

# Emerging Southeast Markets



## *Compelling Geographic Opportunity in the Southeast*

- 4th largest economy in the world, growing faster than other regions of the U.S.
  - The Southeastern economy is expected to continue to grow over the next ten years at a more rapid pace than the rest of the U.S.
  - Five of the ten fastest growing, large (\$100 billion+ gross state product) states are located in the Southeast
- Attractive entrepreneurial environment
  - Substantial research support focused on IT and Life Sciences
  - Significant corporate presence in the Southeast
  - A global leader in patent issuance
  - Highly educated workforce
  - Lower operating cost for start-ups

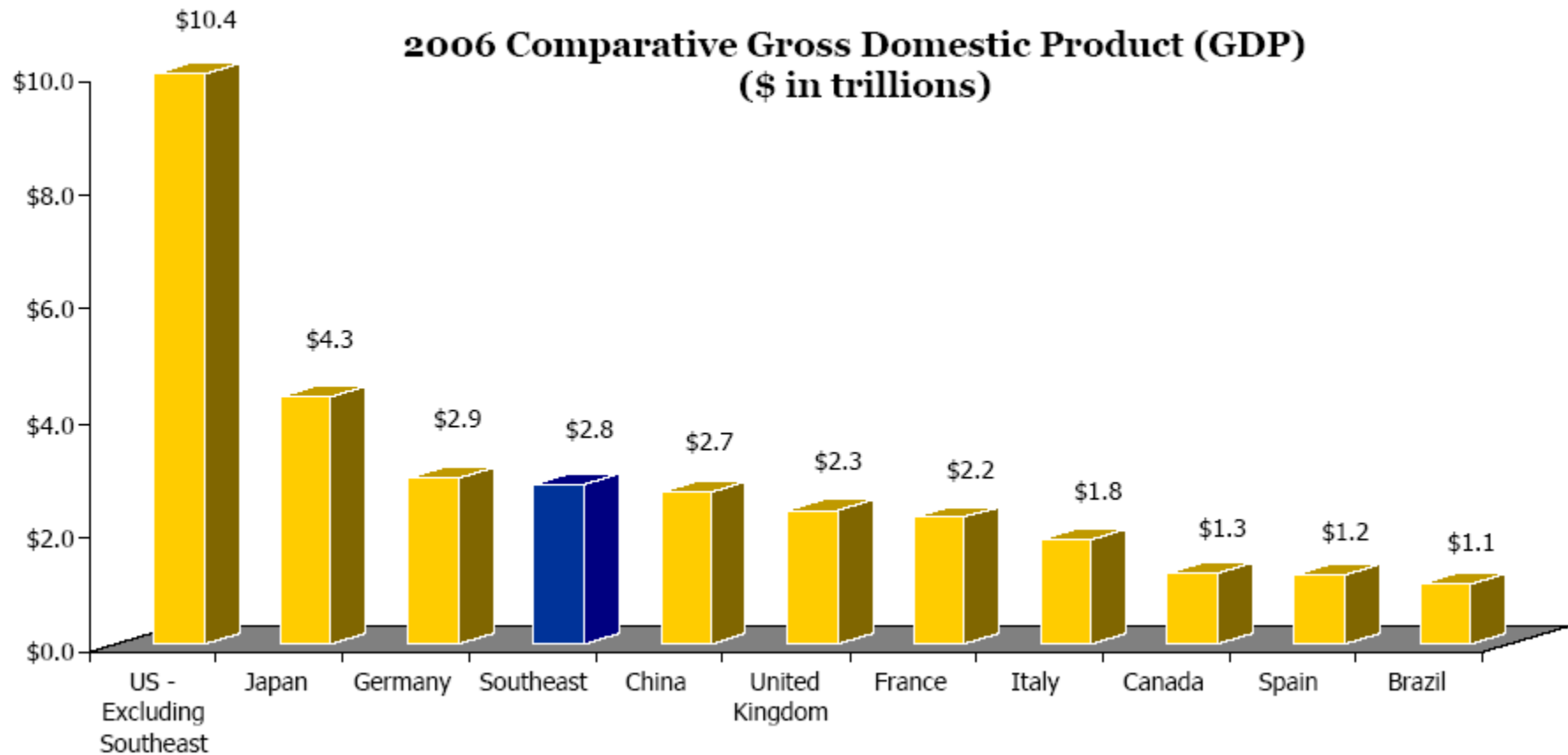
Note: Southeast includes Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee and Virginia/Washington, D.C.  
Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, Metropolitan New Economy Index and local Chamber of Commerce websites.

