



NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE CHAMBERS
HONOLULU

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

Committee on Economic Development & Business
Representative Clift Tsuji, Chair
Representative Gene Ward, Vice Chair

February 1, 2013
9:00 am Room 312

Chair Tsuji, Vice-Chair Ward, and members of the Economic Development & Business Committee:

The Office of the Governor **supports** House Bill 858, Relating to the HI Growth Initiative. This measure appropriates \$20 million, over two fiscal years, 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.

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
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS

Friday, February 1, 2013
9:00 a.m.
State Capitol, Conference Room 312

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

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

The Department of Business, Economic Development and Tourism strongly supports HB 858 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
YUKA NAGASHIMA
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Friday, February 1, 2013
9:00 a.m.
State Capitol, Conference Room 312

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

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

The High Technology Development Corporation (HTDC) respectfully submits testimony in **strong support** of HB 858, 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 the opportunity to offer these comments.



HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION

Written Statement of

KARL FOOKS
President

Hawaii Strategic Development Corporation

Before the
COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

February 1, 2013

9:00 AM

State Capitol, Conference Room 312

In consideration of
HB 858 RELATING TO THE HI GROWTH INITIATIVE

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

The Hawaii Strategic Development Corporation (HSDC) respectfully submits testimony in **strong support** of HB 858, 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.

If Hawaii is to remain competitive in the global economy we need to provide our entrepreneurs the resources to build viable global businesses here at home. We have the entrepreneurial talent here in Hawaii. They are building businesses that are changing the world and doing it here in Hawaii. We need to invest in the mentor and investment networks that will allow them to survive and thrive here in Hawaii.

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.

This comprehensive investment program represents a bold new approach to reinvigorate state efforts to fuel an innovation economy.

The HI Growth Initiative will partner with the private sector to start and grow creative and innovative companies. This initiative will also help keep our established industries competitive and create new opportunities that will excite our young people and provide them the environment to pursue their dreams here in Hawaii. Below are some examples of Hawaii's entrepreneurial talent:

On Kauai, Ryan Esaki and his partners bootstrapped their vision to grow the next generation of ukulele musicians and built a global business, **Ukulele Underground**, which provides web-based instrument

lessons to people around the world and allows them to tour the world spreading their message of music and Aloha.

A recent graduate of the UH Shidler College of Business, Elyse Peterson, launched her business at a Honolulu Startup Weekend event. Her passion is to create a marketplace where tea drinkers can find gourmet teas from around the world and where tea growers can find customers to sustain their businesses. Her website, **tealet.com**, is helping to promote the tea farming industry here in Hawaii. She recently received an investment from a leading global venture investor, 500 Startups.

Darius Monsef, from Waimea on the Big Island, started his successful internet business on the Mainland. He decided to return to the Big Island and is not only managing his growing business, but using his network and experience to help other entrepreneurs in Hawaii. His venture accelerator, **the Nalukai Foundation**, received support from the State's Launch Akamai Venture Accelerator Program. This investment will allow him and his team to build a program on the Big Island that will build a community of entrepreneurs and innovators.

Dr. Jeffrey Yu is the CEO of **Kineticor**. His company is commercializing research done at the Queens Medical Center and the University of Hawaii. Kineticor has developed an innovative system that compensates for patient movement during an MRI. This will increase the efficiency of performing MRI's, saving the global health care industry over \$1 billion a year.

Tina Fitch, from Maui, helped startup a software company that became a leading provider of software to power travel and loyalty systems for large corporations. Initially supported by the tourism industry, as CEO, she had to move the company to the Mainland to raise the financing to grow the company. She decided to return to Hawaii and is once again leading a new software startup that is creating a new platform to share video and pictures, **umicam**. Importantly, she also mentors other Hawaii startups to inspire and motivate the next generation of software entrepreneurs.

Skai Ventures was established by kamaainas with a vision to recruit world class talent to commercialize technologies for the global market. Over the past several years, Skai Ventures has created 5 Hawaii companies and created over 200 jobs. **TruTag Technologies**, a Skai Ventures company, has successfully developed a solution for the worldwide problem of counterfeit drugs and is now looking to expand the manufacturing of its products in Hawaii.

Hawaii is making progress, but we need many more of these kinds of entrepreneurs to startup high growth businesses in Hawaii if we are to generate economic growth opportunities for the future.

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.

With your help, we will launch the HI Growth Initiative to support these entrepreneurs and invest in Hawaii's future.

HSDC's Mission

HSDC's mission is to create funding mechanisms for investment in emerging high growth companies by developing networks to organize public and private sources of capital and develop the infrastructure to support venture capital in Hawaii. This includes the establishment of local venture investment entities and entrepreneur mentoring organizations.

The HI Growth Initiative

The HI Growth Initiative is a new, comprehensive investment program that will support research commercialization, entrepreneur mentoring and startup capital formation. This program is structured as a General Fund infusion into HSDC's Revolving Fund. Historically, HSDC's investment programs were funded in this manner. The Launch Akamai Venture Accelerator (LAVA) program deviated from this as it was positioned as a grant program, much like HSDC's \$5 million Follow-on Funding Program in 2007.

\$10 million is requested in each of the two fiscal years, FY 14 and FY 15. As this is an investment program, funds will be expended by HSDC over a period of years. There is no intention to use all \$20 million in the first year as it will take some time to seek out viable investment teams to partner with and to raise private sector capital to invest alongside HSDC. This was the purpose for the establishment of HSDC's Revolving Fund as the funding mechanism. 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.

The HI Growth Initiative will allocate its investments to focus on the critical building blocks of an innovation ecosystem: research commercialization, entrepreneur mentoring and the mobilization of startup investment capital.

\$2.5 million will be allocated to support the establishment of a Proof of Concept Center (POC) for research commercialization, \$2 million will be allocated to support LAVA program incubators/accelerators as well as to establish new accelerators in new areas such as the food, creative industries/digital media and clean tech. \$5 million will be allocated to support existing seed funds as well as to establish new seed funds, for example in the clean tech sector. Final investment allocations will be based on the quality of potential investment opportunities, the quality of potential investment teams available to manage these funds, and the availability of private sector investors to invest alongside HSDC.

