SCRA

Annual Report 2014

SCRA is an applied research corporation.

We have a strong track record of both delivering technology solutions to federal and corporate clients and growing the Knowledge Economy in South Carolina.

SCRA Technology Ventures supports the formation and growth of early-stage technology companies in South Carolina. This sector also supports the relocation of established technology companies to the state.

SCRA Applied R&D manages R&D portfolios on behalf of federal and industry clients. This sector forms and leads consortia that develop and apply new technologies, managing over $2 billion in national and international applied R&D programs.

SCRA R&D Facilities designs, builds and manages facilities where early-stage companies commercialize new technologies. SCRA Innovation Centers include business spaces, labs and advanced manufacturing facilities.

SCRA builds teams, companies and facilities which create and commercialize new technologies.

Bill Mahoney
Chief Executive Officer, SCRA

We competitively won several new contracts for applied R&D programs in 2014, and key existing contracts are expanding.

SCRA Applied R&D was selected as the Consortium Manager for a $70 million DOD-funded Digital Manufacturing and Design Innovation Institute. We won a Navy-funded $99 million contract to develop and deploy manufacturing technologies for Navy ships and aviation systems. Our prototype development program continues to expand with new partners and new federal sponsors. We were awarded a 5 year, $8.3 million Defense Logistics Agency forging program based on past performance and the assurance of positive outcomes.

2014 brought new contracts and unprecedented revenues.

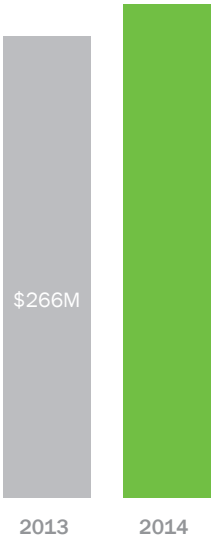
Growth in our Applied R&D division allows us to deliver on our key in-state economic development mission.

Julia Martin,
Chief Financial Officer, SCRA

Fiscal year 2014 was the best in SCRA's history.

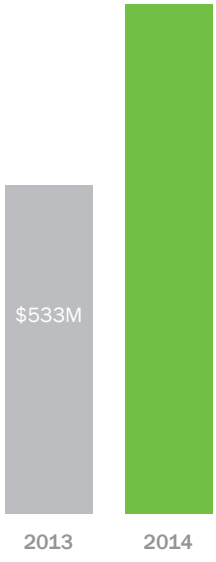
Year-Over-Year Revenue Growth:

7%



$285M

FY14 Revenues



$841M

FY14 Backlog

Ninety-five percent of SCRA's revenues are generated by our SCRA Applied R&D division.

We achieved numerous contract awards and extensions in 2014, including selection as consortium manager of a new $70 million Digital Manufacturing and Design Innovation Institute, a contract win to lead a shipbuilding and advanced manufacturing consortium and expansion of the rapid prototyping program.

SCRA Technology Ventures invests in South Carolina's high-tech, start-up companies.

During 2014

10

investments totaling more than $2.2 million were made in South Carolina-based technology companies.

Since 2006

290

knowledge-based enterprises have been supported by SCRA Technology Ventures through its SC Launch program.

Rising revenues fuel SCRA's economic development mission.

Direct investment of $19 million in the top 74 SC Launch Portfolio Companies helped them attract over $300 million in add-on, private investments.

Participation in the SC Launch program prepares companies to seek follow-on funding. SC Launch investments help them attract funding and capital investments from venture sources.

SCRA Applied R&D delivers technology solutions to federal and corporate clients.

We pioneered the creation of multi-organizational consortia built to deliver technology solutions that one company or industry could not develop on its own.

New business from existing customers reflects our strong delivery record.

We are experiencing phenomenal growth as federal agencies continue to recognize the effectiveness of collaborative technology development coupled with the efficiency of single-point contracting.

Chris Van Metre,
President, SCRA Applied R&D

Shipbuilding

SCRA leads a consortium comprised of the leading US shipyards, industry partners and the US Navy.

Phased Array Ultrasonic Technology

This technology replaces traditional radiographic and ultrasonic techniques used in inspection of welds. The transition is expected to reduce costs 20%, saving $541,000 per hull.

Structural Welding Improvements

Modular construction using robotic welding techniques will increase first time quality of major ship product assemblies, saving over $1 million per submarine hull. This welding technique can be applied to all US Naval ships, increasing the value of the technology.

