



Senate Finance & Appropriations Committee
Sub-Committee on Economic Development & Natural Resources
January 20, 2025

VIPC | VIRGINIA INNOVATION
PARTNERSHIP CORPORATION

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Virginia Update

Commonwealth of Virginia Innovation Partnership Act Enacted in 2020

§ 2.2-2351. Short title; declaration of public purpose

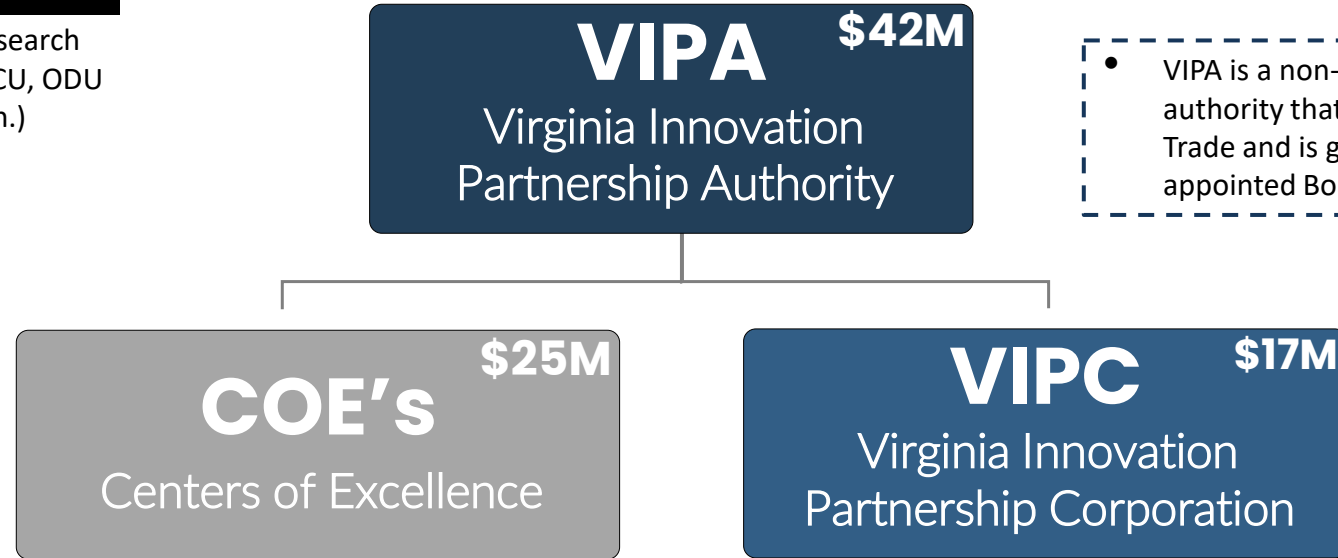
B. It is found and determined by the General Assembly that there exists in the Commonwealth a need to support the *life cycle of innovation*, from translational research; to entrepreneurship; to pre-seed and seed stage funding; and to acceleration, growth, and commercialization, resulting in the creation of new jobs and company formation. A *collaborative, consistent, and consolidated approach* will assist the Commonwealth in identifying its entrepreneurial strengths, including the identification of talents and resources that make the Commonwealth a unique place to grow and attract technology-based businesses. It is also found and determined by the General Assembly that there exists in the Commonwealth of Virginia a need to

- (i) promote the technology-based economic development of the Commonwealth *by building, attracting, and retaining innovation and high-technology jobs and businesses* in Virginia;
- (ii) *increase industry competitiveness* by supporting the application of innovative technologies that improve productivity and efficiency;
- (iii) *attract and provide additional private and public funding* in the Commonwealth to *enhance and expand the scientific and technological research and commercialization* at state and federal research institutions and facilities, including by supporting and working with technology transfer offices to advance research from proof-of-concept to commercialization resulting in new business and job creation;
- (iv) *attract and provide additional private and public funding* to support and *enhance innovation-led entrepreneurship ecosystems* and coordination of existing activities and programs throughout the Commonwealth to create new job opportunities and diversify the economy;
- (v) ensure *promotion and marketing* of Virginia's statewide innovation economy and support and *coordinate regional marketing efforts* to align local and statewide objectives; and
- (vi) close the Commonwealth's support gap through pre-seed and seed stage investments, *coordination of private investor networks*, and shared due diligence research.

VIPA Overview

\$M = Base Annual State GF Appropriation

(Does not include one-time Life Science Research funding of \$90M in FY25-26 for UVA, VT, VCU, ODU for which VIPA acts solely as a pass-through.)

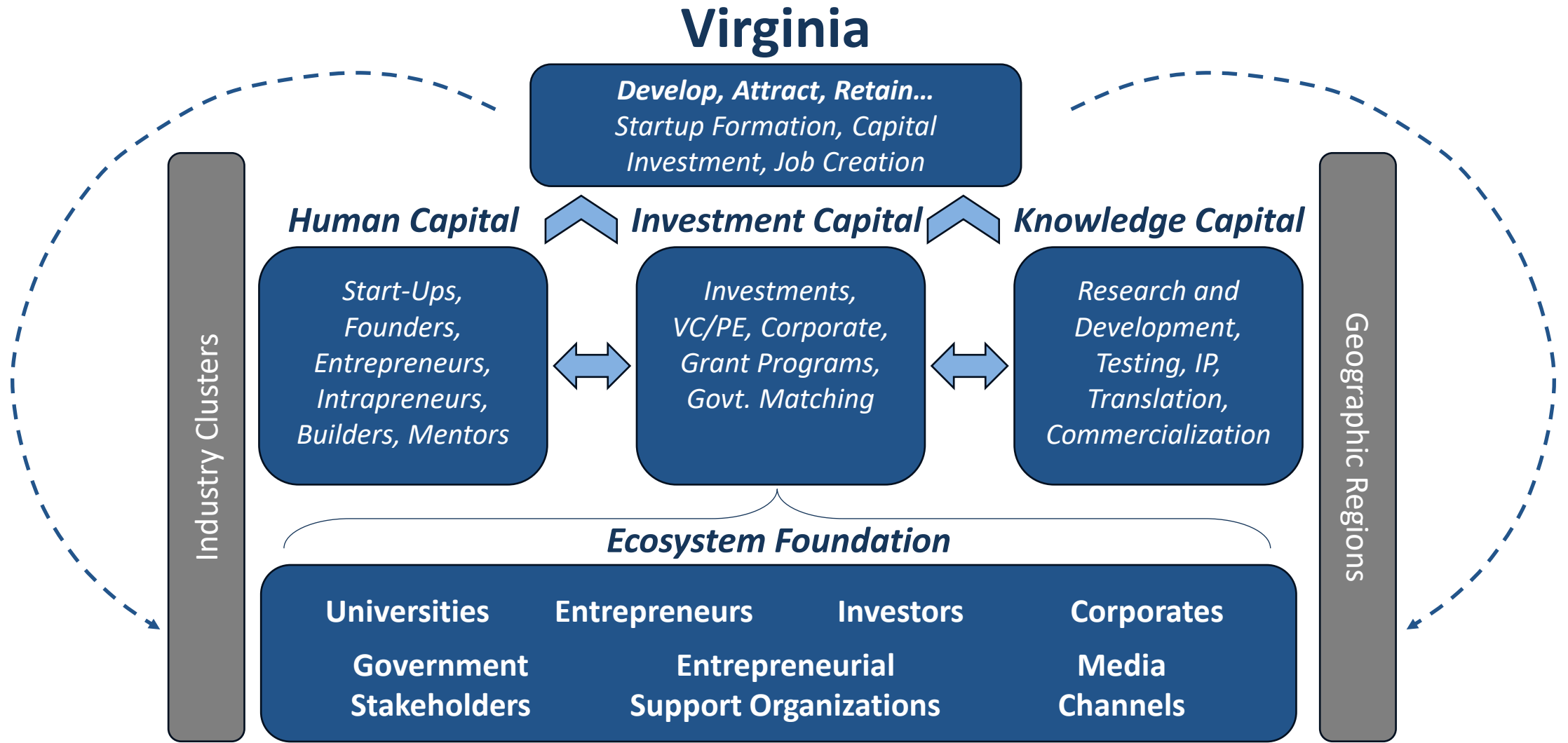


- VIPA is a non-partisan independent state authority that reports through Commerce & Trade and is governed by a Commonwealth appointed Board of Directors.

