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Message from the President



In my comments in this past January's newsletter, I spoke about the terrific reputation of Connecticut Innovations and our desire to aggressively expand our business development and investments in

deserving companies. I am very pleased to say that we have developed an outstanding deal flow in just a few short months. Our investment and business development staff have been much more aggressive in raising CI's profile and identifying promising companies and the quality of potential investments is very high. We have also widened the scope of industries we'll consider and that has

Connecticut Innovations Completes \$1 Million Investment in LegiTime Technologies Inc.

In early March, Connecticut Innovations closed on an investment of up to **\$1 million** in **LegiTime Technologies Inc.** of Westport, Connecticut. CI's investment was part of a Series A round totaling close to \$2.5 million with Connecticut Innovations investing alongside MSBi Capital and earlier seed investors.



The company's "Demonstration of Legitimacy" (DOL) technology framework addresses the sizable mobile security market – expected to grow to \$5 billion by 2011. LegiTime plans on licensing its DOL technology to carriers, original equipment manufacturers, system integrators and software developers to provide an end-to-end secure environment for an unlimited variety of communication applications and services. By implementing LegiTime's DOL technology, mobile developers and carriers will be able to provide high-quality application services and protect networks and subscribers from spam, malware and denial of service attacks.

LegiTime's technology is the first to offer a unique solution that embodies a concept known as "proof of work." This highly secure, straightforward "trusted source" approach leverages robust, unbreakable algorithms that underpin today's electronic banking transactions. Traditional spam and malware mitigation tools screen incoming communications based on a communication's content or information about the sender. LegiTime's innovative new DOL technology creates a "trusted source" for all communication service types. The flexible DOL technology freely combines with existing security techniques. The sender demonstrates legitimacy by performing computations that are unique to a given message type, while the recipient validates the message as a trusted source.

"We are pleased to be an investor in this dynamic company and to have played a role in its decision to locate in Connecticut," said **Peter Longo, Executive Vice President and Chief Investment Officer of CI**. Longo continued, "The company, whose technology was developed by John Swain, LegiTime's chief science officer and a physics professor at Northeastern University, shows tremendous promise thanks to the early incubation assistance provided by MSBi Capital of Montreal. With this new round of funding, the company will be able to forge ahead with its innovative technology, addressing real-world challenges in securing mobile communication."

"The funds from this round will be used to further develop our security framework and launch our marketing and sales efforts," said **Eric Strauss, Co-Founder and Chief Executive Officer of LegiTime Technologies**.

Strauss continued, "We are excited to have Connecticut Innovations as an investor. They provide value beyond financing. The organization has a

resulted in a noticeable diversity of opportunities. We are now focused on investing in any deserving technology company in Connecticut, not just those industries that have been our mainstay in the past.

The result of more aggressive business development has been a sharp increase in the number of investments and the total amount of funding. In fiscal year 2006 we closed three deals committing roughly \$1,500,000. So far in fiscal year 2007, we have made five investments valued at \$3,861,050, with several more expected to close before year's end. Connecticut Innovations is committed to making increased investments into promising companies that will contribute to economic growth in the state.

In order to build on our proven track record and grow deal flow, we have requested that the General Assembly support \$50 million in funding for existing programs and new initiatives. This funding will enable us to expand our recently announced seed and pre-seed programs as well as increase early stage and follow-on funding for the benefit of all Connecticut residents.

Finally, I have recently announced my decision to leave CI for personal reasons and wish to thank all of the staff of CI, our advisors and members of the board of directors for their support in making my brief tenure extremely rewarding. I wish all of you well in the future.

Frank A. Dinucci
President and Executive Director
Connecticut Innovations

Staff Spotlight – Charlie Moret



CI recently announced several new strategic initiatives including the creation of a **Business Development (BD)** department. **Charlie Moret** was appointed as its **managing**

director. The rationale for a dedicated unit is to expand CI's presence in the technology marketplace. The business development effort will involve creating a network of relationships to uncover opportunities with early stage technology companies; building strategic alliances with a number of key partners; working with venture capital providers and collaborating with CI portfolio companies to create business opportunities.

