

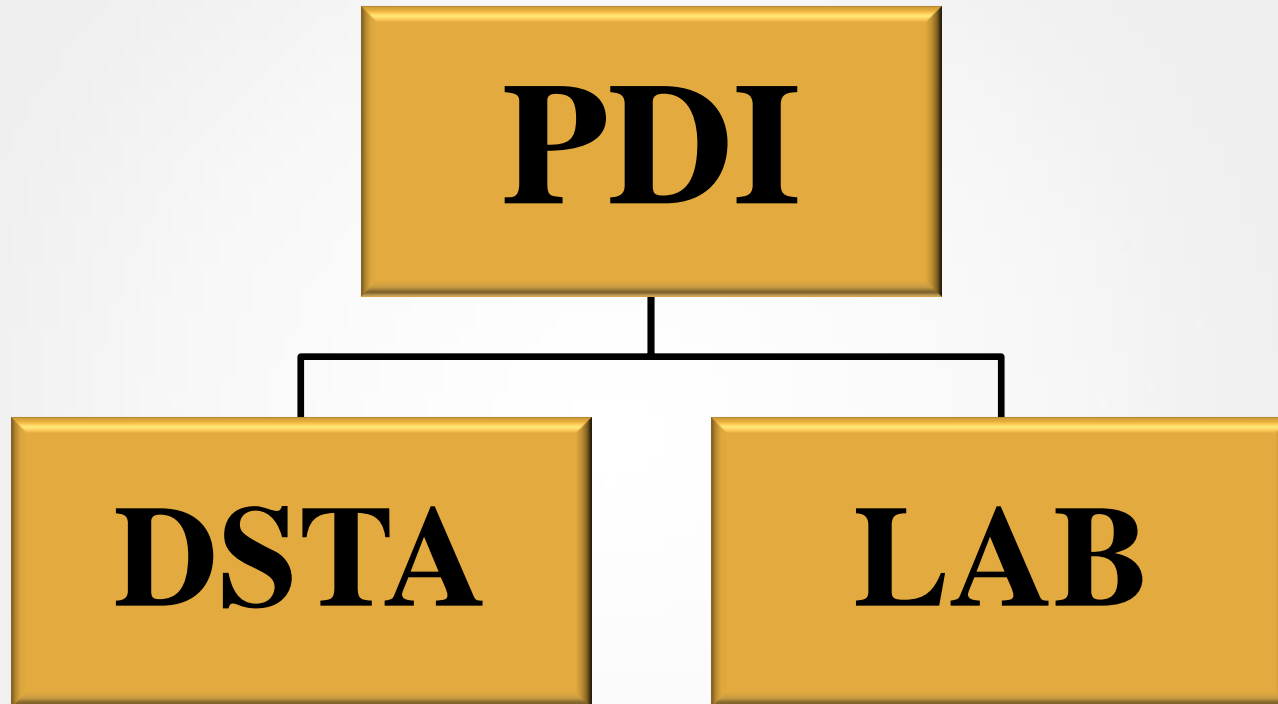
Appropriations Subcommittee on Natural and Economic Resources Briefing



PDI Mission and Programs

- Founded in 2006 as a 501(c)(3) corporation, The Partnership for Defense Innovation's ("PDI") mission is to create jobs and generate revenue for the State of North Carolina using defense contracting as its catalyst.
- Through its Defense & Security Technology Accelerator ("DSTA") program, PDI collaborates with educational institutions, the military intelligence community, State of North Carolina and private institutions by encouraging the development of technology.
- Our accelerator facility supports companies engaging in research and development of technologies and services associated with military and homeland security, while lessening the burden of the government.
- We approach our mission by combining the unique model of rapid business incubation with a federally funded Lab and key relationships that contribute to the expansion of the defense and security sector of North Carolina.

PDI Organization



Defense & Security Technology Accelerator

- PDI's Defense & Security Technology Accelerator program, a statewide asset, assists young companies developing their products with the goal of rapidly entering the market place.
- DSTA brings together the military, entrepreneurs, universities, innovators and technology companies to generate and share ideas, understand needs and develop technology solutions. It utilizes the expertise of organizations, individuals and subject matter experts, to develop successful technology business.
- The program provides tailored mentorship, coaching, training, technology development assistance, networking opportunities, market analysis, bidding support and more, thru its 86-step process.
 - DSTA prepares companies to withstand the rigors of a Defense Contract Audit Agency ("DCAA") audit.

PDI'S Research Development Training & Evaluation (RDT&E) Lab

- ✓ Provide the capability to integrate, test, gather metrics and provide innovative approaches for rapidly developing and deploying wireless network devices to advanced systems of U.S. Military/Overseas Contingency Operations.
- ✓ Provides the resources, intellectual prowess and flexibility to fulfill our military, intelligence community, federal government and commercial clients needs.