# Emerging Southeast Markets



## *Strong Regional Economy*

- 4<sup>th</sup> largest economy in the world



Source: Southeast GDP based on Advance Estimates of GDP by State for 2006 as per the Bureau of Economic Analysis, July 2007. US and other countries GDP based on World Development Indicators database, World Bank, July 1, 2007.

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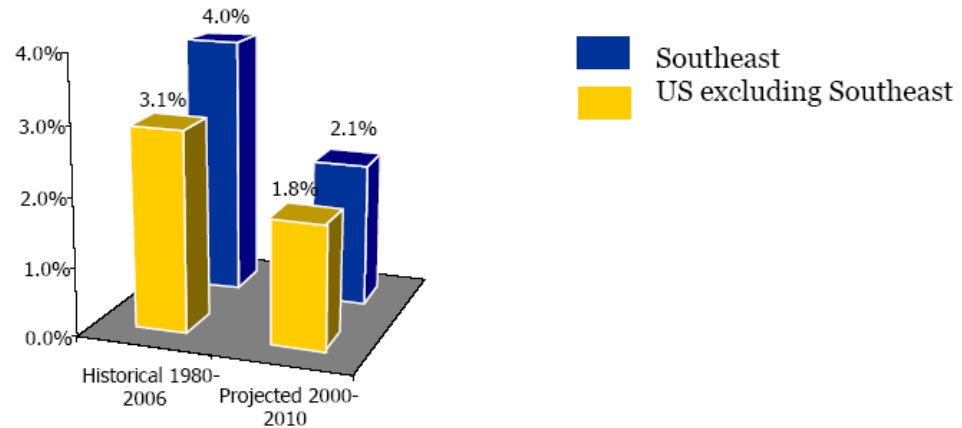
# Emerging Southeast Markets



## Strong Regional Economy

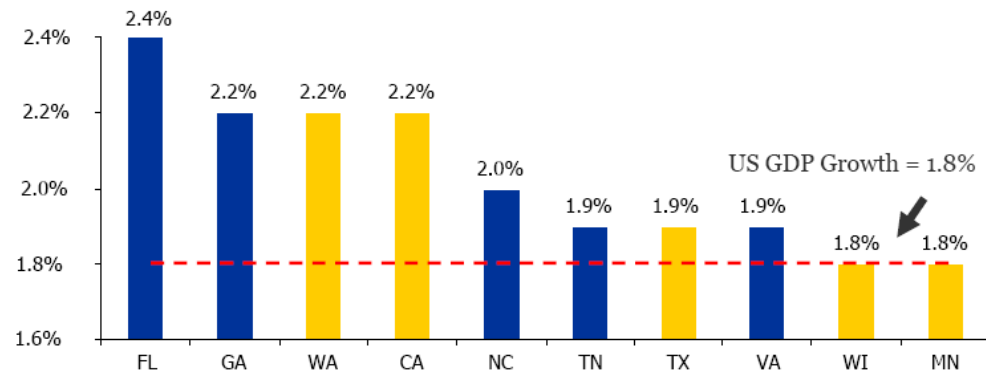
- The Southeastern U.S. economy is expected to continue its historical growth at a pace higher than the rest of the U.S.

