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NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE CHAMBERS
HONOLULU

Testimony in **support** of HB858 HD1
Relating to the HI Growth Initiative

Committee on Ways and Means
Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair

March 27, 2013
9:00 am Room 211

Chair Ige, Vice-Chair Kidani, and members of the Ways and Means Committee:

The Office of the Governor **supports** House Bill 858, Relating to the HI Growth Initiative. This measure appropriates funds for the Hawaii Strategic Development Corporation (HSDC) to implement an investment program designed to catalyze and leverage targeted private sector entrepreneurial initiatives.

This comprehensive investment program represents a commitment to reinvigorate state efforts to fuel an innovation economy in order to diversify and grow Hawaii's economic base. This initiative will keep our established industries competitive and create new areas of opportunities to allow our young people to pursue their dreams here in Hawaii.

Although the current draft appropriates blank amounts, we note that the original draft of this bill appropriated \$20 million in general funds over two fiscal years to HSDC and respectfully request inclusion of this amount either in this vehicle or the budget.

The Department of Business, Economic Development, and Tourism (DBEDT) and HSDC are available to answer any questions you may have.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Monday, March 25, 2013
9:20 a.m.
State Capitol, Conference Room 211

in consideration of
HB 858, HD1
RELATING TO THE HI GROWTH INITIATIVE.

Chair Ige, Vice Chair Kidani, and Members of the Committee.

The Department of Business, Economic Development and Tourism strongly supports HB 858, HD1 as it provides the resources to catalyze an innovation infrastructure that will enable Hawaii's creative and entrepreneurial talent to turn ideas into high growth business ventures.

High growth businesses are the engines of job creation. Creative and technology business ventures, in particular, create new jobs in high-wage, knowledge-based industries. The HI Growth Initiative will build on the momentum created by the venture accelerator program funded by the Legislature last session through investments in the innovation ecosystem that will provide the tools and capital for entrepreneurs to build sustainable businesses and quality jobs for our community.

The Hawaii Strategic Development Corporation (HSDC) is requesting a \$10 million general fund infusion in both FY14 and FY15. These are to fund a new State investment initiative that will partner with the private sector in three key areas: 1) commercialization of research; 2) support for incubators and accelerators; and 3) investment funds to grow and scale Hawaii businesses.

HSDC has demonstrated that it can implement investment programs cost effectively by working closely with private sector partners. HSDC seeks to invest where there are gaps in the private sector's ability to support commercialization and innovation and does not duplicate or compete with private sector efforts.

We respectfully defer to the Hawaii Strategic Development Corporation, the expending agency, to provide the specifics on the initiative's objectives, but we would like to voice our support of the bill as we believe the future success of Hawaii's economy will come from the growth and development of high growth entrepreneurial businesses.

Thank you for the opportunity to offer these comments.



Written Statement of
KARL FOOKS
President
Hawaii Strategic Development Corporation

Before the
COMMITTEE ON WAYS AND MEANS

March 25, 2013
9:20 AM
State Capitol, Conference Room 211

In consideration of
HB 858 HD1 RELATING TO THE HI GROWTH INITIATIVE

Chair Ige, Vice Chair Kidani, and Members of the Committee on Ways and Means:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in **strong support** of HB 858 HD1, legislation originally appropriating \$20 million to the Hawaii Strategic Development Corporation for the HI Growth Initiative, an economic development initiative to invest in high growth businesses that create high wage jobs for Hawaii.

Without the upfront availability of \$20 million committed to this program by the State, it will be extremely difficult to catalyze private sector interest and participation in this initiative.

Hawaii needs new strategies to promote long term sustainable growth because we cannot continue to rely on tax increases and cuts to government services as the only measures to address the resource demands of our aging population, our aging infrastructure and our large unfunded liabilities.

Hawaii's dominant industry sector, the tourism sector, is now a mature industry and as a result, Hawaii's economy has averaged only 0.8% growth over the past 20 years. This compares to the 2.6% average growth rate of the US economy over the same period.

Supporting the growth of entrepreneurial businesses in the knowledge intensive and creative industries makes sense for Hawaii as these industries leverage our key assets: our educated workforce, our global relationships and our high quality of life. More importantly, we need to keep talented people in Hawaii by providing opportunities for challenging, high wage jobs.