Additionally, \$500 thousand is allocated to support the costs of implementing and monitoring this program over several years, marketing and promoting this initiative to the private sector through meetings and conferences, and developing survey and reports to measure the impact and effectiveness of this initiative.

Research Commercialization

\$2.5 million has been allocated to support the establishment of a Proof of Concept Center (POC). These are entities that provide a bridge between research organizations and private industry in order to facilitate and invest in the commercialization of inventions and innovations generated by fundamental research. The POC will need a staff to manage the program and funds to develop ideas into commercial opportunities by investing in the protection of the intellectual property of the innovation and supporting the development of a physical product that “proves the concept” in the commercial world. If this is done successfully, the innovation will be an attractive opportunity for private investors to invest in.

This budget anticipates that on average 10 projects are identified and each is supported with \$150,000 of investment (\$1.5 million), a staff is employed for a cost of \$500,000, and \$500,000 is expended on facilities, equipment and outreach efforts to implement the research commercialization program. This is an anticipated budget for one year of activity. HSDC will seek to mobilize other financial partners to leverage the State’s commitment and thus enable the POC to operate for several years with the State’s \$2.5 million commitment.

Industry Accelerators/Incubators

\$2.0 million has been allocated to continue supporting the Launch Akamai Venture Accelerator (LAVA) Program. HSDC has made commitments to fund 3 new accelerators under the existing LAVA funding appropriated last year. In addition to the LAVA Program funds, HSDC is investing over \$1 million in the companies participating in the accelerators by investing in investment funds with private sector investors for this purpose. The funds for these investments are from HSDC’s grant from the State Small Business Credit Initiative program of the U.S. Department of Treasury.

As the current LAVA funding and the SSBCI funding are one time grants, HSDC will use the HI Growth Initiative to continue to support the investment requirements of the three accelerators. In addition, if appropriate teams and matching capital can be identified there is an interest in developing accelerators for the food, creative/digital media and clean tech industries.

Seed Funds

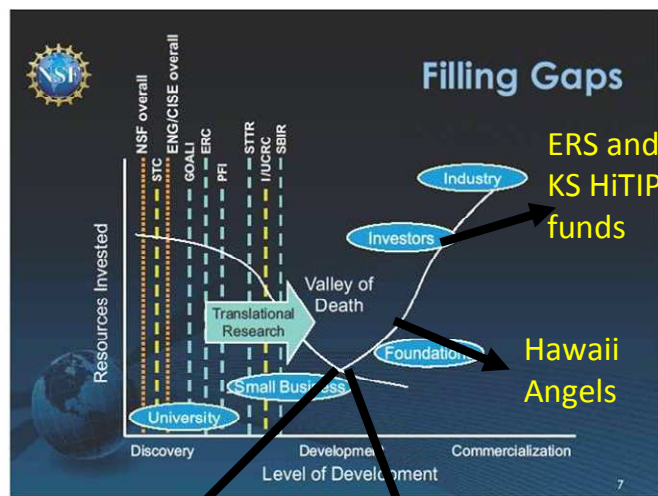
\$5 million is allocated to continue HSDC’s seed fund investment program. HSDC is already in the process of establishing several seed funds: Using \$3 million from the SSBCI grant and \$3 million from the University of Hawaii Foundation, HSDC has established a \$6 million investment fund to invest in startup companies licensing technology from the University of Hawaii.; HSDC is planning to use \$5 million from the SSBCI grant, and matched by \$5 million of private sector capital, to form a \$10 million health care investment fund in Hawaii. Also, discussions are taking place with potential co-investors to match their investment with a commitment of up to \$3 million of the SSBCI grant to an investment fund targeted at small businesses in Hawaii. As mentioned, \$1 million of the SSBCI grant is being used to support the LAVA program and will be matched with private investors. All these funds will be matched at least 1 to 1 by private sector investors.

These seed funds are needed to provide the expansion capital for startup companies graduating from the POC, the accelerators and other business development efforts undertaken by the community. This allows these companies to remain in Hawaii to grow their businesses and to attract other investors.

The \$5 million allocation from the HI Growth Initiative will be used to increase HSDC's commitment to these investing activities in subsequent years, particularly the accelerators, and create new investment funds where sufficient investor interest can be indentified.

HI Growth Initiative Will Build on the Initial Success of the State's Investment Programs

- **Attacking gaps**
 - Less expensive
 - High impact
 - Engage private sector
- **HSDC Seed Capital Funds (SSBCI)**
 - University \$6 million
 - Healthcare \$10 million
 - Web/Mobile \$8 million (targeted)
- **LAVA Program**
 - Empowering entrepreneurs
 - Establishing accelerators in Tech and Creative Sectors



Launch Akamai Venture Accelerator (LAVA) Program

HSDC Seed Capital Funds

Thank you for the opportunity to provide testimony.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Economic Development & Business
February 1, 2013 at 9:00 a.m.

by
M.R.C. Greenwood
President, University of Hawai'i

HB 858 – RELATING TO THE HI GROWTH INITIATIVE

Chair Tsuji, Vice Chair Ward and Members of the Committee:

The University of Hawai'i supports diversifying our economy and promoting the development of high-growth businesses. This bill is in alignment with the University of Hawai'i Innovation Initiative (HI²), which seeks to diversify and expand Hawai'i's economy by developing our research industry and doubling the University of Hawai'i's extramural funding to \$1 billion over the next decade. According to the University of Hawai'i Economic Research Organization (UHERO), HI² presents an exceptional return on investment and could result in more than 5,000 new, research-industry jobs statewide.

UHERO says that in addition to the large positive expected return on investment and thousands of new jobs created, other benefits include new discoveries and the development of new support businesses and opportunities. These generate a win-win outcome for both UH and the state.