- VIPA acts solely as a pass-through of General Funds to five state appropriated Centers of Excellence which are not controlled or operated by VIPA.
 - Commonwealth Center for Advanced Manufacturing (CCAM)
 - Virginia Biosciences Health Research Corporation (VBHRC/Virginia Catalyst)
 - Commonwealth Cyber Initiative (CCI)
 - Commonwealth Center for Advanced Logistics (CCALS)
 - Virginia Academy of Science, Engineering, & Medicine (VASEM)
- Each Center of Excellence operates independently with its own non-Commonwealth appointed Boards of Directors; CEO's; staffs; strategic plans; financial budgets, etc.

- VIPC acts as non-profit operating arm of VIPA.
 - Division of Entrepreneurial Ecosystems
 - Division of Commercialization
 - Division of Investment
 - Division of Strategic Initiatives
- Designated statewide platform for leading technology & innovation economic development across key industries through research and commercialization advancement; entrepreneurship and startup investment growth; regional ecosystem development; and local/state/federal public-private partnerships.

Innovation Ecosystem Framework



Record 10,000 New High-Growth/High-Wage Startups Launched in Virginia



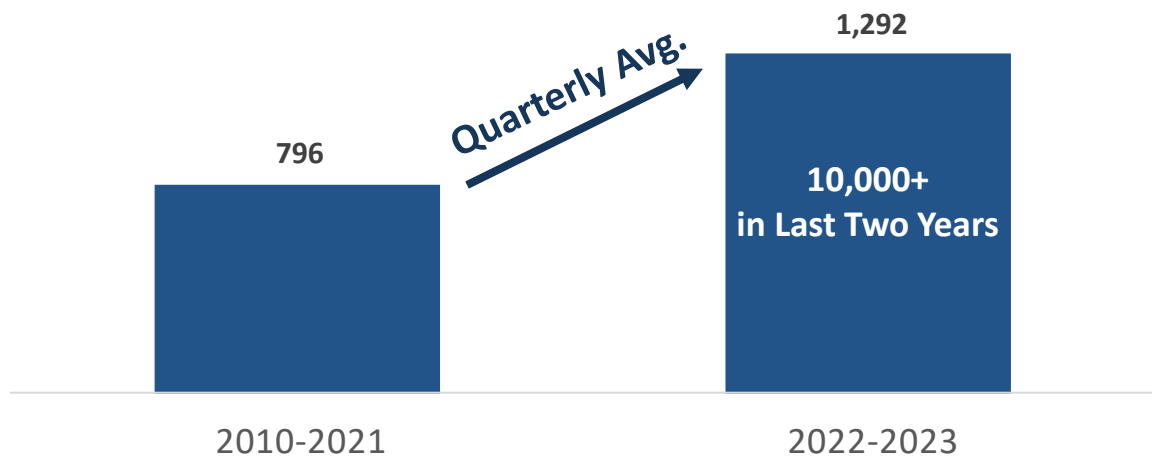
Note: Virginia startup logos shown are illustrative and do not necessarily represent the 10,000 most recently created startups in Virginia.

"Virginia has been incredibly catalytic for GenLogs since our startup was launched in 2023. We've been afforded ample resources, critical mentorship and connections, and funding that has allowed us to validate our technology and generate that all-important 'spark'."

- Ryan Joyce, Co-Founder of Arlington-Based GenLogs (freight intelligence company that offers truck carrier mapping services via AI-driven roadside sensors), startup company funded by VIPC

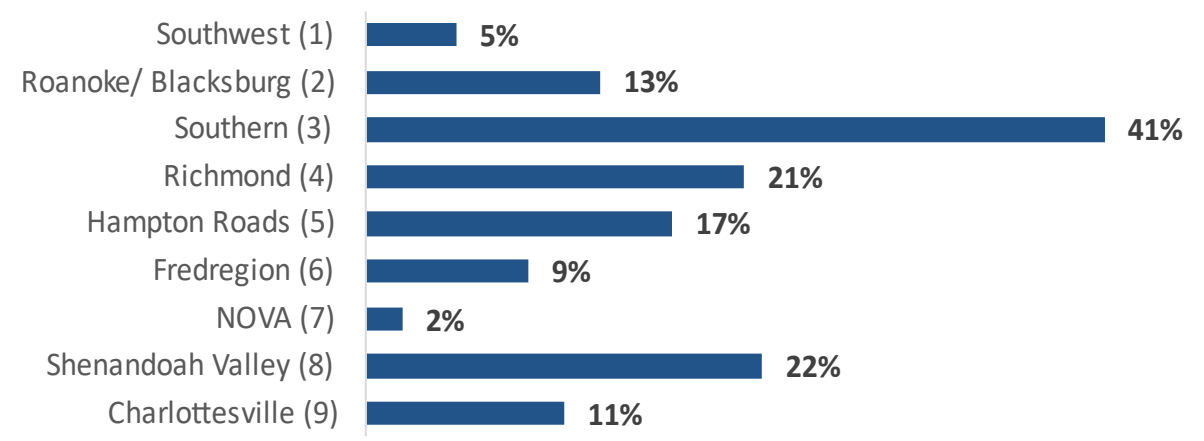
New High-Growth/High-Wage Startups

Run-rate up over 60% vs. previous decade



Growth by Region

Broad growth across GOVA regions



Virginia is Home to Some of Fastest-Growing Startups



265 Virginia Companies on Inc. 5000 List

194% 3yr Median Revenue Growth Rate

33K Total Jobs Added

Representative Startups on Inc. 5000 List



BESPOKE
TECHNOLOGIES INC.

* Indicates company that VIPC has helped fund and/or supported.

Virginia is Attracting New Out-of-State Startup Industry Engagements



Richmond (previous: Atlanta)
Sponsor: Valor Ventures

At Startup Runway, we pave the path for underrepresented founders, connecting them with real investors and competitive opportunities. Our journey began in 2016 in a parking lot in Atlanta's Midtown. Frustrated by the lack of diversity in pitch competitions, our founder made a call to action—to create a platform where ambition and innovation among all founders could soar.



Hampton Roads (previous: San Francisco)
Sponsor: Pegasus Ventures

#1 STARTUP COMPETITION IN THE WORLD

INVESTMENT PRIZE: \$1 MILLION

50,000+ ATTENDEES	2,500+ INVESTORS	500+ SPEAKERS	100+ REGIONALS
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Global Finals 3rd Place:

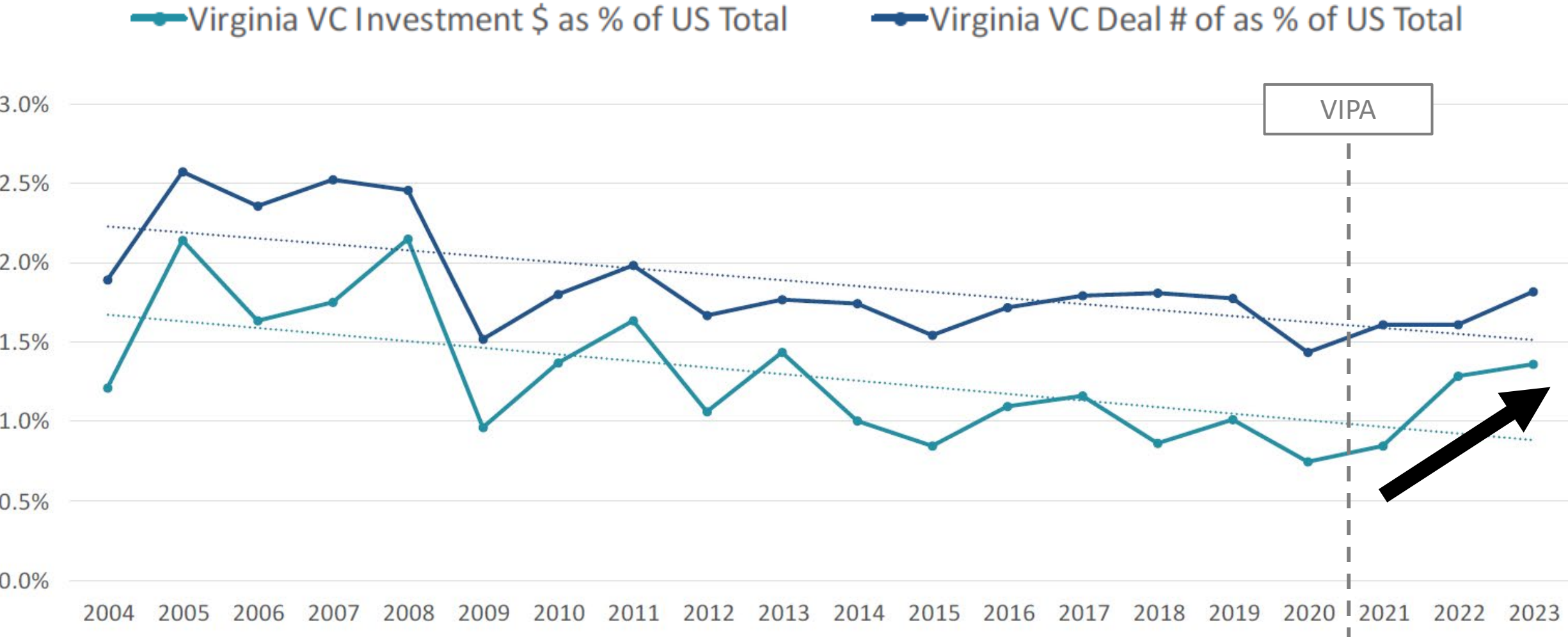


Fairfax (previous: Maryland)
Sponsor: Blu Venture Investors

Cyber Venture Forum 2025

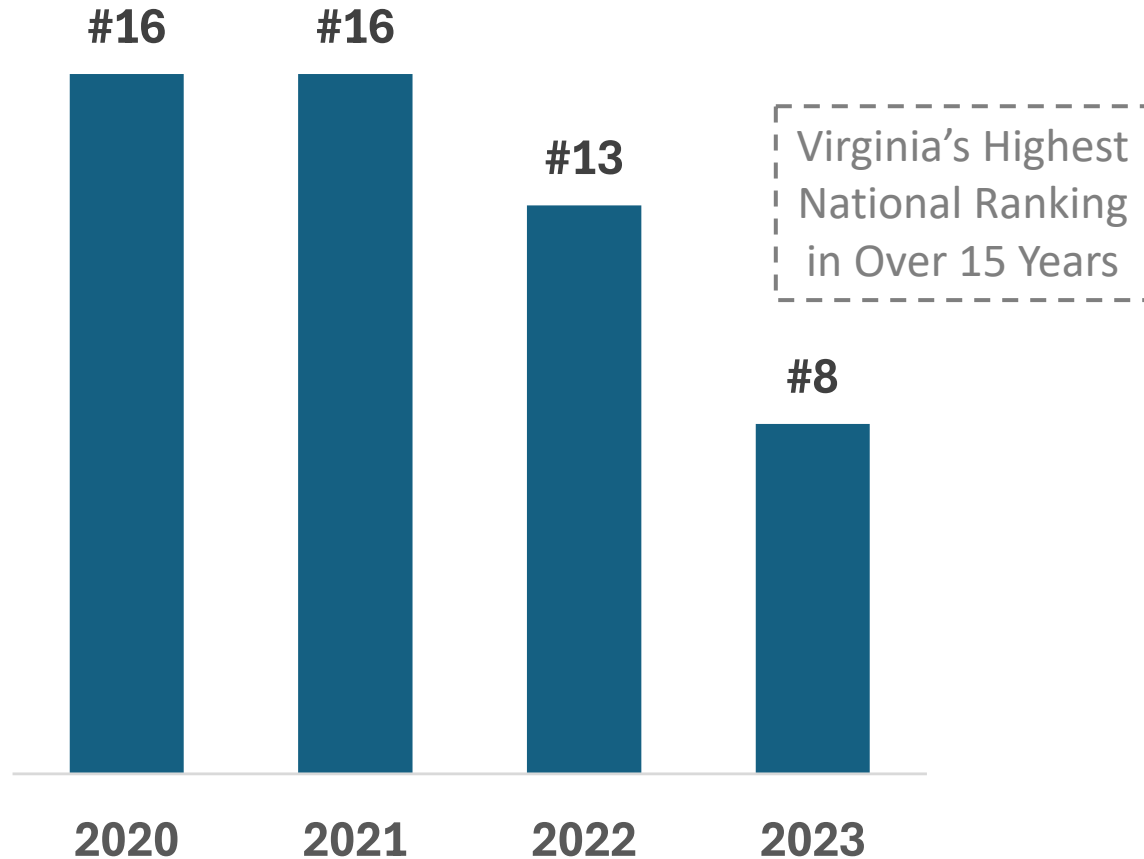
The Blu Cyber Venture Forum is the leading conference in the East for leveraging outcomes-based connections in cybersecurity.

Virginia is Now Re-gaining Market Share of Early-Stage Capital Investment



Virginia is Now Ranked Top 10 in Nation for Early-Stage VC Investment

Virginia National Ranking (\$ Investment)



National State Ranking (\$ Investment)

1	California	\$79,241
2	New York	\$19,543
3	Massachusetts	\$16,327
4	Texas	\$7,389
5	Colorado	\$4,106
6	Florida	\$3,411
7	Washington	\$3,256
8	Virginia	\$2,484
9	Illinois	\$2,397
10	Pennsylvania	\$2,202
11	Maryland	\$2,166
12	New Jersey	\$2,008
13	North Carolina	\$1,870
14	Tennessee	\$1,704
15	Georgia	\$1,616
16	Delaware	\$1,476
17	Ohio	\$1,382
18	Nevada	\$1,299
19	Arizona	\$1,295
20	Missouri	\$1,274

First Time Virginia Ranked in Top 10 in Over a Decade

Virginia is Attracting New Investment Firms into Virginia

Veteran Ventures Capital, a leading early-stage investor specializing in emerging, veteran-led national security technology businesses, announced in 2024 it was relocating its corporate HQ to Tysons, Virginia

“Virginia offers a vibrant ecosystem for technology and entrepreneurship, with access to top-tier veteran talent, proximity to government agencies and tech-transfer initiatives, and a dynamic business environment, which align perfectly with our vision for the future”

- Dr. Josh Weed, General Partner of Veteran Ventures Capital

“We are honored that Veteran Ventures Capital has decided to relocate its headquarters from Tennessee to Fairfax County...With its mission of investing in veteran-led national security technology businesses, VVC will benefit from Fairfax County’s strategic location providing unparalleled access to more than 10,000 technology companies and one of the largest veteran talent pools in the nation.”

- Victor Hoskins, President and CEO of the FCEDA.

VIPC is excited to partner with Veteran Ventures Capital to catalyze and leverage significant private investment into Virginia's veteran-led startups and entrepreneurs. We welcome VVC's new HQ move into Virginia and look forward to VVC's engagement with veteran communities throughout the Commonwealth.”

