

TECHNICAL REPORT

The Value and Contribution of the UVI Research and Technology Park (RTPark) to the US Virgin Islands

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Foreword


On behalf of the Board of Directors of the UVI Research and Technology Park (RTPark), I am pleased to present and widely disseminate the final published results of an important study commissioned by Governor Kenneth A. Mapp. The findings of this study provide a detailed account of the value and contribution of the RTPark program to the United States Virgin Islands (USVI). The investigation and assessment coincided with the tenth anniversary of the RTPark securing its first client and so the time was right to enquire into its contribution to the USVI. The findings concluded that the positive benefits are significant and their continuation depends on a stable policy and regulatory environment, good governance and professional administration.

The six month long project, which included in-depth empirical analysis, was undertaken from April – September 2016 and concluded with the presentation of highlights and findings to the government. The publication of this technical report rounds out all the deliverables of the project.

This was an intensive exercise that involved secondary research as well as consulting numerous persons who gave their full cooperation to the project. The owners of the firms in the network provided comments on the survey questionnaire, responded favorably to requests for information and made themselves readily available for structured, face-to-face interviews. Indeed, the response rate to the questionnaire was ninety percent (90%).

We therefore wish to acknowledge the support of all the RTPark clients who participated in the project and all other persons who helped to make the study a success. The internal team, directed by Executive Director Dr. Gillian Marcelle, included in 2016, as Research Director, Dr. Ainsley Charles; Research Associate, Dr. Chux Daniels, and project team members: Ryan Robb-Joseph, Laurene McIntosh, Akua Jackson, Lauren Baccus and Siobhan Cioppa. The publication of the results has been organized in a project led by the RTPark with Longview Strategies.

This study is very useful for the USVI government, the people of the Territory, the private sector including RTPark clients and our other stakeholders and partners. These results will also be important for the wider business and academic communities who have an interest in learning about the operations and benefits of tax incentive programs as a means of attracting and facilitating investment.



Edward Thomas
Chairman of the Board

SECTION 1

Introduction

The UVI Research and Technology Park (RTPark) is a small, specialist economic development agency. Its core mandate is to facilitate the inward investment of technology and knowledge intensive firms into the United States Virgin Islands (USVI). A small Territory of the United States, the USVI's population of approximately 100,000 persons is distributed across three islands - St. Croix, St. John, and St. Thomas.

While the traditional bases of economic activity have been tourism, agriculture, oil refining, and manufacturing, in the last seven years economic performance declined significantly with the loss of a major refinery and thousands of skilled workers. RTPark and other economic development activities are intended to diversify the economy and provide a platform for upskilling.

RTPark, created in 2002 as a statutory body, manages a tax incentive program, offers advisory and technical services, and is a partnership that links the government of the USVI, the University of the Virgin Islands (UVI), and the private sector. In exchange for a 90 percent tax write-off for 15 years, companies make investments in the USVI, set up residence and undertake a range of other engagements with the Territory, including making socially beneficial commitments to UVI and other bodies. The first client of the program was secured in 2006 and, at the end of January 2018, the number of active clients and those in process were 52. Appendix 1 provides further information on RTPark's clients.

The program's goal is to successfully establish the USVI as a premier business destination of choice for firms in various technology and knowledge-intensive sectors. To this end, it implements a comprehensive set of related actions. The program focuses on impact investors in high-growth technology clusters such as applications service provision, software development, internet advertising, and data hosting and management. Newer areas of focus include health and wellness, energy research and systems, marine science, and sustainability solutions. The program undertakes focused searches in these areas, clarifies the value proposition of RTPark to potential firms, screens for quality and establishes the likelihood of firms becoming net positive contributors to the USVI. In the last three years, the RTPark program has also emphasized streamlining business development and application processes and strengthening compliance.

RTPark headquarters ('HQ') operates with a small core team and uses the services of qualified consultants to carry out its work. It achieves excellent results with a budget of \$2-3 million. Since January 2015, its activities are funded through commercially-generated revenues and no longer rely on public funds.

RTPark operates with policy guidance from the UVI and achieves good governance through its Board of Directors. The composition of the Board, as outlined in its Bye Laws, consists of the Chairman of the Board of Trustees of the University, the President of the University, two persons selected from the UVI Board of Trustees by the Board of Trustees and three members of the community selected by the Governor. The members of the RTPark Board selected from among the Trustees must be Trustees of the University at the time of their appointment to the Board but are not required to be Trustees of the University as a condition of continued service on the RTPark Board; provided, however, that such continued service may not exceed six months beyond the date that the member's service on the Board has ended. The current members of the Board of Directors of the RTPark Corporation are: Edward E. Thomas as Chair, Dr. Adrian Gardner as Vice Chair, President David Hall as

Secretary and Henry Smock, the Chair of the UVI Board of Trustees. Other corporate officers include the UVI Vice President for Administration and Finance/CFO, Mrs. Shirley Lake-King as Treasurer, along with Dr. Gillian Marcelle, the Executive Director of the RTPark. Attorney Hunt Logan serves as the External Counsel.

Many of the RTPark clients are at the leading edge of technological development and utilization. The main telecom and information technology (IT) infrastructure players form part of the RTPark network. It is in this context that, after 15 years of operation, the RTPark program sought to carry out an evaluation of its social, economic, and technological footprint.

This study, **The Value and Contribution of the UVI Research and Technology Park to the US Virgin Islands**, is the first of its kind, providing a basis for understanding and measuring the quantum of net benefits provided to the USVI by the RTPark and identifying the channels through which these benefits flow. It is based on an empirical investigation of datasets for the year 2015 but information on work opportunities for the period January-June 2016 is also included. Data were obtained from surveys (with a 90 percent response rate), key informant interviews, and administrative information. These findings are expected to serve as a baseline for RTPark evaluation activities, including direct assessment of its value and contribution to the USVI.

This report is laid out in six sections. Section 1 provides background information on the RTPark Program. Section 2 presents the main findings of the study. Section 3 outlines the analytical approach for the empirical work conducted. Section 4 provides a detailed outline of methods and data used for the study with supporting information in Appendices 3-8. Section 5 points to future actions that can be taken in respect of evaluations and assessments and Section 6 provides the conclusions to the study.

“We have had our challenges, but the RTPark program has been great for us. We want it to be a success because it benefits everybody. It is a fantastic program. Getting everyone to realize the economic and social benefits to the Territory will be an excellent achievement.”

– Chief Financial Officer, RTPark Client

SECTION 2

Main Findings of the Study

RTPark contributions to the USVI were captured and measured at two levels. At a first-order level, the project measured contributions made through the creation of work opportunities, reflected in direct expenditures on payroll, service provision, and independent contractors. It also measured business investment, taxes paid and commitments made to the UVI. As mentioned in Section 1, UVI commitments are a unique type of contribution that RTPark companies make, insofar as they are required to make financial and in-kind partnership commitments to UVI. These are codified in legally binding documents. At a second-order level, the project measured contributions that derive from consumption expenditures and from resources expended on various social and community investments.

Overall contribution to the USVI

The key finding of this study is that the RTPark program made a net contribution of **\$70 million** to the USVI economy for the year 2015 (see *Table 1*). This was equivalent to roughly two percent of territorial gross domestic product.

Gross contributions were an estimated **\$91.5 million**, consisting of business expenditure (\$83 million), UVI partnership commitments (\$0.5 million) and ‘other USVI expenditure’ (\$8 million). The latter category included spending on personal accommodation, meals, utilities, health, education and leisure. Offsetting tax benefits to RTPark clients of **\$21.5 million** consisted of \$6.5 million in taxes paid and \$28 million in taxes foregone. The analysis of contributions included all these expenditures, which would not have been made without the establishment of RTPark companies in the USVI.

TABLE 1:
Net Benefit: RTPark Program, 2015

| RTPark Gross Contributions | | (\$ million) |
|---|---|--------------|
| 1* | Business expenditures (<i>Payroll, independent contracting, service provision, other investments</i>) | 83.0 |
| 2 | Expenditure on UVI commitments (<i>Scholarships, internships, special projects</i>) | 0.5 |
| 3* | Other USVI expenditure (<i>Consumption, social and community investments</i>) | 8.0 |
| A | GROSS EXPENDITURES: LINES 1+2+3 (A) | 91.5 |
| Tax Benefits to RTPark Companies | | |
| 4 | Taxes paid by RTPark companies | 6.5 |
| 5 | Taxes foregone by USVI | 28.0 |
| B | TAX BENEFITS TO RTPARK COMPANIES: LINE 5 – 4 (B) | 21.5 |
| NET BENEFITS TO THE USVI (A) – (B) | | 70.0 |

* Note: Categories (1) and (3) are estimates; categories (2), (4) and (5) are actual amounts.

Work opportunities

RTPark clients, who represent a diverse mix of companies engaged in technology and knowledge-intensive business activity, are typically small firms. Over one-half (53 percent) provide work opportunities for fewer than five persons. For the year 2015, RTPark client firms accounted for **488** full-time, part-time, and independent contracting work opportunities (one percent of the territorial labor force) and 1,541 service contracts (see *Table 2*).

Overall spending on payroll and services was **\$72.7 million** with telecommunications and infrastructure companies contributing **\$33.4 million** or 46 percent. These firms also accounted for **160** or 33 percent of work opportunities and **1,285** or 83 percent of service contracts.

TABLE 2:
Work Opportunities and Use of Service Providers by RTPark Business Type, 2015

| | A | B | C | |
|--|------|------|------|---|
| No. of full-time, part-time and independent contracting work opportunities | 488 | 160 | 328 | A TOTAL FIRMS |
| No. of service contracts | 1541 | 1285 | 256 | B TELECOMMUNICATIONS AND INFRASTRUCTURE FIRMS* |
| Expenditure on payroll and services USD million | 72.7 | 33.4 | 39.3 | C OTHER FIRMS |
| Expenditure on service contracts USD million | 44.2 | 24.4 | 19.8 | |

* *Broadband VI LLC, Choice Communications LLC, Innovative Entities, and Tropical Telecom Ltd.*

Work opportunities provided by RTPark companies are very well rewarded. On a per-work-opportunity-provided basis, average earnings for full-time work was \$74,203. This was more than **twice** the mean annual wage of **\$35,000** in the USVI. For part-time work and independent contracting, average earnings were **\$10,428** and **\$22,135**, equivalent to 30 percent and 63 percent of the USVI mean annual wage, respectively.

Data provided by firms for the first half of 2016 indicate that, given the rapid growth in company registrations, work opportunities created through the RTPark Program are expected to increase in the future. For the period January-June 2016, **351** full-time, part-time and contracting work opportunities were created (compared to **488** for January-December 2015). Virgin Islanders accounted for **179** or 51 percent of them, and **56** or 43 percent

of all independent contracting opportunities (see Fig. 1). Detailed analysis revealed that their employment at telecommunications and infrastructure companies was particularly high where they accounted for 109 of the available 116 full-time and part-time work opportunities.

FIGURE 1:
Work opportunities for Virgin Islanders, January-June 2016



RTPark firms rely heavily on highly-skilled workers with advanced training. Technical skills and training are applied across a wide array of activities including programming, database administration, IT and network management, software development and troubleshooting and, for a fewer number of firms, to statistics, economics, and evaluation.

Over 50 percent of work opportunities throughout the network was represented by technical workers, with the residual amount split evenly between managers and administrative workers, respectively. In addition, nine in ten managers and technical employees were educated to university level. In terms of educational levels, RTPark companies utilized the services of highly qualified individuals. For reporting firms, the median educational achievement was a completed bachelor's degree for full-time managers and technical employees as well as for business owners and partners. For administrative employees the median achievement was a post-high school diploma or certificate. Such employees would normally also have extensive professional experience, roughly 20-30 years for owners and partners, 17 years for managers, 12 years for technical employees, and seven years for administrative and clerical staff.

The study provided evidence of unmet demand for skilled workers, with some clients citing difficulties in sourcing technical and other professional skills locally. Reasons suggested for this scarcity included insufficient training

opportunities in key areas such as telecommunications, programming, statistics, software development and IT; low levels of professional experience; a lack of professionalism and good work ethic; and undeveloped or ineffective job-matching tools. Some clients mentioned that they were proactively engaging with UVI to deepen student engagement in technical areas and expand learning opportunities through the direct provision of internships and scholarships.

Other economic contributions

RTPark companies provide other areas of economic contribution, by undertaking significant levels of spending on equipment and infrastructure. For example, expenditure by one leading company over the 2012-14 period amounted to **\$8.5 million**. Extrapolating this to network-wide expenditure over the same period yielded estimates between **\$18.4 million** and **\$26.8 million**. In addition to these expenditures, the RTPark Program was itself a major contributor to infrastructure and capital investments, with expenditure on the building at 64 West Center at **\$13 million**.

Tax Analysis

The net benefit analysis took a careful look at the relationship between taxes paid by RTPark companies and taxes foregone through the Program's attractive benefits. All companies stated that the existence of tax benefits was the single most important factor in their investment decision and its continued availability provided a major feature of locational advantage. Estimates of network-wide tax payments in 2014 ranged from **\$3.6 million** to **\$8.9 million** and taxes foregone from **\$16.3 million** to **\$40 million**.

UVI Commitments

In 2015, commitments to the UVI included provision for scholarships and internships, equipment, direct funding support for special projects, advanced training in computer programming and exposure to supply chain management. Commitments also extended to support for revitalizing the music industry program, continuing education for nurses through online training, and other types of course development and curriculum renewal. A standout commitment was a gift of **\$5 million** in 2010 from 13D Research to fund the annual 13D Research student business plan competition and support the development of an entrepreneurship program. For all companies, the total value of pledged commitments in 2016 was **\$902,800**, up from **\$865,990** in the previous year. In 2015, the value of executed commitments totaled **\$513,000**.

Active high net worth economic agents embedded in society

RTPark client firms are led by high net worth individuals who are embedded in the USVI. They make contributions through the purchase of vehicles, property acquisition and remodeling, recreation and leisure, and use of family health and education services. Using data from five firms to illustrate the scale of expenditures, property acquisition and renovation by these firms in the Territory represented investment of at least **\$18 million**. This provided recurring sources of income for service providers.

RTPark firms sponsored various health, culture and sports initiatives. One example in the health sector was a program providing free mammograms for women in St Croix. Cultural events sponsored included yearly carnivals on all three islands, events such as “The Taste of St Croix” parades, and the Queen show in St Thomas. In the sports sector, sponsorships range from Cricket in the VI to the Olympics Association, swimming teams, and tennis tournaments. 13D Research pledged **\$500K** to build a National Center for Arts and Technology (NCAT) on St. Croix. The NCAT’s goal is to elevate impoverished communities and inspire hope and achievement in youth and adults. Through NCAT, communities develop studio arts-based education programs for middle- and high-school-age youth, career training programs for adults, and social enterprise ventures to support operations.

In summary, the main findings of this study confirm that RTPark clients are active productive agents in the Virgin Islands who pursue technology and knowledge-intensive areas of business, use local services, and generate revenues for their companies and shareholders. Beyond that, their economic footprint produces positive multiplier effects through purchasing local goods and services (including real estate), providing jobs and work opportunities, procurement from local businesses, and rendering tax revenue to the USVI government.

SECTION 3

The Net Benefits Framework

The project designed a conceptual framework - the net benefits framework – and used this to analyze the data collected. In this framework, the value produced by RTPark clients is defined as the gross contributions of client firms less the net tax benefits received by these companies. Underlying the assessment is an approach to thinking about the value and contributions of the program that is best captured by the relationship between the full array of contributions that clients make to the Territory and the tax benefits that they enjoy (see equation below). This approach is also used as a rigorous screening mechanism for bringing firms to the USVI who embrace the program's value proposition and who are then likely to become net positive contributors to the Territory.

$$\text{Net benefits to the USVI} = \sum (\text{Gross contributions} - \text{Net tax benefits})$$

Fig. 2 shows the three different ways in which firms can make a net positive contribution to the USVI. In category 1 are firms that make social investments and economic contributions, the sum of which exceed tax benefits. In category 2 are firms that invest substantial sums in technological infrastructure, knowledge and capability building routines, which in total are large enough to outstrip tax benefits. Firms in the third category spend significant sums in direct employment, work opportunities and other areas, all of which generate positive multipliers and indirect effects that exceed tax benefits. This third category of firms is similar to other types of firms in the USVI.

The key message arising from this work is that the Territory benefits not only from the traditional multipliers but from additional value-creating activities.

For the analysis of gross contributions, expenditure and tax totals represented a mix of actual and estimated values. These were taken primarily from the firm-level survey and key informant interview datasets, along with a set of extrapolated values. For example, business expenditures – the largest component of gross contributions – comprised spending on payroll and services, on equipment and technology systems, and on property and other business-related activities. Of these, payroll and services expenditures were directly captured in the survey. With regard to spending on equipment and infrastructure, a reported tri-annual value of a large company was scaled in proportion to its share of network-wide expenditure on services (also taken from the survey). Property and other business spending were estimated based on reported values from a number of companies.