We also agree with HB 858's premise that a successful economic development program must have input and support from key stakeholders including private industry, investors, universities and government. This bill provides a \$20 million appropriation to the Hawai'i Strategic Development Corporation to implement an investment program called the HI growth initiative.

We look forward to working with DBEDT to build the linkages between the UH Innovation Initiative and the HI Growth Initiative, complementary efforts, to ensure that the State of Hawai'i gets the best return on its various investments into building an innovation economy. HI² continues to build critical mass in terms of developing researchers and creating new knowledge to solve some of our most pressing problems in health, food and fuel. The HI Growth Initiative will catalyze and leverage key entrepreneurial initiatives that can flow from these discoveries at the University of Hawai'i.

Building an innovation economy and growing our research industry will take all of us working together. The University of Hawai'i supports DBEDT's investment role and will work with this department and the HI Growth Initiative towards these goals.

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 5:37 PM
To: edbtestimony
Cc: mike@kinetiqlabs.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Prasad	Kinetiq Labs	Support	Yes

Comments: We strongly support this bill. LAVA has allowed Kinetiq Labs to take the first steps to help build a sustainable future and ecosystem for Hawaii Tech. The HI Growth Initiative will continue those steps to ensure sustainability and 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 attract talent from abroad. In a business ecosystem what is limited in physical space and resources, the only high value, high visibility and high growth industry that is sustainable and ecofriendly is technology. The HI Growth Initiative solidifies the foundation that has the very real potential to increase the standard of living for the entire state.

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.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 6:00 PM
To: edbtestimony
Cc: spencer@kinetiqlabs.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Spencer Toyama	Kinetiq Labs	Support	Yes

Comments: I strongly support this bill!

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edbt testimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 11:55 PM
To: edbt testimony
Cc: steve@bizgym.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Sue	BizGym, Lemonade Alley	Support	No

Comments: My mission in life is to bring the tools of entrepreneurship to those who can make the world a better place. While I do this on a global scale from Hawaii with BizGym.com, I know that many of our local people come from highly entrepreneurial rootstock thus exhibit a strong predisposition to success in business and innovation. Further, as the founder of Lemonade Alley, the K-12 kid's business contest, I know first hand that our keiki are extremely gifted at entrepreneurship and creative thinking. In an age of challenges to the tourism trades and shrinking Federal government dollars, we need to be looking toward building additional economic generators in Hawaii. Priming the pump now will birth new opportunities and create new heroes to thereby encourage the next generation to pile on a success pyramid to the future. We sit at a unique crossroad in which we have the choice to open new roadways in Hawaii's future. The option before us in HB858 is an opportunity that will not last forever and one that Hawaii needs now. I hope you all vote to approve this bill for our people today and for the keiki of tomorrow.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 9:01 AM
To: edbtestimony
Cc: tina@umicam.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Tina Fitch	umicam	Support	No

Comments: We strongly support this bill. I represent a mobile and web startup that is attempting to bring innovation, tax revenues, highly educated engineers and high potential jobs to the State. This is the second software startup that I have helped found as CEO in the State. The first company had to move its headquarters to San Francisco to both attract investment capital for growth and hire the numbers of technically trained individuals we needed to support our large, global client base. The HI Growth Initiative will help alleviate these challenges and ensure that umicam and other technology startups can develop our innovative products and services here in 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 kamaainas home.

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

To: Chair Clift Tsuji, Vice Chair Gene Ward – House Committee on Economic Development and Business

Subject: **HB858** Relating to High Growth Initiative scheduled to be heard on Friday, February 1, 2013 at 9:00AM House Conference room 312

Dear Chair, Vice Chair and Members of the Committee on Economic Development and Business

The member supported Hawaii Venture Capital Association (HVCA), formed in 1988, strongly supports HB858 regarding the HI Growth Initiative.

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

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 11:13 AM
To: edbtestimony
Cc: xenonentllc@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Allan Wu	Xenon Entertainment LLC	Support	Yes

Comments: We support House Bill 858.

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HB858 - HI Growth Initiative

DATE: February 1, 2013

TIME: 9:00AM

PLACE: Room 312

TO: Chair Clift Tsuji, Vice Chair Gene Ward – House Committee on Economic Development and Business

SUBJECT: HB858 Relating to High Growth Initiative scheduled to be heard on Friday, February 1, 2013 at 9:00AM House Conference room 312

Dear Chair, Vice Chair and Members of the Committee on Economic Development and Business:

Edutainment Resources, Inc. strongly supports HB858 regarding the HI Growth Initiative. Edutainment Resources, Inc. integrates digital media in education – specifically developing learning materials for preschool to young adults, delivered via smart phones, tablets, Mac, PC and DVD platforms to users around the world. We are headquartered in Hawaii and have been able to work with many local talents. Our educational apps have reached over 1 million downloads from students of over 110 countries worldwide and started to generate revenue for Hawaii. We now need capital to expand our business upon our initial success so that we can create more jobs and increase revenue for Hawaii.

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.

Lishan Chong
President and CEO
808-778-6348
Lishan@EdutainmentResources.com

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 11:40 AM
To: edbtestimony
Cc: sean.briel@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Sean Briel	DCT: Developing Critical Thinkers llc	Support	No

Comments: "We strongly support this bill as 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."

