

ARNOLD & PORTER LLP

# In-Q-Tel, Strategic Investor for the CIA

National Academies Government-University-Industry Research Roundtable  
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- Late '90s: CIA recognized need to leverage Silicon Valley's start-up innovations to benefit the IC
- Small start-ups not interested in government contracts
- In-Q-Tel established 1999:
  - Independent, not-for-profit
  - Patterned after strategic investment groups at Intel, Motorola, Disney
- Identify, adapt and deliver leading edge commercial technology with IC applications
- Premier Board: Norm Augustine, Bill Perry, Michael Crow, Ted Schlein, Jim Barksdale, Elisabeth Pate Cornell, Anita Jones, ADM Mike Mullen

- A Strategic Investor focused on delivery of solutions, not a Venture Capital firm
- Five-year “charter”; annual contract with work program
- IQT takes modest equity; returns used for IQT purposes
- For Government: innovation and speed, access to technologies that will succeed in government AND commercial markets
- For Entrepreneurs: revenue, development contract, customer feedback
- For Investors (mostly VCs): access to IC and broader government market, IC as “cool” early adopter, leveraged investments
  - On average, each \$1 of IQT investment is leveraged with \$11 of VC money

## IQT Process



## To date, IQT has:

- Evaluated 13,500 business plans
- Engaged with 4,700 technology companies
- Invested in 225 companies
- Piloted over 70% of these companies into the IC:
  - Wide range of technologies: all source analytics, cyber security, cloud migration, language translation, biotech, standoff threat detection, social media analytics and many others
  - Specific examples include Google Earth, ArcSight, FireEye, Palantir