

WASHINGTON
TECHNOLOGY CENTER
ideas. connections. jobs



STRATEGIC PLAN
FY 2003 through FY 2008

Ideas. Connections. Jobs.

Washington Technology Center

Adopted 12/5/02

Toward an Innovation Economy in Washington

A vision for Washington’s economic future

We feel it. We hear it.

In communities across Washington, the need for stable, quality jobs is evident.



Jobs that can support a family.
Jobs that let our kids return home.
Jobs that build communities, build pride
... and build the future.

Finding ways to promote economic and job growth in all regions of our state is key.

Governor Locke calls it “One Washington”. Others refer to the “Digital Divide”.

No matter what the title, statewide economic growth is critical.

But, how?

There is no “one size fits all” solution. Look at the pieces.



Urban, rural, traditional and emerging industries – these four provide the basis for action.



Connect Rural
Communities
To markets

Our **rural regions** find difficulty in connecting to new markets. Most rural communities have companies and business activities that serve a small number of markets. Making the transition to new and distinctly different markets is difficult. But, these are key connections. And when found, lead to success.

Our **urban regions**, on the other hand, generally have companies and small businesses addressing a wide array of local and worldwide markets. Finding ways to sustain viable businesses and at the same

time enhance the social and cultural quality of the urban community is of paramount importance.



Connect
Urban
Centers



Keeping our **“traditional” industries** in Washington strong while also building the next set of dominant industries is our recipe for long-term economic health.

Washington dominates in aircraft manufacturing, areas of agriculture and food processing, and in software and computing niches. Retaining the large impact of these traditional industries is key. Infusing new product innovations or finding new markets allows this continued dominance.

At the same time, **new industries** are on the horizon. Energy technology, healthcare and bio-technology or micro- and nano- fabrication might lead to our next aircraft or software industry. We must accelerate the impact of these potential “Industries of Distinction”.



Action Agenda

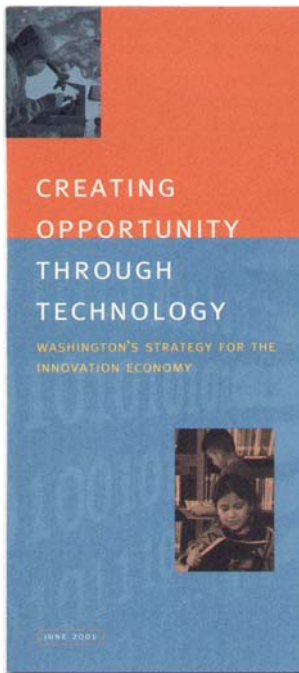
Building on Governor Locke’s *“Promoting Opportunity through Technology”*, these basic elements—urban, rural, traditional and emerging industries—provide the framework for action to improve our economic health.

While each area has its differences, there are parts of each solution that are common.

Building dominant and competitive industry clusters.

Always searching for high value markets.

And, most importantly, connecting people, organizations and facilities across the state in their work to solve issues.



By promoting our industries, local and statewide, we can realize the benefits. Good, stable jobs will be more plentiful in communities all over the state.

This “Innovation Washington” vision provides Washington Technology Center with a future, an outcome to which we can commit our resources and our energy.

And, that’s a future we can live in.

Board of Directors Concurrence

At the Washington Technology Center Board of Directors meeting in June 6, 2002, this strategy was presented in outline form. At that meeting, the Board of Directors unanimously approved the content of that presentation as the basis for WTC's 2003–2008 strategy.

The signatures below signify that this plan accurately reflects the content and intent of that June 6, 2002 presentation. It is therefore the guiding document for WTC relating to business strategy, development, and programmatic activities.

David Giuliani, Chair

Date

Anjan Bose, Vice-Chair

Date

Table of Contents

Toward an Innovation Economy in Washington	ii
Board of Directors Concurrence	iv
Table of Contents	v
WTC Purpose and Role	1
PURPOSE	1
ROLE 1	
Goals	2
Goal 1: Improve Washington industries' competitiveness through innovation and technology	2
Goal 2: Drive Washington to be among the top quartile of technology and innovation- based states	2
Goal 3: Develop WTC to national prominence	2
Current Situation Assessment	3
Situation Assessment Tools	3
Conclusions from the Assessment	4
Planning Framework	5
Business Lines	6
BL1: USER FACILITY NETWORK	6
BL2: STATEWIDE PROGRAMS NETWORK.....	10
BL3: INDUSTRIES OF DISTINCTION	16
Crosscutting Strategies	21
S1 - Organizational Strategy: Independent state-chartered organization.....	21
S2 - Financial Strategy: Diversified revenue with state-funded core	23
S3 - Human Resources Strategy: First-rate people; First-rate results.....	27
S4 - Planning Strategy: Continuous measurement against a shared statewide vision	29
Appendix A: WTC SWOT Analysis	31
Appendix B: 2001 Focus Group Results	32
Appendix C: Statewide program candidates	38

WTC Purpose and Role

PURPOSE

WTC's Board of Directors reaffirmed the organization's purpose in December 2001 as follows.

WTC will be a nationally pre-eminent organization that focuses state, federal and private resources on the development and commercialization of new products and technologies as a vital part of Washington's economic growth.

This statement includes two important enhancements to WTC's previous purpose statement.

1. "... a nationally pre-eminent organization" - WTC will play a role in Washington's economic growth. And WTC should exhibit all the attributes of national leadership in doing so.
2. "... that focuses state, federal and private resources ..." - Previously WTC has focused almost exclusively on state resources. This Board of Directors statement directs WTC to actively pursue resources, financial and otherwise, from the federal and private sectors.

ROLE

There are six fundamental building blocks for our economy. They include education & research, a skilled workforce, access to capital, a supportive business climate, an infrastructure providing easy access to services and goods, and a high quality of life.

WTC can provide integration among these diverse resources. This integrating function can be thought of as the "operating network." Elements of this network include commercialization of ideas, support for entrepreneurs & industries, effective transfer of technology and good communication among all stakeholders of innovative ideas. (See Figure 1).

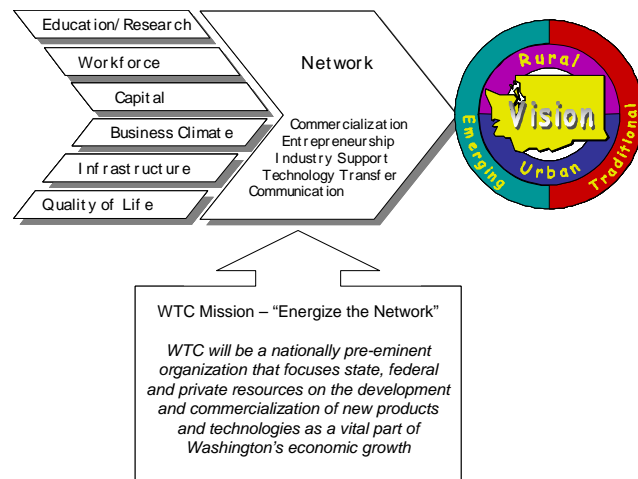


Figure 1: WTC Role

Goals

Goal 1: Improve Washington industries' competitiveness through innovation and technology

Realizing our vision of economic vitality through competitive industries requires that innovation and technology play a central role in Washington's economy—everywhere in the state. Achieving this goal will assure that each local community has connection to the necessary people, organizations, facilities and programs to enhance their economy and improve their industries' competitive positions. Companies in these communities have the appropriate support, can find the workers they require and deliver products into markets across the state, the nation and the globe.

Goal 2: Drive Washington to be among the top quartile of technology and innovation-based states

Creating the environment of innovation across our state requires effective investment – from public sources and from private sources. One measure of the progress toward this Innovation Economy is the amount of investment (and subsequent positive return on that investment) into its support, as compared to other states. An investment of at least \$25M annually is required to achieve this top quartile ranking. This investment will highly leverage state investment with funds from federal and private sources as well as realized returns.

Goal 3: Develop WTC to national prominence

Washington Technology Center has a central role to play in the evolution of Washington's Innovation Economy. WTC can only fulfill that role through its continued quest for excellence as a leader in promoting the infrastructure, in connecting the people and companies, in bridging the gap between public and private support and in continually measuring and benchmarking. To achieve this status, WTC must continue to make advances in its own practices.

Current Situation Assessment

During Fall 2001, WTC staff, Board members, and others assessed WTC's current situation and the needs across the state. This assessment was performed in three parts:

- a series of focus group meetings with communities across the state,
- an internal SWOT assessment, and
- a comparison of technology-based economic development programs from six states.

Situation Assessment Tools

Statewide Focus Group Results

Based on Governor Locke's innovation strategy *Creating Opportunity through Technology*, released in 2001, WTC conducted a series of focus groups in communities around the state. The purpose was to gain an understanding of how the local leaders in each community viewed their priorities with respect to technology and innovation. The eight-points in the Governor's Innovation Strategy provided a good framework for these discussions.

Two primary conclusions from these meetings are appropriate for WTC's planning. (See Appendix B for full results).

- Access to resources, especially capital, was uniformly identified as a significant need in every region around the state.
- Lessons learned and best-practice examples are important to local economic development and technology-based groups forming in communities around the state.