FIGURE 2:
Net Benefit Framework by Qualifying Category

Gross Contribution > Tax Benefit = **Net Benefit**



CATEGORY 1: Gross Contribution includes large social investment

CATEGORY 2: Gross Contribution includes large technological capability building

CATEGORY 3: Gross Contribution includes large positive multipliers & indirect effects

Gross Contribution < Tax Benefit = **Net Cost**



CATEGORY 4: Gross Contribution includes low social investments, low technological capacity building and few multipliers or indirect effects

A second component of gross contributions, expenditure on UVI partnership commitments, was taken from RTPark's internal financial reporting. The third component, which combined all other non-business expenditures, represented a combination of estimated values (on personal property acquisitions and renovations, reported by many companies in interviews) and an extrapolation of individual-level spending on accommodation, food and drink, and personal services to account for the number of resident full-time employees of each company in the network. On taxes, tax-return data on taxes paid and foregone from a medium-sized company were scaled in proportion both to its share of network-wide services expenditure and its share of full-time employees. Such information provided upper- and lower-bound estimates, from which mid-point values could be taken.

SECTION 4

Methods and Data

The aim of the Program Evaluation Project was to produce a baseline snapshot of the economic, social and technological footprint of the RTPark. The exercise used a combination of data-driven analytical techniques, including quantitative analysis of unit-level survey data, a description of a set of qualitative case studies based on key informant interviews, assessment of tax data, and review of administrative data. These served to provide an assessment of the program's net contributions. Details of the data collection exercise conducted over the period April to September 2016 are provided on subsequent pages.

Methods

The project began by undertaking a data needs assessment, which identified several major categories of data that could be used to reveal the full contribution and dynamism of the RTPark program. The data focused on operational and financial activities of the RTPark program, and client characteristics. Key measurements included data on jobs and work opportunities; education, experience, and skills; owner and worker demographics; community engagement and investments; and the taxation and financial footprint of the RTPark client base (including investment and spending on leisure, housing, schooling, and other services).

Data were compiled for a baseline year (2015) from RTPark client records, a new firm-level survey dataset, interviews, and existing administrative data collected by the RTPark headquarters, UVI, and other USVI agencies. There was a particular focus on the extent to which work opportunities are created for Virgin Islanders and these data are for the period January-June 2016, the most recent period for which empirical data was available.

Review of previous studies

A high-level comparison of selected program evaluation studies was undertaken in early May 2016. Two principal studies on effectiveness of investment incentive regimes in the Caribbean were reviewed: *Benchmarking Investment Incentives in CARIFORUM countries: Final Report* by Investment Consulting Associates and *The Economic Impact of the US Virgin Islands Economic Development Commission Program* by IHS Global Insight, both from 2013. Research motivations included benchmarking CARIFORUM incentive regimes against those of major competitor countries (the Investment Consulting Associates study) and measuring the EDC program's economic value (the IHS Global Insight study).

Both studies used a mixed-methods approach, with the emphasis being more heavily descriptive in the Investment Consulting Associates report (relying on survey data and program reviews) and more quantitative in the IHS Global Insight report (relying on macroeconomic time series data and key stakeholder interviews). For both, a prime parameter of interest was employment: Investment Consulting Associates asked key IPA informants to provide a 'rough estimate' of new jobs created and existing jobs maintained, while IHS Global Insight forecasted 'direct, indirect, and induced' jobs. Additionally, Investment Consulting Associates was concerned to uncover the levels of capital expenditure and exports associated with program investments, while IHS Global Insight forecasted consumption, investment, tax revenues, government spending, consumer prices, gross territorial product, and new business formation, among others.

In addition to assessing the capabilities of candidate firms to work on evaluation of investment incentive programs such as RTPark, the principal use of this comparison study was to highlight some of the key data necessary for understanding the impact of such programs.

Scoping of data requirements, design of research tools, and research coverage

Following an internal program review and a data needs assessment, several major categories of data focus were identified which, in their totality, could be used to uncover the full contribution and dynamism of the RTPark program and thereby form the basis of the program evaluation. These focused on operational and financial activities and client characteristics. They also included indicators on jobs and work opportunities (number, cost, and occupational mix); education, experience, and skills; networks and partnerships; owner and worker demographics; community engagement and investments; and the taxation and financial footprint of the RTPark client base (including investment and spending on leisure, housing, schooling, and other services).

A survey questionnaire was developed in-house in June 2016 and benefited from internal review as well as feedback and discussion from clients themselves and with a representing attorney. In terms of coverage, the survey covered the number and cost of direct and indirect work opportunities made available by RTPark clients; occupational levels; skills, training, and experience; other company and key personnel demographic characteristics; purchases from service providers; technical activities; and challenges to sourcing technical skills locally. The recall period was one (baseline) year, 2015, with some questions extended to provide a current update (June 2016). The survey instrument is shown at Appendix 3 and the list of variables created is in Appendix 7.

In addition to the survey, several clients were selected for elite key-informant interviews in early July 2016. These clients were chosen on the basis of size and sector differences among the RTPark client network. A structured interview format based on an internally-reviewed interview assessment tool was utilized. The assessment tool is included as Appendix 5. Coverage of this tool extended to reasons behind the initial investment decision, areas of expenditure and investment in the USVI economy, and assessments of technical skills availability and of the value of relationships with UVI. Typically lasting one hour, all but one of these interviews were conducted by telephone. Respondents were either the principal or founder. In some instances, more than one person represented the firm under review. Finally, and in addition to these primary sources, a review of secondary data sources, including historical client documents, was conducted and used to complement the primary data assessments.

The final baseline dataset underlying the assessment of overall RTPark contributions was therefore compiled from RTPark client records, from a new firm-level survey dataset, from interviews, and from existing administrative data of RTPark headquarters, UVI, and other USVI agencies and departments.

Data collection and response

The survey was administered using in-house personnel. The period of data collection was comprised of two phases. During phase 1 (late June to mid-July 2016) 17 firms responded to an initial request and 15 key-informant interviews were conducted. Phase 2 (mid- to end August 2016) was a more intensive one, which provided for the completion of questionnaires by 11 additional firms. In total, data came from 28 out of 34 firms (contact was not made with two firms). All of the requested high-level interviews (15 firms in total, 18 principals interviewed) were completed (see Appendix 4). The response rate to the survey was a gratifying **90 percent**.

SECTION 5

Engaging for Future Evaluations & Assessment

This report provides information on the first-ever assessment of the overall contribution of the RTPark program to the USVI economy. It was presented to Governor Kenneth A. Mapp in October 2016, in accordance with a six-month timetable set by his office in April 2016.

This assessment provides the basis for high-level discussions and dissemination of results. The sharing of its methodology with researchers interested in similar program evaluations, and in forging high-level collaborative research partnerships locally and internationally, will support related initiatives in the future. To date, the RTPark has established a partnership with the National Academy of Sciences, Engineering and Medicine, which has expressed an interest in completing work with the USVI on university-led innovation, similar to a study of the innovation ecosystem in Hawaii. In addition, the Science Policy Research Unit (SPRU) at the University of Sussex supports deepening academic exchanges between both organizations and working alongside the RTPark in driving forward its monitoring, evaluation and assessment agenda.

Going forward, three initial areas of research suggest themselves. First, cluster analysis of development programs can be used to investigate questions of program impact on firms individually and as a group, to search for and uncover evidence of increased coordination, and to measure impact size and heterogeneity [see Alessandro Maffioli, Carlo Pietrobelli, and Rodolfo Stucchi (2016) *The Impact Evaluation of Cluster Development Programs: Methods and Practices*].

Second, the synthetic control method can be used to measure the average causal impact of a policy or regulatory reform (such as the formation of the RTPark) by comparing time-series trends in the USVI with its appropriately constructed counterfactual (or “synthetic USVI”) areas (see Alberto Abadie and Javier Gaardeazabal (2003) *The Economic Effects of Conflict: A Case Study of the Basque Country* and Sachin Gathani, Massimiliano Santini, and Dimitri Stoelinga (2013) *Innovative Techniques to Evaluate the Impact of Private Sector Development Reforms: An Application to Rwanda and 11 Other Countries*).

Finally, network mapping analysis can be used to describe, graph and analyze linkages within the RTPark network and with the wider USVI community (see Matthew Jackson (2008) *Social and Economic Networks*).

Although not an exhaustive list, these all represent empirically-based approaches that, alone or in combination, could be employed to complement and extend the initial data-based analytical assessment provided by this Program Evaluation Project.

SECTION 6

Conclusions

The RTPark program, established in 2002 through the vision of leaders at the UVI, in close collaboration with members of the legislature and private sector leaders, envisaged providing a platform to assist the USVI with its aims of diversification, growth and development. In 2006, the first client of the RTPark network was approved and since then the program has continued to grow. In 2015, a new strategy was approved and has been rolled out.