The advantages are clear. Entrepreneurial high growth businesses:

- bring dollars into Hawaii,
- have minimal impacts on the environment,
- lead our drive towards a sustainable economy and
- create high paying jobs for our local families.

The **HI Growth Initiative** provides \$20 million of investment capital focused on the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital.

Thank you for the opportunity to provide testimony.

Written Statement of
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
SENATE COMMITTEE ON WAYS AND MEANS
Monday, March 25, 2013
9:20 a.m.
State Capitol, Conference Room 211

In consideration of
HB 858 HD1 RELATING TO THE HI GROWTH INITIATIVE.

Chair Ige, Vice Chair Kidani, and Members of the Committee Ways and Means.

The High Technology Development Corporation (HTDC) respectfully submits testimony in **strong support** of HB 858 HD1, legislation appropriating \$20 million (\$10 million in FY 2013-2014 and \$10 million FY 2014-2015) to the Hawaii Strategic Development Corporation for the HI Growth Initiative.

The HI Growth Initiative will provide \$20 million of investment capital that will focus on the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. The initiative reflects a shared vision between HTDC and HSDC not only on the critical needs of the tech entrepreneurial community but also the holistic approach it takes to nurture the ecosystem. Further, it follows the nation's best practices. Innovation extends beyond just the technology sector. Supporting innovation helps keep our established industries competitive and leads our drive for a sustainable economy.

Thank you for this opportunity to offer comments on this bill.

Hawaii Venture Capital Association
805 Kainui Dr.
Kailua, HI 96734
808-225-3579

Date: March 22, 2013

To: Chair David Ige, Vice Chair Michelle Kidani – Senate Committee on **Ways and Means**

Subject: **HB858 HD1 and is scheduled to be heard on March 25 at 9:20PM in Room 211 of the State Capitol**

Dear Chair, Vice Chair and Members of the Committee on Ways and Means

The member supported Hawaii Venture Capital Association (HVCA), formed in 1988, strongly supports HB858 regarding the HI Growth Initiative. My name is Bill Spencer and I have been the President of the Hawaii Venture Capital Association since 1999 and a board member since 1995.

In order to attract investment capital to Hawaii businesses, quality deal flow is a must. Entrepreneurs face a long finance continuum that starts with self-funding and moves to angel investment, early stage venture capital and later stage venture capital.

The \$20 million of investment capital proposed in this bill will be critical to filling a serious funding gap resulting from a lack of early stage investment capital needed after angel investors and before professional later stage venture capital. Building funding capacity for new businesses, especially those supported by the accelerator programs that were started and strengthened by funding appropriated in last year's legislature, is very important to sustaining momentum and helping these businesses succeed.

Hawaii must nurture and support high growth business in order to create quality jobs and help diversify the economy.

I urge your committee to pass this bill.

Sincerely,

Bill Spencer
President
bspencer@hawaii.rr.com

AKAMAI CAPITAL

March 23, 2013

Senate Ways and Means Committee
Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair
State Capitol
415 South Beretania Street, Conference Room 211
Honolulu, HI 96813

RE: SUPPORT FOR HB858 SD1 THE HIGH GROWTH INITIATIVE

Aloha Chair Ige and Vice-Chair Kidani,

We strongly support HB858 SD1 and humbly request your support for this initiative.

My name is Louis Perez and I am the founder of The AKAMAI Foundation and AKAMAI Capital LLC. The AKAMAI Foundation is an emerging Hawaii-based non-profit CDFI focused on community economic development and training in socioeconomically disadvantaged communities across the State of Hawaii via The AKAMAI Finance Academy and AKAMAI Capital LLC. The AKAMAI Finance Academy (AFA) is a five-year program providing specialized training for students in the areas of social entrepreneurship and business. AKAMAI Capital LLC is a wholly-owned subsidiary of The AKAMAI Foundation and it provides students in the AFA with real-world work experience by hiring students as Analysts into its Pan-Asia Equity Fund or its emerging Community Development Venture Capital (CDVC) fund. The CDVC makes investments into and provides technical assistance & training for companies operating within socioeconomically disadvantaged communities statewide or companies owned by socioeconomically disadvantaged persons.

This bill will make a very significant impact upon the Hawaii economy by providing the Hawaii Strategic Development Corporation with the necessary capital to make investments into investment funds such as our AKAMAI CDVC Fund. The funding provided by HB858 SD1 would allow the AKAMAI CDVC Fund to provide the technical assistance, training and capital to small businesses and entrepreneurs who need it most, but are often overlooked.