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 12:04 PM
To: edbtestimony
Cc: holland.wood@ikehu.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Holland Wood		Support	No

Comments: Ikehu, Inc. is an innovative software startup located on the Big Island. HB858 would be a huge boost to the entrepreneurial ecosystem and provide much needed support for companies like mine. Because of this, we strongly support this bill. We love our state and are working hard to stay here, create jobs, and prosper. The next generation is depending on all of us to do our part. Mahalo! Holland J Wood President and CEO Ikehu, Inc. www.ikehu.com

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 1:40 PM
To: edbtestimony
Cc: robert@hawaiiangels.org
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Robert J. Robinson	Hawaii Angels	Support	No

Comments: To: Chair Cliff Tsuji, Vice Chair Gene Ward – House Committee on Economic Development and Business Subject: HB858 Relating to High Growth Initiative scheduled to be heard on Friday, February 1, 2013 at 9:00AM House Conference room 312 Dear Chair, Vice Chair and Members of the Committee on Economic Development and Business HAWAII ANGELS, the state's only formal angel investor network strongly supports HB858 regarding the HI Growth Initiative. 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, Robert J. Robinson Founder and President Hawaii Angels

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 1:52 PM
To: edbtestimony
Cc: lpfaleafine@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Lezley P. Faleafine	Individual	Support	No

Comments: January 30, 2012 State of Hawaii House of Representatives The Twenty-Seventh Legislature Committee on Economic Development & Business Rep. Clift Tsuji, Chair Rep. Gene Ward, Vice Chair RE: Testimony in Support of HB 858 Relating to HI Growth Initiative Dear Committee, My name is Lezley P. "Neenz" Faleafine, CEO and Community Developer of Pono Media. My consulting company provides human-centered, data-driven strategies to build engaged and sustainable online communities. We filter and analyze big data gathered from online content to provide our clients with insights to leverage social networks and mobile applications. Innovation is the core of our existence. While our team of programmers develop innovative tools, these tools in turn inspire innovative concepts, ideas, and products internally and externally. More than a resident and entrepreneur, I am a parent of two children that I encourage to engage with science, engineering, and technology to stoke their entrepreneurial spirit. I am asking that the committee have the courage to trust and empower the local entrepreneur, technology, engineering, and scientific industries by moving the HI Growth Initiative forward. Aloha, Neenz Faleafine

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.

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Written Statement of

Derek Duan, Ph.D.
Chief Scientist, Principal Investigator
Eyegenix, LLC

Before the
COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
February 1, 2013
9:00 AM
State Capitol, Conference Room 312

In consideration of
HB 858 RELATING TO THE HI GROWTH INITIATIVE

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

We strongly support HB 858, 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.

There are currently 10 million people worldwide with corneal blindness due to the lack of adequate organ donors. Eyegenix LLC located in Honolulu, Hawaii is developing the world cutting-edge technology for a bio-integrating polymer corneal substitute which aims to return the gift of sight to these people. Currently under clinical development, the initial cohort of patients in pilot trials show promising results. The Department of Defense funded corneal adhesive project has the potential to change current clinical practice and improve patient care significantly in both military and community hospitals. The surgical adhesive technique will allow for greater patient comfort and post-operative complications which can lead to more rapid visual recovery than conventional suture-closing procedures. Moreover, successful development of the cornea surgical adhesive facilitates expansion into general surgery where requirements for optical clarity are less stringent.

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.

AKAMAI CAPITAL

January 30, 2013

Committee on Economic Development & Business
Rep. Clift Tsuji, Chair
Rep. Gene Ward, Vice Chair
State Capitol
415 South Beretania Street, Conference Room 312
Honolulu, HI 96813

RE: SUPPORT FOR HB858 THE HIGH GROWTH INITIATIVE

Aloha Chair Tsuji and Vice-Chair Ward,

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

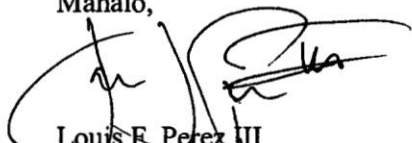
My name is Louis Perez and I am the founder of The AKAMAI Foundation and AKAMAI Capital LLC. The AKAMAI Foundation is an emerging Hawaii-based non-profit CDFI focused on community economic development and training in socioeconomically disadvantaged communities across the State of Hawaii via The AKAMAI 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 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



SENT VIA EMAIL

January 30, 2013

Representative Clift Tsuji
Chair, Committee on Economic Development and Business
Representative Gene Ward
Vice Chair, Committee on Economic Development and Business
Hearing on House Bill 858 - Relating to the Hawaii Growth Initiative
State Capitol, Conference Room 312

Aloha Chair Tsuji and Vice Chair Ward!

Enterprise Honolulu stands in strong support of House Bill 858.

As Hawai'i continues to improve and build upon our current economic condition – the Hawaii Growth Initiative provides a means to support an entrepreneurial ecosystem that helps Hawaii's businesses expand capacity and move toward long term health.

We ask for your legislative support with this important initiative.

Please feel free to contact me directly should you have any questions.

Sincerely,

Pono Shim
President & CEO
Enterprise Honolulu, Oahu Economic Development Board





2800 Woodlawn Drive #265
Honolulu, HI 96822

125 University Ave., Suite 125
Palo Alto, CA 94301

Chairman Clift Tsuji
Committee on Economic Development & Business
House of Representatives,
State Capitol, Conference Room 312
415 Beretania Street
Honolulu, HI 956813

RE: TESTIMONY IN SUPPPORT OF HB858

Dear Chair Tsuji & Vice Chair Ward:

On behalf of Startup Capital Ventures, a venture capital firm that has invested over five million dollars (\$5,000,000) in high-technology Hawaii startup companies, all of which are prospering, we strongly support HB858.

The HI Growth Initiative will provide \$20 million of investment capital that will invest in the building blocks of new business formation: research commercialization, entrepreneur mentoring and the mobilization of angels and venture capital.

This early stage capital represents an important run in the ladder of finance that is necessary to support the establishment and growth of high growth businesses, and provide new opportunities to diversify Hawaii's economy.

The HI Growth Initiative will help create sustainable, high wage jobs that will keep talented people here and bring talented kama`aina home.

Mahalo for your consideration

Timothy Dick
General Partner



To: Chair Clift Tsuji, Vice Chair Gene Ward – House Committee on Economic Development and Business

Subject: HB858 Relating to High Growth Initiative scheduled to be heard on Friday, February 1, 2013 at 9:00AM House Conference room 312

Dear Chair, Vice Chair and Members of the Committee on Economic Development and Business

Blue Startups strongly supports HB858 regarding the HI Growth Initiative.

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.

Thank you for getting involved in the legislative process.