RTPark clients are typically small firms that employ fewer than ten persons. They are owned by technically skilled, highly qualified individuals who have embraced the value proposition offered by this unique program: attractive tax benefits, island lifestyle and the opportunity to make a meaningful contribution. These companies are led by high net worth individuals who contribute through their companies and their own funds.

Looking forward, the RTPark program will continue to screen high-quality companies for entry into the program on the basis of positive contribution to the US Virgin Islands. It will also continue to emphasize greater alignment with research and academic objectives of the UVI and up-skilling of trained UVI graduates. In collaboration with high-level national and global partners including the National Academy of Sciences, Engineering and Medicine, the Inter-American Development Bank, the Economic Development Agency at the United States Department of Commerce, and the Science Policy Research Unit (SPRU) at the University of Sussex, it will pursue a program of activities designed to lead to rigorous program evaluation and continuing program assessment. The RTPark will engage with the community and help to be a source of knowledge about technologies and their application in the Territory. Further, the RTPark will continue to showcase the USVI both nationally and globally, engaging partners on the mainland and elsewhere to build and strengthen the innovation ecosystem.

A major concern for policy continues to be facilitating an environment where high-quality companies continue to see the USVI as an attractive destination and are encouraged to broaden their business interests, deepening their ties and expanding their social and economic contributions to the Territory in which they are currently established.

The findings in this report have provided a baseline – the assessment concluded that RTPark makes a strong and important contribution to the US Virgin Islands that can be measured in terms of a net benefit of **\$70 million**. The project also provides a method that can be used in future assessments as the program continues to grow. The project has demonstrated that RTPark clients make important economic contributions while also investing in society and improving the quality of life in the USVI.

On its own, RTPark HQ has demonstrated financial strength and financial integrity and, by engaging with key interest groups in society, provides an example of good corporate citizenship. As a specialist economic development program that showcases the USVI, it is delivering strong growth, contributing to diversification, changing perceptions of the Territory, and significantly enhancing its prospects.

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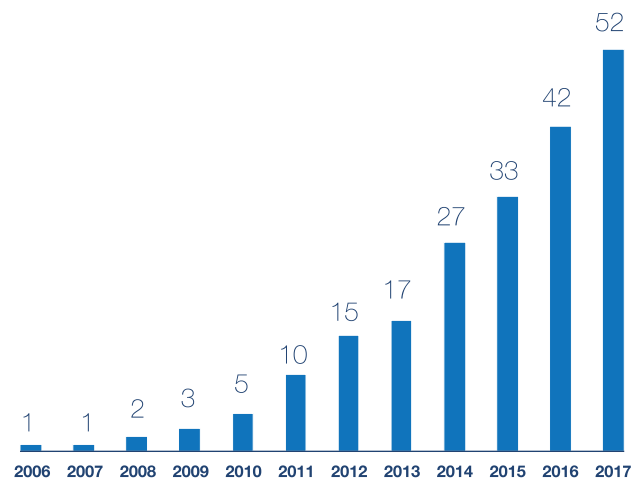
Appendices

APPENDIX 1: RTPARK CLIENTS

GROWTH OF THE CLIENT BASE

The RTPark works tirelessly towards leveraging the Territory's locational and technological advantages while promoting the USVI brand as a place to do business for technology and knowledge intensive firms. As a result, the RTPark program has experienced significant growth, at an accelerating pace during the last three years. The network of clients consisted of 52 clients as at December 2017, up from 27 in 2014. See Fig. A-1.

FIGURE A-1:
Growth in Client Base through to January 30, 2018

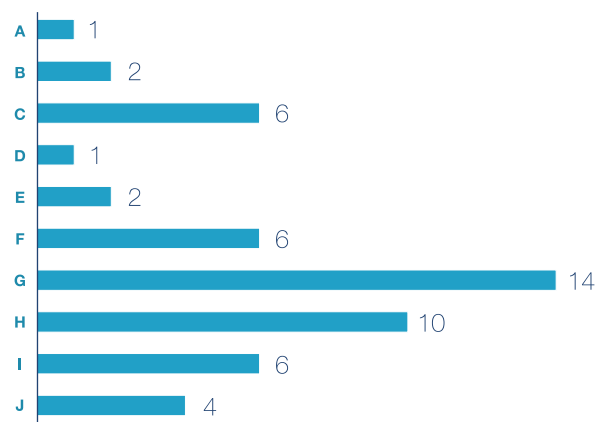


Source: RTPark Program Client Database 2017

BUSINESS SEGMENTS

The network of clients represents a diverse mix of companies, drawn from cities across the United States and, internationally, those engaged in knowledge- and technology-intensive areas of business activity. Companies are involved in traditional areas such as e-commerce, Internet advertising, market research and business intelligence as well as newer areas of knowledge-intensive activity, including logistics and supply-chain management. The network also includes information, communications and telecommunications service providers from the USVI. Appendix 2 shows the detailed list of active clients with business segments for each.

FIGURE A-2:
RTPark Clients – Business Segments



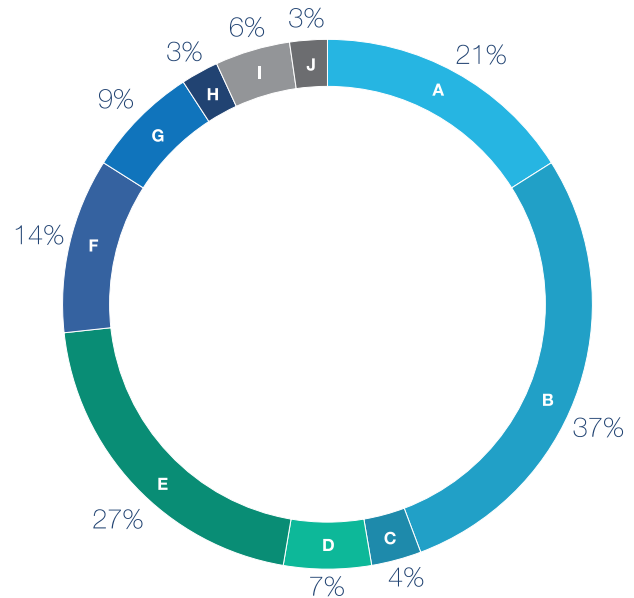
- A Advanced Supply Chain Mgmt & Logistics
- B Cloud Services, Data Hosting & Data Center Mgmt
- C E-Commerce & Web-Based Services
- D Electronic Publishing
- E Intellectual Property Rights Mgmt
- F Internet Advertising & Development of Multimedia Platforms
- G Specialist Software Development
- H Technology & Knowledge-Intensive Research/Consulting & Investment
- I Technology-Mediated Services
- J Telecom, Internet & Infrastructure

Source: RTPark Program Client Database 2017

PARTNERSHIP COMMITMENTS TO THE UVI

As part of their operating agreements, firms establish legally binding partnership commitments with the UVI. These range over several categories and include the provision of student engagement and workplace learning opportunities, scholarships, graduate employment, faculty engagement, IT services provision, operational assistance, endowments, participation in a Distinguished Lecture Series, and involvement in various other special projects. Among the multiple economic contributions of the program, this direct contribution serves to build a workforce pipeline and to facilitate skills development of, and knowledge exchange by, the future labor force of the Territory. In 2017 the financial value of client commitments to the UVI academic program stood at \$1.5million (see Figure A-3). This is a 58% increase in value of commitment since 2015.