Internal Analysis – Strengths, Weaknesses, Opportunities, Threats

WTC staff conducted a SWOT assessment of WTC in seven categories ranging from scope and mission to programmatic strength to funding stability. (See Appendix A for details).

The following conclusions can be drawn from this assessment.

- WTC's R&D program is working well, providing leverage on the state investment and meeting needs from companies all across the state.
- WTC's Microfabrication facility is showing strong growth and can serve as the basis for additional capabilities and facilities to meet the needs of growing companies.
- More than 80% of WTC's funding is provided by the state General Fund Appropriation making WTC vulnerable in times of state revenue shortfalls.
- WTC has been fortunate in external support by organizations such as Washington Council of AeA to advocate for WTC with the Legislature. WTC must now develop independent advocacy to replace and augment this external support.

Six State Comparison

As the third and final piece of the assessment, six states were chosen to represent the breadth of technology-based economic development programs across the country. These states (California, Georgia, Massachusetts, Ohio, Pennsylvania, and Utah) were examined in several categories from program scope to organizational structure to funding source and amount.

From this cross-state analysis, two primary conclusions can be drawn that are pertinent for WTC's planning:

- Many options exist across the different state models. Similar programs have been very successful in one state and have been abandoned in another. It is therefore important to design a set of programs that match well with the economy and political environment of Washington, not simply adopt a program from another state.
- Washington's overall investment in technology-based economic development is significantly smaller than other states whose economies rely on technology and innovation—perhaps by a factor four.

Conclusions from the Assessment

By reinforcing the strengths identified above and addressing the weaknesses, it's clear that WTC has three points of advantage for future business opportunities.

1. Operation of the Microfabrication Laboratory is a strength that can be leveraged into broader and more significant facility-based programs
2. WTC's Research and Technology Development (RTD) program and the connections across the state developed through the WaFAST Program provide the basis for a network of technology and economic programs with much higher impact.
3. The RTD and Technology Initiatives are a base for expanded support of technology companies and industries in the state and within the Pacific Northwest.

These three points of advantage are the basis for WTC's Business Lines described in the following sections.

Planning Framework

This plan outlines an innovation-based economic vision for Washington State and the appropriate business response to that vision from Washington Technology Center. WTC's response, in the form of a set of Business Lines and Crosscutting Strategies are driven from the mission as shown in Figure 2 below.

Mission: WTC's mission is driven from the economic vision (see Figure 1)

Goals: These are the goals WTC is committed to achieving

Current Situation Assessment: Assessment of WTC's strengths, weaknesses as well as statewide needs

Business Lines: Based on WTC's mission and strengths three business lines are identified that support the overall vision of a state innovation-based economy. Each business line has explicit results, schedules and financial performance measures.

Crosscutting Strategies: Common to all WTC activities are these crosscutting strategies. They describe how WTC will undertake its operations.

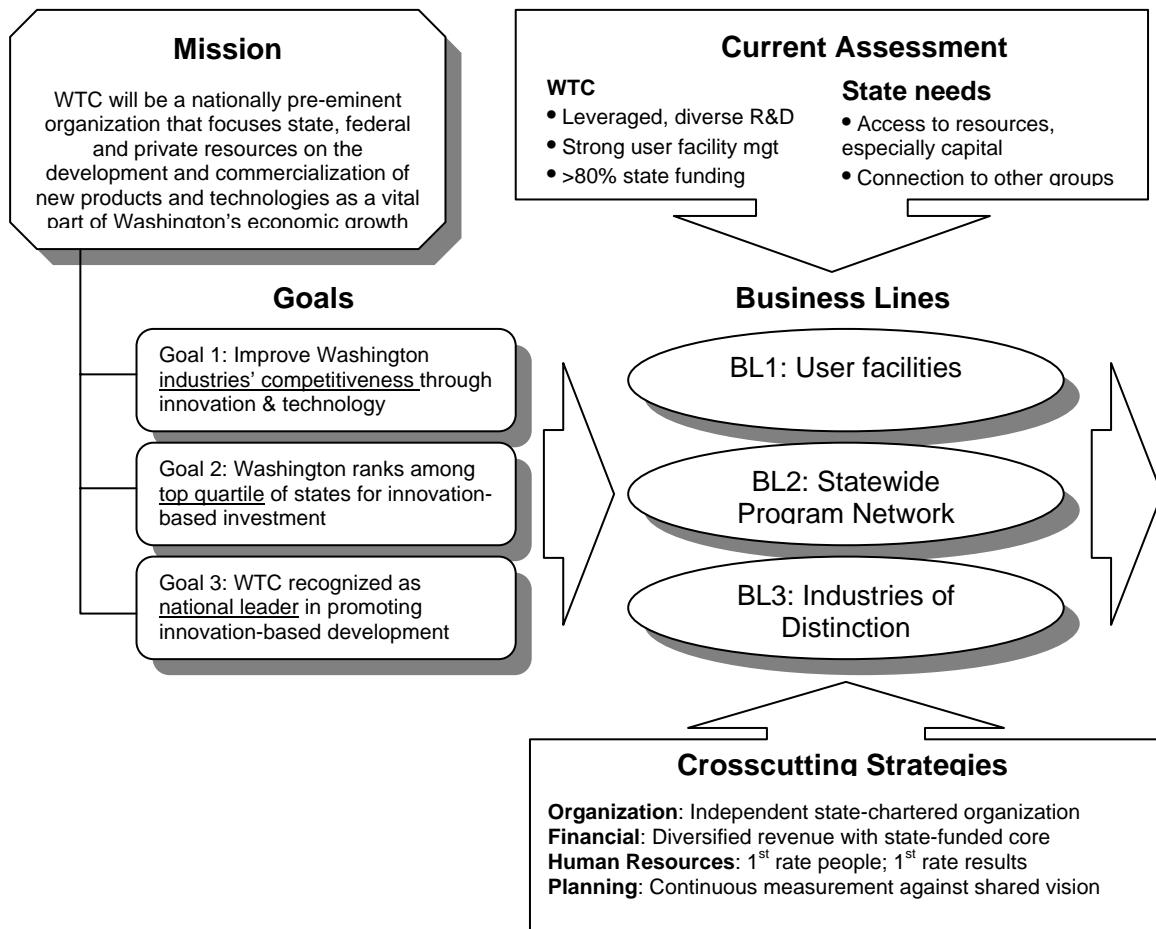
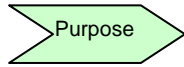


Figure 2: WTC Planning Framework

Business Lines

BL1: USER FACILITY NETWORK



Create a statewide network of well-managed user facilities meeting important industry and research needs.

Overview

Since its inception in 1994, the WTC Microfabrication Laboratory (FabLab) has consistently provided valuable services and equipment to industry and academic users. This business line builds on that experience by expanding current laboratory space and providing new facilities in communities with high need.

- **FabLab Expansion** – WTC will diversify and/or expand the processes, services, equipment, and support structure of the Fluke Hall Microfabrication Laboratory (FabLab) to meet the changing needs of its users. Continued user growth and full cost recovery are explicit objectives in this expansion.
- **New Facilities** – WTC will investigate locations where specialized facilities exist or can be developed economically to provide services analogous to the FabLab. As with the FabLab, facilities will be considered only in those locations where there is a clear need and the facility can be operated for full cost recovery.

Expectations

Performance Expectations

No reportable environmental, safety and health incidents

Strong user satisfaction

Second user facility operational in FY2005; Third by FY2007 (based on sufficient market need)

Financial Expectations

Self-sufficient operation in FY2005 and all later years

\$1,000,000 revenue in FY2005

20% revenue growth in FY2006, 2007

Implementation

Major Activities

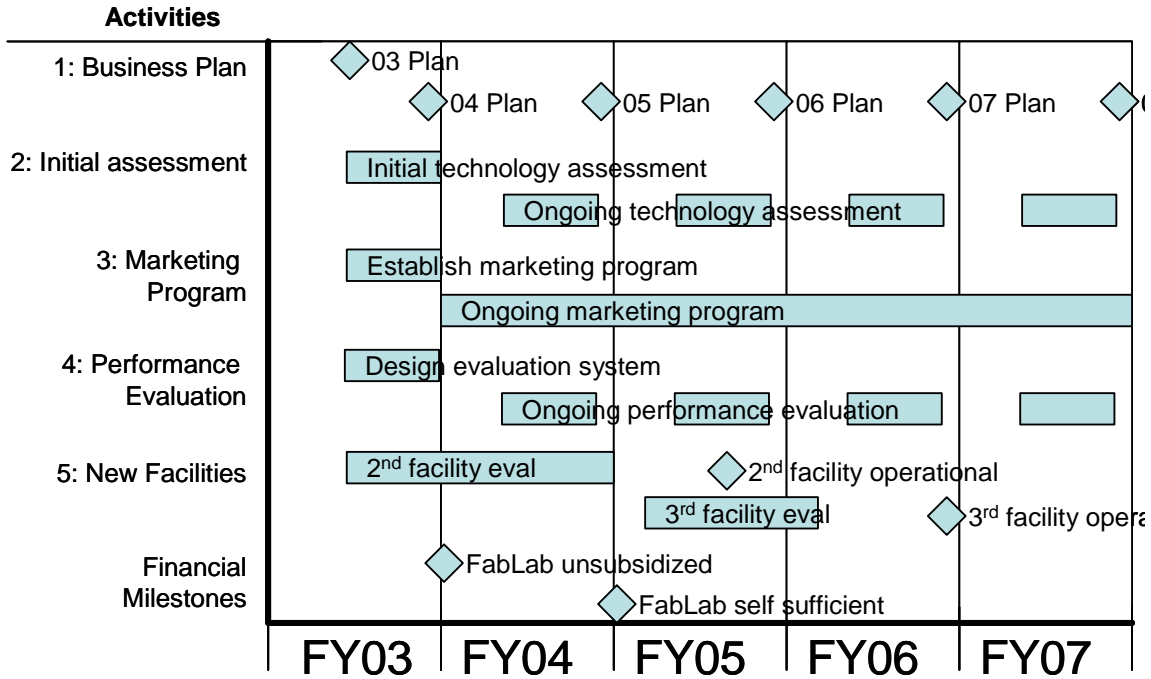


Figure 3: BL1: User Facilities - Schedule and Milestones

Activity 1: Develop User Facility operating plan

The plan shall describe a period of three years and shall be updated at the beginning of each fiscal year to cover a rolling 3-year period. This plan must address:

- Market assessment, including capability, equipment and services needs differentiated by geographic location and customer type
- One year customer sales forecast
- One year operating cost projections
- One year plan for User Facilities marketing program, materials and communications
- Three year product mix (industry users, university users, contract services)
- Three year capability enhancement and equipment acquisition plan

This initial business plan shall be completed during the first half of FY2003.

Activity 2: Technology and service capabilities assessment

The capabilities of the FabLab must continue to evolve with the changing needs of the local Seattle and greater Northwest regions. The laboratory must also continue to operate effectively, maximizing its value to users in terms of time and technology. This proposed review of operations and capability planning is expected to be an on-going activity.

Thus, forward-looking research is required to assess new industry and technology areas that are immediate candidates for FabLab support. One example of a leading candidate is the photonics and optical device industry. The result of this initial evaluation will be:

- A description of potential new capabilities for the FabLab, including assessment of industry needs and timing.
- Analysis of necessary investment to accomplish expected outcomes.
- An on-going assessment of the equipment available in the FabLab as well as a plan for expanding the equipment and service capability. Included in this assessment must be the actions required to develop new sources of funding and equipment to expand the FabLab's capability base.

Activity 3: Establish user facility marketing program

Marketing is an essential component of the operating plans of WTC user facilities given the need for continual renewal of their industry user base. While Activity 1 will be developed using the best known marketing information available, it is understood that broader research should be performed in the later months of FY2003, providing the information that will support the revision of this plan in FY2004. This marketing plan will outline a process to identify and successfully attract customers to WTC's user facilities.

This marketing activity includes:

- Develop a target user/customer profile and approach strategies for various industries
- User satisfaction and unmet needs assessment
- Develop marketing communications plan
- Establish on-going process for pricing FabLab services and equipment usage. A clear pricing model must be developed that matches user fees to lab value and is easily communicated to the users.

This activity must be completed in FY2003.

Activity 4: Ongoing performance evaluation

To ensure continually increasing quality of operation, WTC will undertake an ongoing reporting and performance evaluation for all of its user facilities. Financial performance, user satisfaction and environmental, safety and health performance will all be included.

The initial step is to define the reporting needs and design the feedback and measurement system. This initial design will be completed in FY2003. Minimum requirements include:

- Annual reporting of all aspects of performance for each user facility
- Quarterly summaries of key performance elements
- Exception and incident reporting as required

Activity 5: Market analysis for potential new user facilities

This activity will identify regions in which specialized facilities analogous to the FabLab can be created and economically operated. Significant outreach effort to the local technology and business communities is required in order to identify these opportunities.

To achieve success this activity must:

- Establish criteria by which a new facility would be supported.

- Survey needs across the state.
- Identify existing facilities that can be used or developed to meet the needs.
- Build the business case for the most promising of these facilities.

This activity can only succeed if prosecuted in partnership with the local community, business and technology groups. WTC’s role is to establish the need, identify a local entity to champion the facility, and to provide the model expertise in creating and operating the facility.

The initial and primary focus for WTC’s facilities is Washington State. However, during the course of this activity, potential facilities may be considered in other nearby states in cooperation with their appropriate administrative authorities. Such facilities will be limited to locations in the Pacific Northwest.

This activity may be started in FY2003. Providing that a need can be identified, a second facility will be operational in FY2005. Additional user facilities will be made operational in as timely a manner as possible.

Resources

Revenues

To meet the goal (below) of exceeding \$1M in revenue in FY2005, interim revenue goals are required. These are \$740K in FY03 and \$860K in FY04.

The FabLab business plan must include plans to attract resources and investments in addition to user fees. These can include matching funding for equipment or operations, federal investment in programs or equipment, and laboratory services.

Support for the FabLab from WTC’s state appropriation will continue in FY2003. However, no additional state support will be provided to the FabLab in FY2004 or beyond.

Expenses

Capital expenditures will be considered on a case-by-case basis. New, external funding will be required for these investments and must be raised on the merits of the business case.

WTC will be changing its accounting system in FY2005 in order to more equitably allocate overhead and achieve full cost recovery for all FabLab operations. Expenditures must be minimized in anticipation of this change in accounting to avoid a significant decrease in available funding for the FabLab in FY2005.

Table 1: BL1 Revenue & Expense

Year	Revenue Projection	Projected Expenses
FY2003	\$ 740K	\$ 740K
FY2004	\$ 864K	\$ 830K
FY2005	\$ 1,025K	\$ 832K
FY2006	\$1,230K	\$ 998K
FY2007	\$1,475K	\$1,198K

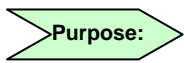
Staffing

Sufficient number of staff to ensure safe, effective and sustainable operation of the FabLab will be hired and retained. Addition of engineering, maintenance and support staff is expected as the need is realized and the revenue is sufficient.

An on-going effort should be made to ensure that training and capabilities of all FabLab staff meets the requirements for safe operation.

Policies for interaction with FabLab company partners must be continually reviewed. Non-disclosure, IP protection, operational liability and other staff-related items must be addressed. These policies will be reviewed annually and evaluated for update.

BL2: STATEWIDE PROGRAMS NETWORK



Extend WTC's statewide effectiveness by working through local organizations.

Overview

Startup and growing companies are greatly facilitated by experienced people, dedicated facilities, economic organizations, research institutions and equity or debt capital that are available locally. All of these resources are not available in each community around the state. WTC will play a role by providing companies with access to these resources.

This Statewide Innovation Support Network (the "Network") is a set of connected innovation and technology support organizations distributed around the state. It is an association of business and non-business entities, people, and facilities that offers valuable programs and services to entrepreneurs, companies and researchers statewide.

Existing network

The initial elements of this Network currently exist. There are organizations in Seattle (WTC), Spokane (SIRTI and INTEC) and Tri-Cities (APEL and PNNL) that serve as initial nodes in this network. In addition, programs providing research access, federal SBIR support and some business planning services are available. At least a dozen communities around the state have the potential to host organizations that will serve as nodes in this network (see Figure 5).

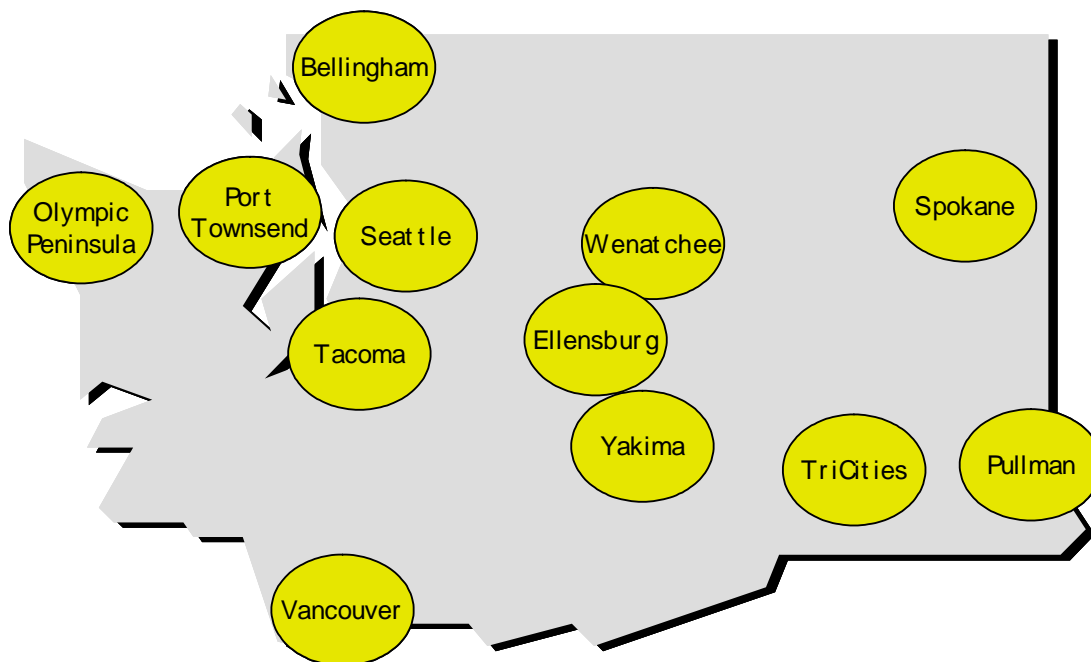


Figure 4: Potential Nodes in Statewide Innovation Support Network

Expanding the Network

Expanding the network is accomplished along two parallel tracks. First is expanding the programs available through the local Network organizations. These are developed based on the identified needs in each community.