Sincerely,

Meli James
Program Manager



To: Chair Clift Tsuji, Vice Chair Gene Ward – House Committee on Economic Development and Business

Subject: HB858 Relating to High Growth Initiative scheduled to be heard on Friday, February 1, 2013 at 9:00AM House Conference room 312

Dear Chair, Vice Chair and Members of the Committee on Economic Development and Business

Hawaii Angels strongly supports HB858 regarding the HI Growth Initiative.

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.

Thank you for getting involved in the legislative process.

Sincerely,

Chenoa Farnsworth
Managing Director

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 5:16 PM
To: edbtestimony
Cc: markt@jamsworld.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Mark T. Tsuda	Surf Line Hawaii, Ltd. (Jams World)	Support	No

Comments: My name is Mark Tsuda, the CEO for Surf Line Hawaii, Ltd. (Jams World). We have been designing and manufacturing apparel and accessories in Hawaii since 1964. Our primary accounts are in Hawaii, continental US, Guam, Caribbean, Japan, China and Korea. We also operate seven (7) retail stores on Oahu, Maui and the Big Island. This bill will assist the industry in helping develop and sustain the fashion industry in Hawaii...keeping it in Hawaii. This is becoming increasingly more difficult with the increasing payroll costs/benefits, real estate, utilities and other compliance requirements. Businesses that can support our operations from design/style development, technical support of manufacturing software/equipment to sourcing of specialty materials without seeking such items from outside the state will significantly reduce our costs. More public/private partnerships such as tradeshow, national/international marketing and other commercialization activities will provide us with wider market exposure and networking opportunities. Diversification of our industries to include the fashion sector, manufacturing and other support businesses will improve the island's economy and enhance our sustained growth in the future.

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My name is Mark Mugiishi, MD, FACS, and I am the Medical Director for Skai Ventures. We are a technology accelerator that has been inventing and developing unique technologies right here in Hawaii since 2003. Over the course of those years, we have helped to create over 200 jobs for our State's economy. Our current portfolio companies include TruTag Technologies, creators of a nanoporous silica microtag for authentication and anti-counterfeiting of pharmaceuticals and high value commodities; CBI Polymers, makers of DeconGel for environmental remediation of toxic materials; Eyegenix, manufacturing an artificial cornea to address 10 million people who are blind worldwide; the Eye Surgery Center of Hawaii, the largest single specialty eye surgery center in Hawaii; and the Endoscopy Institute of Hawaii, providing open access endoscopic screening to prevent cancer and save lives. These companies create jobs, stimulate the economy, and put Hawaii on the map as a legitimate location where inspirational innovations can become reality. To show Hawaii's youth that they can come home to pursue their dreams, all of our divisions have a summer internship program for our young college and high school students.

I know how important access to capital was to get all of these companies off the ground, and therefore I unequivocally endorse the formation of the HI Growth Initiative. The \$20 MM of funding will provide research commercialization facilitation, entrepreneur mentoring, and mobilization of capital, all of which will support a new generation of entrepreneurs to bring economic health to and pride in our island home.

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 9:31 PM
To: edbtestimony
Cc: dlaeha@cfohawaii.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
David Laeha	CFO Hawaii LLC	Support	No

Comments: Good to budget significant dollars to do this. Too much goes to administrative BS. Companies need the funds at varying levels. Don't just fund the same guys who have not done much to grow businesses. The greatest need is in the pre-angel stage, market research (should subscribe to industry analyst reports which can be accessible to entrepreneurs. These reports are also available through valuations firms), and technical assistance from consultants specializing in key roles such as finance, marketing, legal, systems, social media, etc. Other accelerators in other regions have proved very successful. Karl Fooks knows these models and we should emulate some of the successful models. We also need to consider a secondary market for trading these private shares. Why doesn't Hawaii get investment dollars through the EB5 program? Lots of funds coming in from Korea and China but no organized efforts to aggregate and invest these dollars into startup businesses.

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Testimony of Jeffrey Yu, MD on January 31, 2013 on Behalf of Kinetikor Inc

We strongly support this bill.

Kinetikor is commercializing research done at the Queens Medical Center and the University of Hawaii in the field of Prospective Motion Compensation for MRI. Kinetikor has developed an innovative system that compensates for patient movement during an MRI making images consistently razor sharp and of high diagnostic value. This will increase the efficiency of performing MRIs, reduce risk to patients by reducing or eliminating the need for sedation particularly in children, and reduce health care costs considerably by preventing non-diagnostic studies or the repeat of studies.

"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.

Creative

MARKET

www.CreativeMarket.com

January 28, 2013

RE: HB 858 / HI Growth Initiative

To whom it may concern,

I strongly support this bill and believe it will make a significant impact on improving Hawaii's economy and create professional job opportunities for our community.

I am the founder & CEO of CreativeMarket.com, and online startup much like the kind of company that would be supported by this bill. My company was incubated at a mainland tech accelerator in Silicon Valley and we've since gone on to raise \$2.5M in venture capital from top firms. I've spent the past 18 months living back in Hawaii, running my company remotely and trying to help build Hawaii's tech ecosystem. But, because Hawaii doesn't yet have a strong network of talent, investors and services providers I end up having to spend half my time on the road traveling back and forth to the mainland.

I'm in the process of reversing my commute and will be spending a majority of my time back in Silicon Valley over the next year to focus on giving my company the best opportunity for it to succeed. I've hired two, professional wage earning, software engineers in the state and have 5 open positions to fill but can't find the talent here on Islands. I'm also looking to raise another \$5-10M in growth capital in the next several months, but we don't have access to that kind of investors here either. I'm committed to and working hard to improve the tech ecosystem here in Hawaii and will be acting as a bridge from our Islands to the heart of it in Silicon Valley.

I was born and raised in Hawaii and plan to raise all my children here too, but right now our ecosystem for tech & entrepreneurship doesn't have the resources it needs to grow and become a thriving place for technology companies to call home. This bill can change that.

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.