FIGURE A-3:
RTPark Client Commitments to UVI



- A Student Engagement / Workplace Learning Opportunities | 21%
- B Scholarships | 37%
- C UVI Graduate Employment Program | 4%
- D Faculty Engagement | 7%
- E Special Projects | 27%
- F Advice/Operational Assistance | 14%
- G Participation/Knowledge Exchange | 9%
- H Distinguished Lecture Series | 3%
- I Direct Provision of Telecommunication & IT Services | 6%
- J Endowments & Gifts | 3%

Source: RTPark Program Client Database 2017

APPENDIX 2:**RTPARK CLIENT NETWORK SUMMARY AS OF JANUARY 30, 2018**

| ITEM# | ORGANIZATION | LOCATION | BUSINESS SEGMENTS | SIZE* |
|-------|--|----------|--|--------|
| 1 | 13D Research (USVI), LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Medium |
| 2 | American Health Advocates, Inc | STT | Technology-Mediated Services—Healthcare & Life Insurance | Small |
| 3 | Anvil 1, LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Small |
| 4 | Atlas Tracking Solutions, LLC | STT | Technology-Mediated Services—Asset Mgmt | Small |
| 5 | BCS Tech Ventures, LLC | STX | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Medium |
| 6 | Brisa Max Holdings VI, LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Medium |
| 7 | Broadband VI, LLC | STX | Telecom, Internet & Infrastructure | Large |
| 8 | CentriLogic USVI, LLC | STT | Cloud Services, Data Hosting & Data Center Mgmt | Medium |
| 9 | Choice Communications, LLC | STT | Multimedia Services; Telecom, Internet & Infrastructure | Large |
| 10 | dBase VI, LLC | STT | Technology-Mediated Services— Logistics Mgmt | Large |
| 11 | Exigo Companies VI: Epic.IO, LLC Exigo On Demand USVI, LLC Exigo Office, Inc. | STX | Specialist Software Development, Design & Application; Cloud Services, Data Hosting & Data Center Mgmt | Large |
| 12 | Fostar Managed Services, Inc. | STT | Cloud Services, Data Hosting & Data Center Mgmt | Small |
| 13 | Full Zoom Media, LLC | STT | Internet Advertising & Media Platform Services; Specialist Software Development | Small |
| 14 | Geniuscove, Inc. | STT | Specialist Software Development; E-Commerce & Web-Based Services | Small |
| 15 | Godney Holdings, LLC | STT | Intellectual Property Rights Mgmt | Small |
| 16 | Greenlamp, LLLP | STT | Internet Advertising & Media Platform Services | Medium |
| 17 | Hidalgo, LLC | STT | E-Commerce & Web-Based Services—Jewelry | Small |
| 18 | Hip Logistics, LLC | STT | E-Commerce & Web-Based Services—Recreational Products | Small |
| 19 | Hydrocarbon Management Research and Technology, LLC | STT | Advanced Supply Chain Mgmt and Logistics | Small |
| 20 | Iconic Holdings, LLC | STT | Internet Advertising & Media Platform Services | Medium |
| 21 | Informis, LLC** | STT | E-Commerce & Web-Based Services | Small |
| 22 | Innovate 1550, LLC | STT | Internet Advertising & Media Platform Services | Small |

| ITEM# | ORGANIZATION | LOCATION | BUSINESS SEGMENTS | SIZE* |
|-------|---|----------|--|--------|
| 23 | Innovative Entities: Innovative: Caribbean Comm. Corp. Innovative: ICC TV, Inc. Innovative: St. Croix Cable TV, Inc. Innovative: VIPowerNet, LLC Innovative: Vitelcom Cellular, Inc. | STT | Multimedia Services; Telecom, Internet & Infrastructure | Large |
| 24 | INOv8, LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Small |
| 25 | Intellectual Global Concepts, LLC | STX | Technology-Mediated Services—Media & Entertainment | Medium |
| 26 | ITIM USVI, LLC | STT | Specialist Software Development, Design & Application—Pharmaceutical R&D; Technology & Knowledge-Intensive Research, Consulting & Investment Services | Small |
| 27 | J. A. Wright & Associates, LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Small |
| 28 | Knowledge Investments, LLLP | STX | Specialist Software Development, Design & Application; Technology & Knowledge-Intensive Research, Consulting & Investment Services | Small |
| 29 | LNL Publishing, LLC | STX | Electronic Publishing | Medium |
| 30 | MB Jewels, LLC | STT | E-Commerce & Web-Based Services—Jewelry | Small |
| 31 | Media Source, LLC | STT | Internet Advertising & Media Platform Services; Cloud Services, Data Hosting & Data Center Mgmt | Medium |
| 32 | MEI Global LLC & MEI Licensing LLC | STT | Specialist Software Development, Design & Application—Electronic Funds Transfer | Medium |
| 33 | New Vista, LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Medium |
| 34 | OTS Digital, LLC | STT | Specialist Software Development, Design & Application; Technology & Knowledge-Intensive, Research, Consulting & Investment Services | Small |
| 35 | qSpark USVI, LLC | STT | Specialist Software Development, Design & Application—Trading Algorithm Platforms | Small |
| 36 | Rank Group, LLC | STJ | Specialist Software Development, Design & Application—Energy Trading | Small |
| 37 | Regal Software VI, LLC | STT | Specialist Software Development, Design & Application | Medium |

| ITEM# | ORGANIZATION | LOCATION | BUSINESS SEGMENTS | SIZE* |
|-------|---|----------|--|--------|
| 38 | Scarab Technology Services, LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services; Specialist Software Development, Design & Application—Medical Devices | Small |
| 39 | Seals Investments VI, LLC | STX | E-Commerce & Web-Based Services—Financial Planning | Small |
| 40 | Self-Insurance Consultants, Inc. | STT | Technology-Mediated Services—Healthcare Mgmt Systems | Small |
| 41 | Shop Smart Ventures, LLC | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services; E-Commerce & Web-Based Services | Medium |
| 42 | Smashtech, Inc.** | STT | Design & E-Commerce | Small |
| 43 | STX Consulting Associates, LLC | STX | Intellectual Property Rights Mgmt | Small |
| 44 | STX Online Education, LLC | STX | E-Commerce & Web-Based Services—Education & Training | Small |
| 45 | The Nexus Group, LLC | STT | Internet Advertising & Media Platform Services | Small |
| 46 | Thermopylae Security and Technology, Inc. | STT | Specialist Software Development, Design & Application | Small |
| 47 | Tropical Telecom, Ltd. | STT | Telecom, Internet and Infrastructure | Medium |
| 48 | VI Techstack, LLC | STJ | Technology-Mediated Services—Public Opinion Polling; Customer Relations Mgmt | Small |
| 49 | VosCom, LLC & VosEnergy, LLC | STX | Telecom, Internet and Infrastructure; Technology-Based Services—Energy Distribution | Large |
| 50 | WB Research & Technology, Inc. | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Small |
| 51 | XO Energy Worldwide, LLLP | STT | Specialist Software Development, Design & Application — Energy Spot Trading & Risk Mgmt | Large |
| 52 | Zurich Awes Financial Management** | STT | Technology & Knowledge-Intensive Research, Consulting & Investment Services | Small |

*Size of Workforce—Small: 0-5, Medium: 6-15, Large: 15+

**In process

APPENDIX 3: SURVEY QUESTIONNAIRE

PRELIMINARY DATA REQUEST | JUNE-JULY 2016

(Please fill in this cover page before completing the questionnaire.)

UVI RTPark Protected Cell Company Name: _____

Year joined the RTPark: _____

Company contact (Person completing this form): _____

Position within company: _____

Email: _____

Phone: _____

Date of questionnaire completion: _____

NOTES:

1. This questionnaire (excluding this cover page) contains six pages and twenty-four (24) questions.
2. For purposes of this questionnaire, 'Part-time' work is defined as usually working less than 35 hours per week and 'Full-time' is 35 hours or more per week.

QUESTIONNAIRE

| | QUESTION | RESPONSE |
|---|--|---|
| 1 | <p>How many individuals were employed or involved in the day-to-day work on a full-time basis with benefits at your UVI RTPark Protected Cell company at the end of calendar year 2015?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Number: |
| 2 | <p>For your company's principal owner and secondary partner, please provide the following:</p> <p>Age: <i>(Please choose from the ranges: 21-30, 31-40, 41-50, 51-60, above 60)</i></p> <p>Gender:</p> <p>Work experience (Years):</p> <p>Highest level of education:</p> | Owner: Partner: |
| 3 | <p>What was the payroll cost of all full-time employees and individuals in calendar year 2015?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Cost (US dollars): |
| 4 | <p>How many individuals are employed or involved in day-to-day work on a full-time basis at your UVI RTPark Protected Cell company now?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Number: |
| 5 | <p>Of your current full-time employees and individuals involved in day-to-day work, how many are managerial, administrative, technical, and clerical staff?</p> <p>Please check that the total of these four categories equals the total in (3) above.</p> | Managerial: Technical: Administrative: Clerical: |
| 6 | <p>Of your current full-time employees or individuals involved in day-to-day work at your RTPark Protected Cell company, how many are local United States Virgin Islanders?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Number: |

| | QUESTION | RESPONSE |
|-----|--|---|
| 7 | <p>How many individuals were employed or involved in the day-to-day work on a part-time basis at your UVI RTPark Protected Cell company in calendar year 2015?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Number: |
| 8 | <p>What was the payroll cost of all part-time employees and individuals in calendar year 2015?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Cost (US dollars): |
| 9 | <p>How many individuals are employed or involved in day-to-day work on a part-time basis at your UVI RTPark Protected Cell company now?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Number: |
| 10 | <p>Of your current part-time employees and individuals involved in day-to-day work, how many are managerial, administrative, technical, and clerical staff?</p> <p>Please check that the total of these four categories equals the total in (8) above.</p> | Managerial: Technical: Administrative: Clerical: |
| 11 | <p>Of your current part-time employees or individuals employed in day-to-day work at your UVI RTPark Protected Cell company, how many are local United States Virgin Islanders?</p> <p>Please give a breakdown by:</p> <ul style="list-style-type: none"> • Owners/Partners • Employees • Independent contractors | Number: |
| 12a | <p>How many service providers did you do business with in calendar year 2015?</p> | Number: |
| 12b | <p>At what total annual cost?</p> | Cost (US dollars): |
| 12c | <p>What types of goods and services were procured? <i>(Write down examples)</i></p> | Examples: |