The ***HI Growth Initiative*** will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaainas home.

If you have any questions or require any additional information, please call me at 808-664-3240 or email me at l.perez@akamaicapital.com.

Mahalo,

Louis F. Perez III
Founder & Managing Director



HAWAII FOOD INDUSTRY ASSOCIATION (HFIA)
1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

DATE: Monday, March 25, 2013

TIME: 9:20 a.m.

PLACE: Conference Room 211

TO:

COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair

Senator Michelle N. Kidani, Vice Chair

FROM: Hawaii Food Industry Association - Lauren Zirbel, Executive Director

Re: HB 858, HD 1 RELATING TO THE HI GROWTH INITIATIVE

In Support.

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

Thank you for the opportunity to provide this testimony.

Written Statement of
Mr. KEITH POWERS
Director of The Founder Institute Hawaii Chapter



To the:

Senate Committee on Ways and Means

Monday, March 25, 2013

State Capitol, Conference Room 211

In consideration of

HB 858 HD1
RELATING TO HI GROWTH INITIATIVE
AND ECONOMIC DEVELOPMENT

Chair, Vice Chair, and Members of the Committee:

The Maui Chapter of the Founder Institute Hawaii strongly supports HB 858 HD1 regarding The HI Growth Initiative to provide investment capital. This funding will provide investment capital- one of the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital.

Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kamaaina home.

As an early stage start-up accelerator program with 50 chapters and almost 1000 portfolio companies all over the world, we can attest to the direct benefits of having seed/early stage capital available for new start-ups.

The Founder Institute Hawaii Chapter is ready to go and funding for this program will help enable us to launch a full-time, intensive programs in Hawaii.

Historically, over one third of all graduates from the Founder Institute are funded, and the average funding amount is over \$200,000 per company worldwide. The vast majority of funding events are lead by angels, but there are government and venture fundings as well.

FOSTERING A STARTUP ECONOMY IN HAWAII

Diversifying Hawaii's economy by growing its technical sector provides some unique challenges. The available talent pool to hire from is very small making it difficult to staff a technology based business in Hawaii. The number of available technology jobs is very limited making it difficult to build a critical mass of technical talent on Hawaii. However, Hawaii has many attributes that make it a great home for technology companies. It is geographically located between APAC and the Americas allowing companies to easily coordinate business activities between the two regions while doing so during daylight hours. It also provides a unique testing ground for new technologies such as clean energy, wireless, web services, disaggregation, sensors and robotics. It also allows companies to offer unsurpassed work life balance to their employees such as little to no commuting, casual work environment and a wealth of free time activities in near perfect year round weather. Furthermore, for companies that choose to operate on mainland time, their employees can leave work earlier in the day and have a greater percentage of daylight hours to spend with their families as opposed to their mainland counterparts.

We believe there are four possible routes to grow the technology sector in Hawaii:

1. Grow the Technology Sector Organically with Local Talent Local Resources
2. Recruit established mainland technology businesses to relocate or open branch offices in Hawaii
3. Recruit mainland technology startups to Hawaii with traditional incubator programs
4. Host an idea stage incubator in Hawaii, create new companies, and provide incentives for them to stay

1. Grow the technology sector organically with local talent and local resources:

This is one of the main ways the technology sector grows today in Hawaii. The growth rate is extremely slow and the rate limiting steps are the lack of engineers and PhDs with great technology ideas and people with the correct skill set to execute.

A2. Recruit established mainland technology businesses:

For most established technology businesses, the costs of relocating the business to Hawaii far outweigh the benefits. Except for a few niche businesses, even opening a satellite office to serve as a bridge office between APAC and the Americas is a difficult business case to make. This is primarily due to the fact that Hawaii is a high cost area and the talent pool of technically trained individuals is so small. Most technology business will find it impossible to staff an office without recruiting and relocating employees from the mainland.

