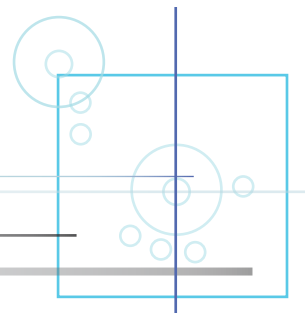


A Continuing Record of Achievement

The Economic Impact of
Ben Franklin Technology Partners 2002-2006

Executive Summary



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**PENNSYLVANIA
ECONOMY LEAGUE**
Information, Insight, Integrity.

IN 1982, THE PENNSYLVANIA GENERAL ASSEMBLY ESTABLISHED the Advanced Technology Centers of the Ben Franklin Partnership to promote technological innovation and spur economic growth in the Commonwealth. Since then, in a series of subsequent legislative acts, the organization took its present-day shape as the Ben Franklin Technology Partners (BFTP). Over the years, BFTP has periodically supplemented its annual performance assessment with in-depth analyses of the impact of the program. With the arrival of its 25th anniversary since beginning operations, BFTP decided to undertake another in-depth evaluation of the impact of its funding and services on individual companies and the overall economy of Pennsylvania. This study continues BFTP's efforts to objectively measure the impact of the program and gather information that is useful for future strategy and program enhancement.

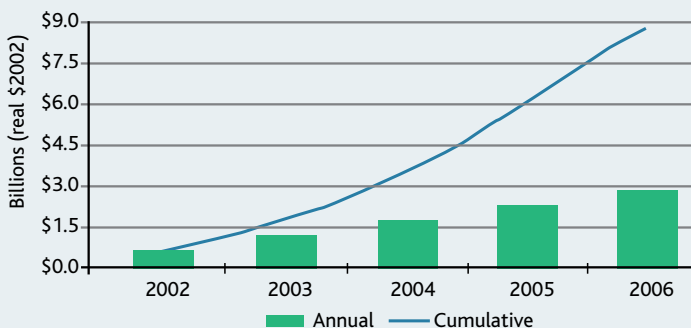
BFTP retained the Pennsylvania Economy League (through its southeastern Pennsylvania office, the Economy League of Greater Philadelphia)—a nonpartisan research organization—to conduct an independent, objective evaluation of the economic impact of the program from 2002 to 2006, focusing on its role in providing financing and related services to early-stage and established technology-based firms in Pennsylvania. This evaluation is one of a series conducted for BFTP utilizing similar methodologies, and the first completed by the Pennsylvania Economy League. The earliest of these studies was conducted in 1999, and covered the period from 1989 to 1996. The second analysis was completed in 2003 and extended the study period through 2001. A similar methodology to that used in each of the prior studies was used in examining the economic impact of BFTP from 2002 to 2006.

Ben Franklin Technology Partners has substantially improved the business environment in which technology-based companies operate in Pennsylvania by providing necessary capital and access to technical expertise and business assistance.

BFTP operates through four independent, nonprofit organizations established in different regions of the state to best serve companies across the Commonwealth. Each regional organization is an active participant in the business, academic and economic development community in its part of the state. Over the years, BFTP has helped identify needs within the specific counties each partner serves and has launched significant initiatives to promote innovation and growth in technology-based businesses. Through the injection of funds and the commitment of staff time, BFTP has improved and expanded the financial, physical and knowledge-based infrastructure available to technology-based companies across Pennsylvania.

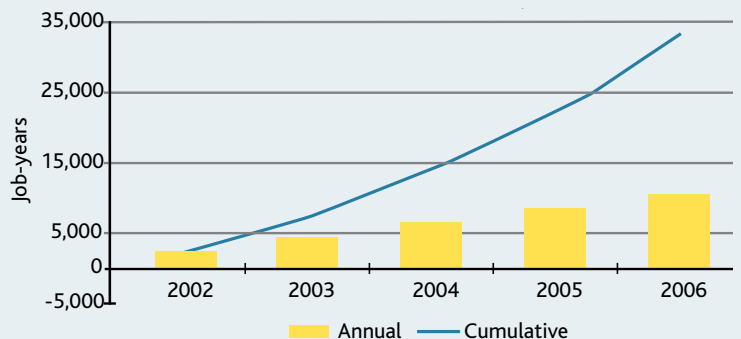
BFTP's work has evolved over the past 25 years as a result of changing needs in the technology-based business community and the experience of the organization. But throughout, BFTP continues to retain its overarching mission: to provide companies with the financing and other resources they need to fuel innovation and growth in order to create high-value, sustainable jobs in Pennsylvania.