- Joe Benevento, President and CEO of VIPC



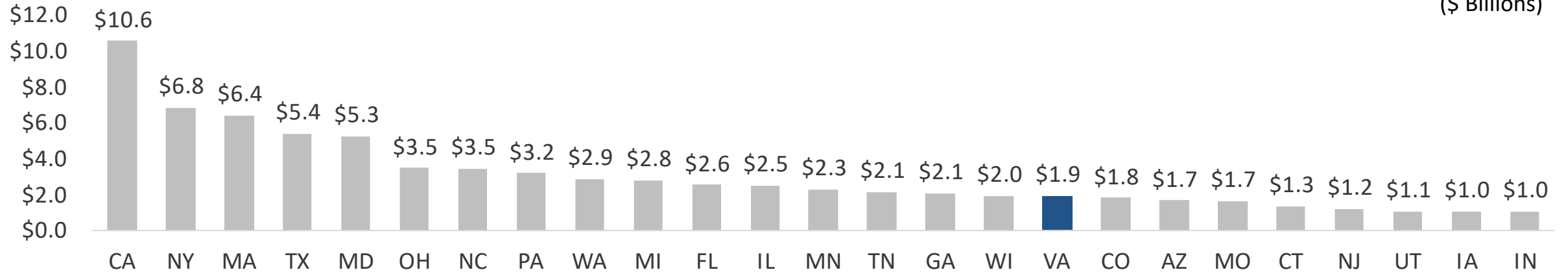
Virginia Has Strong STEM Workforce But Lags in R&D Commercialization

Rank	STEM Workers as % of Total Workforce ¹	Business Creation Per Thousand People ²	Utility Patents Per Thousand People ³	Utility Patent-Intensive Employment as % of Total ^{4, 5}	R&D Annual Funding Per Capita ³
1	Washington	Wyoming	Massachusetts	Massachusetts	Massachusetts
2	Maryland	Delaware	California	New Hampshire	Washington
3	Virginia	Florida	Washington	Michigan	California
4	Colorado	Georgia	Connecticut	Indiana	Maryland
5	Massachusetts	Colorado	Oregon	Wisconsin	New Mexico
6	California	New York	Minnesota	Utah	Delaware
7	Utah	Mississippi	New Hampshire	Washington	New Jersey
8	New Hampshire	Nevada	Michigan	Ohio	Connecticut
9	Oregon	Montana	Idaho	Connecticut	Michigan
10	Michigan	Illinois	Colorado	California	Oregon
VA	#3	#26	#26	#21	#20

Virginia Statewide University Research Expenditure

Annual University Research Expenditures

(\$ Billions)



VIPC Update

VIPC Overview

Greater Emphasis on
Breaking Down Silos



Greater Focus on
Connectivity Across Continuum

Division of Entrepreneurial Ecosystems

Resource support for ecosystems and stakeholders throughout Virginia through funding and coordination to create environment which fosters startup successes

Division of Commercialization

Funding for technologies with a high potential for economic development that position the Commonwealth as a national leader in science- and technology-based research, development, and commercialization

Division of Investment

Investment in early-stage high-growth technology/innovation startups and fund partners. to attract and leverage outside capital

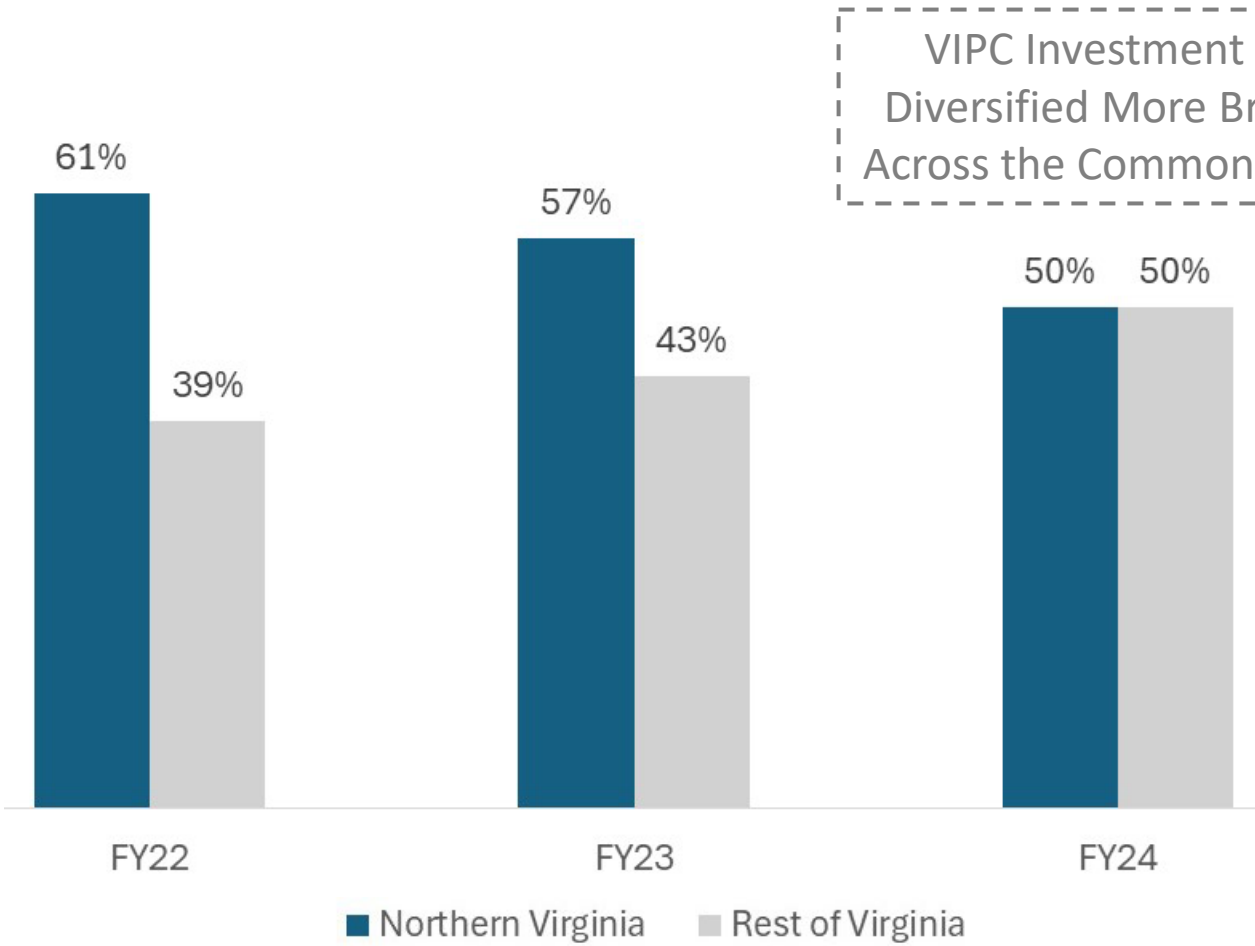
Division of Strategic Initiatives

Partners with federal/state/local government entities and commercial stakeholders to innovate emerging technologies and support transition to practice (e.g., Unmanned Systems)