Sincerely,



Darius 'Bubs' Monsef
Founder, Creative Market Labs, Inc. darius@creativemarket.com



www.Nalukai.org

January 28, 2013

RE: HB 858 / HI Growth Initiative

To whom it may concern,

I strongly support this bill and believe it will make a significant impact on improving Hawaii's economy and create professional job opportunities for our community.

Myself and two other successful tech entrepreneurs have established a non-profit on the Big Island to help incubate and accelerate Hawaii's tech ecosystem. Nalukai provides an accelerator curriculum for entrepreneurs with ideas who need mentorship and access to small amounts of seed capital. We are headquartered on the Big Island, but will be running our program across the state, serving entrepreneurs on every island.

Nalukai also provides outreach and education to Hawaii's youth to teach them the skills they will need to thrive in a professional tech economy. I was lucky growing up in Hawaii, in a small farm town, to have access to a computer at a young age and the mentorship to help me build things. It is because of that I am now the founder & CEO of CreativeMarket.com, a growing, venture backed internet company.

To build a thriving technology & entrepreneurship community here in Hawaii we need the support of the state. We need the kind of resources that this bill will provide to help the folks on the ground like myself, that are fighting a hard fight to get things kickstarted and running for the long haul. Hawaii's thriving ecosystem is going to be a long term effort, but there are things we can do in the short term to make significant impact and provide ourselves and our state the best opportunity to achieve its goal. This bill is one of those things.

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.

Sincerely,

Darius 'Bubs' Monsef
Founder, Nalukai Foundation. darius@nalukai.org

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 31, 2013 8:26 AM
To: edbtestimony
Cc: russel@startuphui.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/31/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Russel Cheng	StartupHui LLC	Support	No

Comments: To: Chair Cliff Tsuji, Vice Chair Gene Ward – House Committee on Economic Development and Business Subject: HB858 Relating to High Growth Initiative scheduled to be heard on Friday, February 1, 2013 at 9:00AM House Conference room 312 Dear Chair, Vice Chair and Members of the Committee on Economic Development and Business StartupHui LLC strongly supports HB858 regarding the HI Growth Initiative. My advisory firm directly supports web/mobile entrepreneurs in early-stage product development, customer acquisition, revenue generation and fundraising. All of these companies face the valley of death in fundraising. One solution is to bypass the local funding ecosystem here in Hawaii and seek out mainland investors since the amount of seed capital here for web/mobile startups are severely limited. This additional hurdle adds to the already challenging environment of building a web/mobile startup in Hawaii. 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, Russel Cheng Founder, StartupHui LLC

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January 30, 2013

The Honorable Clift Tsuji, Chair
The Honorable Gene Ward, Vice Chair

Committee: Testimony to the House Committee on Economic Development & Business
Bill No. & Title: HB 858, Relating to the HI Growth Initiative

Date, Time: Friday, February 01, 2013
9:00 a.m.

Place: State Capitol, Room 312

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

I am Jared I. Kuroiwa and one of the founding members of the Hawaii Innovation Alliance (HIA). The Hawaii Innovation Alliance is an organization formed in 2012 that aims to create a more unified voice representing the islands' innovation community to foster innovation, educate lawmakers, and advocate appropriate policy.

The Hawai'i Innovation Alliance **strongly supports HB 858, Relating to the HI Growth Initiative**. This measure appropriates funds to the Hawaii Strategic Development Corporation for the HI Growth Initiative, an investment program to develop an ecosystem to support high-growth entrepreneurial companies in the State.

The Hawai'i Innovation Alliance is keenly focused on fostering an entrepreneurial environment and building high-growth businesses that the HI Growth Initiative will support. The HI Growth Initiative builds on top of the launch akamai venture accelerator program to develop the next step in creating a successful funding pipeline for technology businesses. This ecosystem of private industry, investors, academia, and government needs the HI Growth Initiative to provide funds, mentorship, network with global investors, and provide a pathways to follow-on capital to support technology businesses and the high wage jobs they create.

Thank you for the opportunity to submit testimony on this bill.

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

I'm writing in strong support of HB 858 relating to the HI GROWTH INITIATIVE.

I'm a self-employed, entrepreneur for WWMD? Productions. I'm a filmmaker, director, editor, DP, and teacher. I produce commercials, music videos, movies, and long format films both locally and nationally. I've worked for such clients such as Discovery Channel, Food Network, McDonald's, CPB, and so on.

I believe there's potential in this bill for local filmmakers, digital media specialists, and others in the field to use funds from this initiative to build self-sustaining infrastructure for independent artists building their businesses. It will help research commercialization, provide entrepreneur mentorship and start the mobilization of startup investment capital.

Our local digital media & film artists have struggled to compete with bigger outside entities and have not had many options in the past. I feel this initiative will provide another option and opportunity for those of us building a new business in this particular sector in Hawaii.

Respectfully,

Gerard Elmore

edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 5:57 PM
To: edbtestimony
Cc: ateeya.lail@trifectarms.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Ateeya Lail	Individual	Support	No

Comments: 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.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 6:05 PM
To: edbtestimony
Cc: shuchi.biz@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Shuchi Rana	Individual	Support	No

Comments: Working on a tech startup/platform that will help boost business and tourism between India and Hawaii and strengthen cross border ties.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 6:23 PM
To: edbtestimony
Cc: shawn.k.reilly@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Shawn Kahalewai Reilly	Individual	Support	No

Comments: As a local Tech Entrepreneur, I support this Bill. I view Hawaii as an undiscovered gateway between United States Technological Innovation and foreign markets, most notably Asia. Tech Innovation represents a booming multi-billion dollar industry in America; Growing our local Tech Innovation and Entrepreneur Ecosystem will put Hawaii in a better position to become involved with this multi-billion dollar industry. Overall, this will strengthen Hawaii's economy twofold; Local Entrepreneurs and Business will have a better opportunity to create and maintain local jobs here in Hawaii. Mainland Entrepreneurs and Business will have more of an incentive to bring jobs to Hawaii, utilizing Hawaii as a gateway to foreign markets. Please strongly consider these perspectives when reviewing this Bill. Thank you. Shawn Kahalewai Reilly

