



Written Statement of
Robbie Melton
Executive Director & CEO
Hawaii Technology Development Corporation
before the
House Committee on Finance
Friday, February 16, 2018
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB1958, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.

The Hawaii Technology Development Corporation (HTDC) **supports** HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program. Appropriates moneys..

As part of HTDC’s vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at promoting technology and innovation jobs. HTDC has been providing Phase I matching grants to SBIR awarded companies since 1989 and started awarding Phase II and Phase III matching grants in FY16.

A summary of the awards made by the matching grant program is listed below:

	FY16	FY17	FY18*
Appropriation	\$2 MM	\$2 MM	\$1 MM
# of Applications	11	9	9
# of Awards	7	8	5
\$\$ Awarded	\$2 MM	\$1.9 MM	\$900 K
Federal SBIR \$\$ (match)	\$7.9 MM	\$10.9 MM	\$5.4 MM
Estimated New Jobs	17	70	15

* FY18 data through 12/31/17

This year with \$900,000 available, only 5 of 9 companies were funded. Every year, there have been more qualified applicants than available funds. Since the phase II and III program started in FY16, none of the applicants have received the full eligible amount.

Over time, the current phase II and III program is anticipated to generate the same type of metrics of success as the Phase I only matching program. For every dollar invested through the Hawaii SBIR program, Hawaii companies have attracted over 20 federal dollars in return to the

state, plus commercialization funding. HTDC believes the grant program provides leverage and positive economic development value for the State by supporting projects with vetted technology and backed with federal funds. The Senate version, SB2904 appropriates \$2 million for the program.

HTDC agrees that this would be an appropriate amount for the program and support this initiative as long as it does not replace our priorities requested in the Executive Budget. HTDC respectfully requests correction of the defective effective date. Thank you for the opportunity to offer these comments.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Friday, February 16, 2018 at 3:00 P.M.
Conference Room 3089, State Capitol**

**RE: HOUSE BILL 1958 HD 1 RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION**

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent** of HB 1958 HD1, which authorizes the Hawaii Technology Development Corporation (HTDC) to issue Small Business Innovation Research program (SBIR) Phase III federal grant awardees up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside the program.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Based on data provided by HTDC, 20 federal dollars are returned to the State for every dollar invested through the SBIR program. The existing grant program is successful in promoting innovation and stimulating economic development by supporting emerging technologies developed by Hawaii companies and creating innovation jobs.

Thank you for the opportunity to testify.

HB-1958-HD-1

Submitted on: 2/15/2018 3:39:42 AM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
De MONT R. D. CONNER	Ho'omanapono Political Action Committee (HPAC)	Support	Yes

Comments:

We STRONGLY SUPPORT this bill.



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

Before the
HOUSE COMMITTEE ON FINANCE

February 16, 2018

3:00 p.m.

State Capitol, Conference Room 308

In Support of

**HB1958 RELATING TO THE HAWAII TECHNOLOGY
DEVELOPMENT CORPORATION**

To: Chair Sylvia Luke, Vice Chair Ty J.K. Cullen and Members of the Committee

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

Re: Testimony in Support of HB1958

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB1958**

The technology industry in Hawaii has grown over the past 12 years and has made significant strides towards achieving the goal of diversifying and stimulating Hawaii's economy. The continuation of the Small Business Innovation Research ("SBIR") grants is crucial to move the technology towards prototyping, customer interface, and commercialization,

The objectives of the SBIR grants are:

- To support economic growth and the diversification of our economy;
- To launch new ventures based on technology innovations; and
- To support the growth of the tech industry and the creation of intellectual property and innovation in the State.

We strongly urge you to support of HB1958 and we appreciate your continued support of the technology industry.



2800 Woodlawn Dr.
STE #150
Honolulu HI 96028
www.spectrum-photonics.com

Statement of
Edward Knobbe
President
Spectrum Photonics
before the
House Committee on Finance
Friday, February 16, 2018
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB1958, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.

Spectrum Photonics **supports** HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program.