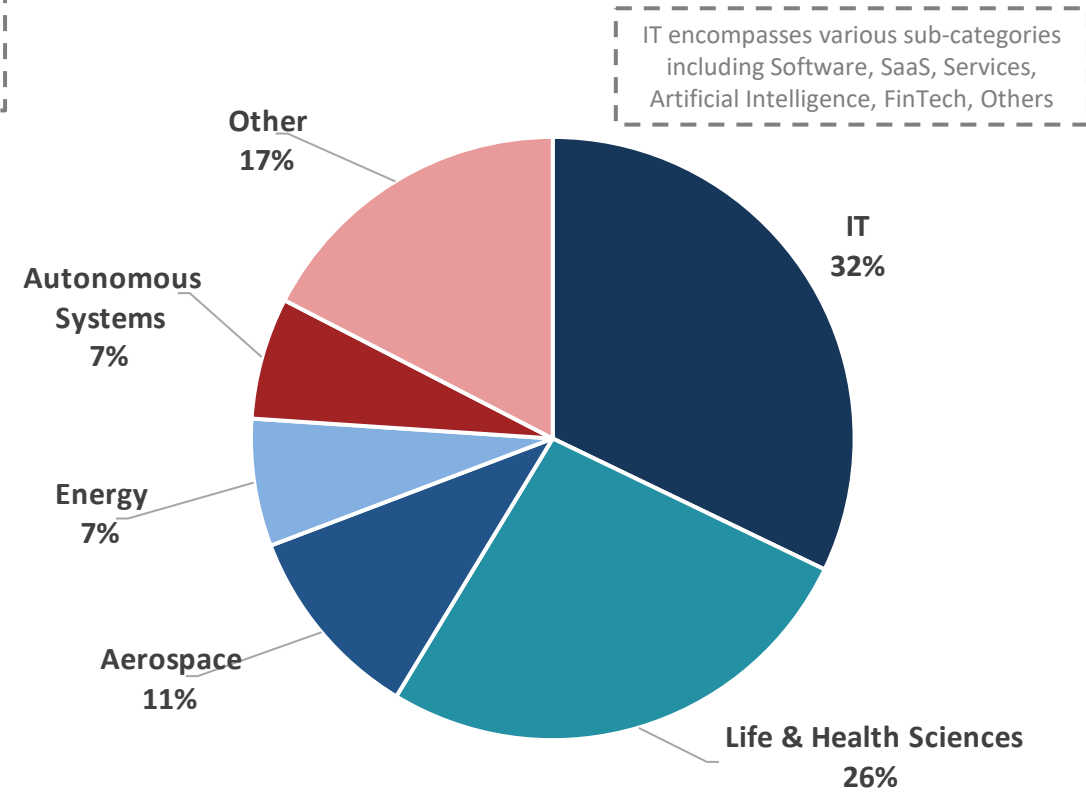
- ❖ ***2,000+ engaged entrepreneurs***
- ❖ ***1,000+ patents***
- ❖ ***\$500M+ R&D follow-on***
- ❖ ***\$2B+ private investment (35:1 leverage factor)***
- ❖ ***Over 5,000 new jobs***

VIPC – Startup Investment Funding Diversification

Geography (FY22-24)

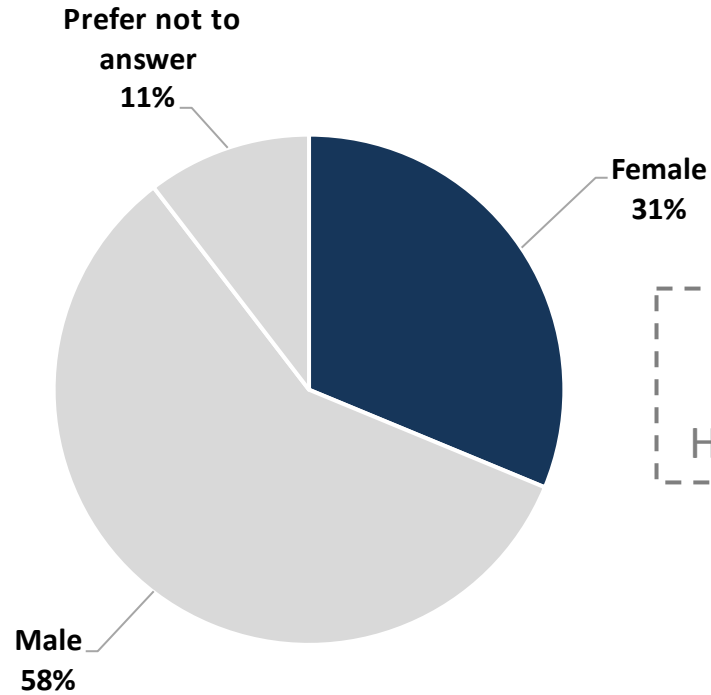


Industry (FY24)

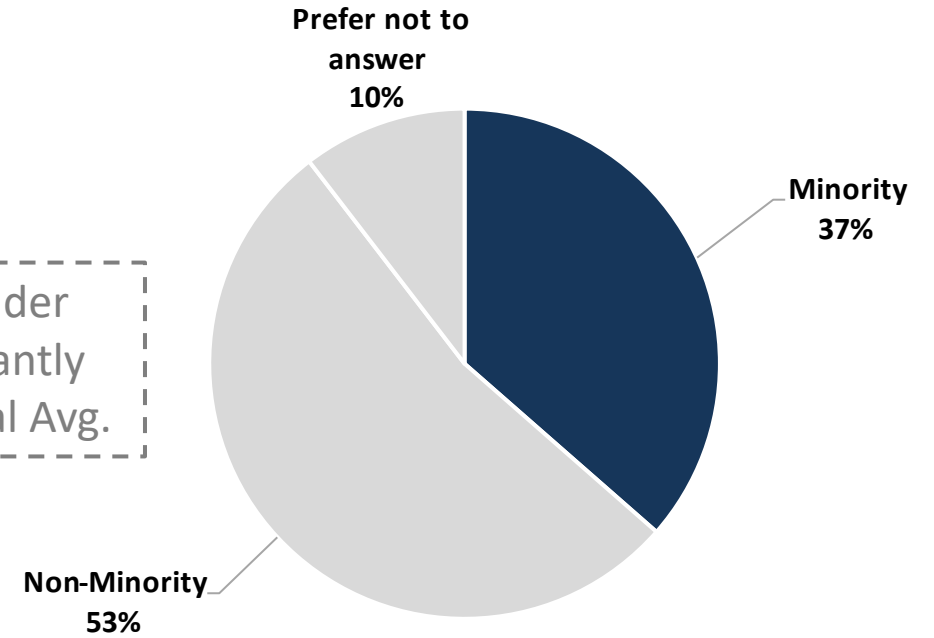


VIPC – Startup Founder Diversity

Female Founders (FY24)



Ethnically Diverse Founders⁽¹⁾ (FY24)



VIPC Funded Founder Diversity is Significantly Higher Than National Avg.

31% of investments in female founders

37% of investments in ethnically diverse founders

VIPC – Greater Cross-Agency Collaboration



Virginia Tobacco
Region
Revitalization
Commission

- First-ever MOU between VIPC and Tobacco Region Revitalization Commission to enhance rural innovation, entrepreneurial ecosystems, capital access growth



- Launched The Virginia Handbook for Success: a statewide small business, startup, entrepreneur and innovator opportunity guide for the Commonwealth (<https://vipcorg.app.box.com/v/virginia-handbook-for-success>)



- VEDP/VIPC now collaborating more than ever before, including sharing and referring opportunistic company pipeline leads with each other through regular senior leadership and direct staff interactions



- VIPC offers collaborative advisory to GOVA for its entrepreneurial ecosystem project grant applications; VIPC was recently selected to chair newly established SteerCo in collaboration with GO Virginia, VEDP, and regional partners for enhanced statewide life science ecosystem coordination

VIPC – Collaboration Wins New Tech Company to the Commonwealth



June 24, 2024:

“Firefly Aerospace has selected Virginia as the new launch site of its two-stage orbital Alpha rocket, attracted through a collaboration effort between Virginia Spaceport Authority, VIPC, VEDP ...teams at Virginia Spaceport Authority and the Virginia Innovation Partnership Corporation are great partners....”

– **CEO of Firefly Aerospace**

“VIPC prides itself on collaboration and this is an exciting opportunity to demonstrate the power of partnership here in Virginia.”