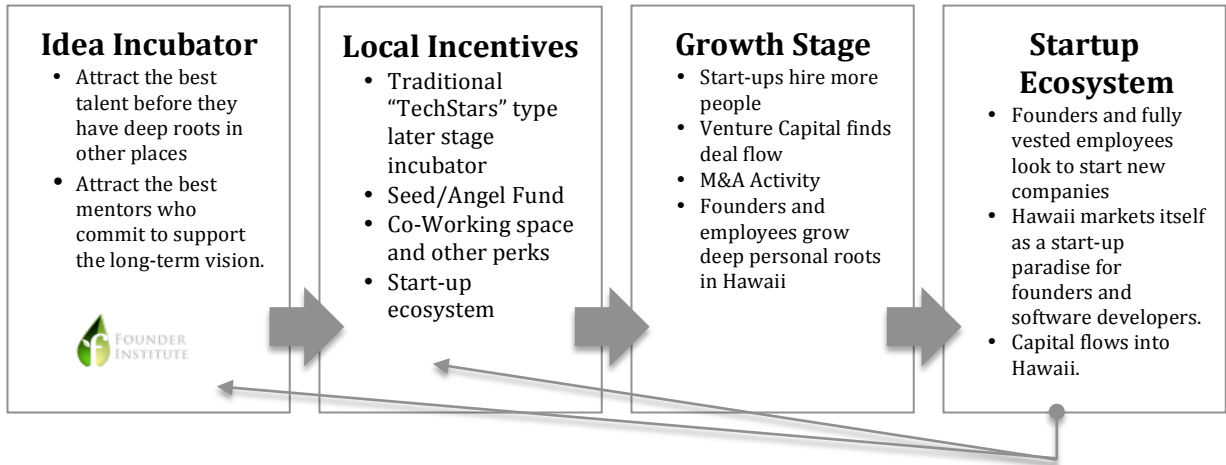
A3. Recruit mainland technology startups to Hawaii with traditional incubator programs:

Recruiting and relocating startups to Hawaii also has similar issues to that of moving established mainland companies except that for startups the business case is even less compelling. Typically startups are cash constrained and have no resources for extraneous expenses. Whereas a multi-billion dollar company may take on a negative ROI for a relocation to allow an executive and small team work remotely from Hawaii, startups typically do not have this type of disposable income. Additionally, startups typically have a very small core team that is spread very thin and time constrained. Relocating to Maui in most cases would mean uprooting all of the core team members and moving them to Maui. This is typically hard to do because of the professional and personal relationships the team has to their local geographic area, family ties, children’s schools, etc. Typically startups that are willing to geographically relocate are the same ones that are unable to find local support in their geographic area because their idea or team has a low probability of ever being successful or profitable.

A4. Host an idea stage incubator in Hawaii, create new companies, and provide incentives for them to stay:

We believe that hosting an idea stage incubator is a critical first step to building a successful technology and start up hub. It is much easier to attract amazing talent to Hawaii while an idea is at the a very early stage of development. Once they are here, we provide incentives and a startup ecosystem that will entice them to stay and grow roots in Hawaii. As such, we have established a partnership with The Founder Institute to open a Maui Chapter of the Founder Institute.

Here is how we see a startup ecosystem forming in Hawaii:



WHY THE FOUNDER INSTITUTE

The Founder Institute is a business incubator and executive training program for high tech entrepreneurs. The Founder Institute brings together experienced CEOs and Founders in a collaborative environment with a goal to help launch 1,000 companies per year worldwide. Through weekly sessions guided by renowned CEOs, the Founder Institute breeds disciplined founders ready to lead the next generation of high-tech companies. To graduate from the program, participants need to actually form a company.

The curriculum topics range from “Startup Legal and IP” towards to the beginning of the program, to “Fundraising” near the end. Program participants also enjoy discounted services from Institute Partners, fundraising opportunities at fair market value, and a teamwork-oriented startup environment where equity is shared among all participants in the companies formed. Founded by Adeo Ressi, The Founder Institute is headquartered in Silicon Valley and began its first program in late Spring 2009.

As of the Summer of 2010, The Founder Institute is one of the worlds fastest growing incubators with chapters in 50 cities worldwide, has launched almost 1000 companies, and has developed a network over 600 experienced Founder and CEO Mentors. The Founder Institute believes that Great People + World Class Training + Aligned Incentives = Exponentially Better Chance of Success.

*The extensive list of 600+ mentors that we can draw on can be reviewed here:
<http://www.founderinstitute.com/information/mentors?select=all>*

The Founder Institute has established itself as a global leader and we believe has the strongest international network. We also believe the structure of the program where everyone benefits is optimal for Hawaii and the kind of program we want to run. Benefits of being part of the Founder Institute include credibility, leverage in the press, alumni networks, mentor network, ability to recruit founders, legal packages, and 50 product and service partners, ranging from office space to legal, provide free or discounted offerings to Graduates - reducing the cost of starting a technology company from over \$20,000 in the first year to as little as \$5,000.