Charlie commented, "I am delighted at the

successful track record helping Connecticut-based early-stage companies achieve sustainable growth by providing essential support and guidance. As a result of their support, we were able to enroll in the University of Connecticut's Innovation Accelerator program, designed to provide MBA students with work experience during a 13-week assignment. Thanks to CI, LegiTime now has an elite team of MBA students from one of the nation's top business schools providing help with marketing and corporate strategy."

LegiTime expects to have its first product available in the fall and is currently seeking partnerships with mobile carriers, integrators and developers.

Learn more about LegiTime online at www.legitimetechnologies.com

Connecticut Innovations Completes \$700,000 Investment in Standing Stone Inc.

In mid-March, Connecticut Innovations completed an **investment of \$700,000** in **Standing Stone Inc.** (SSI) of **Westport, Connecticut.** Founded in 1998, SSI is a disease-state management company dedicated to enhancing the quality of care provided to patients who require long-term therapy for chronic disease management. SSI's software products CoagClinic, CholesterolClinic, DMClinic and CHFClinic provide health care professionals the tools they need to effectively administer chronic disease therapy while improving outcomes, reducing overhead costs and optimizing provider remuneration. The company's applications are designed to be used by health care professionals in a clinical setting, like a physician's office, dedicated clinic or hospital.



"Our funds will enhance the sales and marketing functions of the company as well as advance the development and introduction of new product offerings," said **Peter Longo, Executive Vice President and Chief Investment Officer of CI.** "The high level of customer satisfaction that SSI has experienced with its current products bodes well for the future of the company." Longo added, "CI views this as an opportunity to invest in a company that has the capability of providing health care products globally; lowering the costs of medical services in the management of the targeted disease states; and creating local career opportunities that are grounded in sophisticated technologies. The fact that SSI is accomplishing this in the State of Connecticut reaffirms that industry-leading businesses can be created and sustained here."

"We are pleased to welcome CI as an investor and partner," said **Al Bartosic, chairman and chief executive officer of Standing Stone.** "We have been steadily building our business in Connecticut during the past several years and the investment from CI will allow us to accelerate our growth and create a world class business here in the state." Bartosic added, "CI truly understands our market and has a proven track record of adding value to their portfolio companies."

Visit Standing Stone online at www.standingstoneinc.com

Recent Connecticut Innovations Legislation Activity



The current session of the **Connecticut General Assembly**, which convened January 3, 2007, has included frequent discussions that are of interest to Connecticut Innovations. Several bills have been raised that our government relations staff have been following closely. In many cases we have provided written testimony to offer our opinion and to support these initiatives. Complete details of our **legislative communications** can be found in our

[Press Room](#) online

reception I have received in the marketplace as I go out and present the CI story. I see tremendous opportunity to work collaboratively with our partners and friends to help expand the number of technology companies in Connecticut."

Charlie joined Connecticut Innovations in January 2000 with more than 25 years' experience in business, finance, marketing and entrepreneurship. At CI, he has been a clean energy investment manager, solar program director and director of marketing and communications. He holds a bachelor's degree in marketing from Pace University and a master's degree in business administration from Fairleigh Dickinson University. He is active on a number of boards including the MIT Enterprise Forum of Connecticut, the Simsbury Board of Education, Solar Connecticut, the Connecticut Power & Energy Society and his local political party. In his spare time, Charlie has traveled extensively with his family. He enjoys playing golf, photography or traveling on two wheels to and from work or on country roads. Occasionally, he enjoys piloting small airplanes. Charlie and his wife, Mary, reside in Simsbury with two of their three children.

Staff Spotlight – Chelsey Sarnecky



Chelsey Sarnecky joined Connecticut Innovations in September of 2006 as a temporary employee assisting with the organization of CI's annual Innovation Day and Awards Dinner. In January of 2007, Chelsey accepted a

permanent position as a **legislative assistant**. In that role she is responsible for tracking and monitoring legislation of importance to the organization; attending legislative committee meetings and public hearings and working with other interested parties to advance CI's legislative agenda.

Chelsey finds her recent experience in the State's General Assembly very interesting. "In the beginning of the 2007 session I was introduced to many people who work in the Capitol each day as elected officials, assistants and liaisons." Chelsey added, "At this point, I have a much better appreciation for the amount of hard work that goes into the process each year."