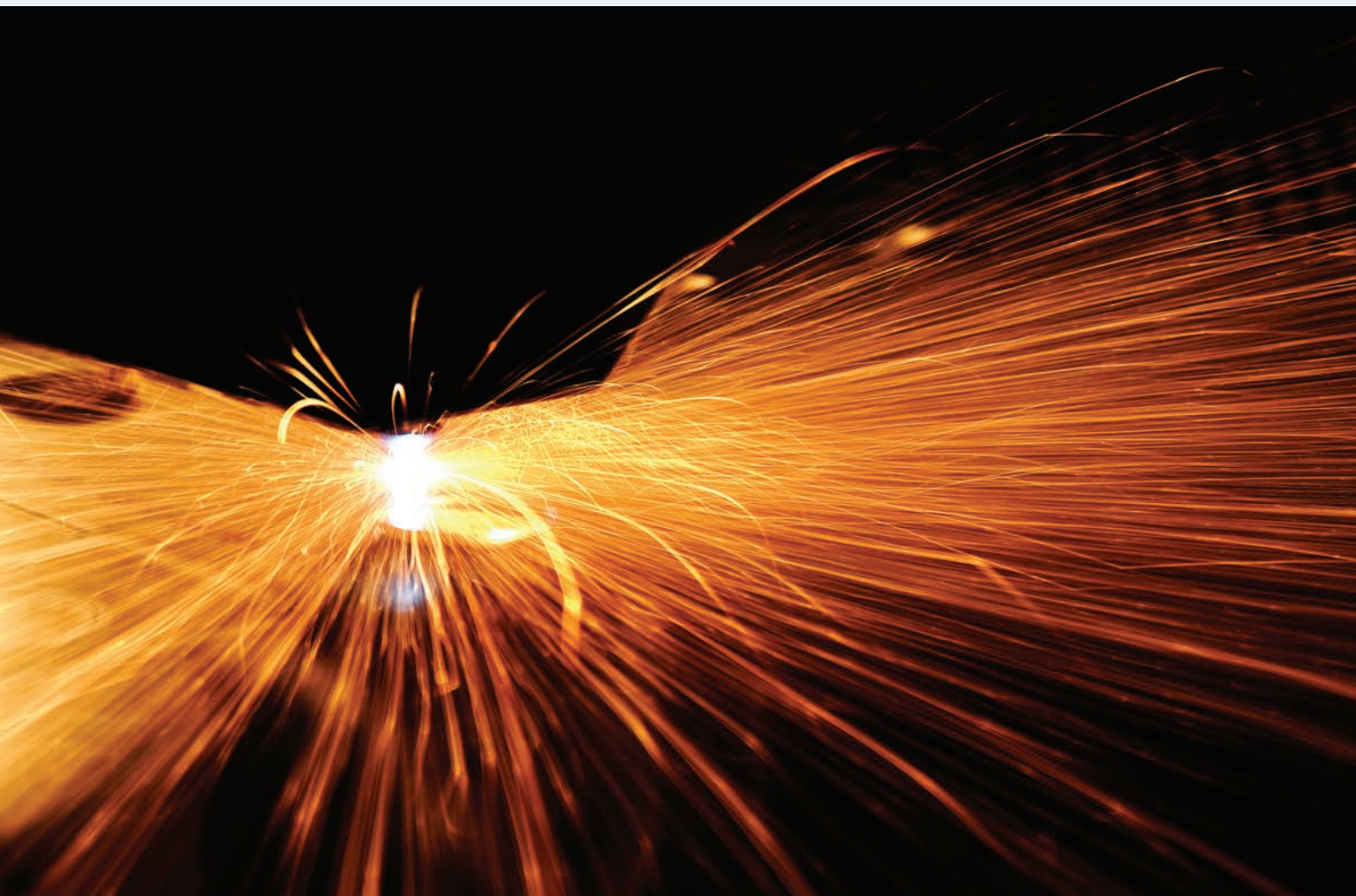
Submarine Outfitting Tools and Processes