Second is expanding the number of communities hosting organizations that serve as nodes in the network. Beginning with the initial three (outlined above) the potential exists for a network with local access in as many as 12 of 15 communities.

Puget Sound Network Node

In addition to defining and building out the Network as described above, WTC has the responsibility to provide the local access node for the Network in the Puget Sound region. WTC will focus its outreach efforts to ensure that companies and entrepreneurs in the Puget Sound region have exceptional access to the services of the Network.

In addition, WTC will use this responsibility to support Puget Sound companies and entrepreneurs to pilot new programs and facilities. The templates for these programs will then be offered to other regions for implementation in their local communities either directly or with WTC's support.

Expectations

Performance Expectations

Network with organizations in at least 10 communities around the state serving as local access nodes.

Programs explicitly targeting rural communities for technology-based development.

Programs and facilities dedicated to company and entrepreneur needs in the Puget Sound area.

Financial Expectations

\$4.5M revenue by FY2007 from all sources to support network operations and programs.

\$2M revenue available for joint R&D projects and special initiatives from state sources in FY2006 and later.

Implementation Plan

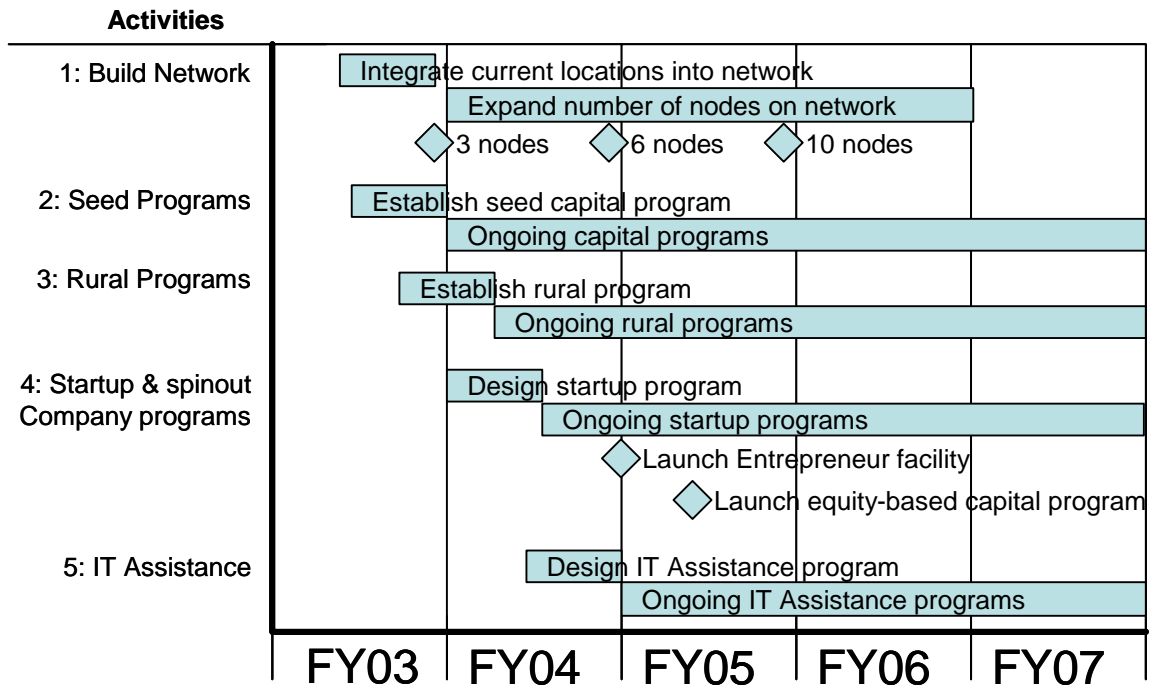


Figure 5: BL2 Statewide Programs Network Activities and Milestones

Activity 1: Build the Statewide Network

The Statewide Innovation Support Network will be expanded by identifying communities with needs that can be served by the Network and then identifying local organizations to provide access. Currently three communities (Seattle, Spokane, Tri-Cities) have both local organizations and programs. These serve as the starting point for the Network.

WTC will use a market-driven approach to building the Innovation Network in each of these locations. Three steps best describe this “needs-first” process.

Step 1: Market development – Assess the needs of local industries and businesses throughout the state, and specifically in targeted regions. An integrated set of programs, services and products will be identified to address these needs. This program will be developed in concert with local economic development, technology and educational organizations to maximize the potential for effective delivery (see Step 2).

Step 2: Franchise development – Establish responsibility to meet local market needs using existing local organizations that have the competence and capabilities. Only in those cases where no existing local organization can serve the need will WTC consider creating a new organization or directly filling the need.

Primary factors for a local organization’s success in this franchise model fall into the three categories shown in Table 2 below.

Table 2: Factors for success of local Innovation Network Organizations

Capability	An organization’s existing and potential capabilities; staff and facilities
Commitment	The organization’s management commitment to the mission and responsibility of the network
Funding	Local organization’s ability to attract or supply available funding to support the activities, programs and services of the network

WTC will develop objective requirements for selection, and capability enhancement for these organizations, to ensure these primary factors have the best chance of being met.

Step 3: Program Implementation – The Innovation Network programs will be implemented in three stages.

Existing programs: Existing programs will be integrated into the network in the Phase I then Phase II local areas. Examples of existing programs are the Research and Technology Development (RTD) program and the WaFAST program.

Expanded programs: Current programs will be expanded to meet specific needs of local areas and expanded into regions with less coverage. Identifying additional outreach and support organizations for RTD and WaFAST are examples of this stage.

New programs: New programs will be developed for delivery through the Innovation Network that meet common needs among the local regions. Examples of these programs include the seed network, entrepreneur support programs and the information technology support program (Activities 2, 3, 4).

Stage 1, existing programs, will begin implementation immediately. Program expansion and new programs will follow over the next 2-3 years.

An important aspect in creating the Innovation Network is implementing continuous evaluation and renewal of the program base. All programs and service organizations will be evaluated for improvement or redirection at least once every two years.

A large list of potential programs was developed during the 2001–2002 WTC strategic planning process. These program concepts are listed in Appendix C.

Activity 2: Seed Funding Programs

A key success factor in the creation and growth of new enterprises is access to capital. A set of programs will be explicitly designed and implemented that target angel and seed investors. These programs will both encourage participation by more investors, individual and institutional, and increase their skill in assisting their investment companies.

In FY2003, programs will be designed and implemented. Federal resources will provide the initial resources to support the program. In the long term, the seed investors and customer companies will support the operation of these programs.

Activity 3: Rural Programs

Introducing new technologies and developing market opportunities for companies and entrepreneurs in rural Washington is an explicit goal of this Business Line. Such rural programs

can be created by tailoring existing programs to the needs of rural communities, especially those relating to capital access. US Department of Agriculture and other federal agencies have programmatic funds available for these purposes.

One example of such a program is using WTC's outreach function to promote in partnership with local organizations, public and non-profit organizations providing either debt or equity financing to rural communities. In addition, WTC's technology review committees can be made available for guidance to those companies adopting new technologies.

Activity 4: Startup and Spin-out Company Programs

Specific programs must be developed to assist entrepreneurs in the formation of new enterprises. An emphasis in these programs will be the formation of companies based on technologies in Washington's research universities and institutions.

Potential programs can address needs in one or more of the following areas:

- Business planning
- Capital planning
- New technology infusion
- Financial operations and planning
- Management development
- ... and others

The initial focus of this activity will be on creating programs and facilities that address needs in the Puget Sound region. Once these programs are stable they can then be replicated in other locations around the state.

Investigation of potential programs to support these entrepreneurs will begin in FY2004.

Activity 5: Create an Information Technology Assistance Program

The United States has created two successful programs supporting specific sectors with basic support. These are the Agriculture Extension Service, created to provide farmers with new farming, business and technology ideas, and the Manufacturing Extension Program, created to have the same effect on the nation's small manufacturers.

As a later activity directed at supporting technology infusion into companies all across the state, WTC will investigate creating a technology program analogous to the agriculture and manufacturing extension programs. Increased competitiveness of companies in all sectors of Washington's economy is the result expected from this program.

Investigation of how such an "Information Technology Extension Service" might be created and operate will begin in either FY2004 or FY2005, depending on resource availability.

Resources

Revenues

The Innovation Network Program Manager is accountable to ensure that sufficient revenue is available to effectively operate and sustain the network.

Explicit revenue goals by year, by region and by major program area as well as the mix of fee-for-service and appropriated funds will be identified in the Business Line Plan.

Expenses

Expenses for this Business Line include all costs for personnel and non-personnel items. Funds awarded under the RTD or other grant program are included in the expense total. In addition, the expense of operating an effective communications infrastructure among the Network participants is included.