Spectrum Photonics' core business is largely based on intellectual property licensed from University of Hawaii. During the past 8 years we have received approximately \$13,000,000 in federal SBIR contracts, which in turn has enabled Spectrum to win highly-competitive broad agency announcement (BAA) awards.

According to HTDC for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.



Statement of:
Todd J. Robertson
Hyperspective
Before the
House Committee on Finance
Friday, February 16, 2018
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB1958, HD1 RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.

Hyperspective **supports** HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program.

Hyperspective is a digital creative agency, focused on developing cutting edge technology for communications and products within the State of Hawaii for global export. As a technology company, Hyperspective benefits from programs like the manufacturing grant, directly through application for such grants and in-directly through services provided to companies that are awarded grants. This program supports the growth of an ecosystem of companies that attract large-scale business, talent and investments to Hawaii.

According to HTDC for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market.

We respectfully request correction of the defective effective date.

Thank you for the opportunity to offer these comments.



Statement of
Duke Hartman, P.E.
Vice President, Business Development
Makai Ocean Engineering, Inc.
before the
House Committee on Finance
Friday, February 16, 2018
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB1958, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS HB1958, HD1** that makes an appropriation to HTDC to continue providing grants to businesses with a federal small business innovation research (SBIR) phase II or III awards.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for over 44 years and an active participant in the Small Business Innovation Research (SBIR) grant program. The SBIR program consists of three phases that encourages early stage investment and innovation in technology. Phase 1 provides a very small amount of money that is barely enough for proof of concept research. However, it is the Phase 2 and 3 funding stages that really provide a “bridge” for companies to survive the “valley of death” between the idea and research stages of development, through prototyping to commercialization.

According to HTDC, for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market. The Phase 2 and 3 SBIR matching grants assist companies with a more difficult, but also more commercially-promising stage of development than Phase 1. Carefully selected Phase 2 and 3 matching grants represent more of a “sure bet” in terms of a successful and highly leveraged investment in economic development for the State, and growing our tech sector.

For example, Makai’s subsea cable laying software began as a Phase 1 SBIR (matched by State for \$20k in the year 2000) and then went on to Phase 2 and 3 and became the world’s #1 commercial cable laying software, with over \$30 million in commercial revenues and high tech jobs for Hawaii over the last 18 years. This is a direct multiplier of more than 1,500X for the State’s investment, not counting the indirect benefits of retaining some of the world’s best engineers in Hawaii and the additional technologies they have generated during this time.

Makai is currently working on a Phase 2 SBIR program focused on autonomous underwater vehicles, which could easily surpass the \$30 million cable laying software in terms of revenue to the



state. Our federal customer noted that the work we had performed on the underwater vehicle under the HTDC Hawaii State matching grant program was a key reason we were selected for an additional \$2.1 million award that is currently underway. Makai will be testing this underwater vehicle technology in Hawaiian waters in the summer of 2018, using local engineers and partnering with professors and undergraduate students at the University of Hawaii at Manoa.

In addition, Makai and Referentia were two local companies honored with a national award, the SBIR Tibbetts Award at the Whitehouse in January, 2017. This award recognizes the very best SBIR companies in the country whose technologies have made a strong economic impact in terms of high paying jobs, and displaying success in **actually commercializing federal R&D**. We need this HTDC administered program to make possible more national success stories by local companies.

This is why we **STRONGLY SUPPORT HB595 HD1**, which would provide the state matching funds for Phases 2 and 3 of the federal SBIR program to enable companies to commercialize new technologies more effectively. Not only would this expansion of funding enable our tech industry to compete and win more Federal monies for technology development, it would provide highly-skilled professional jobs for our keiki here at home.

In addition, we respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.

HB-1958-HD-1

Submitted on: 2/15/2018 12:52:45 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Brennan	Premier Solutions LLC	Support	No

Comments:

Statement of

Steve Brennan
Director of Business Development
Premier Solutions HI LLC

before the

House Committee on Finance

Friday, February 16, 2018

3:00 p.m.

State Capitol, Conference Room 308

In consideration of

HB1958, HD1

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance,

Premier Solutions HI LLC, a Honolulu-based, SBA-certified disadvantaged minority-owned and woman-owned small business that provides information technology systems development and professional services to government and commercial customers, writes to offer our SUPPORT of HB1958, HD1, which authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program.

PSHI also request that the defective effective date be corrected in the final version.

Premier Solutions HI (PSHI) has benefited greatly from the programs offered by HTDC such as the Hawaii SBIR matching grant and the bi-annual Hawaii SBIR Conference. PSHI has grown from 8 full-time employees to over 52 FTEs in the past three years. That success has been driven largely by our work with the US Navy. PSHI has

developed a military logistics information technology system that is currently in use aboard every vessel in the Navy Fleet, and we support that system worldwide from our headquarters in Honolulu.

In 2017 PSHI was awarded our first Small Business Innovation Research contract from the Naval Supply Systems Command. I am pleased to report that last week, February 7, 2018, we were officially notified that we were successful in winning Phase II funding of \$750,000 for that project. In winning, we had to compete head-to-head with a Michigan-based company that has won hundreds of SBIRs. We attribute our success in large part to 2 things:

- 1) The creativity and knowledge of our Hawaii-based research, development and engineering team.
- 2) HSBIR Phase I matching funds of \$60,000 which allowed us to travel from Hawaii to our mainland-based Navy customers, build invaluable relationships with our Federal sponsors, and develop product prototypes that exceeded our customer's expectations.

Over the next 5 years, we plan to continue our growth as we build upon the new capabilities our SBIR success has provided, and we plan to hire more Hawaii-based innovators. **Access to state matching funding for Phase II and Phase III efforts is vital to our strategy of attracting more SBIR funding and Federally-funded projects to leverage our current success.**

We are very thankful for the support provided by HTDC and the State of Hawaii, and respectfully ask that the legislature pass HB1958, HD1, with the correction to the effective date.

If you have any questions, please feel free to contact me at 808-341-4702 or at steveb@premiersolutionshi.com

Very respectfully,

Steve Brennan
Premier Solutions LLC
845 Fort Street, Suite 800
Honolulu, HI 96813
steveb@premiersolutionshi.com



Statement of
Adelheid Kuehnle
CEO
Kuehnle AgroSystems Inc.
before the

House Committee on Finance
Friday, February 16, 2018
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB1958, HD1
RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

Chair Evans, Vice Chair Keohokalole, and Members of the Committee on Economic Development & Business.

Kuehnle AgroSystems Inc. supports HB1958, HD1 that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program.

Kuehnle AgroSystems Inc. is a bio-based product research, development and deployment company located in the Manoa Innovation Center. As a tenant of MIC, we have worked closely with HTDC to build our company. The HTDC has aided in several areas of our business development as we have been federal grant awardees under the SBIR program. This bill is important for the small business community in Hawaii, and good for innovation companies such as ours.

Through the SBIR program, we first became tenants at the MIC and were able to purchase some essential equipment. Importantly, we were able to use HI-SBIR matching funds, managed by the HTDC, to file patent applications (patenting cost is not covered by the federal portion of the grant). We have successfully licensed our patents and used that revenue to expand our company and associated high-tech sector staffing.

HTDC very successfully carries out its mission to assist the small business technology community in Hawaii, including the HI-SBIR program. They bring the federal SBIR program managers to Hawaii in very useful, well-attended conferences. We have also benefitted very much from their support facilitating one-on-one meetings with associated SBIR commercialization program partners.

According to HTDC for every dollar invested through this program, Hawaii companies have attracted 20 federal dollars in return to the state, plus



2800 Woodlawn Drive
Suite 281
Honolulu, Hawaii 96822
808.469.4181
<http://www.kuehnleagro.com>



commercialization funding. The Hawaii SBIR program supports projects with vetted technology backed with federal funds. The state matching funds are critical to winning later phase awards and getting some of the technologies to market.

We respectfully request correction of the defective effective date. Thank you for the opportunity to offer these comments.



