TOPIC: InvestMaryland -- Fueling Innovation, Creating Jobs

COMMITTEE: Economic Development and Technology Commercialization

DATE OF COMMITTEE MEETING: June 19, 2012

SUMMARY: InvestMaryland is a public / private investment program to address the need for early stage capital for early stage technology companies. Mr. Frank Dickson, Principal at the Maryland Venture Fund, will discuss this program to fuel innovation and create jobs in the state of Maryland.

ALTERNATIVE(S): This item is for discussion purposes.

FISCAL IMPACT: This item is for discussion purposes.

CHANCELLOR’S RECOMMENDATION: This item is for discussion purposes.

COMMITTEE RECOMMENDATION: DATE:

BOARD ACTION: DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-2783
INVEST MARYLAND
Fueling Innovation, Creating Jobs
MARYLAND OF OPPORTUNITY.
MARTIN O’MALLEY | GOVERNOR
Venture-Backed Companies

MARTEK
MedImmune
Avalon Pharmaceuticals
Under Armour
VOCUS
BROADSOFT
Google
Advertising.com
CYLEX
Sourcefire

MARYLAND OF OPPORTUNITY.
MARTIN O' MALLEY | GOVERNOR

Invest MARYLAND
Fueling Innovation, Creating Jobs
Setting the Stage

1998-2004

Now

Future

- Venture Ecosystem – Entrepreneurs, Funds, Talent
Maryland’s State Venture Investing

**InvestMaryland – Investment Program**

- Public / Private investment program to address the shortage of early stage capital for early stage technology companies

**Maryland Venture Fund (DBED administrator)**

- Challenge Investment ($50-150K) are in technology based businesses positioning for VC investment
- Enterprise Investments ($150-500K) with VCs on institutional rounds ranging from $3-$20M.
Maryland’s State Venture Investing

Governor Martin O’Malley Announces $84 Million in Investment for Maryland’s Innovation Economy
March 15th, 2012

“Maryland first state in the nation to use online auction to raise funds for venture capital program
InvestMaryland will deploy first round of funds to seed early stage companies this summer.”

Tax Credit Auction Results

https://www.bidmaryland.com/auction/4624/results
Minimum of $84 Million raised from Insurance Companies

$20.7 Million Maryland Venture Fund

$6.9M to Maryland Small Business Development Financing Authority (MSB DFA)

$56.4 Million Private VC Firms

Maryland based Seed & Early Stage & Growth Companies

$84 Million to Maryland Business
Create thousands of jobs
Support 200-400 businesses

Oversight 9 Member Maryland Venture Fund Authority

100% OF THE RETURNS TO DBED

Maryland General Fund

100% PRINCIPAL/80% PROFIT RETURNED TO STATE GENERAL FUND
(From Successful Companies)

Creation of Evergreen Fund Continuous reinvestment of Returns

Maryland of Opportunity
Martin O’Malley, Governor • Anthony G. Brown, Lt. Governor
Maryland Venture Fund – History

Maryland Venture Fund

- Received $25 million in General Funds over 10-13 years
- $61 million returned to the Fund
- Invested $51 million in more than 200 Maryland companies and helped to create 2,000+ jobs

Recent Wins

- Moodlerooms acquired by Blackboard – 2 PT to 100FT in 5 years.
- Coderyte acquired by 3M – 5-6 FT to 100 FT in 10 years
Maryland Venture Fund - Programs

Enterprise Investments

Challenge Investment  $150-$500,000
$50-$100,000

Enterprise Investments

Stages of company development

Grant & Friends/Family Money

Angel Investors

Seed Capital

Venture Capital

Public

Concept  Start-up  Growth  Later-Stage
Next Steps/Timeline of Activities

- Establish Maryland Venture Fund Authority (9 members)
  May – July 2011: Selection of Authority members; scheduling of meetings

- 3rd Party Consultant Selection - Tax Credit and VC Selection
  December 2011 - Grant Street Group - selected as Tax Credit Auction consultant
  January 2012 – Altius Associates selected as VC selection consultant.

- Tax Credit Auction – March 15th - Raised $84,000,000.

- VC applications due starting Jan 1, 2012 through May 1st, 2012.

- Collection of Insurance company payments
  June 1, 2012-2014

- Investment of Funds
  July 2012 to term

- Receipt of Distributions
  2015 to term
Thank You

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