About the Hawaii Chapter of The Founder Institute:

The Hawaii Chapter of Founder Institute will be a 10-week intensive business incubator and executive training program for high-tech entrepreneurs. The goal is to eventually help launch 100 companies per year in Hawaii. We will do this by attracting the best founders, mentors and investors from Hawaii, the mainland and overseas to Hawaii to build companies and to help foster a start-up and software environment.

The key to the success of the program is our ability to attract the best mentors and applicants from all over the world. This is how the Founder Institute works. Directors of each chapter draw on each other and the mentors from each program to build a world-class experience.

Despite the many challenges with growing the technology sector on Hawaii, we believe it

is possible to leverage some of the assets of Hawaii to overcome some of these challenges. We believe the key to accelerating the organic growth of the technology sector on Hawaii through the attraction of engineers and PhDs with revolutionary technology ideas to Hawaii is to assist them with building the early stage company and getting them in front of top investors. At the idea stage or an early startup stage, the founders have not grown roots in a local economy and are not burdened with the high cost of relocating or moving an existing company. They also don't need to hire any employees immediately so the Hawaii talent pool issues are not as big of a problem. They have a long recruiting runway as they build their company and can slowly recruit locally, from the incubator program, neighboring islands, from the mainland or internationally.

How do we get companies and talent to stay?

We are confident we can recruit the best talent and ideas to build game changing early stage ventures. But it is up to all of us working together to provide incentives and a startup ecosystem and environment to get them to stay. This is not something that will happen overnight. It takes time to build an industry.

The incentives needed to get them to come and to get them to stay should include:

- **Tuition Subsidy:**
Some of the best applicants from Hawaii and the mainland may need some help with the tuition for the program. The tuition for the program will be approximately \$1,500 per founder. We would like to subsidize the cost for local Hawaiian applicants for the other applicants that apply for assistance. A similar tuition subsidy model is currently being used by the Founder Institute's Singapore Chapter. The Singaporean Government is providing tuition subsidies to help recruit the best of the best applicants from all over the world.
- **Seed Capital:**
The goal of Hawaii Chapter of the Founder Institute is to get Founders to come and start a new company in Hawaii, but the graduates of the program will still be in the early stages of development and will need seed capital. This seed capital could be through a combination prize money, direct angel investments, and a seed fund.
- **Professional Services:**
Pro-bono professional services (ie. Legal, Accounting) should be provided to compliment the services offered by The Founder Institute's global partners. These starter packages for new companies are a great way for law firms and accounting firms to secure new business.
- **Mentors:**
Access to local mentors and professional connections so they can build relationships here and set their company roots.

The deeper their roots are the harder it is for them to leave Hawaii. We need to help balance the economic scale of being in a high cost center in the early stages when they are cash constrained. We also need to provide them with routes to funding based out of Hawaii. The greater their percentage of funding is derived from the mainland, the higher the percentage is they will leave to be closer to the funding source. From an investment perspective, it would be wonderful if one of the companies started during our program get local angel money and then goes on to get funded by the best VC in Silicon Valley. But, our ultimate goal is to get that VC to co-invest the company with local investors in Hawaii and then make sure that the company stays in Hawaii.

WHO IS LEADING THIS EFFORT?

The Director of the Founder Institute Maui Chapter is Keith Powers. Keith has been active in start-ups, investments and building world-class companies, organizations and community development projects for over 15 years. He is currently the CEO of Zaya.org a disruptive educational non-profit startup that is bringing the online education revolution to the bottom of the pyramid. Keith was previously Head of Strategic Development at the Khan Academy, EVP of Strategic Development at Singularity University, an Entrepreneur in Residence at REI Capital, Co-Creator and COO at Prize Capital, LLC, and EVP of Strategic Development at the X PRIZE Foundation. Keith previously started and sold several companies, including a non-traditional media company, and a Hispanic DRTV- advertising agency. From 1996-1999, Keith was the Director of Operations at Sun Apparel-The Polo Jeans Company, a \$800M global manufacturer, distributor and retailer of casual apparel. Civic leadership, youth development and national service has long been a focus for Keith, including a stint at the US Embassy in Mexico City and as a volunteer corps member and national staff member with City Year, an “action tank” for national service. He is an active advisor to Zepp Technologies, WholeShare.com, Skild.com, Yummie Life, and a co-founder of The Aloha Initiative, a successful program to bring Japanese families that were displaced by the March 2011 Earthquake, tsunami and nuclear tragedy to Hawaii. He has served on numerous boards and is a member of NRDC’s Environmental Entrepreneurs (E2). He has lived, worked, studied or traveled to over 30 countries and is fluent in Spanish and proficient in Japanese.
www.linkedin.com/in/keithpowers