Gross State Product (GSP)



Projected Annual Real Gross State Product (GSP) Growth 2000-2010  
(Highest growth states with 2000 GSP > \$100 billion)

- Five of the ten fastest growing, large (\$100 billion+ GSP) states are located in the Southeast



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Source: Data from Advance 2006 and Revised 2003-2005 GDP by State Estimates per the Bureau of Economic Analysis, June 2007 and Comprehensive Revision of GSP 1977-2002, December 2004



# Emerging Southeast Markets

*Substantial Research Support Focused on IT and Life Sciences*



**Tennessee**  
*Vanderbilt University (\$364M)*

Dept. of Energy –  
 Oak Ridge Lab (\$18B)  
 St. Jude's Children's Research Hospital  
 Cumberland Emerging Technologies Life Sciences Center  
 Cool Springs Life Science Center  
 FedEx Institute of Technology

**Virginia / Washington, D.C.**  
*University of Virginia (\$239M)*  
*Medical College of Virginia/Virginia Commonwealth University (\$146M)*  
*Virginia Tech (\$155M)*

Department of Defense (\$73.1B)  
 Environmental Protection Agency (\$7.2B)  
 National Science Foundation (\$4.7B)  
 NASA Langley/Goddard Research Center  
 Virginia Biotechnology Research Park

**Alabama**  
*University of Alabama (Birmingham) (\$433M)*  
*University of South Alabama (\$19M)*

Business Technology Development Center, Huntsville  
 OADI Technology Center, Birmingham  
 Redstone Arsenal  
 Cummings Research Park  
 NASA Marshall Space Center  
 Missile Defense Agency  
 Southern Research Institute  
 Hudson-Alpha Institute for Biotechnology

**North Carolina / Research Triangle Park**  
*Duke University (\$510M)*  
*University of North Carolina (\$344M)*  
*North Carolina State University (\$189M)*  
*Wake Forest University (\$153M)*

North Carolina Biotechnology Center  
 North Carolina Tech. Dev. Authority  
 MCNC (Microelectronics Center of North Carolina)  
 North Carolina Genomics and Bioinformatics Consortium  
 North Carolina Supercomputing Center

**Georgia**  
*Emory University (\$345M)*  
*Georgia Institute of Technology (\$420M)*  
*University of Georgia (\$316M)*

Centers for Disease Control (\$8.2B)  
 Georgia Adv. Tech. Dev. Ctr.  
 Southeastern Technology Center  
 American Cardiovascular Research Institute

**Florida**  
*University of Florida (\$478M)*  
*University of Miami (\$286M)*

NASA Kennedy Space Center  
 Bell Labs  
 Sid Martin Biotechnology Development Incubator  
 H. Lee Moffitt Cancer Center & Research Institute  
 The Scripps Research Institute

NOTE: Dollar amounts represent annual R&D budgets/actual expenditures, based upon most recently available data. Sources: company annual reports, Web sites and individual sources



# Emerging Southeast Markets



*Region Dedicated to Entrepreneurial Growth*

## Tennessee

- 19 publicly traded healthcare companies based in Nashville in 2006.
- Nashville-based health care management companies own or operate more than 40 percent of the investor-owned hospitals in the United States.
- Currently building UT-Baptist Research park – a 1.5 million square ft biotech research center
- Home to Vanderbilt Medical Center and 16 other area universities

## Virginia / Washington, D.C.

- High-tech employment – 5<sup>th</sup> in nation; 1<sup>st</sup> in nation per highest concentration of tech workers as a percentage of the private sector workforce
- D.C. area (combining the District of Columbia, Maryland, and Virginia) has 25,400 high-tech firms and > 458,200 high-tech employees

## North Carolina / Research Triangle Park

- Academic R&D funding and industry funded R&D – 1<sup>st</sup> in nation
- > 100 R&D facilities
- Number of degrees granted in scientific and technical fields – 1<sup>st</sup> in nation
- Home of Duke University, University of North Carolina and North Carolina State University
- 3<sup>rd</sup> in the nation for high-tech focused jobs

