

TEXAS EMERGING TECHNOLOGY FUND

"In Texas, we understand that high-tech companies don't just happen overnight but are a product of forethought, sound vision and planning, and strategic investments by both the public and private sectors. Through our Emerging Technology Fund, we are bringing the best scientists and researchers to Texas, attracting high-tech jobs and helping start-up companies get off the ground faster."

– Gov. Rick Perry

In 2005, the Texas Emerging Technology Fund (TETF) was created by the Texas Legislature with the goal of creating more innovative ideas in Texas and keeping them here, from the laboratory to the marketplace.

In the years since, the TETF has been instrumental in shaping the high-tech sectors of the Texas economy, and helped strengthen our state's position as a national leader in business climate and job creation.

With TETF projects selected by unanimous approval from the governor, lieutenant governor, and speaker of the Texas House, the future has been put in motion in Texas. The TETF has drawn researchers to our state, helped secure more matching grant money from outside sources, and shepherd promising companies through the early stages of development between discovery and demonstrable product, when traditional sources of financing are few and far between.

A 17-member advisory committee of high-tech leaders, entrepreneurs and research experts reviews potential projects and recommends funding allocations to the governor, lieutenant governor and speaker of the House. To date, the TETF has allocated more than \$192 million in funds to 133 early-stage companies, and nearly \$178 million in grant matching and research superiority funds to Texas universities.

KEY COMPONENTS OF THE TETF

TETF Commercialization Awards

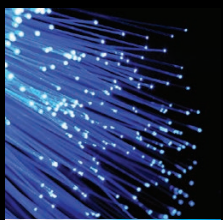
The goal of the TETF Commercialization Awards is to grow new small businesses and existing businesses to accelerate new products and services to the marketplace. Through these investments, the goal is to ensure a vibrant economy for Texas and a global leadership position. Commercialization awards provide selected, early-stage investments in new, technology-based, private entrepreneurial entities that collaborate with public or private institutions of higher education in Texas, and which, if successful, may provide significant economic benefit to the state.

Examples of TETF Commercialization Awards include the \$1 million dollar awards into Austin's Calxeda Technology and Amarillo's Animal Innovations.

Calxeda's technology provides a solution for companies that operate energy consuming computer servers and data centers by increasing the density of computer resources while significantly conserving energy and saving money. The surge in reliance on computers for daily business has led to an unprecedented use of energy by data centers, and Calxeda's technology provides an energy saving solution without sacrificing productivity.

Animal Innovations' technology allows the safe and efficient administration of drugs to animals through its patented, back filling syringe. The system's accurate measuring system can fill a syringe up to 10 milliliters in 10 seconds, ensuring that animals are not over or under medicated. The system also protects the quality of the medication by shielding it from heat and other external elements. The technology focuses on feedlots and preconditioning lots, to eventually add cattle ranches as well. The technology also has significant implications for defending livestock and other animals against agro-terrorism.

Since the inception of the TETF, over \$592 million in additional investment from other sources following on to the TETF investment have come to these Texas companies. That means that TETF funds have been tripled by other non state sources, providing much needed funding for small, innovative companies in difficult financial times.



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Research Grant Matching Awards

The goal of the TETF Research Grant Matching program is to create public-private partnerships to leverage the unique strength of universities, federal government grant programs and industry. This enables Texas to secure additional research funds from outside the state in key technical and scientific areas that contribute to the growth of our emerging-technology economy.

An example of a TETF Research Grant Matching recipient is the National Trauma Institute.

TETF funding of \$3.8 million dollars into NTI has developed the Wireless Vital Signs Monitor. The WVSM is a highly mobile, patient-worn medical monitoring system utilizing wireless Wi-Fi technology and standard off-the-shelf Windows OS based software and hardware. The WVSM allows medical personnel to be in touch with remote or on-site patient monitoring and is about half the size and weight of other remote monitors. The WVSM System can be engaged in both battlefield and civilian medical environments and integrated seamlessly into existing communications devices and protocols. The WVSM has been fully produced and is being tested by DoD now for use on the battlefield later in 2011.

The WVSM project collaborates with the Department of Defense, University of Texas Medical Branch Galveston, Athena Inc., the Institute for Surgical Research, and Texas A&M University. To date, the project has gathered an additional \$3.8 million dollars in federal funding to Texas.

TETF Research Superiority Acquisition of Talent Awards

The TETF Research Superiority Acquisition of Talent Award's goal is to bring the best and brightest researchers in the world to Texas. This enables our Texas academic institutions to continue to build expertise in key research areas, attract and inspire students to pursue advanced degrees in math, sciences, and engineering, and provide an invaluable resource to the community by fostering innovation and commercialization in our companies.

This groundbreaking program has recruited 52 world class researchers with commercialization experience and an additional 263 staff members to Texas Institutions of Higher Education.

An example of a TETF Research Superiority award is the Texas A&M Health Science Center at Temple's Institute for Regenerative Medicine

Investments from the TETF, Texas A&M and Scott and White helped recruit Dr. Darwin Prockop and his team of more than 70 researchers from Tulane University. The TETF award helped recruit additional members to the research team, who work to commercialize 20 existing patent applications and five issued patents for regenerative technology and identify new commercialization opportunities.

Regenerative medicine focuses on the functional restoration of damaged organs and tissues rather than treatment to decrease or moderate symptoms. Research has shown that regenerative medicine has the ability to improve quality of treatment and decrease healthcare costs by replacing or repairing the malfunctioning tissues rather than treating them with therapies such as dialysis, implanting replacement devices, or transplanting organs.

The \$5 million TETF investment into the Institute for Regenerative Medicine leveraged an additional \$43 million of funding into the program, primarily from federal research dollars.

Together, Research Grant Matching and Research Superiority programs have leveraged well over \$762 million dollars in additional non-state funding to Texas universities and nonprofit consortiums. This is a greater than 4-to-1 return on TETF dollars.

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