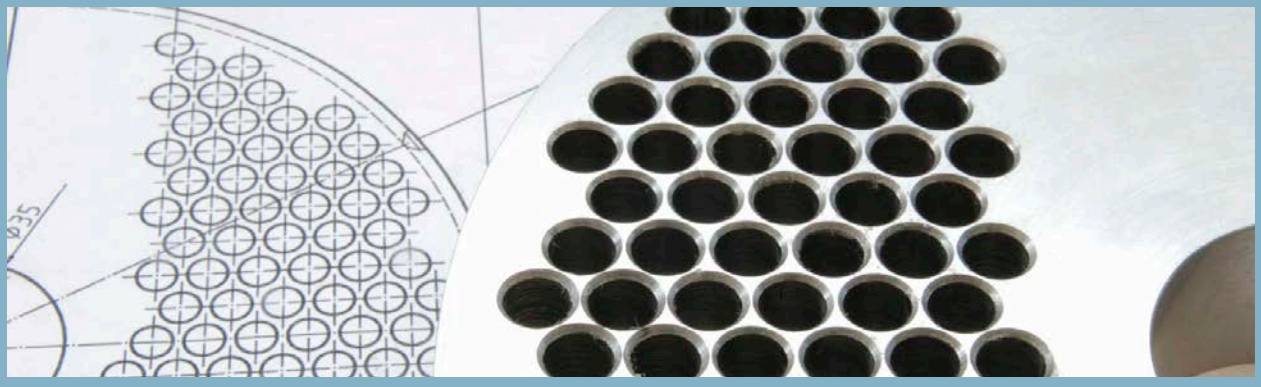
Modular manufacturing will minimize construction support costs by establishing a repeatable, reproducible process for outfitting ships, saving $595,000 per hull.

SCRA Applied R&D's Shipbuilding programs have saved the Navy over $600 million.

Rapid Prototypes

Speed is critical in the development of defense-related prototypes. Our efficient contracting helps put funds to work quickly to deliver new technologies.





Extreme efficiency is a hallmark of a defense prototypes consortium whose business operations are managed by SCRA Applied R&D.

Hundreds of proposals are submitted, processed and awarded each year. The ability to quickly apply federal funding to develop new technologies is critical to maintaining US technological superiority.

Diverse Focus Areas include weapon systems, ammunition, energetic materials, fuzes, sensors and enabling technologies.

Over 280 companies participate in the defense prototyping consortium. SCRA Applied R&D uses Other Transaction Agreements, which make it easy for large and small businesses to participate in solving complex defense technology challenges.

Participation in the program has expanded.

Originally the prototype development program exclusively served the US Army. Because of the need for rapid prototyping and the proven efficiency of the program, many other clients have joined. Technology providers recognize the opportunity to gain access to the federal market, so membership has also grown.

SCRA Applied R&D reduced prototype development cycles by 33% and increased the volume of active projects.

Advanced Materials

We lead teams of composites, metalcasting and forging manufacturers that collaborate to improve performance of our Nation's weapons systems.

Composites offer many benefits over the traditional parts they replace.

An SCRA Applied R&D-led team applies composites to reduce the cost of manufacturing and improve performance of defense-related components. Examples include composite ship components that eliminate the need for vulcanized rubber surface coatings. The new molding system allows assembly operations to be completed off-hull.

Composites have been used on the F-35 to reduce weight and improve performance.

Cables and racks made from traditional materials were replaced by composite parts that don't require welding. Work areas are not required to shut down to accommodate welding rigs. Several composite parts required no painting, saving time and money on construction.

SCRA leads collaborative tech development to reinvigorate the vital metal parts industry.

Globalization diminished US metals manufacturing. SCRA leads collaborative tech development to reinvigorate the metalcasting and forging industries that are critical to defense technological superiority and readiness.

Advanced materials applications have resulted in huge cost savings and improved readiness for the Department of Defense.

SCRA is a leader in South Carolina's technology-based economic development ecosystem, supporting and growing high-tech companies throughout the state.

We are proud of our contributions to South Carolina's growing reputation as an ideal place to form a technology-based business.

Our client companies have grown jobs, high per capita wages and strong capital formation.

SCRA Technology Ventures has a strong track record of effective entrepreneurial support - from discovery of marketable technologies, to formation of early-stage companies, to venture investments and relocation support for established companies.

Ambrose Schwallie
Executive Vice President, SCRA Technology Ventures

SCRA Technology Ventures advances South Carolina's Knowledge Economy.

This advancement is led by the SC Launch program, which forms and grows early-stage technology companies in the state.

Emerging Technologies

Advancing technologies: we take innovative ideas out of laboratories and into commercial markets through the investment in and licensing of novel, emerging technologies from SC's research universities.

SC Launch

Supporting Start-ups: we provide mentoring, support, grant matching and funding to high-tech, SC companies.

STAGE 2

Growing Companies: we grow companies through larger investments in more established SC-based technology companies.

SCRA Technology Ventures provides support at each stage of the commercialization pipeline.

Early-Stage Company Growth

SCRA's SC Launch program supports the formation and growth of early-stage, South Carolina-based tech companies.

Companies are approved for investments by going through a rigorous process.