– **CEO of VIPC**



VIPC – Government Stakeholders Partners

Representative Stakeholders Engaged



Virginia Secretary of
Public Safety and
Homeland Security

Virginia Department
of Military Affairs



Commonwealth
Cyber Initiative



NASA Langley
Research Center



Virginia Public Safety
& Homeland Security



Virginia
Department of
Emergency
Management



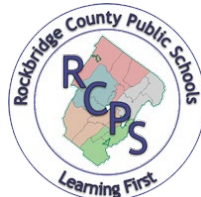
ORANGE COUNTY
PUBLIC SCHOOLS



PETERSBURG CITY
PUBLIC SCHOOLS



Stafford County
Public Schools
Inspire | Empower | Excel



Homeland
Security

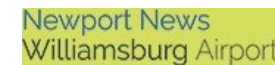
Science and Technology



U.S. AIR FORCE



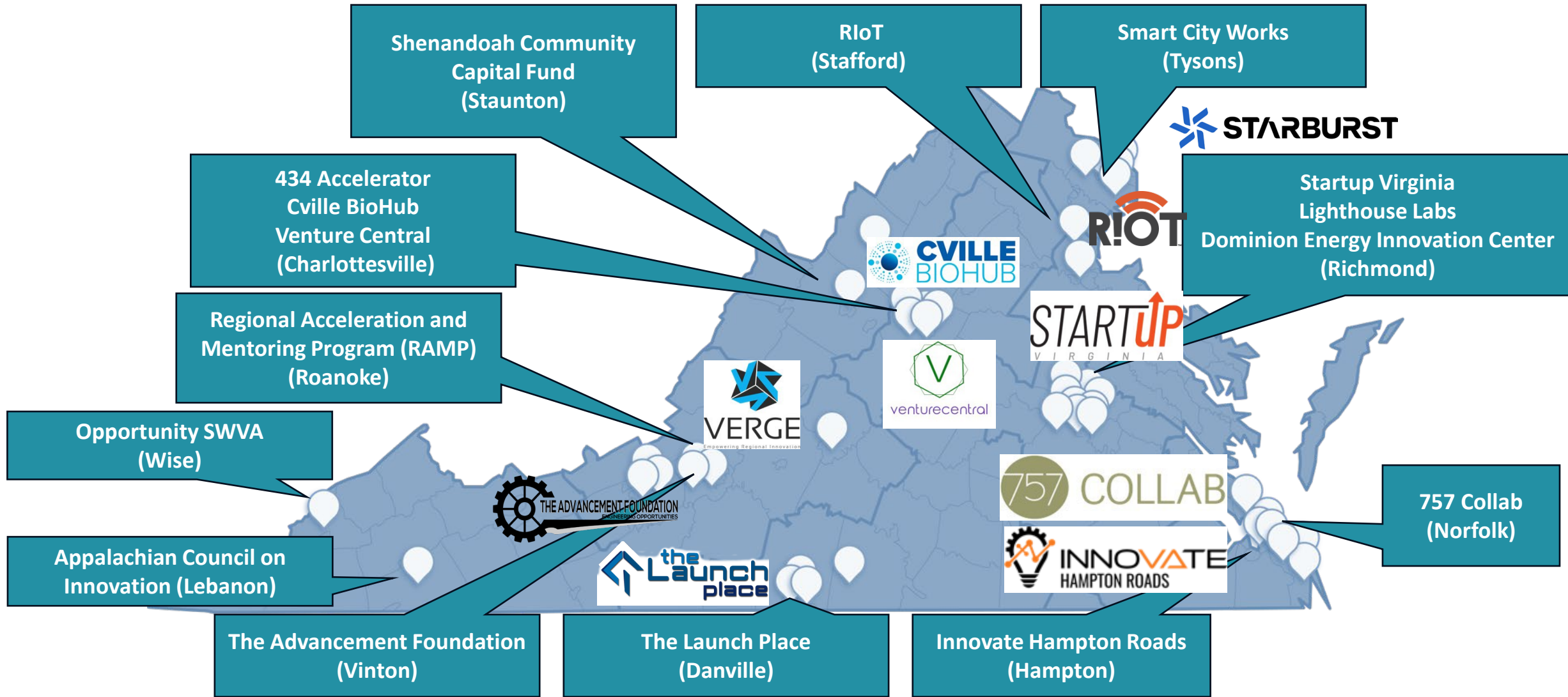
MARINES
THE OFFICIAL WEBSITE OF THE UNITED STATES MARINE CORPS



VIPC – Increasing Engagement with Community Leaders



VIPC – Supporting Regional Entrepreneur Ecosystems



VIPC – Public/Private Partnerships Drive Innovation Ecosystems

Virtus Innovation Center located in National Landing, nexus of defense, energy and technology

AWS, A&MPLIFY by Alvarez & Marsal, Energy Innovation Capital, JBG SMITH, Virginia Tech Launch Virtus Innovation Center

First of its kind, AI-powered innovation center in National Landing will support startups targeting critical national security challenges at the intersection of defense and energy

Industry Partnership & Private Sector Investment is Crucial for Robust Innovation Ecosystems and Startup Accelerators.



VIPC – Technology Innovation Example: Electra.aero (Advanced Aerial)

Technology Startup

- **Headquarters:** Manassas, VA
- **Description:** Next-generation aerospace technology company building hybrid-electric ultra short airplane
- **VIPC:** Initial funding in 2023; follow-on investment in 2024; network intros
- **Capital Raised:** \$100M+
- **Employees:** 30+
- **Customers:** 2,000 orders from 50 clients

Stakeholder Partners & Investors



“Electra is on a mission to decarbonize aviation and make regional air travel cleaner and more accessible to everyone. We are proud to be founded in Virginia, and we are thankful for VIPC’s investment and support to help us continue our growth here” - John Langford, Founder and Chairman

VIPC – Startup Company Example: Babylon Micro-Farms (AgTech)

Startup Company



- Babylon Micro-Farms (“Babylon”) developed innovation to power on-site indoor vertical farming services
- Patented technology enables businesses and communities to have a year-round supply of ultra-fresh sustainable produce
- Customer base includes global leaders like Aramark, Compass, Sodexo, along with schools, hospitals, and senior care facilities
- Two co-founders started company as undergrads at UVA

VIPC Collaboration



- VIPC introduced Babylon to regional startup accelerator program
- VIPC funded technology commercialization grants & direct investment
- After introduction with VEDP, Babylon selected Richmond for new HQ expansion after considering options in several other states creating 24 new jobs in region

2019

2020

2021

2022

2023

- *Company participates in Virginia startup accelerator*
- *VIPC invests in pre-seed funding round*

- *VIPC funds technology commercialization grant and invests in seed funding round*

- *VIPC funds technology grant and invests in follow-on seed funding round*
- *Company HQ expansion*

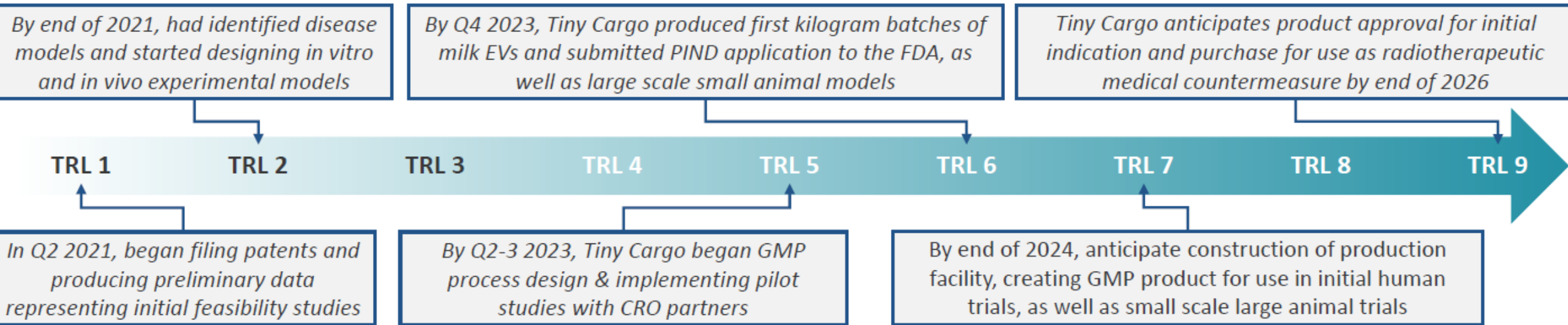
- *VIPC invests in in bridge funding round*

- *VIPC exercises right to participate in Series A funding as part of \$8M total private capital raise*