We already have the mentors lined up, we have the skill and experience to execute the program – and we have the track records to credential the program. Thank you for considering and please let me know if you need any additional information or if you need this proposal in a different format.

Sincerely,



Keith Powers, Director
650.331.9319
keith@aloha.org



Written Statement of

Dennis Teranishi, President and CEO
Harold Masumoto, Project Director (Dual-use Technologies)
Maurice Kaya, Project Director (Energy)

In Consideration of

HB 858 THE HI GROWTH INITIATIVE

Chair Tsuji, Vice Chair Ward and Members of the Committee on Economic Development & Business:

The Pacific International Center for High Technology Research (PICHTR) respectfully submits testimony in **strong support of HB 858**, legislation appropriating \$20 million (\$10 million in FY 2013-2014 and \$10 million in FY 2014-2015) to the Hawaii Strategic Development Corporation for the HI Growth Initiative.

Since 1983, PICHTR has been involved in technology demonstration and commercialization projects in the Asia Pacific region. Over the last 8 years, PICHTR has provided funding and mentorship to over a hundred high tech businesses addressing critical issues in Hawaii including defense and dual use, clean energy, sustainable agriculture, and disaster relief – mostly using federal funds. **Over the last year, there has been a ground swell of activity and momentum around building Hawaii's entrepreneurial ecosystem.**

This year, to address gaps in the ecosystem specifically related to cleantech, PICHTR launched the Energy Excelsator, funded by the U.S. Department of Energy. The Energy Excelsator brings together top cleantech entrepreneurs, investors, and mentors from all over the world for a one-week program to work intensively with cleantech startups to commercialize innovative new technology. PICHTR also awards up to \$90,000 to top performing teams coming out of the Excelsator. **Efforts such as the Energy Excelsator do not succeed in isolation; they require an ecosystem of broad community involvement, strong mentor and investor networks, and the availability of capital – in short, the kinds of efforts proposed by HB 858.**

WORKING TOGETHER

Providing a dedicated network of industry partners, mentors, and investors across the U.S. and the Asia Pacific.

INDUSTRY PARTNERS

Hawaiian Electric Company⁺
Maui Electric Company
Hawaii Electric Light Company
Kauai Island Utility Cooperative
Landowners
Real estate developers⁺
Hotels
Independent Power Producers⁺
Large technology companies⁺

⁺ also in mentor network

INDUSTRY PARTNERS (cont.)

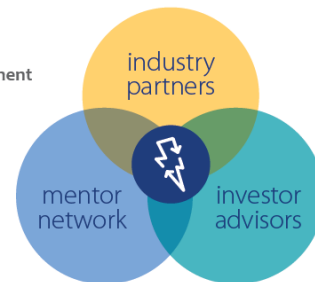
Universities⁺
Blue Startups⁺
Accelerator programs⁺
Foundations⁺
State & local government⁺
Hawaii Public Utilities Commission
U.S. Department of Energy⁺
U.S. Department of Defense⁺
USDA
National laboratories⁺

MENTOR NETWORK

Energy entrepreneurs
Supply chain and logistics
Technical expertise
Manufacturing expertise
Legal professionals
Intellectual property
CFOs
Marketing
Public relations
Talent and Recruitment

INVESTOR ADVISORS

Venture capitalists
(early stage, later stage, growth capital)
Angel investors
Strategic investors
Banks



The Energy Exceleator program builds on the Hawaii Renewable Energy Development Venture, which has co-funded over \$12 million of project in the last 3 years. Ten companies have received funding to research and commercialize clean energy technologies through this program (**Better Place, Big Island Biodiesel / Pacific Biodiesel, Concentris Systems, Hawaii Gas, Gen-X Energy Development, HNU Energy, Kuehne AgroSystems, Referentia, and Satcon**).