| | QUESTION | RESPONSE |
|-----|--|----------------------------------|
| 13 | <p>For full-time managerial employees or individuals involved in day-to-day work in 2015, what was the typical highest level of completed education:</p> <ul style="list-style-type: none"> • university: post-graduate degree or above (6) • university: bachelor's degree (5) • post-high-school diploma or certificate (4) • high-school diploma (3) • some high-school (2) • elementary school (1) | Highest level: (Write number) |
| 14a | For full-time managerial employees or individuals involved in day-to-day work in 2015, what was the typical number of years of work experience? | Number: |
| 14b | What was the average age of your managerial employees? | Average age: |
| 15 | <p>For full-time technical employees or individuals involved in day-to-day work in 2015, what was the typical highest level of completed education:</p> <ul style="list-style-type: none"> • university: post-graduate degree or above (6) • university: bachelor's degree (5) • post-high-school diploma or certificate (4) • high-school diploma (3) • some high-school (2) • elementary school (1) | Highest level: (Write number) |
| 16a | For full-time technical employees or individuals involved in day-to-day work in 2015, what was the typical number of years of work experience? | Number: |
| 16b | <p>What type of activities did your technical employees undertake?</p> <p>(Write down examples)</p> | Examples: |
| 16c | What was the average age of your technical employees? | Average age: |
| 17 | <p>For full-time administrative employees or individuals involved in day-to-day work in 2015, what was the typical highest level of completed education:</p> <ul style="list-style-type: none"> • university: post-graduate degree or above (6) • university: bachelor's degree (5) • post-high-school diploma or certificate (4) • high-school diploma (3) • some high-school (2) • elementary school (1) | Highest level: (Write number) |
| 18a | For full-time administrative employees or individuals involved in day-to-day work in 2015, what was the typical number of years of work experience? | Number: |
| 18b | What was the average age of your administrative employees? | Average age: |

| | QUESTION | RESPONSE |
|-----|---|-------------------------------------|
| 19 | Have you been able to source technical skills locally? | Yes / No: |
| 20 | What were the biggest bottlenecks in sourcing technical skills? (Write down main bottlenecks) | Bottlenecks: |
| 21 | What have been the most reliable and effective means of sourcing technical skills? (Write down most effective means) | Means of sourcing technical skills: |
| 22a | Where were your business interests based before coming to the United States Virgin Islands? | State (US) or country: |
| 22b | Does your RTPark company represent a startup of new business functions or a transfer of pre-existing business functions to the USVI? | New / Transfer |
| 23 | Have you submitted an Annual Report to RTPark for calendar year 2015? | No / Yes |
| 24 | Have you submitted an Annual Report to RTPark for any of these previous calendar years? 2014 2013 2012 2011 2010 2009 2008 2007 2006 | No / Yes |

END OF QUESTIONNAIRE

If desired, you can use this page to highlight other economic, social, and community contributions to the USVI.

APPENDIX 4:

RTPARK COMPANIES WHO RESPONDED TO DATA REQUEST*

| | COMPANY* | RESPONDENT | DATE OF SUBMISSION |
|-----|---------------------------------|-------------------|------------------------|
| 1. | 13D Research, LLC | Kevin Williams | Friday, July 15 |
| 2. | BCS Tech Ventures, LLC | Jeff Crook | Friday, July 15 |
| 3. | BrisaMax Holdings, LLC | Kayla Bruzzese | Monday, June 20 |
| 4. | Broadband VI, LLC | Richard Hasson | Monday, June 20 |
| 5. | Centrilogic USVI, LLC | Kevin Applin | Tuesday, June 21 |
| 6. | Choice Communications, LLC | Tony Shepherd | Wednesday, July 13 |
| 7. | Dbase VI, LLC | Michael Kanko | Friday, September 9 |
| 8. | Fostar Managed Services, Inc | Jon Foster | Tuesday, June 21 |
| 9. | Genuiscope, LLC | Manuel Montevioni | Thursday, August 25 |
| 10. | Godney Holdings, LLC | Jeff Kaufman | Monday, June 20 |
| 11. | Greenlamp, LLLP | Scott Scheper | Monday, June 20 |
| 12. | Hidalgo, LLC | Silvio Hidalgo | Friday, September 2 |
| 13. | Iconic Holdings, LLC | Chern Lee | Wednesday, August 17 |
| 14. | Innovate 1550, LLC | Nick Martell | Tuesday, June 21st |
| 15. | Innovative Entities | Nathania Bates | Friday, September 2 |
| 16. | INOV8, LLC | Peter Corr | Tuesday, June 28th |
| 17. | ITIM USVI, LLC | Daniella Kauffman | Monday, June 20th |
| 18. | J.A. Wright & Associates, LLC | Julius A Wright | Friday, September 2 |
| 19. | Knowledge Investments, LLLP | Bill Neville | Tuesday, August 23 |
| 20. | LNL Publishing, LLC | Louise Stapleton | Monday, June 27 |
| 21. | MEI Global, LLC | Bob Nelson | Thursday, August 25 |
| 22. | MB Jewels, LLC | Giresh Mirpuri | Thursday, September 1 |
| 23. | The Nexus Group, LLC | Zak Folkman | Friday, September 2 |
| 24. | QSpark USVI, LLC | Nir Ronen | Monday, June 20 |
| 25. | Self-Insurance Consultants, Inc | Kevin Gregory | Monday, June 20 |
| 26. | ShopSmart Ventures, LLC | Brad Wilson | Thursday, September 15 |
| 27. | Tropical Telecom, Ltd. | Steve Ross | Monday, June 27 |
| 28. | XO Energy Worldwide, LLLP | John Churette | Monday, June 20 |

Notes: * Ordered alphabetically.

APPENDIX 5:

KEY INFORMANT INTERVIEW ASSESSMENT TOOL

RTPARK PE PROJECT INTERVIEW PROTOCOL

Aim

- Determine the contributions of RTPark program to USVI's socio-economic development
- Build a set of case studies and “stories” of RTPark Clients’ experiences

Introductions

Greetings, introduction of participants – interviewer, interviewee, others in team

Explain the objectives of the exercise

1. About the client –Main (RTP company) business activities

- Please provide a brief overview of your operations in the RTPark program.
- What are your (main) business activities?
- If we were to describe your business in one sentence/paragraph, what would it be?
- Kindly provide a bit of history. Was this (RTPark Protected Cell) company an outgrowth of some other business, details about that previous business (year started, who started, etc.)?
- If not already covered in the history section above, then follow up on:
 - Owner details (who started, how many owners, principal owner - male or female, principal manager - male or female, level of education (see categories in data request table, etc.)
 - Description of principal business line – same as “b” above
 - Description of secondary and other business lines, clarify how they differ/are distinct

2. Motivations for joining the RTPark Program

- Why did you choose the (USVI) RTPark program?
- What are the main factors that informed your decision?
- Probe categories of main factors (for specificity): location, finance, legal, technological (infrastructure, etc.), logistical, cultural (and others you might think of)
- Did you consider other (comparable) programs before the decision was made to join RTP?

3. Contributions to USVI

- How do your (business) operations benefit the USVI (in general) and/or the local community?
- What specific (name / list / explain) contributions have your business made to the USVI economy?
- In what [specific] areas? – e.g. use of tech services, consumption spending, skills training, deepening of partnerships and networks, internship, housing (examples)
- Is your business (operations) satellite(s) or are they embedded?

- e. Do have connections (tech, social, intellectual, etc.) that go beyond basic consumption of goods and services? If yes, what are these?
- f. How engaged are you in USVI social life? – provide examples
- g. (How) do you contribute your tech knowledge (in science fairs, hackathons, etc.)?
- h. Have you joined the local chambers of commerce or any similar organization?
- i. Explore other examples/indicators of embeddedness, connections and contributions

4. Challenges and Obstacles

- a. What obstacles (or hindrances) did you experience in (1) setting up and/or (2) when in full-operation mode...and why?
- b. How did you overcome (1) initial and (2) ongoing challenges?
- c. Have you encountered any skills, technological or policy/regulation barriers and if yes, what are they?
- d. What is your number one challenge/problem right now?
- e. Who do you suggest to work/partner with in addressing (solving) the challenge(s) you have identified (and how)?

