



Statement of
LETIZIA DE LANNOY
Manager
Hawaii Evolutionary Development, LLC
(HIEvoDEvo)

before the

House Committee on Economic Development & Business

Wednesday, February 8, 2017

9:00 a.m.

State Capitol, Conference Room 309

2221 Seaview Avenue
Honolulu, HI 96822
T (808) 636-3146
F (808) 988-2990
hed@evodevohi.com
FEIN 36-4683352

In consideration of

HB595

RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

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

HIEvoDevo supports SB763 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.

HIEvoDevo is developing HEDS, an engineering design software using a novel methodology to find optimal solutions. With the Hawaii SBIR matching funds HIEvoDevo has hired a software developer, contracted AlgorithmHub, a leading local startup in cloud services, and partnered with the US Air Force and Lockheed Martin Aeronautics to test and validate HEDS. The success of this partnership can result in new projects and consequently the hiring of additional engineers and software developers.

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.



KOLOHALA HOLDINGS, LLP

February 6, 2017

Statement of
Robert J. Robinson
Managing Partner
Kolohala Holdings, LP

before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017, 9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION

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

Kolohala Holdings **supports** HB595 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.

We support, mentor, and invest in startups in the Hawaii entrepreneurial ecosystem. Since 2006 we have facilitated the investment of over \$60MM in local companies here in HI. A key to getting those businesses started and developing proof of concept are SBIR grants. In order to have a vigorous innovation and entrepreneurial sector in the Hawaii economy, programs supported by SB763 are critical.

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.

Sincerely,

Rob Robinson
Manager, Kolohala Venture Fund



Written Statement of
Robbie Melton
Executive Director & CEO
High Technology Development Corporation
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

The High Technology Development Corporation (HTDC) **supports** HB595 that appropriates funds to continue the Small Business Innovation Research Program within the High Technology Development Corporation.

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 last year.

In FY16, the first year of the Phase II Phase III matching program, HTDC awarded \$2 million to 7 companies who had secured \$7.9 million of federal SBIR funding. There were more eligible applicants than available funds. HTDC anticipates awarding all of the fiscal year 2016-2017 appropriated funds and suggests that \$2 million is an appropriate annual budget for the program. Phase III awards are eligible for matching grants and subject to the same application and evaluation process as Phase II awards.

Over time, the expanded 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 20 federal dollars in return to the state, plus commercialization funding. HTDC believes this program provides leverage and positive economic development value for the State by supporting projects with vetted technology and backed with federal funds.

We support this initiative as long as it does not replace our priorities requested in the Executive Budget. Thank you for the opportunity to offer these comments.



Statement of
Bob Gunter
President & CEO
Kōloa Rum Company
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.

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

Kōloa Rum Company **supports** HB595 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.

Since beginning business in 2009, Kōloa Rum Company has grown to include 31 employees and now distributes its portfolio of Kaua`i-made products to 22 mainland states and 4 foreign countries. An HTDC grant that we received in 2015 was instrumental in enabling us to purchase equipment needed to meet the increasing demand for our products and improve operational efficiencies. HTDC is a tremendous resource for Hawaii manufacturers and we urge you to continue funding this important 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.

Thank you for the opportunity to offer these comments.

Sincerely,

Bob Gunter
President & CEO

2-2741 Kaumuali`i Highway, Suite C, Kalaheo, Hawai`i 96741
808-332-9333 Phone / 808-332-7650 Fax
WWW.KOLOARUM.COM



Written Statement of
Robert F. Baudrau, President
Pacific Rim Defense, LLC
Before the House Committee on Finance
Wednesday February 8, 2017, 9:00 AM
State Capital, Conference Room 309

In consideration of
**HB 595 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION**

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

Pacific Rim Defense, LLC respectfully submits testimony in support of HB 595 that makes an appropriation to HTDC to continue providing grants to business with a federal small business innovation research (SBIR) phase II and III awards.

Pacific Rim Defense, LLC is a Service Disabled Veteran Owned Small Business (SDVOSB) headquartered here on Oahu performing in the Science and Innovation organizations of Pacific Command (PACOM), Commander Pacific Fleet (COMPACFLT), SPAWAR System Center Pacific (SSCPAC) and other military services based here in Hawaii. As a small business of 23 personnel, we have SBIR award experience and have benefited from a HTDC grant for Phase I. We continue to submit and will certainly win other SBIR opportunities that will become Phase II and III awards. Without the support of HTDC grants for Phase II and III, we cannot compete with other state small businesses benefiting from their state grant support of small business involved in innovation.

According to HTDC for every dollar invested through this grant program, Hawaii companies have attracted 20 federal dollars in return to the state, plus commercial funding related to Phase II and III attainment by Hawaii based small businesses. The Hawaii SBIR program supports projects with vetted technology backed with federal dollars. The state matching funds are critical to winning later phase awards and getting some technologies to market, good for Hawaii based small business and the state itself.

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

Robert F. Baudrau



6 February 2017

To : House Committee on Economic Development & Business

R.e. HB 595

To be heard on Wednesday, February 8, 2017, 9:00 a.m.

At State Capitol, Conference Room 309Feb 3 at 1:15PM

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

I write in **strong support of** HB595, RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION, which makes an appropriation to HTDC to continue providing grants to businesses with Federal Small Business Innovation Research (SBIR) Phase II or III awards.

Kampachi Farms, LLC, is an open ocean aquaculture R&D company, based in Kona. We were the founders of the kampachi farm that is located offshore from the Kona airport, which has operated since 2005, generating **revenues of over \$6 million per year**, with no significant environmental impact. We have also led breakthrough collaborative projects that have advanced marine fish hatchery technologies, and have pushed the envelope for “over-the-horizon” aquaculture in Hawaii, and globally.