## Alabama

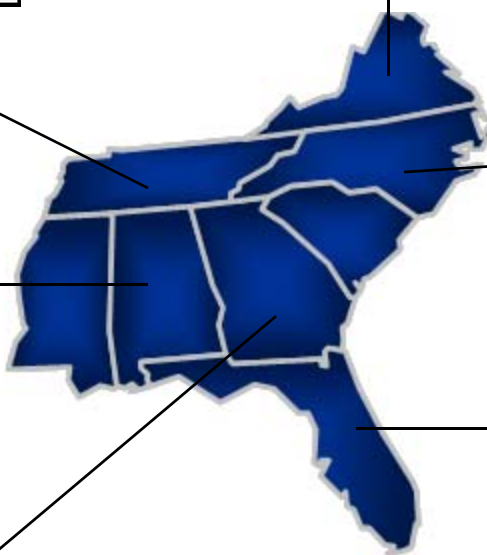
- One of the leading centers for AIDS, cancer and heart research
- Southern Research Institute has completed 25,000+ pre-clinical discovery and development projects for 10,000+ pharmaceutical, biotechnology, and government clients
- Cummings Research Park – 2<sup>nd</sup> largest research facility in U.S.; 4<sup>th</sup> largest in world – more than 220 companies active in over 40 separate technology fields

## Georgia

- High-tech employment – 11<sup>th</sup> in nation
- Software publishers and Internet services employment – 6<sup>th</sup> in nation
- Home of Center for Disease Control, Emory University and Georgia Tech
- More than 250 bioscience companies employing more than 10,000 workers in metro Atlanta

## Florida

- 9.2 million labor force – 4<sup>th</sup> in nation
- 2,600 patents in 2006 – 1<sup>st</sup> in Southeast
- High-tech employment – 4<sup>th</sup> in nation
- Telecommunications services employment and internet services employment – 3<sup>rd</sup> in nation
- 3<sup>rd</sup> in nation (West Palm Beach area) per the number of companies' initial public stock offerings as a share of gross metropolitan product.
- Fastest growing tech industry in nation – 4.1%
- Home to Scripps Florida