Connecticut Innovations BioSeed Advisory Committee Appointments

Senate Bill [1280](#), **An Act Recapitalizing Connecticut Innovations**, Incorporated and the BioBus is CI's most important legislative initiative this session. The bill provides \$50 million in state bond funds to Connecticut Innovations for support of its existing programs and the development of several new programs. It also makes amendments to the Connecticut New Opportunities Fund legislation passed during the 2005 legislative session. On February 27, CI president and executive director Frank Dinucci offered written testimony to support this bill.

Right now, the demand on CI for capital is stronger than it has been in almost 10 years. CI plans to deploy the \$50 million in bonding as follows; \$20 million will provide follow-on investments to our current portfolio, \$20 million will be used to support the early-stage venture program created, but not funded, by the legislature last session; \$5 million to support CI's BioSeed Fund; \$4 million will be used to support our Yankee Ingenuity Technology Competition and \$1 million will be used to offset the costs CI incurs providing administrative support to the State's stem cell initiative.

In 2005, the legislature passed P.A. 05-129, **An Act Establishing a Connecticut New Opportunities Fund**, allowing Connecticut Innovations to undertake a new \$50 million capital initiative. S.B. 1280 proposes amendments to this legislation that allows the State of Connecticut to invest in the New Opportunities Fund and, through its investment, leverage a significant amount of private sector capital. The amendments make the State of Connecticut a special limited partner of the New Opportunities Fund that will be managed by Connecticut Innovations. Under this new, exciting model, the State would invest \$25 million, which will leverage up to \$75 million from the private sector.

At a March 6 public hearing for Senate Bill [1366](#), **An Act Establishing Tax Credits for Angel Investors**, Emily Smith, Connecticut Innovations, Managing Director of External Relations, gave verbal testimony to support the bill, which is designed to stimulate angel investing in Connecticut. Smith's presentation explained how the bill will help to increase the availability of capital to entrepreneurs. It will provide angels with an incentive to invest in Connecticut rather than New York or Boston.

On March 13, Connecticut Innovations provided written testimony to support the intent of Senate Bill. [1421](#), **An Act Concerning Technology-Based Development**. Connecticut Innovations commended the General Assembly's Commerce Committee for its support of technology development and the technology economy in Connecticut. Last year, this committee took the lead in promoting the technology sector with new and innovative programs and funding aimed at advancing technology as an important element of Connecticut's overall economic well-being. S.B. 1421 contains several sections that deal with either new initiatives, or modifications to existing funding. Connecticut Innovations offered support of, or in some cases modifications to, certain elements of the bill. [Details](#) can be found on our website.

Also on March 13, Connecticut Innovations supported Senate Bill [1422](#) **An Act Concerning the Institute for Energy Resources**. This concept or idea is a welcomed addition to the discussions currently under way across the state concerning what to do about rising energy costs. S.B. 1422 directs CI to collaborate with CCAT is helping identify, nurture and develop the next generation of energy solutions for the state. This vision is much needed. Over the years Connecticut has done a lot in terms of energy efficiency promotion and renewable energy development. More needs to be done, though, that focuses on the long-term future of our state's energy needs. CCAT and CI are dedicated to meeting this challenge.

Event Preview – Crossroads 2007

Presented by the Connecticut Venture Group, **Crossroads**, the Northeast's Premier Venue for Capital has become the largest venture fair in the eastern United



Connecticut Innovations has appointed **six new members** to its **BioSeed Advisory Committee**, a committee that advises CI staff and board members regarding the feasibility of investing in specific seed-stage bioscience companies. The new advisory committee members bring to CI extensive experience in bioscience research, venture capital investment, management consulting and business operations.

The role of the advisory committee members is to assist CI staff in evaluating investment proposals from seed-stage bioscience companies that are seeking funding from CI through its Connecticut BioSeed Fund. The advisory committee assesses the companies' ability to achieve their stated technical and business milestones and their potential to attract a first, or "Series A," institutional round of funding in the near term. The advisory committee recommends selected investment candidates to CI's board of directors for funding consideration.

The newly appointed BioSeed Advisory Committee members are:

Jan Andrew Buck, J.D.
President
Princeton Group International Inc.

Sophie Egholm
Associate Director
Pfizer Inc.