Staffing

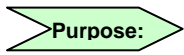
WTC will refocus two marketing positions on (1) creation and management of the network and (2) outreach to the Puget Sound area.

WTC will hire a Federal Programs Development manager to lead the effort to attract federal funding for the programs identified in this Business Line.

Table 3: BL2 Revenue and Expense Summary

Year	Revenue Projection	R&D Expense	Program Expense
FY2003	\$ 1,800K	\$ 1,700K	\$ 100K
FY2004	\$ 2,000K	\$ 1,600K	\$ 400K
FY2005	\$ 2,500K	\$ 2,000K	\$ 400K
FY2006	\$ 3,250K	\$ 2,000K	\$ 1,000K
FY2007	\$4,500K	\$ 2,000K	\$ 2,000K

BL3: INDUSTRIES OF DISTINCTION



Accelerate emergence of significant statewide industries.

Overview

This strategy represents WTC's most visible commitment to the future of business in Washington State. With the implementation of this strategy, we expect to develop a new six-part model to accelerate the growth of key industries with high potential.

Table 4: Six-part *Industries of Distinction* model

Select	... industries poised to emerge having high potential for large positive impact on the state's economy.
Collaborate	... with existing organizations to extend the work they already do, and to build on these existing accomplishments
Self-fund	... the investment in these emerging industries by building a coalition of stakeholders that will make the initial investment and then attract significant investment from external sources, especially from federal agencies.
Manage	... each industry program for sustainable success by using WTC's infrastructure for initial support.
Extend	... each of our current programs and those of key partners to provide value explicitly to this new emerging industry; e.g. RTD/FTI program and WaFAST program.
Generalize	... the methods developed and the lessons learned to other industries such that a generic, repeatable template is developed for future use.

Energy Technology has been chosen as the pilot industry for the implementation of this strategy. The Northwest Energy Technology Collaborative (NWETC) is the mechanism used to promote and accelerate the emergence of this industry. It will serve as the example and the basis for the template to promote future Industries of Distinction.

Expectations

Performance Expectations

Major regional energy demonstrations

External investment in Northwest Energy Technology companies as a result of NWETC program

Replicate NWETC in other industries

Financial Expectations

12 NWETC members by January 1, 2003

\$1M revenue in FY2004

\$8M revenue in FY2007 with stable to increasing revenue thereafter

Implementation

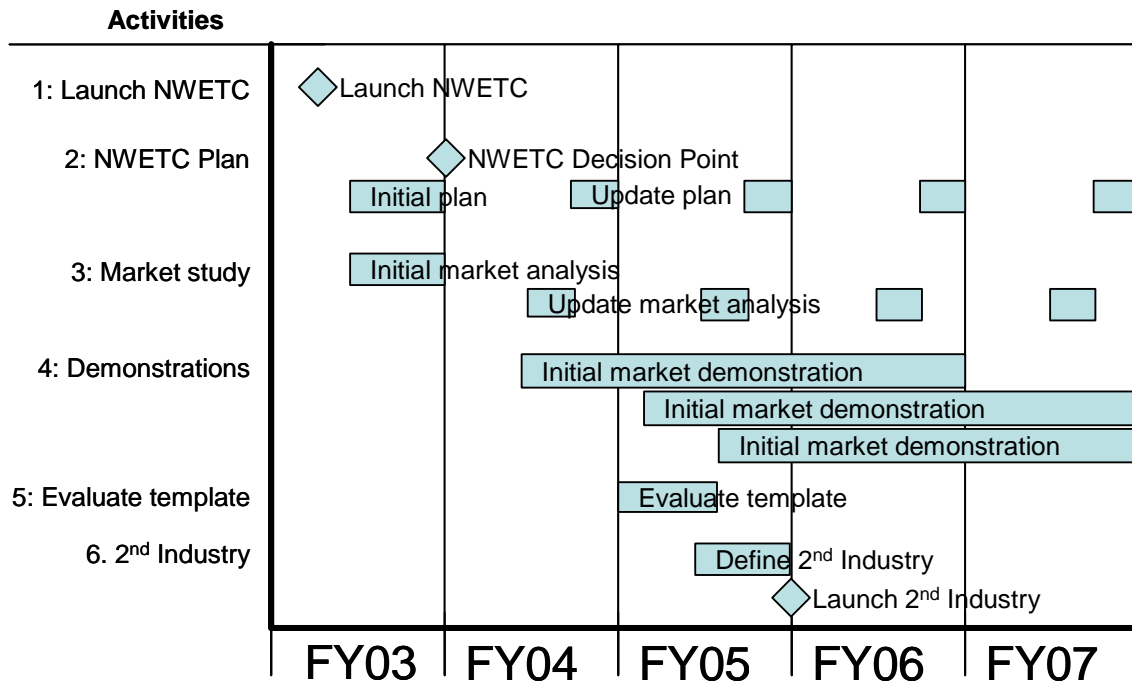


Figure 6: Business Line 3 – Industries of Distinction Schedule and Milestones

Major Activities

Activity 1: Launch Northwest Energy Technology Collaborative

The Northwest Energy Technology Collaborative (NWETC) was launched in August 2002. This represented the initial phase of the Collaborative which extends until December 31, 2002 when a performance review will be conducted. If successful in the initial activities the Collaborative will be continued into 2003.

Initial activities for the Collaborative include developing the business plan, recruiting addition members, identifying potential market opportunities and developing major demonstration programs.

The NWETC is guided by an Advisory Board made up of dues-paying members. By December 31, 2002 NWETC is expected to have 12 dues-paying members. By the end of FY2004 that number should be at least 20 and will be maintained at that level. This number results about \$400,000 to support core operations of the Collaborative.

Activity 2: Develop business plan for the NW Energy Technology Collaborative

The purpose of the Northwest Energy Technology Collaborative is to accelerate a significant industry (20,000 or more jobs in the Northwest). A plan will be developed that details the key elements to support this industry. These elements include:

- Long term vision and value-proposition for the NWETC.
- Market analysis revealing niche opportunities for NW companies.
- Demonstrations to explore key market niches and demonstrate how risk can in addressing these markets can be reduced.
- Elements of a commercialization environment that includes communications, integration of business, research and investment, and support services to energy technology companies and entrepreneurs.

One key component of the NWETC business plan is the set of regularly scheduled events to provide communications among stakeholders and interested parties about the energy technology industry. These events are called the Energy Exchange, and will be scheduled once the NWETC has passed its initial Dec 31, 2002 review.

The events will focus on providing the information and insight necessary for various stakeholders, including:

- Would-be entrepreneurs and intrapreneurs to begin working on products addressing energy issues.
- Investors considering the energy technology industry as a place to make their next startup or company investment.
- Researchers and inventors to provide an connections to others with access to markets that may have need for their product ideas.

This business plan will be drafted by December 31, 2002 and finalized during the first year of operation.

Activity 3: NWETC Market Analysis

NWETC will use a market analysis to guide its investment and staff effort. This market evaluation will outline the broad Energy Technology markets and provide additional detail for those highly-promising niches where Northwest companies can provide products or services. This market analysis will serve to guide the selection of market demonstrations, program development and topics for inclusion in the Energy Exchange.

NWETC will coordinate with other organizations that also develop market analyses in order to gain the highest leverage.

This market analysis will be completed during the first year of operation and will be updated annually.

Activity 4: Regional Demonstration Programs

The majority of NWETC activities will occur through a series of regional market demonstrations. These demonstrations are expected to address significant market opportunities and will address technical and operational challenges in those markets. The expected result is a blueprint for NW companies and entrepreneurs to build their businesses to address these market areas.

NWETC will develop a systematic process to identify, qualify and select ideas that can become major market demonstrations. This process will engage a broad array of people and organizations

to develop new ideas. The Board will develop an explicit procedure for evaluation and selection from among the possible opportunities.

These regional demonstration programs are expected to be funded by interested stakeholders. A major investor in early demonstrations will be the US Federal Government, most likely through the Department of Energy. NWETC will develop the appropriate partnerships and recruit appropriate lead organizations for key federal programs. NWETC will use WTC’s state agency and 501(c)3 tax statuses as assets in creating these partnerships and consortium programs.

Demonstration programs are expected to account for \$1.4M funding in FY2004 and rise to a level of \$8M annually by FY2006.

Activity 5: Evaluate the Industries of Distinction template

Approximately two years into the operation of the Northwest Energy Technology Collaborative, its position within the conceptual framework provided by “Industries of Distinction” will be evaluated. This evaluation will address the key elements of the NWETC, the primary lessons learned, and how to generalize the NWETC experience into a template that may be used to accelerate the growth of other industries.

The evaluation will include:

- An assessment of the viability of the Industries of Distinction program.
- A template for use in other industries.
- A list of candidate industries for future collaboratives.
- A set of criteria by which the future industries will be selected.
- This evaluation will be completed by the middle of FY2005.

Activity 6: Launch additional Industry Collaboratives

Assuming the successful evaluation of the Industries of Distinction template, additional industries will be launched at about 2 year intervals. The expected model is an identification and selection period of about six months followed by a 3–6 month startup period during which the initial Board is recruited and the Director is hired.

Resources

Revenue

The NWETC is expected to generate all revenue necessary for its operation from new sources. The initial revenue will come from membership dues paid by the charter members.