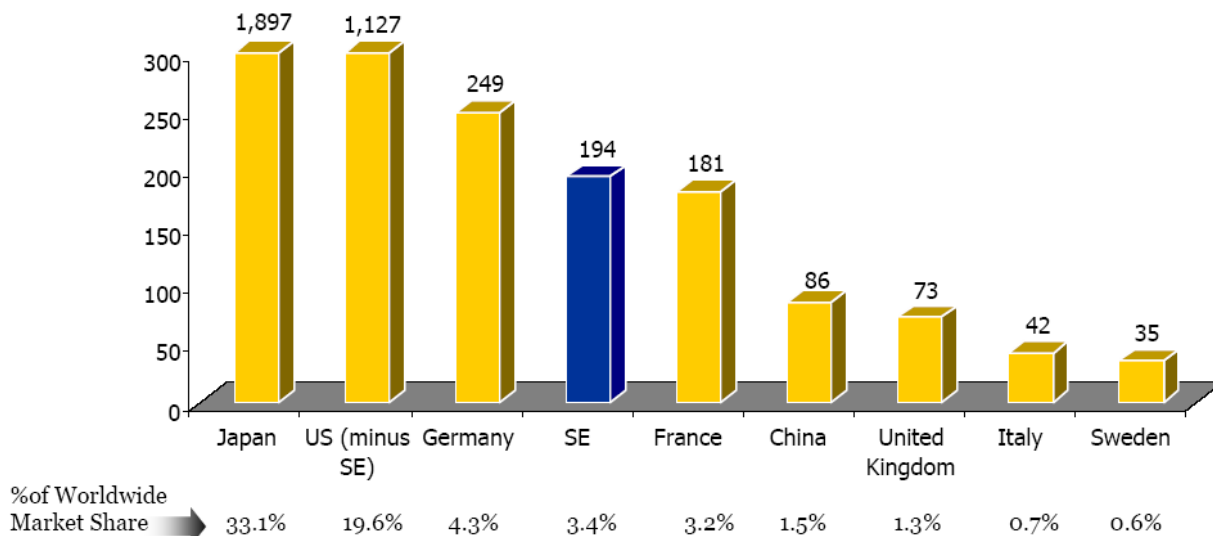


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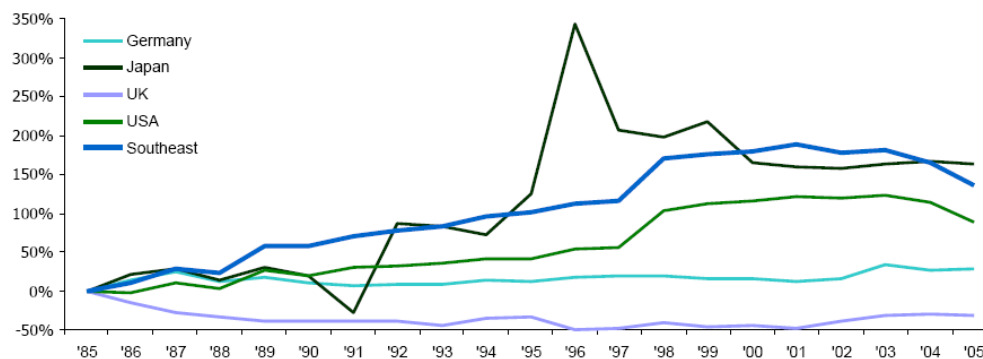


*Leader in Innovation*

Patents issued 1985-2005 (in thousands)<sup>(1)</sup>



Relative Growth of Patents Issued Annually, Indexed to 1985



<sup>1</sup> By state or country of origin, patent is determined by the residence of the first-named inventor.  
Sources: United States Patent and Trademark Office and World Intellectual Property Organization



# Emerging Southeast Markets



Blue Chip IT and Life Sciences Corporate Presence in the Southeast \*



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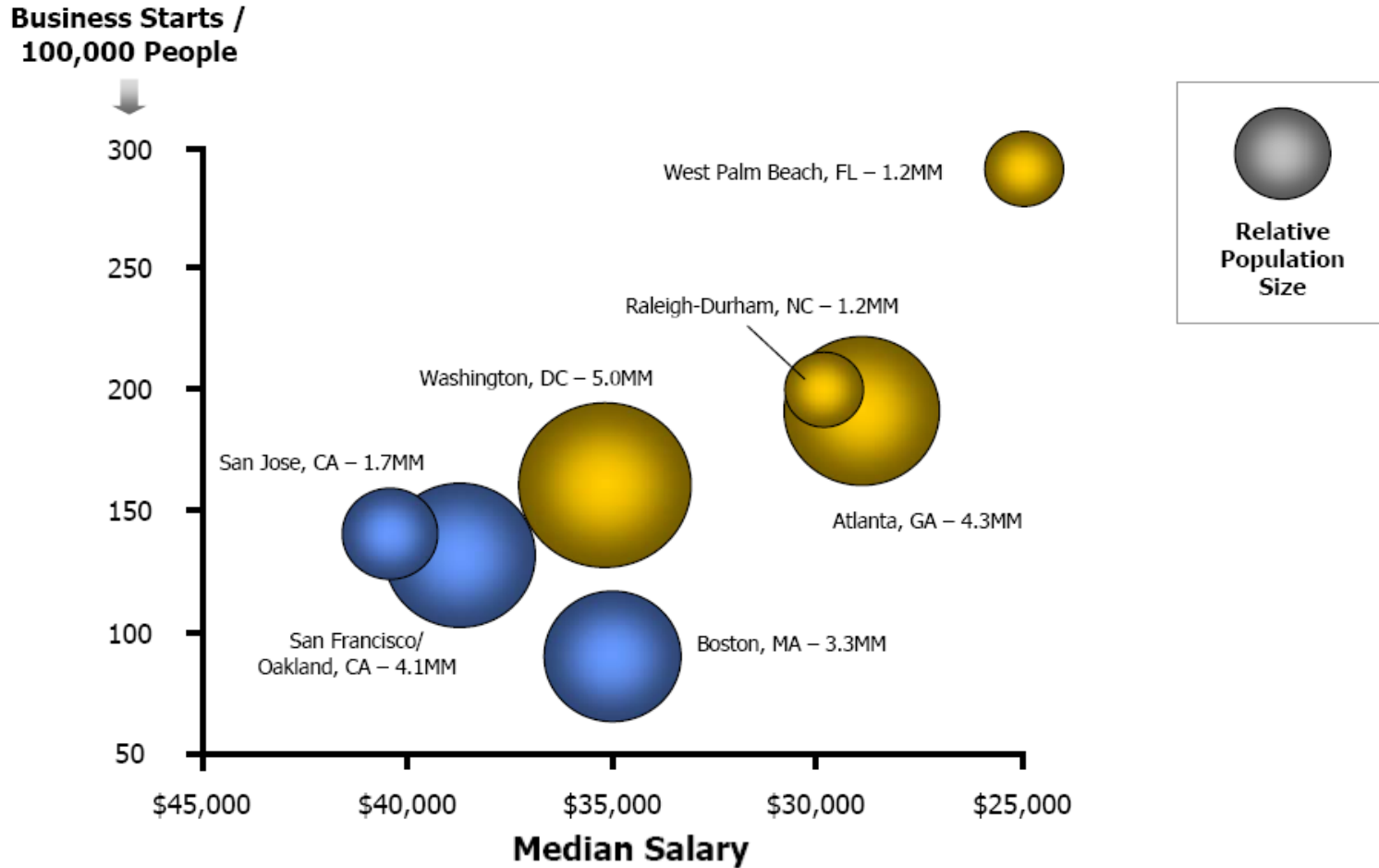