Steven C. Knight, M.D.
President
Fidelity Biosciences Group
Fidelity Investments

Peter Kosa, Ph.D.
Business Development Director
Bayer HealthCare LLC

David Robbins, J.D.
Managing Director
Trevi Health Ventures

William M. Wardell, M.D., Ph.D.
President and Manager
Wardell Associates International Inc.

They join existing advisory committee members **Ronald Burch, M.D., Ph.D.**, Chief Executive Officer of Cure Therapeutics Inc.; **Hingge Hsu, M.D.**, Managing Director of the Private Equity Health Care Venture Capital Group of Lehman Brothers; **Seth Rudnick, M.D.**, General Partner of Canaan Partners; and **Pramod Srivastava, Ph.D.**, Director of the Center for Immunotherapy of Cancer and Infectious Diseases at the University of Connecticut School of Medicine.

States. Taking place **May 1-2** at the **Marriott Hotel in Stamford, CT**, the event will feature 80 select northeastern companies from early to late stage in IT, bioscience, and diversified technologies. **Connecticut Innovations** is very pleased to once again serve as the **lead sponsor** for this exciting event.

Crossroads is an important event in that it provides entrepreneurs the opportunity to gain essential visibility in the investment community. The fast-paced, two day event is geared toward making the connection between entrepreneur and investor. Day one features presentations from expansion and late-stage companies. Day two features seed, start-up and late-stage companies. Both days also include breakfast, a networking luncheon and exhibits.

The **Connecticut Venture Group's** mission is to stimulate economic growth by encouraging investment in high-growth companies. Through chapters in Hartford, New Haven and Stamford, the organization produces technology-focused seminars and expositions, updates on financing and market trends, university tech transfer conferences, and the annual Crossroads Venture Fair. For more event and registration information, please visit the Crossroads Venture Fair online at <http://www.crossroads-cvg.org>.

Event Preview – BIO International Convention 2007

This year's **BIO International Convention** takes place **May 6-9** at the

CONNECTICUT DELIVERS!

Boston Convention and Exhibition Center. This is the world's largest gathering of more than 20,000 biotechnology leaders and 1,800+ exhibiting companies and pavilions representing every aspect of the biotechnology industry. This year's theme is **New Ideas. Bold Ventures. Global Benefits.**

Connecticut Innovations will be exhibiting along with **CURE - Connecticut's Bioscience cluster** and the **Department of Economic and Community Development** in the Connecticut pavilion. The theme of the pavilion is **CONNECTICUT DELIVERS**, where attendees can learn how the state supports bioscience companies, entrepreneurs and researchers. Key exhibit messages will include Connecticut's easy access to capital, generous incentives and friendly environment. The pavilion will also host exhibits from many of Connecticut's most exciting bioscience companies and research universities.

BIO represents more than 1,100 biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and 31 other nations. BIO members are involved in the research and development of healthcare, agricultural, industrial and environmental biotechnology products. For more information or event registration please visit www.bio2007.org

To learn more about how **Connecticut Delivers** visit us at booth #1367.



Peter Longo, Executive Vice President and Chief Investment Officer of Connecticut Innovations, (seated on the right) participated as a panelist for the session on commercial prospects at **StemCONN 07**, a two-day symposium in Hartford March 27-28 that confirmed the state's emergence as

Elaine Pullen, Chair, CI Board of Directors, said, "We are delighted that we have been able to expand our BioSeed Advisory Committee with such a talented group of individuals. Their highly relevant technical and business expertise will help us identify the most promising bioscience investment candidates and will be invaluable to us as we work with and nurture the companies following our investment." Pullen continued, "We currently have a strong pipeline of seed-stage bioscience companies under consideration – being spun out of universities – and are anxious to engage our new advisors."

a worldwide center of excellence in stem cell research.

Event Calendar

| Date | Event | Location |
|------------|--|--|
| May 1-2 | CVG Crossroads Venture Fair | The Westin Stamford - Stamford, CT |
| May 6-9 | Bio International Convention | Boston Convention & Exposition Center - Boston, MA |
| June 6 | Connecticut Venture Group Tech Transfer Conference | University of Connecticut - Storrs, CT |
| June 19-20 | Connecticut Center for Advanced Technology - The Future of Manufacturing Is Innovation 2 | Pratt & Whitney Air Museum - East Hartford, CT |

For a complete details of these and other events, please visit the [Events page at www.ctinnovations.com](http://www.ctinnovations.com)

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