Future revenue will be identified and attracted from federal, private and state sources. This revenue is made available based on the strength of the programs and demonstrations proposed by the NWETC.

Table 5: BL3 Revenue and Expense Summary

Year	Member Revenue	Program Revenue	Program Expense
FY2003	\$ 250K	\$ 0K	\$ 250K
FY2004	\$ 300K	\$ 700K	\$ 1,000K
FY2005	\$ 400K	\$ 2,000K	\$ 1,920K
FY2006	\$ 400K	\$ 4,000K	\$ 3,500K
FY2007	\$ 400K	\$ 8,000K	\$ 6,400K

All revenue will be managed through WTC's financial system.

Expenses

The NWETC Director has the authority to commit resources of the Collaborative to its programs, staff and support. Detailed expense and revenues will be developed as part of the NWETC business plan.

Staffing

Initially a single person, the Director, will staff NWETC. As revenue is increased, the number of staff supporting the Collaborative will be increased. The NWETC Board of Directors will concur on any decision to hire additional staff. All staff will be employees of Washington Technology Center.

Crosscutting Strategies

To effectively implement the business lines in the previous section, WTC must adopt a consistent operating philosophy in major areas. These are defined as Crosscutting Strategies and are described in this section.

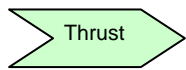
S1 - Organizational Strategy: Independent state-chartered organization

S2 - Financial Strategy: Diversified revenue with state-funded core

S3 - Human Resources Strategy: First-rate people; First-rate results

S4 - Planning Strategy: Continuous measurement against a shared vision

S1 - Organizational Strategy: Independent state-chartered organization



WTC operates as a performance-based organization with a public-purpose mission chartered by the State of Washington.

Overview

WTC will retain its state mandate through its legislative charter and Governor-appointed Board of Directors. This state mandate is critical to accomplishing WTC's mission because it provides a mission basis for the elements of this strategic plan.

WTC will separate from Washington's Department of Community, Trade and Economic Development (CTED) to become an independent state agency. This separation will be undertaken early in FY2003 in order to ensure the necessary legislation for the 2003 Legislative Session is well formed. Several other options ranging from full privatization of WTC to merger with other state agencies or universities were considered throughout the planning process. None was deemed as effective for WTC in accomplishing its purpose as becoming an independent state agency.

This transition is important to WTC because it allows a working relationship with CTED and the state's other economic development agencies without being subject to the same policies and guidelines. Most specifically, any budget reductions targeted to CTED, as a large state agency, will not necessarily flow directly to WTC. Another of the large benefits of retaining state agency status is the liability protection afforded to both the organization and Board of Directors.

WTC will also retain its 501(c)3 non-profit tax status. This status allows WTC to accept charitable contributions.

When any single program becomes large enough, or has programmatic or financial requirements that do not fit well within the guidelines of a state agency, WTC will spin off that program or function as an independent, but closely associated, private corporation. The exact form of such a spin-off corporation will be defined at the time it is created. One key indicator of the necessity of such a spin-off will be equity holdings important to the program.

Implementation

Initial milestones

Milestone 1: Achieve state agency status by July 1, 2003

During FY2003 WTC will separate from Washington’s Department of Community, Trade and Economic Development (CTED). Necessary legislation and Executive action will be identified to make WTC an independent state agency during the 2003 Legislative Session.

Milestone 2: Develop advocacy-based legislative approach by January 1, 2003

To ensure that WTC’s state funding is maintained an explicit approach to the Legislature and Governor’s office must be identified.

It may be necessary to retaining professional advocacy support; as such the impact of using external, paid services must be evaluated. One important element is to determine what the restrictions are on financial support for such external advocacy.

This activity will be started in FY2003. This approach will be first utilized during the 2003 Legislative Session. It can then be refined for future sessions.

Ongoing activities

Ongoing Activity 1: WTC Champions

WTC must develop strong and committed external champions in order to realize the full potential outlined in this strategic plan. These champions must be stakeholders from government & legislature, business community, higher education and civic leadership.

Continuation of WTC’s state-funded programs and development of new federally funded programs will be possible only with the support of several legislative and congressional champions. Therefore WTC will develop appropriate relationships to gain priority support from these policymakers for WTC’s programs.

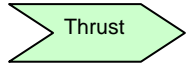
WTC’s Board of Directors will play a key role in identifying and gaining support from these champions. The Executive Director will work with the Board of Directors to engage them, both individually and collectively, in developing these champions and in securing the necessary private funding.

Required resources

Table 6: S1 Required Resources

<i>Activity</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
1: Agency status					
2: Advocacy	\$25K	\$25K	\$25K	\$25K	\$25K
2: Champions	\$25K	\$25K	\$25K	\$25K	\$25K

S2 - Financial Strategy: Diversified revenue with state-funded core



WTC derives its operating revenues from a balanced mix of public, private and investment sources with a state appropriation for core operations.

Overview

Target Investment

Investment for innovation-based economic development should be large enough to place Washington in the top quartile of states (see Goal 2). This translates into \$25M annually. Currently about \$8M is invested each year. (See figure 7)

As an approximate target, the additional \$17M should be dedicated to

- Industry of Distinction programs (\$8M)
- New economic development programs delivered through the Innovation Network (\$5M)
- New university research Centers (\$4M)

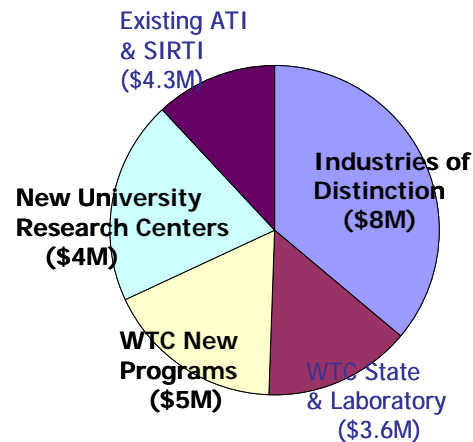


Figure 7: Funding Categories – FY2008

In order to diversify the base of support for these programs, it is desirable to split the revenue for these programs from three primary sources types into roughly equal parts. These three are (1) state and federal government, (2) private and foundation sources, and (3) fees and return on assets. (See Table 7)

Financial model and systems

Washington Technology Center must modify its operating structures and policies to achieve this strategic target. These modifications regard either WTC's legal structure or its financial and accounting model.

Accounting Model

WTC will redesign its accounting systems to allocate overhead expenses for full-cost recover and to accommodate non-state revenue sources.

WTC currently directly charges all operational and programmatic costs to a revenue source. As the number and size of revenue sources is increased due to the actions of this plan, that financial system will quickly become insufficient. Therefore, WTC will move to a financial model where overhead is charged against all revenue sources. The funding appropriated in this manner will be used to cover the cost of WTC's general management and operations.

Financial Model

WTC's increasing diversity of revenue sources will continue to be managed through the state agency and the accounting system provided by University of Washington as WTC's fiscal agent.

Attracting federal funding is one key to WTC's future success. Many federal programs require matching funds. WTC will aggressively pursue the use of its state funding as matching for these federal programs. Our intent is to identify federal programs where current uses of WTC's state funding can also be counted as matching for purposes of the federal program. In this manner, the state funding provides dual leverage toward WTC's mission.

As WTC begins to implement larger programs where startup costs are high, we will investigate the use of debt funding sources. Washington has a state-chartered organization specifically to provide bonding authority – Washington Economic Development Finance Authority (WEDFA). WEDFA is willing to work with WTC on qualified projects that meet both WTC's and WEDFA's economic development missions.

Discretionary Funding

As WTC's operations expand and the number of staff increases, the need for discretionary funding will become more critical. Financial resources that can be used for staff reward, business functions and WTC's advocacy will be required. None of WTC's current sources allow such expenditure. This requirement will be accommodated in WTC's new financial system.

WTC Revenue Model

By FY2007 WTC will have a full complement of funding from all anticipated revenue sources.

Table 7: Revenue Mix by Funding Source – FY2008

Portion of total	Revenue source	Description
40 – 50%	State Appropriation	Core funding for WTC management, centralized services funding for joint university/ industry R&D projects
	Federal Programs	Program-specific funding for economic development programs (Statewide Network) Energy and other targeted initiatives & demos
25 – 35%	Private corporations	Matching and in-kind support for targeted initiatives and demonstrations Direct support for R&D programs
	Fees and memberships	Revenue specifically for services or products sold Program specific revenue when a membership organization is involved (e.g. NWETC)
	Charitable giving	Discretionary funding, e.g. entertainment
15 – 25%	Royalty fees	Return for licensing of WTC owned and managed intellectual property
	Equity	Return from equity ownership in WTC supported private companies

Implementation

Initial milestones

Milestone 1: Implement federal program development function by January 31, 2003

WTC must add an internal capability to successfully identify and attract this federal investment. The initial step is to recruit a Federal Business Development manager. Recruitment will begin in Autumn 2002.

This person will be responsible for identifying federal programs that have funding matching the requirements of WTC’s programs. This program manager will work in concert with the Business Area managers to successfully attract this federal funding.