Impact of Ben Franklin Technology Partners on Gross State Product • 2002-2006



BFTP boosted the Pennsylvania economy (Gross State Product) by \$9.3 billion from 2002 through 2006, or \$8.7 billion after adjusting for inflation.

Impact of Ben Franklin Technology Partners on Statewide Employment • 2002-2006



From 2002 through 2006, BFTP generated an additional 10,165 job-years in client firms, and as a result of the ripple effects of client investments, generated an additional 22,667 job-years in Pennsylvania beyond that. The result was that BFTP produced 32,832 job-years in the state during that time that otherwise would not have existed.

Since its inception in 1983, BFTP has invested in more than 3,000 companies. Many companies in the BFTP portfolio were at the earliest stages of development when they first sought assistance—when fundraising is most critical and most difficult to obtain. BFTP has often been the first institutional investor for firms, providing seed capital for initial product development and commercialization efforts. The program provides funds to companies selected through a competitive process that carefully considers the firm's potential for success and job creation.

In addition to providing direct financing, BFTP helps companies secure additional capital from other sources. The BFTP brand and its endorsement often provide businesses with entrée to venture capital firms, other financial institutions and private angel investors. BFTP sponsors venture forums, and the staff provides personal introductions to contacts within the investment and banking community. Often, BFTP has helped to establish new sources of capital to fill existing gaps in the market.

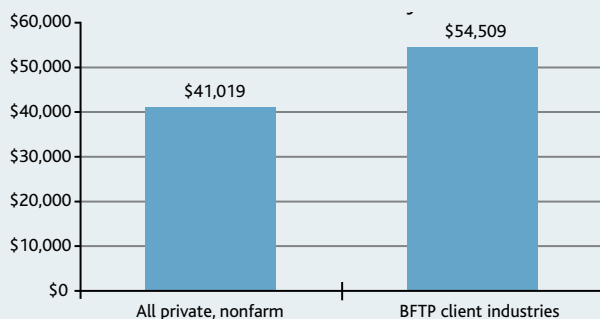
Ben Franklin Technology Partners has invested in thousands of technology-based companies located throughout the Commonwealth.

Adequate financing is a necessary and critical ingredient for company success, but it is not the only necessity. Successful firms also require robust business plans, talented management and thorough execution. Applying years of experience and a tremendous network of resources, BFTP staff work with portfolio companies to address critical business issues, anticipate future opportunities and needs and accelerate companies' paths to success. BFTP staff often coach the management teams of portfolio companies, providing business advice and guidance. In addition, BFTP links firms with a variety of expert service providers, including university faculty, accountants, attorneys, technical experts, market researchers, management consultants and other business professionals.

Companies and communities across the Commonwealth have experienced real benefits from the presence of and assistance provided by BFTP. Portfolio companies have developed new products, built management teams, established production capacity, identified new markets and achieved sales and profitability milestones. BFTP has significantly increased employment and income in the Commonwealth and expanded the state's tax base.

BFTP is among the most widely known and emulated state technology-based economic development programs, with a national and international reputation. BFTP provides capital and expertise to startups, early-stage and established companies and promotes the development of a statewide climate and infrastructure favorable to technology-based companies. In so doing, BFTP creates immediate economic gains while also building a foundation for continued economic growth.

Average Annual Salaries in Ben Franklin Technology Partners' Client Industries and All Industries in Pennsylvania • 2006

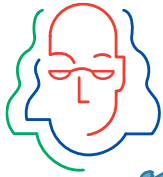


BFTP clients are in industries that pay relatively high annual salaries and wages. Given the client industry profile of BFTP funded companies, the weighted-average annual salary for client industries is \$54,509, or 33 percent higher than the average for all private nonfarm industries in PA.