2800 Woodlawn Drive
Suite 281
Honolulu, Hawaii 96822
808.469.4181
<http://www.kuehnleagro.com>

To: House Committee on Finance; Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance

From: Alex Cabello, Chief Technology Officer, AlgorithmHub Inc.

Re: HB1958, HD1 RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION

AlgorithmHub Inc., a Hawaii based startup, **supports HB1958, HD1** that authorizes HTDC to issue grants to phase III federal grant awardees of up to fifty percent of the amount of the award or contract funded by the private sector or government sources outside of the program.

We believe HB1958, HD1 is instrumental in helping high-tech companies grow and expand operations in Hawaii. Grants such as the Hawaii SBIR/STTR matching grant allow local companies to continue development of commercial technology and generate high paying STEM jobs.

AlgorithmHub Inc., in collaboration with the University of Hawaii Cancer, has been awarded an NIH STTR Phase I grant in August of 2017 focusing on improving the effectiveness of immunotherapy. Immunotherapy is a relatively new cancer treatment which trains a person's immune system to fight cancer. Immunotherapy is very effective when it works, but not everyone responds to it. AlgorithmHub and the University of Hawaii Cancer Center are developing software which analyzes data from tumor samples to predict the effectiveness of immunotherapy in new cancer patients. Through this analysis, we save lives by allowing patients to receive the best treatment and incentivizes insurance companies to cover the cost.

AlgorithmHub Inc. will be submitting an application for an NIH STTR Phase II grant in April 2018. If awarded, the Hawaii SBIR/STTR matching grant will help significantly to commercialize this revolutionary technology. Through successful commercialization, we project to create 40 new high paying jobs in the field of computer science, data science, and biology within 5 years. Furthermore, the technology will be instrumental in the fight against cancer.

We respectfully request correction of the defective effective date. Thank you for the opportunity to submit testimony.

A handwritten signature in black ink, appearing to read 'Alex Cabello'.

Alex Cabello
CTO, AlgorithmHub Inc.

HB-1958-HD-1

Submitted on: 2/14/2018 2:08:27 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Randall Francisco	Individual	Support	No

Comments:

HB-1958-HD-1

Submitted on: 2/15/2018 2:55:35 PM

Testimony for FIN on 2/16/2018 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Individual	Support	No

Comments:



LATE

HAWAII BIOTECH

Statement of
D. Elliot Parks, Ph.D.
President & CEO
Hawaii Biotech Inc.
before the
Committee on Finance
Friday, February 16, 2018
3:00 p.m.
State Capitol, Conference Room 308

In consideration of
HB1958
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Luke, Vice Chair Cullen, and Members of the Committee on Finance.
Hawaii Biotech Inc. **supports** HB1958 that makes an appropriation for the continuation of the small company innovation grant program within the High Technology Development Corporation.

Hawaii Biotech is the oldest and largest biotech company in the State of Hawaii, founded by four UH professors in 1982. Our company is a World's leader in developing safe and effective vaccines to protect against emerging and re-emerging infectious diseases. As many of these diseases derive from tropical regions of the World, our Hawaii company has a significant competitive advantage. Another competitive advantage that Hawaii Biotech has is the fact that we do not use infectious viruses in the formulation of our protective vaccines. Additionally, we lead the World in developing small molecule drugs to combat bioterrorism threats like Anthrax and Botulinum toxins.

We applaud the Hawaii State Legislature for its leadership through the long-standing small business innovation research matching grant program and urge the Legislature to continue this program as articulated in HB 1958. Funds from this HTDC matching grant program have allowed Hawaii Biotech to attract more than \$60 million in Federal grants and contracts to the State of Hawaii, to our local company, to maintain our current workforce, and to recruit new employees to expand our workforce.

We believe HTDC has been a prudent and judicious steward of the State funds that have been awarded to the innovation technology matching grant program in past years. Therefore, we would hope that the Legislature sees fit to provide flexibility to HTDC in the award of future awards, whether in the form of matching grants or convertible note loans.

Thank you for the opportunity to offer these comments.