



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
Tuesday, February 25, 2014 at 11:15 a.m.

by
Dr. Vassilis L. Syrmos
Vice President for Research and Innovation, University of Hawai'i

HB 2481 HD1 – RELATING TO THE HAWAII HIGH IMPACT CENTER FOR COMMERCIALIZATION

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the committee:

The University of Hawai'i strongly supports the intent of HB2481 HD1 relating to the Hawai'i High Impact Center for Commercialization. It would be safe to say that Hawai'i has found some success in making a global impact in the areas of technology development, transfer, and commercialization, and there has been significant progress in establishing and sustaining Hawai'i's technology and commercialization industry. However, we must position ourselves as a leader in these areas and capitalize on the successes of Hawai'i's science and technology industries by establishing a commercialization program through the Hawai'i High Impact Center for Commercialization.

This Center represents the State's faith and confidence in the University's ability to assist and work alongside our local companies and technology community to be successful. It will provide direct investments into our technology companies and ensure that companies are held accountable for the success and contributions to the program. The Center will support Hawai'i's small businesses in the fields of dual-use technology, agriculture development, medical advancements, defense technologies, molecular manufacturing, humanitarian assistance, and disaster management and response. With the establishment of this Center and through the provisions of resources to its success, there will be long-term returns to the State through the creation of more jobs, reversing the "brain drain", economic development and revenue, and keeping high technology companies in Hawai'i.

The University applauds your committee and the House for considering, supporting and implementing such significant legislation.

Thank you for your consideration and for the opportunity to submit testimony on this important matter.



HAWAII
STRATEGIC
DEVELOPMENT
CORPORATION

Written Statement of

KARL FOOKS
President

Hawaii Strategic Development Corporation

Before the
COMMITTEE ON FINANCE

February 25, 2014
11:15 AM
State Capitol, Conference Room 308

In consideration of
**HB 2481 HD1 RELATING TO THE HAWAII HIGH IMPACT CENTER FOR
COMMERCIALIZATION**

Chair Luke, Vice Chair Nishimoto, Vice Chair Johanson and Members of the Committee on Finance:

The Hawaii Strategic Development Corporation (HSDC) respectfully submits comments on HB 2481 HD1, legislation that appropriates funds for the Hawaii High Impact Center for Commercialization.

We recommend the Legislature consider a comprehensive strategy to link research commercialization with entrepreneurial development (management teams) and investment capital (markets and money) as a means to stimulate an entire ecosystem that can support the critical mass needed to achieve the goal of this legislation of translating research activity into commercial success.

Thank you for the opportunity to provide testimony.



Written Statement of
DR. PATRICK K. SULLIVAN
PRESIDENT/CEO OCEANIT

Before the
HOUSE COMMITTEE ON FINANCE

February 25, 2014

11:15 a.m.

State Capitol, Conference Room 308

In Support of

**HB 2481 RELATING TO THE HAWAII HIGH IMPACT CENTER FOR
COMMERCIALIZATION**

To: Chair Sylvia Luke, Vice Chairs Scott Nishimoto and Aaron Ling Johanson and Members of the Committee

From: Dr. Patrick K. Sullivan, President/CEO

Re: Testimony in Support of HB2481

Honorable Chair, Vice-Chairs and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB2481**.

Oceanit is a local diversified science and engineering company with capabilities/facilities in advanced technology, life sciences, information systems, aerospace, energy, oil and gas and consulting engineering services.

Through various federal funding sources we have demonstrated the ability to develop “disruptive technologies” that are changing the way we live and work in the world. However, the ability to take disruptive technologies to the next level or to commercialize has been a challenge. Federal R&D funding is restricted to research and development activities, i.e., no marketing or commercialization activities allowed. And only a small percentage of tech businesses are venture fundable. So how do we help the majority of Hawaii technology companies who are stuck in the “ditch” between research and product realization?

Previous support of High Impact’s predecessor, the State’s Follow-on-Fund (FoF) of 2007, has created several new high tech startups in Hawaii, as well as product development efforts which have brought funding and people to Hawaii. A recipient of State FoFs is Oceanit’s Nanite technology which recently won Dept of Energy funding to collaborate with a consortium of the largest oil and gas companies in the world.

The Hawaii High Impact Center for Commercialization will support the market transformation of technologies from the tech, agriculture, tourism, software, creative media, and defense sectors to name a few. In return, the State will benefit from tax revenues, job creation and economic growth.

Therefore, we strongly urge you to support HB2481.



2800 Woodlawn Dr.
STE #150
Honolulu HI 96028

23 February 2014

HB2481 provides important economic incentives for technology development through investment by companies that span the economic spectrum. The bill would help establish a profitable, self-sustaining technology industry, not solely reliant on venture capital, and enhance the probability that companies will stay in Hawaii. Spectrum Photonics core business is based on intellectual property licensed from the University of Hawaii, and we strongly endorse the proposed center. The Center is not "high tech"-centric and will support broad economic engines such as Agriculture, Visitor, Medical, and position Hawaii as a gateway for technology commercialization to the Asia-Pacific region. Participating companies will be held accountable to ensure success of the program and required to meet identified metrics for success.

One of the impediments faced by companies like Spectrum Photonics is the shortage of capital needed to cross the "valley of death". Our goal, like so many others, is to achieve commercial product sales and profitability. The bill will establish a profitable, self-sustaining technology industry, not solely reliant on venture capital, and enhance the probability that companies will stay in Hawaii. The forward-looking focus on commercial sales and local manufacturing will fill the technology cycle and enhance opportunities for broad workplace skills to participate in the technology sector.

The Center is not "high tech"-centric and will support broad economic engines such as Agriculture, Visitor, Medical, and position Hawaii as a gateway for technology commercialization to the Asia-Pacific region. In particular, we find the emphasis on collaboration between the University of Hawaii and the local technology industry to be quite compelling. The proposed Bill facilitates such collaborations in a manner that is not State driven, leveraging a model that has been successfully demonstrated in other parts of the country.

We strongly urge you to support of HB2481.

Sincerely,

A handwritten signature in blue ink that reads "Edward T. Knobbe".

Edward T. Knobbe, Ph.D.
President and CEO
Spectrum Photonics, Inc.