

LATE TESTIMONY

Personal Written Testimony Presented Before
The House
Committee on Economic Revitalization & Business
on
Tuesday, January 31, 2012, 8:30 AM
Conference Room 312, State Capitol
by
Peter Crouch, Dean
College of Engineering
University of Hawaii at Manoa

HB 2319 – RELATING TO ECONOMIC DEVELOPMENT

Chair Angus McKelvey, Vice Chair Isaac Choy, and Members of the House Committee on Economic Revitalization and Business

Aloha Chairperson McKelvey, Vice Chair Choy and members of the Committee. Thank you for the opportunity to testify in support of HB 2319. The College is a strong supporter of diversifying Hawai'i's economy through the development of high technology start-up companies and sees the establishment of funding for a venture accelerator program as a mechanism that would greatly assist this process.

The College of Engineering graduate engineers at all levels, BS, MS and PhD that have a enhanced proclivity to stay in Hawai'i when hired in local companies and agencies and thereby supplies an integral component of the jobs that are the focus of high technology start-ups. Many of the College of Engineering faculty members are increasingly involved in high technology start-ups, licenses and patent applications. Their success depends on emerging high technology companies in Hawai'i having access to suitable funding sources that the HB 2319 promotes.

Thank You.

LATE TESTIMONY

Dear Legislators:

Re: Testimony for H.B. No. 2319

My name is Russel Cheng and I support the proposed bill H.B. No 2319 that would invest \$5 million in a venture accelerator program to support startup entrepreneurs get off the ground and capital formation.

I am a co-founder of Beebleo ebook marketplace and founder of StartupHui Internet and mobile software venture accelerator, my fifth and sixth startups. Both are based in Honolulu.

Allow me to provide some supporting background.

After graduating from UH in the early 90s where I started two companies while I was a senior in what is now called UH Shidler College of business, I spent 16 years in Tokyo, Singapore, Silicon Valley and then Tokyo again. Starting in 1995, I was founder and CEO of XM Asia, Asia's first Internet ad agency that was bought by WPP global advertising agency and founder and MD/Singapore of Organic, an Internet firm that had a successful NASDAQ IPO in 2000. Organic was later taken private a few years later and then bought by Omnicom global advertising agency. Collectively, I created more than 100 jobs in Singapore from 1996 to 2001 in these companies that are both still in business today.

While in Tokyo 2002 to 2007, I earned international creative awards while at Leo Burnett Japan and created intellectual property that was awarded a patent for an identity verification mobile application. My last role was regional marketing director for Microsoft in Asia, overseeing 11 markets and an annual \$22 million consumer marketing budget. I created and activated the regional consumer marketing team and branded entertainment teams.

Before I returned home to Hawaii in 2007 to care for our aging parents, my Hawaii-born mentor based in Tokyo strongly recommended I focus on giving back to the community where we were both born. A venture capitalist seeking investments in Hawaii at the time, my mentor indicated fundraising and capital formation was not the primary challenge in Hawaii he recommended I spend my efforts in five areas that I had learned while living abroad:

1. Entrepreneurship
2. Risk-taking
3. Creativity
4. Innovation
5. Mentorship

My mentor endorsed my joining of Oceanit, where my role was to commercialize technologies in the R&D firm with the goal of developing products, spinning off startup companies, obtaining venture funding and finding new customers. While at Oceanit, I lead and was involved in three HTDV-funded programs related to the State Follow On Fund program—Wind Lidar, LiquidWeb nanoconcrete and Inspecta damage assessment software application. These were mentioned in your H.B. No. 2319 proposal.

Today, I volunteer time as a mentor at HiBEAM venture accelerator, UH Shidler's PACE program where I am a virtual entrepreneur in residence, Chaminade's Hogan entrepreneur in residence and Punahou Luke Center entrepreneur in residence programs. While Hawaii entrepreneurs interested in startup software companies encourage me, many lack the necessary skills, connections, know-how and startup funding.

My efforts with young Hawaii-based entrepreneurs has directly lead to the creation of two companies—one a virtual assistant outsourcing company and Hawaii's first co-workspace, The Box Jelly. I have mentored countless many other entrepreneurs since returning to Honolulu in 2007.

StartupHui is in startup mode. We recognize that the long-term view that it may take 15-20 years to build a sustainable vibrant ecosystem of software and technology into the Hawaii community. We are building the venture accelerator designed to mentor entrepreneurs building startups in Internet web and mobile web application markets. These two fast moving software sectors are currently the prime movers creating high-paying jobs, intellectual property and global business. A key differentiator today is that software, unlike science, biotechnology, energy and many other sectors, is very capital efficient. It is relatively cheap to start a startup software company today, build product, gain customers, earn revenue and fundraise.

StartupHui is inspired by direct conversations with founders at Y Combinator, Techstars and 500 Startups venture accelerators. It will have similar structure, programs and investment programs—two 12-week mentor-driven classes in Summer 2012 and Fall 2012 culminating with demo day for entrepreneurs to showcase their prototypes to investors.

Five selected teams per session will be awarded up to \$20,000 cash, provided legal services to incorporate, office space and mentored by startup Founder/CEOs of Internet web and mobile related companies. Upon completion of the program, the entrepreneurs will present their prototypes to angel and venture capitalist at Demo Day to seek additional rounds of funding. Graduates of StartupHui will form the alumni network to support the next round of startup entrepreneurs into the program. Over time, we will form a network of experienced founders/CEOs that may share their experiences with newer entrepreneurs.

StartupHui hits the key drivers of your H.B No. 2319 proposal:

- Mentors and accelerated business development to de-risk startups
- Resources, relevant expertise in product development, customer acquisition, revenue models and fundraising—all key requirements of startup ventures
- Seed capital to internet web and mobile web entrepreneurs
- Hawaii-based with ties to universities and young professionals
- And if we are lucky over time, attract kama'aina's to come home to Hawaii

We are thrilled by the introduction of this bill for an act to create a State fund to support a venture accelerator program. I can't wait for it to happen!



January 27, 2012

Hawaii State Legislature
House Committee on Economic Revitalization & Business

RE: Bill # HB2319

Dear Esteemed Members of the ERB,

As a tech entrepreneur who has benefitted from Hawaii state incentives as well as from capital investments, and as a fund manager who is working to fund local innovation with a new fund, I am in full support of Bill# HB 2319.

I back the overall vision of diversifying Hawaii's income potential and keeping our best and brightest in the islands with exciting and worth-while professional opportunities. I do believe that this bill could help accomplish this vision by developing projects that creative professionals would otherwise have to seek elsewhere.

Thank you for your time.

Sincerely,

Eric C. Carlson
Kukui Entertainment, LLC
eric@kukuifilmgroup.com

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 31, 2012 9:48 AM
To: ERBtestimony
Cc: chenoa@hawaiiangels.org
Subject: LATE LATE - Testimony for HB2319 on 1/31/2012 8:30:00 AM

Testimony for ERB 1/31/2012 8:30:00 AM HB2319

Conference room: 312
Testifier position: Support
Testifier will be present: No
Submitted by: Chenoa Farnsworth
Organization: Individual
E-mail: chenoa@hawaiiangels.org
Submitted on: 1/31/2012

Comments:
Hawaii Angels is in support of this measure.