance of state funds.

The percentage of change for the participating SBIP companies (the 22 companies awarded SBIP funds in FY 07) was 139% from the inception of the

program in the state fiscal year 2007-08. The total of companies' revenue at the inception of the program was \$1.3 million and the ended at \$3.3 million.

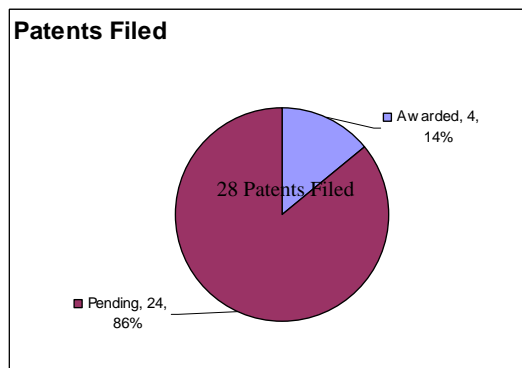
Proposed Actions to turn the curve: The SBIP will continue to build upon existing procedures to ensure that the participating companies review and plan for their investment and growth strategies as part of the programs due diligence process. The SBIP will encourage the securing of

private and federal research, technology and business development investments as well as make changes to the program to meet the needs of the market and state funding availability, as appropriate.

Incubator facilities will continue to need technical assistance programs to support the needs of the resident companies. DECD has built up the administrative capacity and fiduciary responsibility at CCAT and as such the program does not require the same amount of funding as it did at the beginning of the program. However, reductions in program funding results in the program not assisting as many companies. The need for assistance exceeds the amount of assistance available. The provision of financial assistance impacts directly on the ultimate viability of incubator businesses.

Performance Measure Two:

Number of patents filed by and awarded to the SBIP participating companies.



Story behind the baseline:

Patents filed and awarded as a result of the SBIP funding assists the companies in achieving higher valuations and allows them to be more competitive and provide potential for growth. Using their patents, the start-up companies are able to attract venture capital and revenue. Therefore, filing more patents creates higher levels of innovation in the region and in turn leads to economic growth and more money invested in research and development – a cycle which can only be sustained when there is a sufficient level of patents and investments.

Proposed Actions to turn the curve:

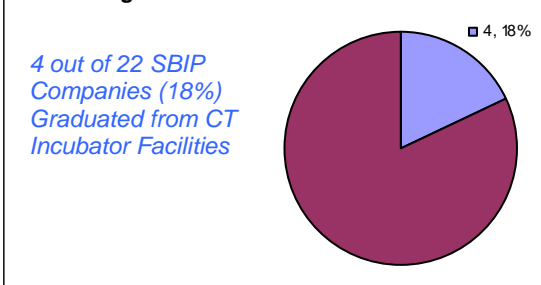
In order to foster innovation and to facilitate the filing of patents by the participating companies, the program will continue to fund these types of activities; create stronger partnerships with the universities associated with the incubator facilities; and maintain the strong partnership with UCONN law school to provide legal advice.

Performance Measure Three:

Number of companies that successfully graduated from the incubator facilities and remain in Connecticut.

Story behind the baseline:

SBIP Companies Successfully Graduating from Incubator Facilities



The SBIP assists incubator companies towards the goal of expanding their business and leaving the incubator facility. Four out of the 22 (18%) SBIP participating companies successfully graduated from the incubator facilities and continued their operations within Connecticut. The ability of a company to move from the incubator facility to a larger space is supported by the program. Relocation assistance is an eligible use of SBIP funds. Over time these companies will become stronger in the marketplace, employ more people and create value added opportunities for the local and state economies.

Proposed Actions to turn the curve:

The SBIP will continue to allow relocation assistance to be an eligible use of funds in order to ensure that the companies have the necessary support to transition into larger facilities and to create new and to maintain existing partnerships with local real estate brokers and community developers to facilitate relocation opportunities.

¹ Do to fiscal uncertainty (state budget) FY 10 funds were not put under contract until June of 2010 resulting in no expenditures in FY 2010 for the program.