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 7:27 PM
To: edbtestimony
Cc: phillbo@mac.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Phill Moran	Individual	Comments Only	No

Comments: If this is to only server the Manoa Innovation center, then it should not pass. If other Innovation centers are to bu proposed with these funds, then I would whole heartedly support it.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 7:43 PM
To: edbtestimony
Cc: SeeRescue@juno.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Robert Yonover	Individual	Support	No

Comments: My name is Dr. Robert Yonover and I am CEO/Founder of SEE/RESCUE Corporation which develops survival/rescue gear for military, commercial, and consumer markets worldwide. I am a UH PhD graduate that has been fortunate enough to develop technology while based in Hawaii, a place I consider the perfect location for innovation. 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. I strongly support this Initiative. Please feel free to contact me directly.
Aloha, Dr. Robert Yonover

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 7:58 PM
To: edbtestimony
Cc: simpleseeker@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Duong Vu	Individual	Support	No

Comments: The tech industry is a high growth sector. Any investment in this sector is a sound investment in the future.

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edbtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, January 29, 2013 8:33 PM
To: edbtestimony
Cc: hawaii@jhong.org
Subject: *Submitted testimony for HB858 on Feb 1, 2013 09:00AM*

HB858

Submitted on: 1/29/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
james hong	Individual	Support	No

Comments:

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edbtestimony

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Sent: Wednesday, January 30, 2013 8:01 AM
To: edbtestimony
Cc: bruce@hawaii-aloha.com
Subject: *Submitted testimony for HB858 on Feb 1, 2013 09:00AM*

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Bruce Fisher	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 9:26 AM
To: edbtestimony
Cc: amasaun@yahoo.com
Subject: *Submitted testimony for HB858 on Feb 1, 2013 09:00AM*

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Amit Masaun	Individual	Support	No

Comments:

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Sent: Wednesday, January 30, 2013 9:40 AM
To: edbtestimony
Cc: weinman@allegiscapital.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Barry Weinman	Individual	Support	Yes

Comments: With the HSDC / UH Foundation Upside Venture Fund and the HSDC/ HPH/ Queens HiCARE Venture Fund, Hawaii has two early stage venture funds helping to commercialize intellectual property being developed in Hawaii. These seed stage funds need follow on funding or the early stage companies they support will need to relocate to the mainland. HB858 is critical to help grow these companies to benefit Hawaii and the next generation of entrepreneurs.

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 10:12 AM
To: edbtestimony
Cc: joemashawaii@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Joe Mastrantonio	Individual	Support	No

Comments: We desperately need to support and encourage entrepreneurs to do business in our state so that we can provide meaningful and lucrative jobs to our residents.

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 11:04 AM
To: edbtestimony
Cc: krystal73@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Krystal Wu	Individual	Support	No

Comments: As a professional in the tech field and a software developer for a local software company in Hawaii, I strongly support this bill. It gives professionals like myself the opportunities to develop high technology in Hawaii.

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January 30, 2013

Ryan Kawaiiani Ozawa
95-595 Kanamee St., #326
Mililani, HI 96789-1431
(808) 372-3372

Dear Rep. Cliff Tsuji, Rep. Gene Ward, and the members of the House Committee on Economic Development and Business:

I am writing to express my support for House Bill 858 relating to the HSDC "HI Growth Initiative."

I am an unabashed advocate of Hawaii's tech community, and have been privileged to both help rally and document its growth over the years as a journalist, blogger, and broadcaster. In the mere five years since my co-host Burt Lum and I launched Bytemarks Cafe on Hawaii Public Radio, we've highlighted an impressive array of local innovators, entrepreneurs, and industry leaders.

It's clear that Hawaii is home to some incredible science and technology work, and has vast and growing potential for vibrant, sustainable industries beyond tourism, or the military.

Last year's venture accelerator bill (HB2319) was a major step forward. The Launch Akamai Venture Accelerator (LAVA) program showed the state's genuine commitment to accelerating innovation and sparking new business opportunities for early-stage startups. But accelerators are only one part of the broader ecosystem that Hawaii needs to truly succeed in tech and diversify its economy.

The "HI Growth Initiative" would be a key piece of the evolving puzzle. Its \$20 million of investment capital will go toward research commercialization, entrepreneur mentoring and the mobilization of additional startup investment capital. Ultimately, HB858 will show your commitment to creating high wage jobs and high growth businesses, keeping talented people here and bring talented kama'aina home.

Thank you for your consideration.

Malama pono,

Ryan

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 11:31 AM
To: edbtestimony
Cc: john@john-garcia.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
John Garcia	John Garcia Digital Media	Support	No

Comments: I. Statement of Support: "I strongly support this bill" II. John Garcia Digital Media; Digital Innovation, Social Strategy and Web Design; This bill can help me by allowing future opportunities and funding for high tech initiatives and projects in the State of Hawaii. III. HI Growth Initiative Paragraph: 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'ainas home.

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edbt testimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 11:31 AM
To: edbt testimony
Cc: dan.freedman@icloud.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Freedman	Individual	Support	No

Comments: I strongly support HB858, which is part of an essential push to broaden the base of economic activities occurring in the State. I am among those who provide new business financing to entrepreneurs, and have lived in several other jurisdictions. I have noticed that the State assistance provided to entrepreneurs in Hawaii is not as well developed as that available in most other jurisdictions. Although this bill is only one part of the solution, it is an important part. In HTDC, Hawaii has an organization that can effectively focus resources on early stage businesses, preparing them for future growth. Accordingly, I stand firmly in favor of this bill. Sincerely Daniel Freedman CEO, FSA - Active Capital Ventures

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I STRONGLY SUPPORT THIS BILL

My name is Kimee Balmilero and I am originally from Kaneohe. I am a local actor and founder of improvhi.com. I have had the opportunity to work professionally on the mainland for the past 15 years and I am proud to be back in the islands to watch and help it grow.

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.