5. Future Plans – medium and long-term

- a. Ask if they would recommend RTPark to other firms
- b. Ask if they plan to add business lines, make technological innovations, penetrate new markets, start new or related companies

6. Response to Quantitative Data

- a. Ask questions related to and in line with the completed quantitative data sheet
- b. Seek clarification *especially* on the “employment” numbers: indicate that we’re interested in the “number of individuals who do any of the daily work of the RTPark Protected Cell company”

7. Conclusion

- a. How have your operations flourished since joining the RTPark program?
- b. Anything else you would like to add, that we have not yet covered so far?
- c. Would it be of use for us to send you additional follow-up questions (and be guaranteed a quick response), if not, who is the (most knowledgeable) person we can deal with?

Thanks and closing statement

APPENDIX 6:

RTPARK CLIENT INTERVIEW SCHEDULE AND PARTICIPANTS

| | COMPANY* | INTERVIEWEE | DATE** |
|-----|---------------------------------|---|------------------------|
| 1. | ITIM USVI, LLC | Daniella Kauffman | Monday, June 20 |
| 2. | QSpark USVI, LLC | Nir Ronen | Monday, June 20 |
| 3. | Self-Insurance Consultants, Inc | Kevin Gregory | Monday, June 20 |
| 4. | XO Energy Worldwide, LLLP | John Churette | Monday, June 20 |
| 5. | Tropical Telecom, Ltd. | Steve Ross | Monday, June 27 |
| 6. | LNL Publishing, LLC | Louise Stapleton | Monday, June 27 |
| 7. | INOV8, LLC | Peter Corr | Tuesday, June 28 |
| 8. | Fostar Managed Services, Inc | Jon Foster | Tuesday, July 5 |
| 9. | LNL Publishing, LLC | Louise Stapleton | Tuesday, July 5 |
| 10. | Godney Holdings, LLC | Richard Warburg, Kelly Moore and Jeff Kaufman | Thursday, July 7 |
| 11. | XO Energy Worldwide, LLLP | John Churette | Thursday, July 7 |
| 12. | MEI Global, LLC | Randy Marcinko, Chris Droekhoff | Friday, July 8 |
| 13. | Innovate 1550, LLC | Nick Martell | Friday, July 8 |
| 14. | Broadband VI, LLC | Michael (Mike) Meluskey | Monday, July 11 |
| 15. | Iconic Holdings LLC | Chern Lee | Tuesday, July 12 |
| 16. | Geniuscove, LLC | Manuel Monteviodoni | Tuesday, July 12 |
| 17. | 13D Research, LLC | Kevin Williams | Tuesday, July 12 |
| 18. | Greenlamp, LLLP | Scott Scheper | Tuesday, July 12 |
| 19. | Knowledge Investments, LLLP | Bill Neville | Thursday, July 14 |
| 20. | Choice Communications, LLC | Tony Shepherd | Thursday, July 14 |
| 21. | ShopSmart Ventures, LLC | Brad Wilson | Tuesday, July 19 |
| 22. | Knowledge Investments, LLLP | Bill Neville | Tuesday, August 23 |
| 23. | BCS Technology Ventures, LLC | Jeff Crook | Thursday, August 25 |
| 24. | MEI Global, LLC | Bob Nelson | Thursday, August 25 |
| 25. | MB Jewels, LLC | Giresh Mirpuri | Thursday, September 1 |
| 26. | The Nexus Group, LLC | Zak Folkman | Friday, September 2 |
| 27. | J.A. Wright & Associates, LLC | Julius A Wright | Friday, September 2 |
| 28. | ShopSmart Ventures, LLC | Brad Wilson | Thursday, September 15 |

Notes: * Ordered by date of interview. ** Each interview lasted approximately one hour and was conducted by telephone, except for Knowledge Investments, LLLP which was done in person.

APPENDIX 7:

LIST OF VARIABLES CREATED FROM SURVEY

- 1. Number of full-time work opportunities**
- 2. Number of part-time work opportunities**
- 3. Number of independent contractors**
- 4. Number of service contracts**
- 5. Cost of full-time work opportunities**
- 6. Cost of part-time work opportunities**
- 7. Cost of independent contractors**
- 8. Cost of service contracts**
- 9. Number of full-time workers who are US Virgin Islanders**
- 10. Number of part-time workers who are US Virgin Islanders**
- 11. Number of full-time independent contractors who are US Virgin Islanders**
- 12. Number of full-time managers**
- 13. Number of full-time technical workers**
- 14. Number of full-time administrative and clerical workers**
- 15. Number of part-time managers**
- 16. Number of part-time technical workers**
- 17. Number of part-time administrative and clerical workers**
- 18. Age of full-time managers**
- 19. Age of full-time technical workers**
- 20. Age of full-time administrative and clerical workers**
- 21. Years of experience of full-time managers**
- 22. Years of experience of full-time technical workers**
- 23. Years of experience of full-time administrative and clerical workers**
- 24. Education of full-time managers**
- 25. Education of full-time technical workers**
- 26. Education of full-time administrative and clerical workers**
- 27. Activities of service providers**
- 28. Activities of technical workers**
- 29. Bottlenecks to sourcing local technical skills**
- 30. Age of owners and partners**
- 31. Gender of owners and partners**
- 32. Years of experience of owners and partners**
- 33. Education of owners and partners**

APPENDIX 8: CLIENT SHOWCASE

This Appendix provides material drawn from key informant interviews and is used to provide qualitative information about the companies that make up the RTPark network and the individuals who lead these firms. Evidence from elite interviews including the six firms profiled below reveal that the majority of the principals are male and millennials, with one firm recording a female principal and another firm with younger principals, some in their thirties. Company descriptions show that business activities range from advertising, e-commerce and communications to software development, intellectual property and research-intensive technology firms.

The main factors that influenced the firms' decision to join the RTPark program remain the tax incentives, followed by the relationship with UVI and the advantage of operating within a U.S. legal and business environment. RTPark companies make contributions to the economic development of the USVI and face challenges, chief among which are the availability of skilled professionals and an uncertain political and legal climate arising from events in the recent past. In the area of future plans, all of the clients interviewed attest to the fact that their business operations had flourished and as a result they planned to remain in the USVI, make further investments, expand their business, and continue to act to as ambassadors for the RTPark program.

Six client profiles

Below are summary profiles of six firms in the RTPark program. By using qualitative data gathering techniques, these data provide a richer account of the factors influencing investment decisions and the activities undertaken by RTPark firms after their entry into the program. The dimensions probed and reported upon include the biographies of the principals, description of the firms based on their areas of business activities, the main factors that influenced the firms' decision to join the RTPark program, the contributions that individual firms make to the economic development of USVI, the challenges and obstacles the firms face, and their plans for the future. Where appropriate, stated opinions are reproduced to provide a representation of the client's perspective.

PROFILE 1

Biographical information of a key principal: Graduated from the University of California in San Diego with a degree in Cognitive Science. He is a self-taught programmer who got into the online digital advertising industry while in college and started his first company right after college, about ten (10) years ago.

Company description and area of activity: Company 1 is a Digital Advertising Agency with a sister company in San Diego. It primarily markets the products and services of its clients. Both companies work together.

Investment decision (factors): Company 1's motivations for joining the RTPark program include: tax savings afforded by the RTPark program; opportunities to live in the Caribbean; and the advantage of the USVI "being within the same US system", and not having to learn new processes and rules outside of the US legal and business systems.

Contributions to USVI: Company 1, as part of its contributions to the USVI, pays management fees to RTPark. It is also involved in internship programs with the UVI and RTPark and provides scholarships to students.

The team, as part of their social life, recreation and leisure, attend a good number of public events, parades,

festivals and various other social engagements in the territory. Being young business professionals, they socialize and eat out and use local services. These activities help to create and support local jobs. Participation in internship and scholarship programs with the UVI is evidence of the relationships with the university, private sector organizations, government, and civil society. Iconic is also involved in networking and partnerships with other RTPark clients and in making business connections – a further demonstration of embeddedness in the local community.

Company 1 is working with UVI leadership in the design of a planned UVI medical school. As part of its charitable contributions and service to the USVI, the management of Company 1 is considering financial donations towards the building of this medical school.

PROFILE 2

Biographical information of key principal: Company 2 has an impressive founder who also serves as Chairman and CEO. He is a well-respected investment specialist.

Company description and area of activity: Company 2 specializes in providing investment research for money managers globally - with its sole office located on St Croix. It has two main products: a macroeconomics-focused business report produced every Thursday and a technical analysis of selected economic indicators which it publishes every Sunday.