# Emerging Southeast Markets

*Attractive business and entrepreneurial climate*



## Strong, Vibrant Communities <sup>1</sup>



<sup>1</sup> Includes seven of the top ten "boom towns" as defined by Business 2.0 magazine – chosen cities located in Southeastern footprint, California or Massachusetts.

# Emerging Southeast Markets

*Attractive business and entrepreneurial climate*



## *Forbes 2007 Best States for Business*

- 1. Virginia**
- 3. North Carolina**
- 7. Florida**
- 13. Tennessee**
- 15. Georgia**
- 23. South Carolina**
34. *California*
- 35. Alabama**
36. *Massachusetts*

## *Evaluation Criteria*

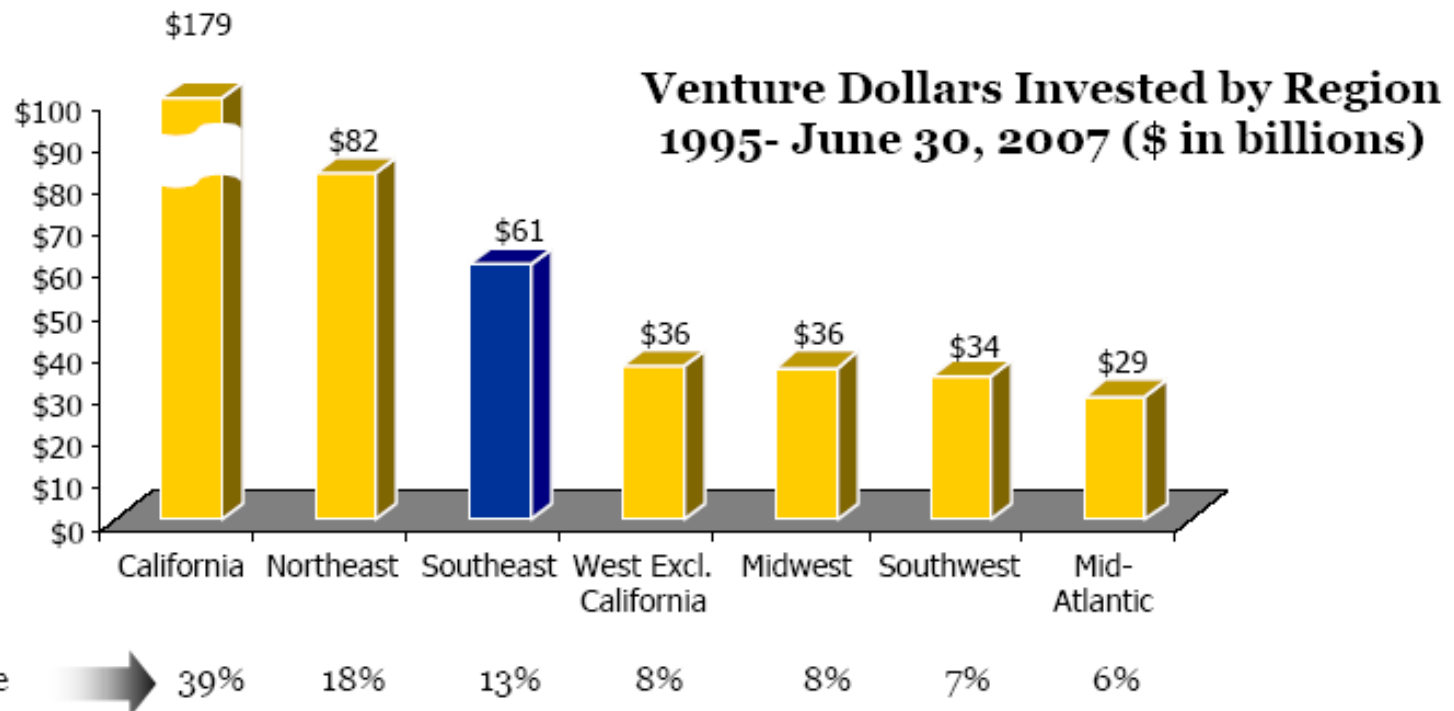
1. Business Costs
2. Economic Climate
3. Growth Prospects
4. Labor
5. Quality of Life
6. Regulatory Environment