Milestone 2: Reconcile issues about revenue sources by July 1, 2003

As WTC expands the sources of revenue, new constraints and regulations must be accommodated due to WTC’s agency status and the applicable state laws. Two primary elements in this evaluation include:

1. Clarifying allowable uses for each revenue type.
2. Identifying all issues to be resolved with each revenue type.

This study must identify and address the issues associated with attracting and using private funding and charitable contributions. It must also address royalty returns and equity investment.

Milestone 3: Reconfigure WTC accounting system by July 1, 2004

WTC’s new financial system must be in full use at the beginning of FY2005 (July 1, 2004). It must accommodate the overhead recovery accounting and non-state revenue sources. The design of this system must be completed to allow prototyping during FY2004.

Part of this reconfiguration is to successfully undergo an external audit. This is necessary because as WTC attracts a broader array of funding sources and project types, our accounting system must respond to the policy and operational needs of each of the sponsoring organizations.

Ongoing considerations

Required resources

Table 8: S2 – Required Resources

<i>Activity</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
1: Federal program	\$60K	\$120K	\$130K	\$140K	\$150K
2: Revenue issues	\$0				
3: Financial system	\$25K	\$25K	\$25K	\$25K	\$25K
	\$ 85K	\$145K	\$155K	\$165K	\$175K

Note: Resources in FY2003 and FY2004 will be direct charged to state appropriated funds and external revenues. These resources will be provided from the assessed overhead on WTC revenues in FY2005 and later. (See Interim Resources section below).

Interim Resources

These changes are required for WTC's long-term health and survival. No longer is it sufficient to rely on Washington State resources as sole support.

To accomplish the changes outlined in this strategy requires initial investment of about \$450K over the first two years. This funding is dedicated to recruit the people and create the programs as outlined. This investment will be made by redirecting state funds planned for R&D activities into support of these new activities for two years — FY2003 and FY2004.

At the end of two years, WTC's revenue base will be larger and more diversified. At that point, these "borrowed" funds be returned to the R&D program. Our goal is that 70% of WTC's state funding will be committed directly to the R&D programs we operate. We expect to achieve that goal in FY2005.

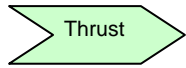
In addition, even more state funding can be committed to the R&D program because many of the other programs will be funded by non-state sources, and WTC's administrative operations will be funded through a fair-share overhead model.

Staffing

Services of a professional financial expert are required during the period that WTC is reconfiguring its financial system in FY03. In FY04 and later years, WTC will require a CFO-like resource. Until WTC's revenues are sufficient to justify this service provided by a full-time staff member, the service will be contracted on a part-time basis.

External auditing will be performed by the Office of the Washington State Auditor.

S3 - Human Resources Strategy: First-rate people; First-rate results



Developing a human resources system that encourages the best in each WTC staff member and partner

Overview

Washington Technology Center's success will depend significantly on the commitment and innovation of staff. Therefore WTC's human resources strategy is intended to empower WTC staff to both create and understand the organization's overall direction then to best prepare each individual to participate in achieving that direction.

WTC's current personnel system is implemented by adopting the University of Washington policies. As WTC implements this strategy, the personnel requirements will deviate further from standard university practice. Therefore, WTC must develop a system well suited for its needs.

Elements of WTC's Human Resource System

The initial stage of this transformation is a "whole-systems" analysis of personnel needs. WTC's personnel system, and therefore the assessment, must address these areas:

- Organizational design, including job descriptions;
- recruitment;
- performance evaluation;
- compensation;
- career development and
- succession planning

Implementation

Initial milestones

Milestone 1: Requirements and design of human resource system by January 31, 2003

The specific requirements for each of the six areas outlined above must be captured in an implementation plan and system design that is completed by January 31, 2003.

Milestone 2: Evaluate use of University of Washington personnel system by July 1, 2003

As WTC increasingly used private sector-like personnel practices, use of the University of Washington personnel system may be infeasible. The necessary flexibilities in personnel management will be included as WTC is chartered during the 2003 Legislative session. This review will take place immediately upon completion of that legislative activity.

Ongoing considerations

Required resources

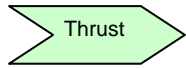
Table 9: S3 Required Resources

<i>Activity</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
1: Requirements	\$ 0				
3: UW review	\$ 0				

Staffing

Initial requirements definition and system design will be completed by WTC management with review assistance from selected Board Directors and University of Washington Personnel Department staff. Activity to implement this strategy will be carried out by WTC staff in the normal course of their management duties.

S4 - Planning Strategy: Continuous measurement against a shared statewide vision



WTC will support or lead the development and continuation of a statewide vision for Washington's Innovation Economy. Based on this vision, WTC will develop its plans and success measures to ensure that the vision is realized.

Overview

This strategy has the following implications on the culture and operation of Washington Technology Center.

- Vision-led ... WTC will work to ensure that a clear vision of Washington State's innovation-based economy is available and current. This vision will guide all of WTC's planning and operations.
- Data-based ... WTC's planning will aspire to the vision (above) and be grounded in facts developed from economic and technical research as well as outreach and discussion with people across the state, the country and the world. A key element of this data gathering is development of a "*technology guidance system*" – a scanning process that assesses the upcoming technologies and business needs resulting in an assessment of medium and long-term opportunities.
- Continuous planning ... WTC commits to a continuous planning process. The overall plan is WTC's a five year strategic plan (this document). One-year business line and operational plans will be developed responding to the guidance in the strategic plan and providing sufficient detail for programmatic action and progress review.
- Performance measurement ... WTC continuously measures its performance against a defined set of standards and uses this measurement for all investment decisions.

Implementation

Initial milestones

Milestone 1: Develop *Innovation Washington* vision by March 2003

Develop a written statement of the Innovation Washington vision. This written statement is the basis for working with other organizations and leaders around the state to refine and finalize then to promote.

Milestone 2: Develop a technology guidance system by July 2005

This outreach, research and scanning system is intended to assess upcoming technology and science breakthroughs then assess their potential impact on Washington's economy. The results of this technology guidance system will be used for major WTC investments such as new Industries of Distinction or Special Technology Initiatives.

Ongoing considerations

During WTC's ongoing planning many issues and opportunities will arise. Currently two such issues are noted for consideration in later years' planning.

Core Competency

One requirement for long-term success in any organization is a clear understanding and nurturing of core competence. WTC's core competence is not currently well-defined. Over the next few years, this must be developed and built into all of WTC's planning and programs.

Economic Research Business Line

Based on the success of WTC's Index of Innovation and Technology released in 2002 and 2001, the potential exists to develop another business based on economic reporting and analysis – especially technology and innovation related economic reporting. No organization currently provides such information to policy makers and business leaders in the state. As the economy moves more and more to relying on innovation and technology for long-term sustainability, these data will be key.

This business potential should be explored at the earliest possible opportunity to assess whether it is feasible and that there is a sustainable market.

Required resources

Table 10: S4 Required Resources

<i>Activity</i>	<i>FY03</i>	<i>FY04</i>	<i>FY05</i>	<i>FY06</i>	<i>FY07</i>
1: Vision	\$ 15K	\$ 15K	\$ 15K	\$ 20K	\$ 20K
2: Tech guidance			\$ 35K	\$ 35K	\$ 35K
	\$ 15K	\$ 15K	\$ 50K	\$ 55K	\$ 55K

Staffing

No explicit staffing is required outside the Business Line or Operations staff.

Appendix A: WTC SWOT Analysis

Area	Strengths	Weaknesses	Opportunities	Threats
Scope & Mission	<p>Clear need for technology adoption & deployment in companies</p> <p>Broad legislative charter</p> <p>Increasing name recognition</p> <p>Perceived to have high quality programs and services</p>	<p>Org is viewed by most people as a funds granting organization in line with the RTD Program</p> <p>Most focus has been on young, technology companies</p>	<p>Technology areas such as photonics and advanced energy will be important to Washington State's future – WTC can play an important role.</p>	<p>Funding reduction may force WTC to pursue alternative resources that strain the mission and scope</p>
Programs	<p>Very strong relationship with research faculty at universities</p> <p>Good project leverage (12:1)</p>	<p>Programs almost exclusively joint between companies and universities</p>	<p>Develop university focused and industry-focused programs</p>	<p>Funding decrease reduces impact of programs and overall importance to the state</p>
Assets & competences	<p>Matching needs to resources</p> <p>Operating laboratory-based user facilities</p>	<p>Skill/expertise for matching exists in only a few staff</p> <p>No on-staff business or technical skills/services</p>	<p>Use of Fluke Hall for more aggressive university and industry programs</p>	<p>No operating agreement with UW may cause difficulty in the future.</p>
Policy Role	<p>Innovation Index well received</p>	<p>Historically WTC has had little policy role – therefore little on-staff experience; low expectation by policy makers</p>	<p>WTC's experience with growing companies is valuable in policy formulation to spur growth in the state</p>	<p>Too strong a policy role will jeopardize WTC's "objective third-party" role</p>
Geographic reach	<p>40% of projects from outside Puget Sound area (up from about 20% in 1996)</p>	<p>Most activity in Puget Sound, Spokane, Tri-Cities, Pullman</p>	<p>Interest from other NW states on collaboration</p>	<p>WTC viewed as "Seattle-only" organization. Weak support from rural Washington.</p>
Funding	<p>Demonstrated ability to attract federal funding in small amounts</p> <p>AeA has provided legislative support for past 10 years</p>	<p>More than 80% from General Fund – and overall amount is declining</p> <p>WTC is not critical to any constituent or legislative group</p>	<p>WTC's reputation is strong enough to successfully pursue non-state sources for new programs</p>	<p>Reliance on outside organization for most legislative support</p>
Board of Directors	<p>Exceptional individuals from both industry and universities</p>	<p>Limited role (as a Board) in dealing with WA economic or technology issues</p>	<p>Establish WTC's Board as a leading voice in technology and innovation policy in Washington</p>	<p>Reduced funding and influence makes recruiting key business leaders to WTC's Board difficult</p>

