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LATE

Statement of
Edward Knobbe
President
Spectrum Photonics
before the
Senate Committee on Ways and Means
Wednesday, April 4, 2018
10:30 a.m.
State Capitol, Conference Room 211

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

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means,

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.

Thank you for the opportunity to offer these comments.



LATE

Statement of
Duke Hartman, P.E.
Vice President, Business Development
Makai Ocean Engineering, Inc.

before the
Senate Committee on Ways and Means
Wednesday, April 4th, 2018

10:30 a.m.
State Capitol, Conference Room 211

In consideration of
HB1958 HD1

RELATING TO THE HAWAII TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Committee on Ways and Means.

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS HB1958 HD1** that that appropriates funds to the Hawaii Technology Development Corporation (HTDC) for continuance of the small business innovation research (SBIR) program.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for 45 years and an active participant in the Small Business Innovation Research (SBIR) grant program.

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.

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 mentioned 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 project 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 College of Engineering and SOEST 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 from the SBIR program**. We need this HTDC administered program to make possible more national success stories by local SBIR companies. See the Governor's press release about awards here:

<http://governor.hawaii.gov/newsroom/latest-news/dbedt-news-release-htdc-small-business-grantees-honored-with-national-tibbetts-award-at-the-white-house/>

This is why we **STRONGLY SUPPORT HB1958 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.

Thank you for the opportunity to offer these comments.



HAWAII BIOTECH

LATE

Statement of
D. Elliot Parks, Ph.D.
President & CEO
Hawaii Biotech Inc.

before the
Committee on Ways and Means
Wednesday, April 4, 2018
10:30 a.m.
State Capitol, Conference Room 211

In consideration of
HB1958 D1
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee on Ways and Means.

Hawaii Biotech Inc. **supports** HB1958 D1 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.

HB-1958-HD-1

Submitted on: 4/4/2018 9:24:38 AM

Testimony for WAM on 4/4/2018 10:30:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Gordon Wallace	Testifying for Kuehnle AgroSystems Inc.	Support	No

Comments: