



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Economic Development & Business
Friday, January 31, 2014 at 9:00am

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

HB2481 – RELATING TO THE HAWAII HIGH IMPACT CENTER FOR COMMERCIALIZATION

Chair Tsuji, Vice Chair Ward, and members of the committee:

The University of Hawai'i strongly supports the intent of HB2481 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 ECONOMIC DEVELOPMENT & BUSINESS

January 31, 2014
9:00 AM
State Capitol, Conference Room 312

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

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

The Hawaii Strategic Development Corporation (HSDC) respectfully submits comments on HB 2481, 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 (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.

TESTIMONY IN SUPPORT OF HB2481

Submitted by Bernice Bowers of

Center for Environmental Research Education and Development

Thank you for this opportunity to support **HB2481**, to establish the Hawaii High Impact Center for Commercialization. I am writing in support of this bill. Having been involved in economic development and technology commercialization support over the past 20+ years in Hawaii, I believe this will be of great value to our current and future generations. In my capacity as Program Director of an Asia-based entity focused on food, water, and energy security and disaster resilience in the APEC region, I commend your committee for taking this issue under consideration this bill. It will not duplicate current support, and will enhance Hawaii's companies and research in dual-use technology, agriculture development, molecular manufacturing, humanitarian assistance, and disaster management and response.

Bernice Glenn Bowers
Program Director
Center for Environmental Research Education and Development

resident of Kailua, Oahu
bernicebowers1@gmail.com



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

Before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
January 31, 2014
9:00 a.m.
State Capitol, Conference Room 312
In Support of
**HB 2481 RELATING TO THE HAWAII HIGH IMPACT CENTER FOR
COMMERCIALIZATION**

To: Chair Clift Tsuji, Vice Chair Gene Ward, and Members of the Committee

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

Re: Testimony in Support of HB2481

Honorable Chair, Vice-Chair 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.

We strongly urge you to vote in support of HB2481 and we appreciate your continued support of the technology industry.

Testimonial in SUPPORT of HB2481

Submitted by:
Vincent Kimura
Managing Partner, Inovi Group

To whom it may concern,

Being a small business owner and deeply integrated into the growing technology community, I am strongly **IN SUPPORT** of HB2481.

HB2481 is important to the technology community but even more meaningful to individual companies like mine as this measure supports direct investment to companies. I feel this bill will help grow a profitable, self-sustaining technology industry, not solely reliant on venture capital, and enhance the probability that companies will stay in Hawaii. A 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.

As I look to grow my company, I know my success will mean creation of new technology jobs and reduce the "Brain-Drain" that we see too much of here in Hawaii. I see this effort is a strong collaboration between the University of Hawaii and the local technology industry which is extremely important.

I look forward to supporting this bill and continue to grow a thriving technology industry. Please do not hesitate to contact me for any additional comments.

Respectfully submitted,

Vincent Kimura

Testimony in Support of HB2481



To: House Committee on Economic Development & Business

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

This letter is to provide my support for HB2481 regarding the creation of the Hawaii High Impact Center for Commercialization.

I am the founder and owner of TeraSys Technologies, a small business headquartered in Downtown Honolulu that was founded in 2007. I currently employ 9 employees, bringing a total of \$1.8M in revenue to the State of Hawaii in 2013. Our business focuses on the creation of wireless technology products for military and commercial applications.

TeraSys has been very successful in securing millions of dollars in research and development grants from the government and has also been successful selling those products to military customers, completing the loop of technology transition for the military.

Despite our success, the drawdown in defense budgets has forced us to diversify our revenue streams by placing a greater emphasis on commercial product sales. Unlike the government markets, commercial customers are unwilling to pay for product development, forcing companies to bear 100% of the burden of development risk and cash outflows prior to product sales.

For the past 12 months, TeraSys has reinvested nearly 75% of our profits into the creation of commercial products that address global needs in improved micro-location of consumers and deeper penetration of high speed internet into areas not serviceable by traditional telecommunication carriers. We intend to continue to make these investments into product development for commercial markets to ensure that TeraSys continues to grow.

HB2481 is of great interest to us both for the broad impact it will make to the technology community in Hawaii but also because it allows for direct investments into companies such as TeraSys to accelerate the deployment of commercial products. The investments from HB2481 are synergistic with a company's own cash investments as well as venture capital, creating multiple streams of the investment necessary to fuel high payoff commercial product development.

I am a Yon-sei (4th generation) resident of the state, and my children are Go-sei (5th generation). My family is here, and I am fully committed to doing what is necessary to keep my business here while also giving my children the opportunity to grow up where my wife and I grew up. With enough high growth businesses that are supported by bills such as HB2481, it is possible to provide high quality, high wage earning opportunities for our best and brightest graduates to stay here in Hawaii while not sacrificing the quality of their careers.

I thank you for your time and attention,

Mahalo Nui Loa,

Kevin Miyashiro
President

January 28, 2014

The Honorable Clift Tsuji, Chair
The Honorable Gene Ward, Vice Chair
House Committee on Economic Development & Business
State Capitol, Room 312
Honolulu, Hawaii 96813

Dear Representative Tsuji, Representative Ward and Members of the Committee:

Subject: HB2481 – Hawaii High Impact Center for Commercialization

Thank you for the opportunity to submit testimony in support of HB2481 relating to the Hawaii High Impact Center for Commercialization.