Appendix B: 2001 Focus Group Results

<i>Region of Focus Group</i>	<i>Top 3/4 Action Agenda Items</i>	<i>Items Added to Agenda</i>
Bellingham Tech Consortium 11/2	<ul style="list-style-type: none"> ▪ Workforce for 21st Cent ▪ Educate Our Children ▪ Expand Telcom Infrastructure 	<ul style="list-style-type: none"> ▪ Access to growth capital ▪ City B&O Taxes high
Seattle NWVG – 11/21	<ul style="list-style-type: none"> ▪ Workforce for 21st Cent ▪ Educate Our Children ▪ Tech Transfer, Ent, New Business Creation ▪ Forge Strategic Partnerships 	<ul style="list-style-type: none"> ▪ Access to growth capital ▪ International opportunity in region
Spokane SIRTI – various	<ul style="list-style-type: none"> ▪ Strengthen Research Institutions ▪ Tech Transfer, Ent, New Business Creation ▪ Workforce for 21st Cent 	<ul style="list-style-type: none"> ▪ Access to capital
Tacoma		
Tri-Cities TRIDEC – IT Group – 11/18 Comm Round Table – 11/1	<ul style="list-style-type: none"> ▪ Tech Transfer, Ent, New Business Creation ▪ Educate Our Children ▪ Strengthen Research Institutions ▪ Expand Telcom Infrastructure 	<ul style="list-style-type: none"> ▪ Access to capital
Vancouver		

Eight Action Agenda Items come from the *Governor’s Action Agenda for the Innovation Economy*, published 6/01

- Strengthen our research institutions.
- Build a workforce for the 21st Century.
- Educate our children for the Innovation Economy.
- Expand telecommunications infrastructure.
- Encourage technology transfer, entrepreneurship and new business creation.
- Continue to lead the nation in Digital Government.
- Forge strategic partnerships among the business, government, education and non-profit sectors.
- Communicate this agenda to key national and state audiences.

Region of Focus Group	Research Institutions Comments	Expand Telecomm Infrastructure
Bellingham Tech Consortium 11/2	<ul style="list-style-type: none"> ▪ Want more from WWU in Computer Science training ▪ Better connection with business community 	<ul style="list-style-type: none"> ▪ Need to grow & ensure bandwidth
Seattle NWVG – 11/21	<ul style="list-style-type: none"> ▪ Keep them strong as resources for ideas, students, interns, employees ▪ Keep tech transfer offices active 	<ul style="list-style-type: none"> ▪ Important for state, good business access in most parts of region – home office less coverage ▪ Wireless next step
Spokane SIRTI – various	<ul style="list-style-type: none"> ▪ PNNL & WSU Good sources ▪ WSU & EWU spinout cos ▪ Need state support to grow 	<ul style="list-style-type: none"> ▪ Adequate
Tacoma		
Tri-Cities TRIDEC – IT Group – 11/18 Comm Round Table – 11/1	<ul style="list-style-type: none"> ▪ Lack of local flexibility – local PhD wanted ▪ Better use WSU – CBC network ▪ Need new programs in developing disciplines ▪ How to infuse in existing industries (Ag) 	<ul style="list-style-type: none"> ▪ Second of four IT issues ▪ Needs to be improved
Vancouver		

<i>Region of Focus Group</i>	<i>Educate Our Children – Workforce for 21st Century</i>	<i>Access to Capital</i>
Bellingham Tech Consortium 11/2	<ul style="list-style-type: none"> ▪ General support to keep area attractive ▪ Get good support from CCs – active Tech Prep, School-to-Work, etc. ▪ WWU not very involved 	<ul style="list-style-type: none"> ▪ Need to generate access to seed or growth capital
Seattle NWVG – 11/21	<ul style="list-style-type: none"> ▪ Good workforce now ▪ Kids need exposure to work environments ▪ Broaden cultural base 	<ul style="list-style-type: none"> ▪ Very much needed, not only for high growth ▪ More due diligence now
Spokane SIRTI – various	<ul style="list-style-type: none"> ▪ Need unified force defining needs ▪ EWU & CCs provide good training ▪ Need more interest in math & science 	<ul style="list-style-type: none"> ▪ Focus on early stage companies
Tacoma		
Tri-Cities TRIDEC – IT Group – 11/18 Comm Round Table – 11/1	<ul style="list-style-type: none"> ▪ Educate for future – keep ‘em here ▪ Need training for IT professionals 	<ul style="list-style-type: none"> ▪ Needed, perhaps local \$’s available
Vancouver		

Region of Focus Group	Tech Transfer, Ent, New Business Creation
Bellingham Tech Consortium 11/2	<ul style="list-style-type: none"> ▪ Not defined as a need ▪ Community forming for support ▪ WSA Chapter being considered
Seattle NWVG – 11/21	<ul style="list-style-type: none"> ▪ Need to help connect university people and companies – an active clearing house ▪ Spin-offs from existing companies need support ▪ Lots of activity by organizations in Seattle region
Spokane SIRTI – various	<ul style="list-style-type: none"> ▪ Want more incubator space ▪ Tech transferred out of region ▪ Need more links in region – access to resources outside ▪ Universities not very involved as major focus
Tacoma	
Tri-Cities TRIDEC – IT Group – 11/18 Comm Round Table – 11/1	<ul style="list-style-type: none"> ▪ Need source for spin-off companies ▪ Diversify from Hanford as resource base for tech transfer ▪ APEL is effective
Vancouver	

<i>Region of Focus Group</i>	<i>Regional Infrastructure</i>
Bellingham Tech Consortium 11/2	<ul style="list-style-type: none"> ▪ Developing through informal networks – led by community leaders experienced in organization ▪ WSA chapter formation underway will help
Seattle NWVG – 11/21	<ul style="list-style-type: none"> ▪ Extensive with many groups – trade associations, professional associations ▪ Can more be better?
Spokane SIRTI – various	<ul style="list-style-type: none"> ▪ SIRTI is state chartered ▪ Need better coordination with interested organizations
Tacoma	
Tri-Cities TRIDEC – IT Group – 11/18 Comm Round Table – 11/1	<ul style="list-style-type: none"> ▪ Well developed with prof societies ▪ IT groups (WSA possible) ▪ TRIDEC very involved and supportive ▪ APEL ▪ Large organizations lead institutional approaches
Vancouver	

Report to the Board of Regional Focus Group Results Needs Analysis for Input Into WTC Board Strategic Planning Session

From the beginning of November, and continuing on through the end of the month, WTC worked with local economic and technology-focused development organizations to conduct a needs analysis of the State regarding issues around supporting the innovation economy. By November 27th a total of four regional focus groups had been conducted with five different groups: Bellingham, Seattle, Spokane and Tri-Cities (2 groups). The Spokane discussions were led by Tony Lentz of SIRTI.

The results are summarized in the attached tables as input into the WTC planning process. The focus groups were not asked to recommend solutions to any problems, nor were they asked to recommend roles for WTC – their purpose was to highlight by region the major issues preventing long-term innovation-based economic development. From this broader set, WTC may be able to identify roles within the mission for future program thrusts.

The Governor's Action Agenda provided a template from which to begin the focus groups. After the groups identified the top 3-4 Action Agenda items, time was spent exploring what these terms or actions meant to the group. Each session lasted approximately 2 hours.

Our thanks to the Whatcom County Economic Development Corporation, Northwest Ventures Group, SIRTI, TRIDEC and the Tri-Cities Community Round Table for their assistance in convening these groups on short notice.

Tacoma and Vancouver focus groups and information were not completed in time for the Board package. As it becomes available it will be incorporated into the matrix.

Appendix C: Statewide program candidates

During the strategic planning process, many candidate programs were suggested for inclusion in the statewide network. These are included here for reference.

Build the statewide network

Technical Assistance	Expanded outreach for RTD/FTI program
Market information assessment	Business education, information and training
Access to management talent	Entrepreneur screening
Mentoring, both for individuals and groups	Production and manufacturing support
Access to financing (e.g. Angel investors, federal funding, state funding)	Service provider referral

Enhance the RTD program

Increase number of proposals from companies across the state

Continually improve the quality of the selection process

Expand program metrics

Create angel and seed funding programs

Training for angel investors

Local angel group support

Implement seed investing programs

Implement support programs for startup and spin-out companies

Assist implementing technology in traditional industries (e.g. Information technology)

Develop consulting support. Analogy is the agriculture extension service.

Create a technology assistance program

IP coordination and bundling

University support for developing a business plan

Technology topic events

Speaker coordination and placement

Establish database of technical expertise

Fluke hall as an incubator