The Energy Exceleator was designed by listening to feedback from cleantech entrepreneurs and startups about the kinds of tools and mentorship they need. **Developing innovative clean energy technologies is a capital extensive and often long-term endeavor, and commercializing these technologies requires special expertise and connections.** The Energy Exceleator provides this kind of specialized attention for clean energy technologies, while leveraging state funding by partnering with Blue Startups, which received state LAVA funding.

Hawaii is uniquely positioned to develop renewable energy innovations, with 1) extraordinary resource richness from sun, wind, biomass, geothermal, and ocean, and 2) extreme energy challenges with regard to high cost and vulnerable energy supply. Hawaii is facing energy challenges that the rest of the world may not experience for a decade, making the islands an ideal environment for developing and testing new technologies – and making new technologies essential to maintaining reasonable energy costs and preserving a clean environment for Hawaii's future.

WHY HAWAII

Leveraging Hawaii's assets to grow the clean energy industry in Hawaii, the Asia Pacific, and beyond.

 Strong government support	Hawaii Clean Energy Initiative goal of 70% clean energy by 2030
 Supportive policy framework	For solar, wind, hydro, bioenergy, geothermal, and emerging technologies
 Island systems serve as a test-bed	Dozens of clean energy demonstration projects underway
 Gateway to the Asia Pacific region	Access to industry players and government decision makers across the Asia Pacific region

State support through HB 858 would further leverage the significant federal clean energy innovation investment in the islands, and show that Hawaii is committed to the long-term development of our entrepreneurial ecosystem. Innovation thought leaders consistently express that long-term commitment – by the private and public sectors – is critical to the long-term viability of an entrepreneurial ecosystem.

Thank you for the opportunity to provide testimony.



**Testimony to the Senate Committee on Ways and Means
Monday, March 25, 2013 at 9:20 A.M.
Conference Room 211, State Capitol**

RE: HOUSE BILL 858 HD 1 RELATING TO THE HI GROWTH INITIATIVE

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports HB 858 HD 1** Relating to Economic Development.

The Chamber is the largest business organization in Hawaii, representing over 1000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This bill will help provide much needed mentoring, business development and private-public capital for developing new business industries. This program and others like it that were created by the legislature has helped businesses grow and diversify our economy.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: dan@ikayzo.com
Subject: Submitted testimony for HB858 on Mar 25, 2013 09:20AM
Date: Saturday, March 23, 2013 9:39:14 AM

HB858

Submitted on: 3/23/2013

Testimony for WAM on Mar 25, 2013 09:20AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Leuck	Ikayzo, inc.	Support	No

Comments: We strongly support this bill. Ikayzo is a Hawaii corporation that provides software development and creative services for local, mainland and international interests. We are also active in the community as the creators and sponsors of the TechHui online community for technologists and interactive designers in Hawaii (currently over 3,000 members.) The HI Growth Initiative will provide \$20 million of investment capital that will invest in the critical building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital. Passing this bill will help to create high growth businesses, and provide new opportunities to grow and diversify Hawaii's economy. Most importantly, the HI Growth Initiative will support an entrepreneurial ecosystem that creates high wage jobs that will keep talented people here and bring talented kama'aina home.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: don@nalukai.org
Subject: Submitted testimony for HB858 on Mar 25, 2013 09:20AM
Date: Sunday, March 24, 2013 8:18:21 AM

HB858

Submitted on: 3/24/2013

Testimony for WAM on Mar 25, 2013 09:20AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Donald Kosak	Individual	Support	No

Comments: I strongly support HB858. I am Donald Kosak, I run a small business on the Big Island as well as a nonprofit foundation to promote innovation and entrepreneurship in the State of Hawaii. The HI Growth Initiative will have a much deeper impact than just the funds allocated for investment. Strong State Government support of startups is a catalyst that leads to greater private sector investment. As well-funded companies succeed, additional investors are attracted to invest in new high growth local businesses. This builds a virtuous cycle and helps build a sustainable startup community. I appreciate the opportunity to submit testimony on this bill. Respectfully, Donald Kosak

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From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: zmenon@oceanit.com
Subject: Submitted testimony for HB858 on Mar 25, 2013 09:20AM
Date: Monday, March 25, 2013 6:54:39 AM

HB858

Submitted on: 3/25/2013

Testimony for WAM on Mar 25, 2013 09:20AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Patrick K Sullivan	Individual	Support	No

Comments: Oceanit is committed to building an entrepreneurial technology industry in the State of Hawaii. We support programs that aim to assist high-growth entrepreneurial companies in the state, from early research and development through commercialization.