Mahalo for your time,
Kimee Balmilero

January 30, 2013

The Honorable Clift Tsuji, Chair
The Honorable Gene Ward, Vice Chair

Committee: Testimony to the Economic Development and Business
Bill No. & Title: HB858, Relating to HI Growth Initiative

Date, Time: Friday, February 1, 2013 9:00AM
Place: House Conference Room 312

Chair Clift Tsuji, Vice Chair Gene Ward and Members of the Economic Development and Business Committee:

I am Tara Coomans a founding member of Hawaii Innovation Alliance and immediate Past President of Social Media Club Hawaii.

I strongly support HB858, Relating to HI Growth Initiative. Hawaii has the opportunity to be the technology midpoint between two of the world's largest economies: the United States and Asia. Supporting the development of our technology community and businesses are paramount to the establish Hawaii as a serious technology destination.

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.

Thank you for the opportunity to submit testimony on this bill.

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 2:32 PM
To: edbtestimony
Cc: christine@christinelu.com
Subject: *Submitted testimony for HB858 on Feb 1, 2013 09:00AM*

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Godwin	Individual	Support	No

Comments:

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Sent: Wednesday, January 30, 2013 2:52 PM
To: edbtestimony
Cc: tyler@gosimplysocial.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Tyler Arnold	Individual	Support	No

Comments: As an Alaskan, I can sympathize for the need of the youngest states to carve their own path through high-tech, intellectual property creating ventures. Alaska previously passed House Bill 252 to allow high-growth companies (Qualifying Small Businesses) to operate tax free within the State. Legislation in Hawaii that increases support for tech oriented companies would set a positive example for the rest of the country, and an example Alaska could follow. Together, we can encourage the best minds in the country to extend their stay, and have them build their next company in paradise.

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Sent: Wednesday, January 30, 2013 6:40 PM
To: edbtestimony
Cc: schumanj001@hawaii.rr.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
judith schuman	kona pacific view	Support	No

Comments: We need a tax base that doesn't depend on the ups and downs of tourism; one that doesn't pollute. We need more job opportunities that don't depend on tourism.

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Sent: Wednesday, January 30, 2013 7:46 PM
To: edbtestimony
Cc: rod@auroraresearch.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Roderick T. Hinman	Individual	Support	No

Comments: As the owner of my own consulting business and co-founder of a software startup on Hawaii Island, I support HB858. Our company is developing software for utility companies, to help them give incentives to their customers to use energy more responsibly. It will have application here, on the mainland, and hopefully abroad. Software and energy are two areas of high potential for Hawaii's economy, as such they are deserving of support. The mentoring and investment community building aspects of this bill could help us grow our business faster. 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. Thank you, Roderick T. Hinman, PhD Kailua Kona, HI

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Sent: Wednesday, January 30, 2013 7:47 PM
To: edbtestimony
Cc: greg@kauluhawaii.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Greg Garriss	Individual	Support	No

Comments: After seeing much of our local talent leave for the mainland in search of work in fields that languish here in Hawai'i and considering that much of our economy is currently based on either tourism, an oil based / energy intensive industry that motivates an locally unsustainable level of consumption or our struggling agricultural base, I would hope that our current legislature will support this measure to help grow a local economy using the intellectual potential of our young kama'aina. As a Hawaiian cultural practitioner, the operator of a local Bed and Breakfast for the past 8 years and as an industrial physicist / engineer, I certainly do.

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Sent: Wednesday, January 30, 2013 10:12 PM
To: edbtestimony
Cc: mhess@mh-da.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Hess	Individual	Support	No

Comments: I strongly support this bill. I'm an independent mechanical engineer on the Big Island supporting various development efforts. This bill can help me by advancing an entrepreneurial ecosystem that should help to improve the talent pool and eventually increase the client base for diversified technology development in Hawaii. As the funds help build a development infrastructure, the whole technology community will learn and experience and develop together, and figure out what works and doesn't work here. The HI Growth Initiative is critical for providing the requisite building blocks, and will hopefully reach out across the state. The more experiments of this occur simultaneously, the quicker we can iterate towards a model that works for Hawaii. And that should lift all of us, even those not directly involved with technology.

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To: edbtestimony
Cc: Jschoedel@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

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Submitted on: 1/30/2013

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Submitted By	Organization	Testifier Position	Present at Hearing
John Schroedel	Individual	Support	No

Comments: This is an innovative program that helps promote the diversity of Hawai'i's economy. I hope it can continue!

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Sent: Wednesday, January 30, 2013 10:20 PM
To: edbtestimony
Cc: Don@Nalukai.Org
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/30/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

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

Comments: I strongly support this bill. My name is Donald Kosak, and I run a small technology company on the Big Island. I am also a Managing Partner in a non-profit foundation to facilitate the creation of technology companies in the state of Hawaii. I believe this bill will have a large positive economic impact to the state. The HI Growth Initiative will help support the development of a vibrant "start-up" community which is a key factor in new business formation and job growth. "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."

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edbt testimony

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 31, 2013 4:52 AM
To: edbt testimony
Cc: faruq.ahmad@gmail.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/31/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Faruq Ahmad	Individual	Support	No

Comments: 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, which 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 that may be 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 as stakeholders, 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" two-

way 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 it 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 investment in active and purposeful bridge building to the outside (such as, to Silicon Valley) with team members, Board members, mentors, capital sources, customers and business partners. Such activities may involve expenditures outside Hawaii, but if properly managed it will be money well spent. Thank you for this opportunity. Aloha.

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To: edbtestimony
Cc: peter@cybercominc.com
Subject: Submitted testimony for HB858 on Feb 1, 2013 09:00AM

HB858

Submitted on: 1/31/2013

Testimony for EDB on Feb 1, 2013 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
Peter Kay	Individual	Support	No

Comments: As a llfelong tech entrepreneur with nearly 30 years of tech startups in Hawaii, I can tell you that Hawaii is numerous, significant deficiencies when it comes to providing a vibrant technology ecosystem to support job creation. This is a good initiative and I fully support it.

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