# Emerging Southeast Markets



*Established venture capital market*

***The Southeast trails only California and the Northeast in the demand for venture dollars.***



**Note:** Northeast includes CT, ME, MA, NH, NY, RI, VT; Southeast – AL, DC, FL, GA, MD, MS, NC, SC, TN, VA; West Excluding California – AK, CO, HI, ID, MT, NV, OR, UT, WA, WY; Mid-Atlantic – DE, NJ, PA; Southwest – AR, AZ, LA, NM, OK, TX; Midwest – IL, IN, IA, KS, KY, MI, MN, MO, NE, ND, OH, SD, WV, WI  
Source: VentureXpert/SDC, as of June 30, 2007

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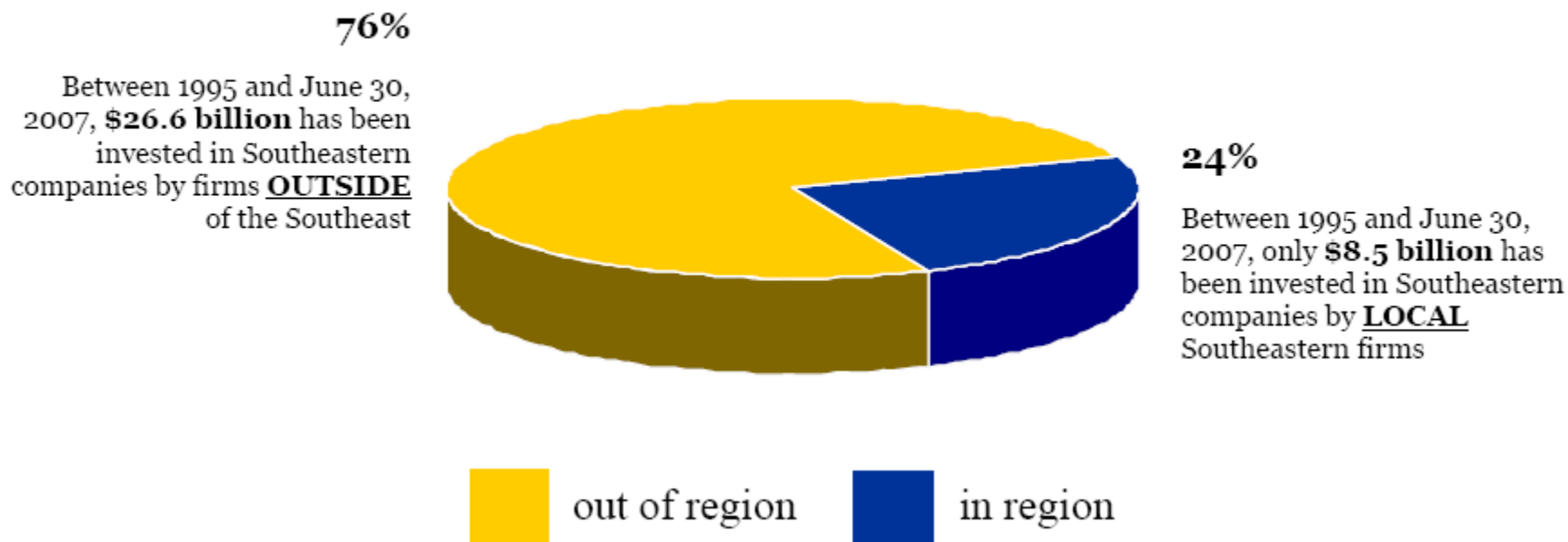
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*Underserved by resident venture capital*

***Between 1995 and June 30, 2007, 76% of the \$35.1 billion<sup>1</sup> of identifiable venture capital invested in Southeastern companies has come from out of region venture funds***

## Share of Venture Dollars Invested in Southeast <sup>1</sup> 1995- June 30, 2007



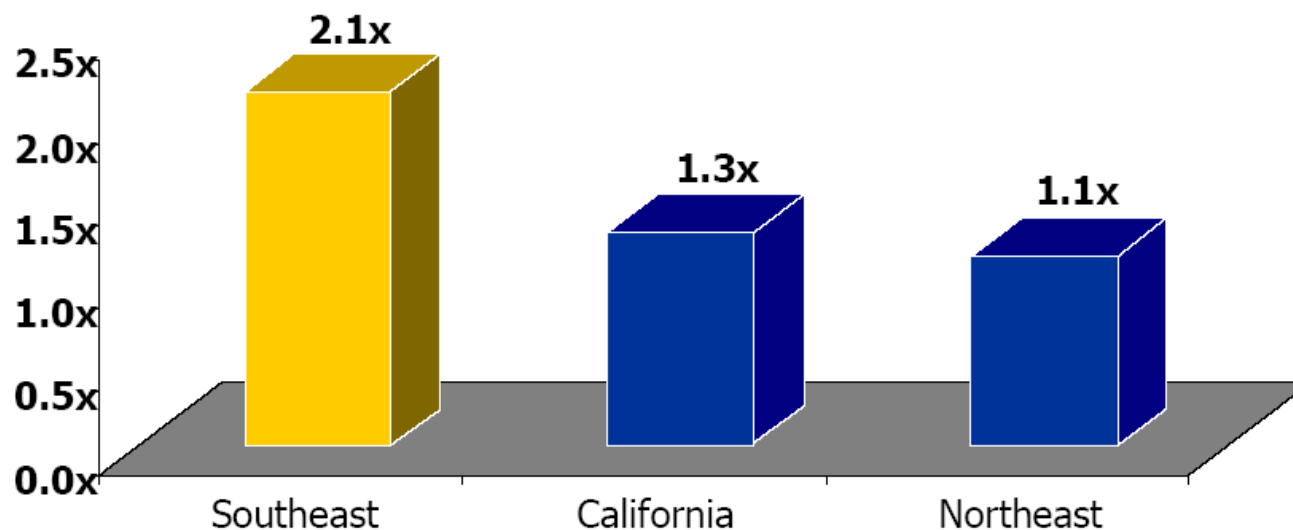
<sup>1</sup> Excludes \$25.5 billion of venture capital invested in Southeastern companies by unknown sources. Venture capital firms with offices located in the Southeast region are considered "local."  
**Source:** VentureXpert/SDC, as of June 30, 2007

# Emerging Southeast Markets



*Better return multiples*

**Total Venture-Backed Liquidity Events / Total VC Dollars Invested  
1995- June 30, 2007 (\$ in billions)**



Total venture-backed liquidity events	\$130.1	\$232.5	\$94.2
Total VC dollars invested	\$60.6	\$179.4	\$81.9
<b>Multiple</b>	<b>2.1x</b>	<b>1.3x</b>	<b>1.1x</b>

Source: VentureXpert/SDC, as of June 30, 2007.

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