VIPC – University Commercialization Example: Tiny Cargo (Life Sciences)



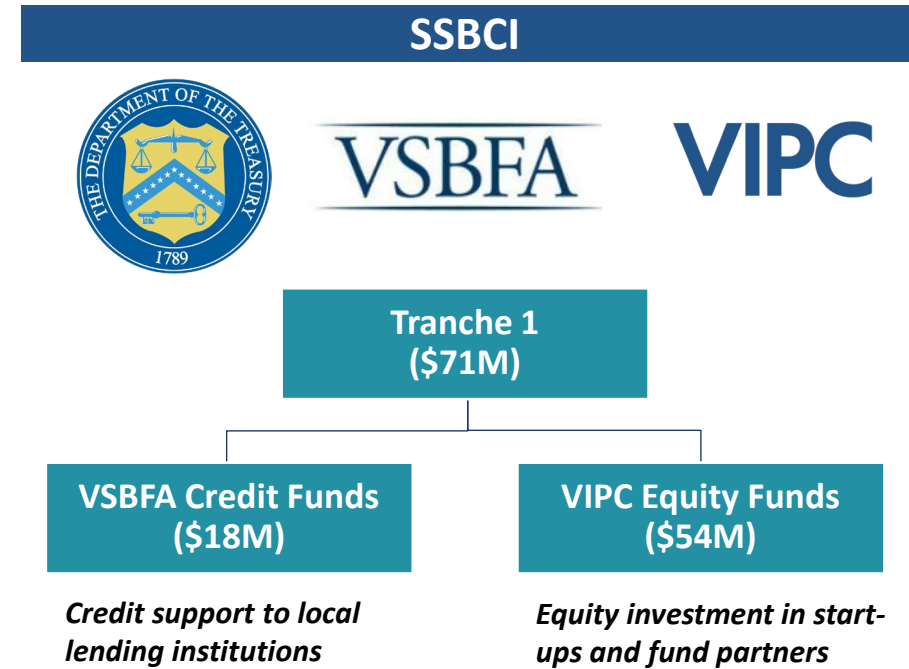
- Tiny Cargo Company has innovated a novel drug delivery system based on non-immunogenic bovine milk derived exosomes for protected oral or IV based delivery of potent therapeutics
- CEO Spencer Marsh co-founded Tiny Cargo with decorated Virginia Tech Professor Rob Gourdie
- Since startup formation, the Virginia ecosystem has supported the Company in the following ways:
 - Participated in RAMP startup accelerator program in 2021
 - Received VIPC commercialization grant award in 2022
 - Received VA Catalyst grant award in 2023
 - Received VIPC direct investment in 2023
 - Received SBIR/STTR federal grant award in 2022/2023



SSBCI Program Update

SSBCI Program Overview

- The federal American Rescue Plan Act in 2021 authorized new \$10B State Small Business Credit Initiative (“SSBCI”) through U.S. Treasury with goal of promoting American entrepreneurship, supporting small business ownership, fostering high-growth startups, and access to capital.
 - SSBCI program targets long-term private sector capital leverage of 10:1
- In Dec 2022, Virginia was allocated up to a total of ~\$230M (8th largest state allocation in the nation) comprised of two sub-programs: *Credit* and *Venture Equity*
 - Virginia Small Business Financing Authority (“VSBFA”) is Virginia’s state agency managing entity for the SSBCI program reporting to U.S. Treasury and is leading Virginia’s SSBCI *Credit* sub-program
 - VIPC leads the *Venture Equity* program and U.S. Treasury has viewed Virginia as a leading state in the nation for SSBCI Venture Equity
 - Virginia targeting at least 33% of its total capital to impact under-served Social and Economic Disadvantaged Individuals (“SEDI”) per U.S. Treasury definition
- Virginia has thus far received Tranche 1 (~\$71M) as federal award is disbursed to states across 3 tranches based on deployment milestones
 - Virginia has thus far achieved approximately 70% deployment of Tranche 1 and will be eligible to request next Tranche 2 disbursement from U.S. Treasury upon achieving 80% deployment threshold for Tranche 1 along with program satisfaction



Note: Sub-allocated amounts were function of U.S. Treasury program.

SSBCI Tranche 1 Deployment Status

■ = Deployed Capital ■ = Unused Capital

VIPC Sub-Allocation: \$53.6M

~40% of VIPC's direct investment \$ has been toward Socially and Economically Disadvantaged Individuals (SEDI), which exceeds SSBCI program target of 33%, including 17 investments in 'CDFI' markets.



VSBFA Sub-Allocation: \$17.6M

SBFA has doubled its deployment within the last three months after running into initial state lending regulatory issues with requirements of SSBCI program.



VIPC + VSBFA Combined: \$71.2M



VIPC – New Virginia Invests Partnership Program

Launched new public/private investment fund manager partnership program across key industries

- ✓ Investment comes entirely from *non-state funds* and is expected to catalyze over \$250 million of private investment into 100+ high-growth Virginia startups
- ✓ New ecosystem community events expected to engage 1,000+ entrepreneurs
- ✓ Out-of-state VC firm headquarters relocated from Tennessee to Virginia



Virginia Invests Fund Manager Partners







The image displays six fund manager partners, each represented by a logo and a portrait. The partners are: IDEA Fund Partners (logo and portrait of a man in a blue shirt); 1|0|0|K|M (logo and portrait of a woman in a blue top); VENTURES (logo and portraits of two people, a woman and a man); THE ARTEMIS FUND (logo and portraits of two women); VALOR VENTURES (logo and portraits of two people, a woman and a man); and VETERAN VENTURES CAPITAL (logo and portraits of three men).

virginia
BUSINESS

“VIPC launches...fund partnership for Virginia startups...fund managers focus on historically underserved founders”

Virginia Invests – Value-Add Partner Initiatives

New ecosystem community events and engagements expected to impact 1,000+ entrepreneurs across Virginia

Fund	Key Initiative	Key Initiative	Key Initiative
	<ul style="list-style-type: none"> 1 new HBCU partnership 	<ul style="list-style-type: none"> Mentor 6 accelerator cohorts 	<ul style="list-style-type: none"> Judge 3 pitch events
	<ul style="list-style-type: none"> Mentor 5 accelerator cohorts 	<ul style="list-style-type: none"> Judge 3 pitch events 	<ul style="list-style-type: none"> Connect 6 AIN mentors to startups
	<ul style="list-style-type: none"> Hire 4 female venture fellows 	<ul style="list-style-type: none"> Attend 12 events/year 	<ul style="list-style-type: none"> Host 1 event/year
	<ul style="list-style-type: none"> 10 Venture Fellows 	<ul style="list-style-type: none"> 1 Richmond event/quarter 	<ul style="list-style-type: none"> Engage Rural VA quarterly
	<ul style="list-style-type: none"> 1 Startup Runway event 	<ul style="list-style-type: none"> 1 VC Day 	<ul style="list-style-type: none"> Host podcast
	<ul style="list-style-type: none"> Mentor 5 accelerator cohorts 	<ul style="list-style-type: none"> Judge 3 pitch events 	<ul style="list-style-type: none"> Connect with 100+ veteran entrepreneurs