Initially Candidate Companies meet with SC Launch Zone Managers who perform an assessment of their business plans and identify areas to work on. Next, companies appear before the SC Launch Board, a panel of commercialization experts. If the technology and business plans are deemed viable, companies may received SC Launch funding.

Portfolio Companies receive commercialization and business support in addition to funding.

In addition to capital, Portfolio Companies gain access to a robust resource partner network. Business support available through the network includes banking, marketing, prototyping, manufacturing and legal services.

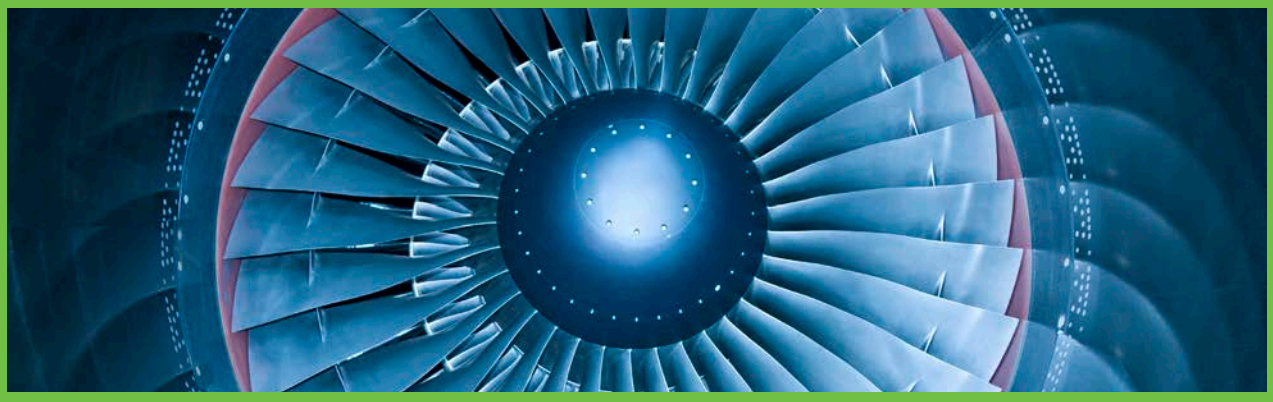
As companies grow and meet business milestones, further funding may be available.

Some SC Launch companies have received federal grants based on technologies deemed critical to US competitiveness. These Phase I SBIR/STTR grants may be matched by SC Launch. Also, many SC Launch supported companies have gone on to achieve large-scale follow-on funding from venture and private capital sources.

SC Launch invested $19 million in its top 74 Portfolio Companies. The Portfolio has attracted more than $300 million in follow-on placements from private investors.

Landing Party Support

SCRA and SC Launch support the relocation of technology-based companies coming to South Carolina.



Landing Parties are companies that establish operations within South Carolina in order to take advantage of an environment supportive of business goals and revenue growth.

SCRA and its SC Launch affiliate provide financial assistance, support and networking opportunities to technology-based companies in their relocation to the state.

Companies are chosen for support based on their potential to contribute to the growth of the Knowledge Economy in specific technology areas.

Focus areas of SCRA-supported landing parties include bioscience and medical, advanced materials, automotive and aerospace, digital technology and clean energy.

Landing parties come to South Carolina from other states as well as other countries.

SCRA manages a joint technology development agreement between South Carolina and Israel. The first Israeli company to establish US operations under the agreement arrived in 2014 to conduct research on diagnostic and therapeutic tools for Alzheimers and ALS at the Roper St. Francis Clinical Biotechnology Research Institute in Charleston.

SCRA has supported the relocation of seventeen technology companies to South Carolina. They are aligned with emerging tech clusters and the focus of the state's research universities.

Landing Party Support

SCRA is a critical component of an ecosystem of support for South Carolina's growing technology-based economy.

SCRA manages a bilateral R&D agreement to further collaboration between South Carolina and Israel.

The agreement between the South Carolina Department of Commerce and MATIMOP, the Israeli Industry Center for R&D, creates a funding mechanism for joint industrial research and development projects between Israeli and South Carolina companies and universities.

The program stimulates development of new or improved products or processes for global markets.

Technology sectors that are the focus for the program are: Biomedical and Life Sciences; Advanced Materials; Sustainable Energy/Water/ Agriculture Systems; Transportation; Defense and Homeland Security and Insurance and Health Information Technology.

NeuroQuest is the first "landing party" directly resulting from the SC-Israel agreement.

SCRA and its SC Launch economic development program closed on two rounds of funding for Israeli company NeuroQuest. The Israeli company established its US clinical development center at the Roper St. Francis Clinical Biotechnology Research Institute in Charleston, SC.