As a member of the technology community for the past 20 years, I believe it is fair to say that we have made significant progress in establishing a sustainable technology community of businesses. We have successfully leveraged federal investment in our technology companies, and have demonstrated the capability to provide “disruptive technologies” that are making a difference in the military and other segments of our marketplace. From extreme high tech devices that detect remote chemical releases and top secret weapons detection systems, to mobile pathogen detection systems, and solar-powered water distillation and desalination systems; Hawaii’s technology companies have come of age.

I know that Hawaii’s technology industry is poised to make a significant impact and positive contribution to the economy of Hawaii. The Center will also support our agricultural, defense, medical, and visitor industry segments as well. However, while we have made progress, additional support from the State is necessary to ensure commercial success of those product and services. Our companies compete in the worldwide marketplace, but help is still required to finally bridge the “valley of death”. Furthermore, Hawaii must provide support for local manufacturing, assembly and distribution systems which will provide jobs and keep capital in the state.

The Hawaii High Impact Center for Commercialization will provide the above noted critical services but, most importantly, provide direct investment in our technology companies and ensure that companies are held accountable for the success of the program and Center. This program differs from venture capital and other such external investment mechanisms. It is a measure of the State’s confidence in our local companies to be successful, and to provide long-term returns to the State via tax revenues, job creation, stopping the “brain drain”, and a broadening of our economic base. The Center will also focus on keeping technology companies in Hawaii; not providing Hawaii resources to enable or support relocation of our companies to the mainland.

Thank you for providing an opportunity to support this important legislation.

Mahalo,



Keith Matsumoto

ward2-Robin

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, January 30, 2014 9:26 AM
To: edbtestimony
Cc: takasug@hawaii.edu
Subject: Submitted testimony for HB2481 on Jan 31, 2014 09:00AM

HB2481

Submitted on: 1/30/2014

Testimony for EDB on Jan 31, 2014 09:00AM in Conference Room 312

Submitted By	Organization	Testifier Position	Present at Hearing
tak sugimura	Individual	Support	No

Comments: I strongly support this bill to create an asset to support technology development in the State. Since the repeal of Act 221 and the passing of Senator Inouye the tech industry has struggled to survive.

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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HB 2481

RELATING TO THE HAWAII HIGH IMPACT CENTER FOR COMMERCIALIZATION

**SCOTT SHIBATA
PRESIDENT
DIAGENETIX, INC**

JANUARY 29, 2014

Chairs Tsuji and members of the House Committee on Economic Development & Business.

My name is Scott Shibata. I am testifying on behalf of Diagenetix, Inc. in support of HB 2481, "Relating to the Hawaii High Impact Center For Commercialization."

SUMMARY

Diagenetix, Inc. supports HB 2481, which establishes a center to help small businesses, like Diagenetix, commercialize their technologies.

Diagenetix, Inc. was founded in 2010 by myself, Associate Professor Daniel Jenkins and Dr. Ryo Kubota, both of the University of Hawaii ("UH") at Manoa. Our technology is based on research Professor Jenkins and Dr. Kubota conducted while at the University and has since been exclusively licensed by UH to Diagenetix. For the past four years we have been building upon this initial research and developing a business that we believe can significantly help expand the market applications for gene-based diagnostics. We have experienced success in applying our technologies for detecting harmful pathogens in water, agriculture, and food production settings.

To date we have personally invested a significant amount of time and money to build our company. We have also been fortunate to find research and commercial partners in and out of the State who have been very supportive of our early efforts and have helped provide early revenue to help fund continued development and refinement. However, like many start-ups,

our path to commercialization continues to be fraught with challenges and risk. The Hawaii High Impact Center For Commercialization could greatly help Diagenetix address these challenges. The HI-Impact Center could providing the ever important commercialization support for start-ups and serve as a critical bridge between companies born from the University system and the marketplace, helping build thriving local companies.

CONCLUDING REMARKS

Very few successful entrepreneurs create a lasting and impactful company without help. Mentors, financiers, distributors, suppliers, collaborators, and employees all play valuable roles in its growth. If Hawaii is to ensure it diversifies its economy, it cannot rely solely on the sweat of entrepreneurs. It is frankly easier to commercialize in other geographies given the significantly larger network of supporters available. For those of us wishing to build our companies here in Hawaii and from the University system, the Hawaii High Impact Center for Commercialization could serve as that network. As such, we strongly support HB 2481.

Aloha,

Greenpath Technologies, Inc. would like to testify our support of this HB2481 bill. As a local renewable energy firm here in the islands, we are in support of efforts made to help us "stay local." What begun as purely efforts in R&D and testing.. has evolved over the course of the years into a viable, technologically savvy and unique product line that we begun to identify the various markets that we can target. As a local small business we face the same hurdles of growth as we move towards commercialization as many of our other colleagues in the industry.

We would hope to keep efforts local without having to move to the mainland for mass production if that deems feasible...along with capital to ramp up and the ability to hold inventory.. all the hurdles that come along with the growing pains of building up a business here in Hawaii.

We are primed in geographic location to be at the crux of the Pacific as a base point for many of the efforts in renewable energy be it in the realm of the military or HA/DR and emergency response planning, and we believe that maintaining a presence here in the islands is beneficial for us, the community we are involved with today as well as future generations to come.

Looking future forward we have all intention on planning to increase manufacturing capacity here in Hawaii for our portable power products. With that goal in mind we must be able to source qualified technical individuals with the talent and tools to help to build the company which in turn helps support our workforce in this realm of innovation here in the islands.

We stand behind what has been stated and believe that the initiatives represented in this bill would be of great support for the success of our company as the others in this tech industry that we have come to collaborate with, build with and interface with.

Mahalo,

Greenpath Technologies