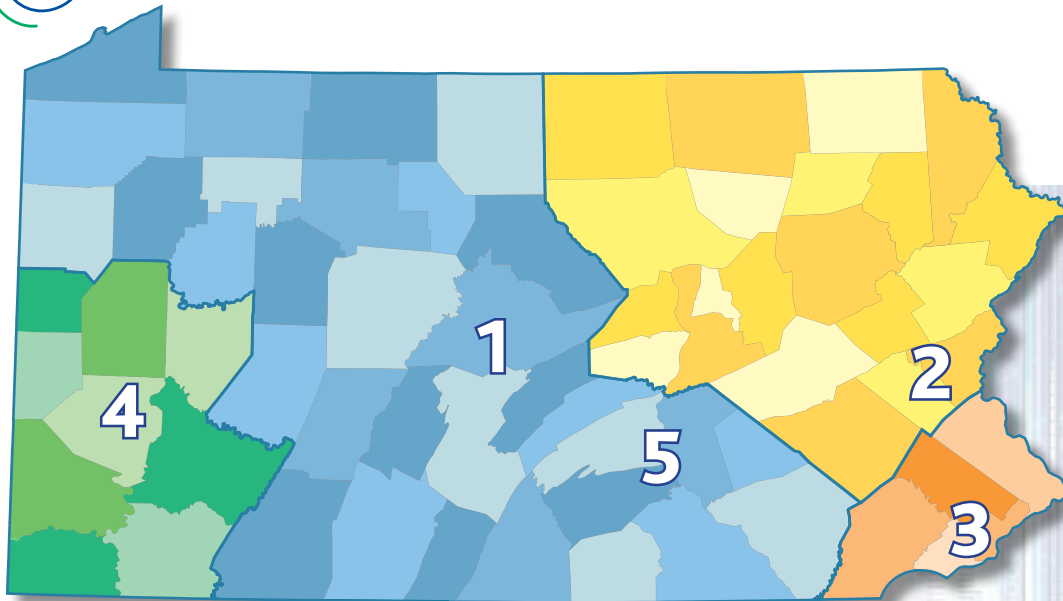
Companies funded by the Ben Franklin Technology Partners have created significant economic impact for Pennsylvania.

- ▶ BFTP boosted the Pennsylvania economy (Gross State Product) by \$9.3 billion from 2002 through 2006, or \$8.7 billion after adjusting for inflation.
- ▶ Since 1989, BFTP has boosted the state's economy by more than \$17 billion.
- ▶ From 2002 through 2006, the Commonwealth received more than \$517 million in additional state tax revenues as a direct result of BFTP. That represents a 3½-to-1 payback to the state on its \$140 million investment during the same period.
- ▶ From 2002 through 2006, BFTP generated 10,165 additional job-years* in client firms.
- ▶ Client impacts ripple throughout the Pennsylvania economy, contributing to higher Gross State Product and additional employment across the state. From 2002 through 2006, BFTP generated an additional 22,667 job-years in the state beyond those in client firms.
- ▶ BFTP produced a total of 32,832 job-years in the Commonwealth between 2002 and 2006 that otherwise would not have existed.
- ▶ Since 1989, BFTP has generated 45,667 additional job-years in client firms.
- ▶ Since 1989, BFTP generated 80,160 additional job-years beyond those in client firms, for a total of 125,827 additional job years.

* Job-years are equivalent to the number of years of full-time work created by the program. For example, if a BFTP client firm employed three more workers for five years as a direct result of the program, that is expressed as 15 additional job-years.



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ABOUT THE PENNSYLVANIA ECONOMY LEAGUE

The Pennsylvania Economy League is an independent, nonpartisan, nonprofit public policy research and development organization. Their mission is to provide critical information, perspective and support to the business, civic and governmental leadership of the communities and the state in their efforts to make Pennsylvania a better place to live, work and do business.

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