Investment decision (factors): Company 2's investment decision to join the RTPark program was driven by its long history and culture of philanthropy, involvement in social issues as demonstrated by its research interests, and the tax benefits provided by the USVI.

Contributions to USVI: Over the years Company 2 has made significant contributions to USVI. This includes a US\$5 million donation that helped to set up the UVI Entrepreneurship Program. The company has also contributed to the USVI innovation centers in St. Thomas and St. Croix and has funded them (together with other firms) on an annual basis. About 50 percent of Company 2's staff are local hires, two of whom were former interns, while several other staff are UVI graduates. Based in St. Thomas, Company 2 has purchased homes in the territory. It is spearheading the building of a VI Centre for IT Technology in St. Croix to support troubled students struggling in schools. In this capacity Company 2 has done site surveys and drafted plans for the building. Company 2 is building a curriculum that is IT-focused with the aim of training software developers, hardware administrators, programmers, and web site designers and developers.

Client Recommendation and further thoughts: Company 2's business operations in the USVI have flourished. The company has had great success in hiring staff, in contrast to some of the other clients interviewed. This firm attributes this success to a simple but very efficient technique: leveraging the networks of existing employees to spread the word about new job opportunities. This achievement is built on the fact that their first set of staff employed was a huge success. As a result, they drew from this core staff in subsequent waves of employment. In the last hiring session the company had four to five additional over-qualified graduates that they were unable to employ.

PROFILE 3

Biographical information of key principal: Founder of Company 3, which started thirteen years ago. He is one of three partners with a background in software engineering and consulting. He is a Computer Science graduate from Georgia Tech and holds an MBA.

Company description and area of activity: Company 3 was founded to provide high speed internet connectivity to the people of the U.S. Virgin Islands. The company was one of the first clients to join the RTPark program. By 2016, it had grown organically to 7,500 customers across all three islands, and has 29 employees and 15 subcontractors.

Investment decision (factors): Company 3 is one of the few RTPark clients which did not consider other programs before joining RTPark. The principals were already living in the USVI and needed high speed broadband. For these entrepreneurs, it was a case of “how can we become more successful?” The decision to join the RTPark program made business, financial and strategic sense.

Contributions to USVI: Joining the program facilitated the development of a good working relationship with UVI, which was previously nonexistent. On the backdrop of this relationship, Company 3 provides broadband internet to the UVI in excess of what was promised in the agreement – an increase from 10Meg to 45Meg. In addition to broadband provision and employing UVI graduates, Company 3 contributes to teaching and continuing education at UVI, for example on QuickBooks. One of Company 3’s staff is a QuickBooks certified instructor.

Company 3 is a company with strong local knowledge and networks; the majority of its staff are UVI graduates. This is very positive for the workforce and for UVI as an institution. In terms of investment and consumption, Company 3 owns the building which houses its main headquarters at Christiansted, while it rents facilities in St. Thomas and in St John. A sizeable portion of its expenditure goes into equipment.

Social contributions are diverse. For example, the company sponsors a softball team and provides Internet to a number of schools. It is represented on the board of animal shelters and makes contributions at that level. In 2016, Company 3 utilized the services of about 24 contractors made up of process engineers who carry out installation work, climbing towers for repairs, part-time hospital work, cleaning and consulting work.

In 2016, Company 3 provided high speed broadband internet to businesses only but the company already planned to provide these services to homes through microwave in the near future. This is expected to create more business and generate employment opportunities, contributing even further to the development of the USVI. At the time of the project, the company was preparing to launch the *Fiber to Home* initiative.

PROFILE 4

Biographical information of key principal: In 2016, the CEO and general manager of Company 4 was an individual who had served in the US Army and previously held senior positions at Verizon Wireless and at Alltel Wireless. His qualifications include a BA in Business Management and an MA in IT Management.

Company description and area of activity: Company 4 is a communications and internet service provider focused on three types of services: (1) internet residential, (2) internet to business and (3) cell phone services. The company is undertaking a major business restructuring and network upgrading.

Investment decision (factors): For Company 4, the main investment decision factor for joining the RTPark program was the need to ensure that it remained as profitable as possible and this was furthered by having access to tax incentives.

Contributions to USVI: This company donates to, and sponsors, various social and cultural initiatives. An example is women's programs, through the Breast Cancer Association where the RTPark client makes it possible for women to have free mammograms in St Croix. Culturally, the company sponsors the carnival each year on all three islands in addition to other cultural events like "The Taste of St Croix". It also sponsors parades and the Queen's show in St. Thomas. Other sponsorships include cricket in the VI and the Olympics Association. For instance, it sponsored athletes for Olympics 2012, by covering their travel bills. Sponsorship also extends to all swimming teams from the three islands and the tennis tournament.

In the area of financial investments, equipment and consumption, the company owns six buildings and facilities, which the company uses as storage and office space, in addition to thirty-nine cell sites, which are used for housing its network infrastructure. Payments are made to local Virgin Islanders when cell sites are installed on their roofs or privately-owned lands.

The company currently employs 32 people; having right-sized from 55 in order to ensure profitability and competitiveness.

PROFILE 5

Biographical information of key principals: Two key principals are the owner and majority shareholder and the Chief Financial Officer.

Company description and area of activity: Company 5 is a software development firm. The company builds proprietary software that is used to buy and sell electricity in the wholesale electricity market throughout the United States. It is also used to conduct analysis of the electricity grid, to price, suggest, and analyze trades, and to monitor risk.

Investment decision (factors): Company 5's main motivations for joining the RTPark program rest on the tax incentives. The electricity business is a lucrative one and the opportunity to optimize taxes was the main driver in this company's investment decision.

Contributions to USVI: Company 5 has made significant contributions to the socioeconomic development of the USVI. The company has a minimum of US\$20 million in revenues. As of July 2016, the company had 18 direct employees who paid income tax in the USVI as a result of this company's operations. In the USVI, about 50 persons (including family members) had moved to the Territory from mainland USA. In terms of consumption, the staff of this company have purchased in total a combined range of 20-25 vehicles and rented or purchased 18 houses and condos. The company has leased three spaces in the eastern part of St. Thomas, utilizing clean water supply and other services. Several staff members have boats and the company uses marinas, services and supplies.

Through another company, the principals have made various investments, solely because of its presence in the Territory. These included the purchase of four houses, five condos and one plot of land, which amounted to roughly US\$6.7 million. There was an additional US\$1 million spent on remodeling, which resulted in the hiring of several contractors in the process, including plumbers, landscapers, and others.

Company 5 has provided two yearly scholarships to UVI, as part of its agreement. Although it does not provide internships as yet, the management is carefully considering the possibilities of getting involved.

PROFILE 6

Biographical information of key principal: There are three principals of Company 6 who carry out the company's day-to-day work. The founder holds a PhD in molecular biology and has attended law school, practiced as an attorney, came to the USVI in 2008 and formed the company in 2010. Another principal is an Intellectual Property (IP) administrator who moved to St. Thomas seven years ago. A third principal attended law school, worked in IT for 11 years and holds a PhD in biochemistry.

Company description and area of activity: This company is an intellectual property strategy consulting and patent portfolio company. It assists clients in the development of IP strategy by examining and advising on licensing and agreements that will be implicated in clients' businesses.

Investment decision (factors): Company 6's decision to join the RTPark program was guided by the tax incentive program, and a love for small communities. Prior to joining the RTPark program, this company was part of the EDC program. Due to the nature of its work, a close link to the UVI was a natural fit.

Contributions to USVI: In monetary terms, Company 6 has made financial donations to the VI Montessori School and the UVI innovation program. The company reported that in the last four years it had supported at least one intern per year, one of whom had since successfully progressed on to PhD studies in molecular biology at the University of Madison in Wisconsin, United States.

The principals have active social and family lifestyles which demonstrate embeddedness in the STT community. One principal, for instance, who has four children, rarely leaves the Territory. Two of his children are involved in baseball programs at school. He is on the board of little league, while his daughter is in the swimming club. His wife is also on the board of the swimming school. These examples demonstrate involvement in the social, educational and sporting activities within the community. Another principal has two children and is involved in similar family functions.

Overall interview assessment: By the very nature of the work of Company 6, its principals are constantly at the cutting edge of scientific research and technology in areas such as cancer, bio-chemistry, and agriculture technologies. Through their clients, they are able to learn, experience and advise on these technologies. It is imperative that the ability to bring these technologies back to the USVI, together with the high-level knowledge and experience, is effectively harnessed by the relevant USVI stakeholder groups.



UVI Research and Technology Park (RTPark)

7 King Street, Third Floor | Christiansted, St Croix VI 00820
+1 340 474 0922 | info@uvertpark.net | www.uvertpark.net