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My name is Faruq Ahmad, and I am writing in support of the HI Growth Initiative, to appropriate \$20m for the purposes of research commercialization, entrepreneur mentoring, and startup capital. Subject to proper implementation, it is my opinion that such a program will be essential to the success of Hawaii's innovation and entrepreneurial ecosystem.

Thank you for this opportunity to provide **testimony**, and I would be happy to clarify or expand on any aspect of my comments.

I am resident in Silicon Valley, with a home in Hawaii. I have over the past seven years developed and maintained close connections with the innovation and entrepreneurial community in Hawaii. I have had the honor to serve several times as finals' judge at the UH Manoa PACE business plan competition, and as a Virtual Professional in Residence; I am privileged to have been and continue to be advisor to startup companies in Hawaii, and to some in the venture capital community; and, I have personally been a Hawaii startup-company investor.

I am currently a lead mentor at Blue Startups, an HSDC funded accelerator.

In Silicon Valley, I have over the years been founder of two software companies (one venture-capital backed), a venture capitalist and Board member at startup companies, and an investor in venture capital funds, so that I have personal experience with all these levels of the innovation ecosystem. In my professional capacity I have invested in the "startup markets" of India and China during their early days, as well as in startup companies and funds in Silicon Valley. I currently advise companies, as well as venture capital funds.

I have also observed how through investments such as those proposed by HSDC through the HI Growth initiative, geographically insular communities like Singapore were able to connect globally to train their entrepreneurs and attract investment, establish high standards and best practices, promote their competitive edge to investors and entrepreneurs, and more successfully manage their offshore venture fund portfolios to strategic benefit. Most important, to evolve their cultures to be hospitable to the technology based entrepreneurial mindset. This almost always requires some break with tradition. All these communities (India, China, Singapore, etc.) benefited from strong links to Silicon Valley and to their diaspora, and European companies today are similarly leveraging their historic ties (see recent article authored by me at <http://venturebeat.com/2013/01/11/european-startups-now-is-your-time-to-shine/>).

Based on my experience in Silicon Valley and my observations in Hawaii over the past several years, I would add the following comments pertinent to this initiative:

--To attract private capital and to build a sustaining ecosystem in Hawaii, investment projects must focus relentlessly on investor returns. Such a focus is not always in harmony with near-term community goals, nor with comfort zones. If Boards were encouraged to recruit a mix of kama'aina and non-Hawaii members of suitable caliber, this could help surface issues and sharpen the discussion.

--While the top-tier of the Hawaii entrepreneurial community are successful, sophisticated and global, an effective way to empower the middle ranks is to invest in "cultural" links to Silicon Valley by supporting regular and routine interaction by Hawaii entrepreneurs. This could be accomplished by (for example) renting workspace at a Silicon Valley incubator and budgeting for split teams where appropriate.

--It is in vogue to say that one learns from failure, but the fact is that failure is hard on egos and reputations, and learning is not always so easy. With long memories and a small community, this is especially difficult in Hawaii where in some instances may be possible to keep a company going indefinitely on life-support. Investments by off-island venture capital firms in Hawaii companies will help promote best practices, including encouraging the restart of failed ventures, and thereby giving entrepreneurs the prospect of a fresh start.

The common theme in my suggestions is active and purposeful bridge building to the outside (such as, to Silicon Valley) with team members, Board members, mentors, capital sources, customers and

partners. Such activities may involve expenditures outside Hawaii, but if properly managed it will be money well spent.



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Subject: Submitted testimony for HB858 on Mar 25, 2013 09:20AM
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HB858
Submitted on: 3/25/2013
Testimony for WAM on Mar 25, 2013 09:20AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Paul	Acclimate	Support	No

Comments: Acclimate has greatly benefited by participation in the Lightning Excelerator Program. For example, we have made valuable contacts in Silicon Valley where the majority of activity in our business area is conducted. As a Big Island based high technology development company, this program has allowed us to extend a larger presence in Honolulu and on the main land.

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