SCRA manages a technology development partnership between SC and Israel. The first Israeli company to establish SC headquarters under the agreement arrived in 2014.

Our Innovation Centers are key components of the infrastructure supporting SC's knowledge-based economy.

These facilities are primarily designed as stepping stones for early-stage companies to reach full commercialization.

We provide unique spaces designed to advance the Knowledge Economy.

The latest example is our own Applied Technologies Center in Summerville, SC. This facility houses many of our own Applied R&D offices as well as a Canadian bioscience company whose US headquarters are located here.

Marvin Davis,
Executive Vice President, SCRA R&D Facilities

Applied Technologies Center

SCRA's newest location in the Nexton Development in Summerville, SC opened recently.

A building with a purpose.

Over the past 8 years we have built and renovated several award-winning Innovation Centers across the state. SCRA's newest facility is designed to increase interaction and communication - to foster teamwork and human connection.

Our new location benefits from multiple amenities.

Located at Nexton, South Carolina's first gigabit community, we are connected to the world through leading-edge technology. Inside the facility every detail, from smart conference rooms to conversation areas that encourage collaboration, have been included.

An international bioscience company chose the SCRA Applied Technologies Center for its US headquarters.

Aeterna Zentaris is a global bioscience company whose US headquarters are located in the SCRA Applied Technologies Center. Their move to SC was supported by SCRA Technology Ventures, whose mission includes supporting landing parties that will advance the state's high-tech economy.

Most of SCRA's Applied R&D operations are headquartered in this new 78,000 square foot facility in SC's first gigabit community.

SCRA Innovation Centers

SCRA Innovation Centers contain laboratories, manufacturing facilities and offices to support the Knowledge Economy.

Charleston, SC

The SCRA MUSC Innovation Center is a state-of-the-art facility with lab spaces for medical and bioscience research. Shared equipment such as sub-zero freezers, distilled water through the sinks, washing machines for lab equipment and drying racks for flasks are available to tenants.

The renovated historic building earned an 'Excellence in Construction' award from the Associated Builders and Contractors of the Carolinas.

Columbia, SC

The SCRA USC Innovation Center is a recently renovated facility designed to accommodate business offices and clean next-generation manufacturing operations.

The building is adjacent to the USC Engineering School and is also within walking distance of Innovista, USC's designated campus for research and entrepreneurship.

Anderson, SC

The Duke Energy Innovation Center at Anderson was primarily built and designed to support advanced materials research.

The Center is a 'green' facility representing environmentally-conscious, best practice design and manufacturing techniques. It earned a LEED Certified Gold Rating from the US Green Building Council.

Clemson University turned to SCRA when they required a facility to conduct federally-funded nano-technology research. We quickly delivered a fully-provisioned advanced materials research lab.

At SCRA, we work to make positive impacts for our clients and our communities.

We are proud to have a corporate culture that includes being an active member of our local communities. SCRA associates support their communities through food drives, Habitat for Humanity work days, meals for the Ronald McDonald House, work with Communities in Schools and other important efforts.

Our strong culture of compliance and employee engagement drives our performance.

It is reflected in our outstanding track record of successful contract performance, administration of a robust Ethics and Compliance program and promotion of corporate responsibility through volunteer activities.

Natalie Corella,
Executive Vice President, Contracts and Compliance

SCRA is comprised of three complementary sectors.

SCRA
Applied R&D

SCRA Applied R&D helps federal agencies accomplish their missions by creating and managing portfolios of R&D projects.

SCRA Applied R&D recruits and organizes consortia of industry and academic organizations to execute the projects federal agencies need in their R&D portfolios. The active contract value of R&D portfolios under SCRA Applied R&D management is over $2 billion.

SCRA
Technology Ventures

Applied R&D revenues allow us to generate many favorable economic development outcomes through our Technology Ventures sector.

SCRA Technology Ventures and its flagship SC Launch program create technology-based companies and jobs in South Carolina. They support commercialization, transition intellectual property to the marketplace and invest in more established technology companies.

SCRA
R&D Facilities

SCRA R&D Facilities serve both our federal-level technology delivery work and our in-state creation of companies and jobs.

SCRA R&D Facilities builds office spaces, labs and manufacturing facilities that serve both our federal-level R&D portfolio work and our in-state economic development mission. We build and manage places where research generates technologies and entrepreneurs create companies and jobs.

Sourcing and commercializing new technologies.

Growing companies that create Knowledge Economy jobs.

Providing facilities to house and equip entrepreneurs.

SCRA

scra.org