- Technology Solutions Provider with Full Engineering Services
- Business Acceleration and Technology Commercialization
- Extensive Special Forces, Special Operations Forces and Special Mission Units expertise

PDI Key Performance Indicators

- PDI measures its effectiveness and return on investment for the State of North Carolina via the economic development and impact provided to the State and local economy.
 - PDI is able to demonstrate that the funds it is provided via the State directly impact the economy thru jobs, business success and related revenue.
- PDI only receives \$700K in public funding to run its \$3.2M business, yet operates a 20 employee workforce with multiple locations, to include a multi-million dollar state-of-the-art, TOP SECRET accredited research and development facility in Fayetteville's Military Business Park.

To date, our numbers show more than 150 jobs have been created and more than \$30M infused into North Carolina's economy.

PDI Key Performance Indicators

The Defense & Security Technology Accelerator has coached, mentored, trained and educated more than 50 companies with funding received from the NC General Assembly. There are many success stories:

- ❖ K3 Enterprises, the first DSTA client, grew from 3 to 50 employees in PDI's facility, graduated the DSTA program, purchased the former Sears building in downtown Fayetteville, and currently leases portions of this building to a Federal client.
 - ❖ K3 continues to up-fit the remainder of the building while occupying the entire third floor of the Festival Park Plaza building, which is owned by the City of Fayetteville.
 - ❖ Prior to graduating the DSTA program, the third floor of this facility was empty.
 - ❖ K3 conducts corporate operations and training from this location and exceeded \$10M of annual revenue after graduating the DSTA program.
- ❖ Strategic Solutions Unlimited (SSU), upon moving from the DSTA facility, purchased an office building in downtown Fayetteville and subsequently, purchased a second building in downtown Fayetteville where they conduct corporate operations and training for government clients.

PDI Key Performance Indicators

DSTA has provided numerous companies more than \$200,000 in seed funding and in-kind services for business startup, operations and commercialization efforts, including, but not limited to:

- ❖ Immersion Media – (Fayetteville) received a \$47,000 grant from PDI/DSTA for the development of a military training program.
- ❖ Appealing Products - (Raleigh) received a \$50,000 grant from PDI/DSTA, plus DSTA services, for the development of a wireless bio-chemical agent detector.
- ❖ KBRT Inc. - (Cameron) received a \$75,000 loan under the USDA Rural Business Enterprise Grant (RBEG) to complete the commercialization of a 150 foot communications tower. PDI/DSTA is the administrator of this loan with USDA.

PDI Key Performance Indicators

- Currently the number of clients, tenants and PDI staff that is based in Fayetteville is approximately sixty.
 - This equates to sixty individuals who are on a payroll that has related taxes that the State and local economy benefit directly from, as well as sixty families that live and shop locally, and strengthen the economy.
- At the company level, the representative companies discussed, and those not listed but within PDI's office building and those program graduates, have effectively hired employees and grown business to put \$30M plus into the State of North Carolina and the local economy of Fayetteville.

The exponential growth PDI continues to provide via generation of jobs and revenue to the State of North Carolina, while its funding continues to drop, is a strong indicator of the level of success and commitment this program brings to the State.

Similar Organizations

- To our knowledge, there are no other state agencies and nonprofits that pursue similar objectives as PDI in a similar manner and/or field.
- There are economic development programs that operate within the State, but not within PDI's direct footprint with the focus on technology development in North Carolina and the military/defense sector.

Budgetary Impact

- As PDI has experienced a cut in its funding annually, since inception, it has had to adapt each time.
 - During this last fiscal year, PDI had to reduce our staff as a direct result of the diminishing funding.
- While PDI does utilize the tool of federal contracting to augment its revenue, any profit that is made beyond providing payroll, benefits, and facility costs, are provided to the DSTA program to assist in the program's state-funding shortfall.
 - With the current state of contracting, this isn't a feasible long-term solution or reliance.

Budgetary Impact

- Loss and/or additional reduction of funding will result in the additional loss of jobs, plus the streamlining and possible elimination of the DSTA program.
- If the decision is made to eliminate the DSTA program due to lack of NCGA funding, this will displace eight companies and more than 40 workers, not taking into consideration PDI's staff.
 - Several of the current DSTA clients conduct operations both nationally and internationally.

Conclusion

Loss of the State's funding could result in the elimination of the DSTA program and possible closure of the Ramsey Street facility, which will have a negative impact at every level - Local, State, National and International.

PDI respectfully requests and strongly urges you to support the continued funding for the Defense & Security Technology Accelerator program in the amount of \$800,000.00.

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