Life Sciences Update & Budget Proposal

Virginia Life Sciences Regional Ecosystems



Hampton Roads



Northern Virginia



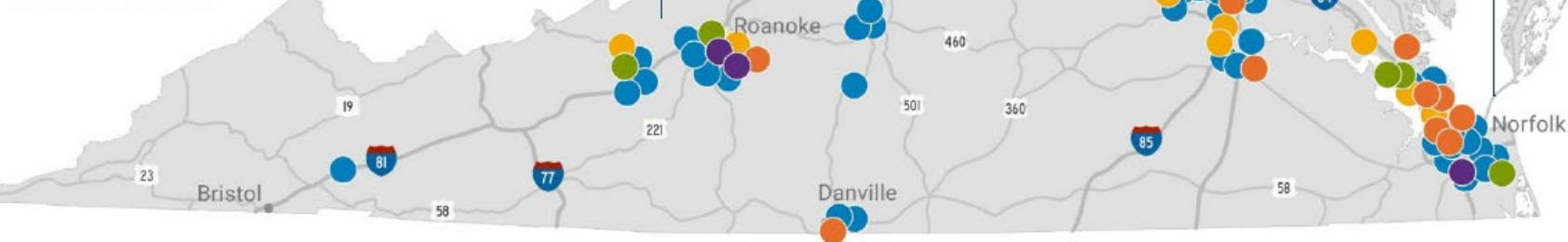
Greater Richmond



Charlottesville/Harrisonburg



Roanoke/Blacksburg



- Life Science Companies
- Federal Agency
- Higher Education
- Research Center
- Research Park
- Incubation and Acceleration

Economic Partners



Richmond-Petersburg Advanced Pharma Manufacturing Tech Hub

Richmond-Petersburg / Central Virginia – Advanced Pharmaceutical Manufacturing Tech Hub



NSF Regional Innovation Engines Phase 2 Proposal:

- VCU selected to submit NSF regional Engines II application for Rapidly Mobilizing Pharmaceuticals in Central Virginia (RAMP-CV)
- Award up to \$160M (over 10yrs)
- 1 of only 71 proposals selected from across the country and only 1 selected from VA
- VIPC is official state partner

Virginia's Life Science Research Initiative

- General Assembly passed previous budget last year with \$90 million investment to launch Virginia's Life Sciences Initiative among research university institutions UVA, VT, VCU, ODU
- Investment will enhance critical biotechnology, life sciences, and pharmaceutical manufacturing network, accelerate research and commercialization, and attract scientist talent recruitment
- Greater university cross-collaboration is unique component and VIPC will be convening group quarterly meetings with universities
- VIPA was mandated by General Assembly as lead state authority to implement and oversee MOU's with each university partner which are in execution/signing phase and nearing completion



UNIVERSITY
of VIRGINIA

UVA MANNING
INSTITUTE OF
BIOTECHNOLOGY



FRALIN BIOMEDICAL
RESEARCH INSTITUTE AT VTC



OLD DOMINION
UNIVERSITY®

ODU
MODELING &
SIMULATION
ENGINEERING

Proposed Budget Amendments

Summary

- Last year's biennial budget provided \$90 million funding over two years (FY25-26) for life sciences investment with primary focus on **expanding / accelerating R&D** by attracting top research scientist talent and advancing R&D development capabilities with regional university partners

Proposed Amendment: Shifts currently provided \$69 million funding in the second year (FY26) into the first year (FY25)

- This year's proposed budget amendment builds upon life sciences research and provides additional \$35 million of new investment with main focus on **scaling infrastructure and workforce training** to ensure the economic regions can competitively grow/retain commercialization and production capabilities

Proposed Amendment: \$35 million new funding in FY25

- UVA: centralized, step-up lab accelerator to retain growing companies (\$12.5 million)
- VSU: build advanced pharma mfg. training center in Petersburg w/ VCU (\$12.5 million)
- City of Roanoke: refurbish lab building to enable cell/gene therapy expertise (\$5 million)
- Civica: 2nd line of critical insulin production estimated @\$30/vial (\$5 million)

Budget

309: Virginia Innovation Partnership Authority

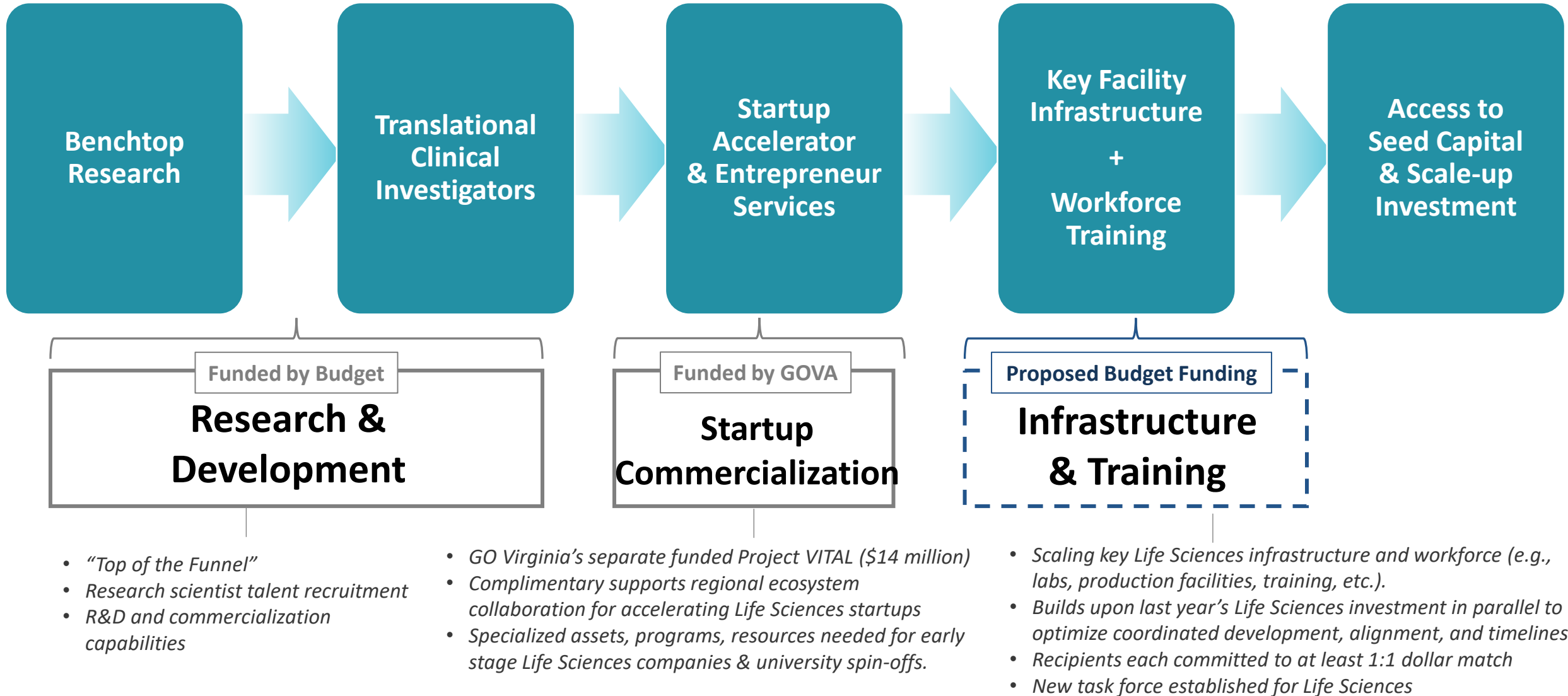
Support Life Sciences in the Commonwealth

<u>Budget Amendment</u>	<u>GF FY2025</u>	<u>GF FY2026</u>
Life Sciences Funding - Shift of Year 2	\$69,050,754	(\$69,050,754)
Life Sciences Funding - New Year 1	\$35,000,000	
TOTAL	\$104,050,754	(\$69,050,754)

Virginia Innovation Partnership Authority

<u>Summary</u>	<u>GF FY2025</u>	<u>GF FY2026</u>
Life Sciences Funding - Current Year 1	\$21,002,480	
Life Sciences Funding - Shift of Year 2	\$69,050,754	
Life Sciences Funding - New Year 1	\$35,000,000	
Total - Life Sciences Funding	\$125,053,234	
Base Funding - Centers of Excellence	\$25,350,000	\$25,350,000
Base Funding - VIPC	\$17,136,000	\$17,136,000
Total - Base Funding	\$42,486,000	\$42,486,000
TOTAL VIPA FUNDING	\$167,539,234	\$42,486,000

Life Sciences Innovation Ecosystems Investment





Thank You!

Joe Benevento, President & CEO
Joseph.Benevento@Virginiaipc.org