One of our recent collaborations – the Velella Project – was awarded one of **TIME Magazine’s “25 Best Inventions of the Year”** for 2012. The Velella Project was funded by the National Science Foundation’s SBIR program, and it is highly instructive of the value of matching funds for SBIR projects in Hawaii.

Our Phase I and Phase II research work for this project laid the critical ground-work for understanding the opportunity, but did not identify a ready path to commercialization. By the end of the Phase II project, we were still a long way from having a viable business plan. By good fortune, one of our collaborating partners – the Illinois Soybean Association – had provided a significant matching contribution to our Phase II research, which then allowed us to obtain a



further \$500,000 in Phase IIB funds from NSF. This follow-on funding enabled us to devise, deploy and operate a modified version of the original concept, and to more clearly demonstrate the social, ecological and commercial benefits of the project. Out of that Phase IIB work grew a new spin-off company that now operates independently out of NELHA, with Kona-based employees totaling three engineers, a PhD biologist, two other technicians who are both UH Hilo graduates, and two other supporting employees. Without the support of Illinois soybean farmers in our Phase II, this project would have wilted on the vine. As a Hawaii company, we cannot always rely on friends from Illinois; such critical support for Phase II and Phase III match needs to be also available locally.

We would, however, like to suggest one amendment to the Bill's language. In past iterations of this program, HTDC Phase III match awards have only been available for companies that had Phase III funding from **government** sources (i.e. DoD, or NIH). These HTDC awards were therefore not made available to companies that had **private** sources of Phase III matching funds. This is silly! It is completely wrong-headed! HTDC should be charged with offering **greater** support for private investors in SBIR technologies, not **less**. This problem can be rectified by inserting the following (underlined) language in around **Line 15** of the HB Draft, so that it reads "providing grants and loans for phase III awards ~~where applicable~~ from all Federal agencies, irrespective of whether the matching funds are from government or private sources".

Thank you for the opportunity to offer these comments.

Mahalo, and aloha,

A handwritten signature in black ink, appearing to read 'Neil Anthony Sims'.

Neil Anthony Sims, M.Sc.
Co-Founder, Co-CEO, Kampachi Farms, LLC
President, The Ocean Stewards Institute
neil@kampachifarm.com (808) 989 2438



Hawaii Tech Exchange

808.495.0797 don@hitx.co 259 Haili Street, Hilo HI 96720

February 6, 2017

RE: Testimony in Support of HB595 Relating to High Technology Development Corporation

To Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on Economic Development and Business:

I am Donald M. Kosak, founder of the Hawaii Tech Exchange, LLC. The Hawaii Tech Exchange is a community organization that fosters high impact new businesses in STEM fields on the Big Island.

I respectfully submit this testimony in strong support of HB595 Relating to High Technology Development Corporation.

Funding is a major hurdle for many of the small tech companies I work with on a daily basis. Federal SBIR research awards are an important component of that funding. HTDC's grants to SBIR awardees allow these companies to invest in infrastructure and to create additional technical job opportunities on our island.

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 submit testimony on this bill.

Sincerely yours,

A handwritten signature in blue ink that reads "Donald M. Kosak".

Donald M. Kosak
Founder, Hawaii Tech Exchange
<http://hitx.co/>



HYPERSPECTIVE
INSPIRE BELIEF

Statement of:
Todd J. Robertson
Hyperspective
Before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
**HB595 RELATING TO THE RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION.**

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

Hyperspective supports HB595 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.

Hyperspective is a digital creative agency, focused on developing cutting edge
technology for communications, media and products within the State of Hawaii for
global export. As a technology company, Hyperspective benefits from programs like
the SBIR phase II and III awards, 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.

Thank you for the opportunity to offer these comments.

1 Statement of
2 Glenn Sawai
3 VEPTURE SCIENCES,LLC (A TECH TRANSFER ORGINZATION)
4 before the
5 **House Committee on Economic Development & Business**
6 Wednesday, February 8, 2017
7 9:00 a.m.
8 State Capitol, Conference Room 309
9

10 In consideration of
11 **HB595**
12 **RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT**
13 **CORPORATION.**
14

15 Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee on
16 Economic Development and Business.

17
18 **VENTURE** sCIENCES,LLC **supports** HB595 that makes an appropriation to
19 HTDC to continue providing grants to businesses with a federal small business
20 innovation research (SBIR) phase II or III awards.
21

22 **<about your company, your project, why the grant is important, how it benefits**
23 **your business, include any stats on revenue and employees that you are comfortable**
24 **sharing with the public >**
25

26 According to HTDC for every dollar invested through this program, Hawaii
27 companies have attracted 20 federal dollars in return to the state, plus
28 commercialization funding. The Hawaii SBIR program supports projects with vetted
29 technology backed with federal funds. The state matching funds are critical to winning
30 later phase awards and getting some of the technologies to market.
31

32 Thank you for the opportunity to offer these comments.
33
34

35 Testimony **for HB595 in favor:**
36 **I am contacting you to testify in support of**
37 **ed595 proposal to provide new funding for**
38 **the HI technology corporation SBIR**
39 **PROGRAM Initiative.**

40
41 **HTDCS'**HI SBIR PROGRAM INITIVE IS OF INTRINTRIC
42 VALUE TO THE FUTURE OF THE STATE; IT OFFERS:
43 NOT ONLY SBIR PROGRAM BUT AN added VALUE TO
44 THOSE WHO SEEK A HTDCS'SBIR'S PARTICIPATION
45 "TOUCH"AS WELL ASHTDCS'SBIR'S PARTICIPATION
46 SBIR PROGRAM THAT AS such A VEHICLE AND
47 CHANNEL FOR THE STATE
48 AS WE ALL RECONIZE THOSE CHANGES IN OUR LIVES
49 SBIR PROGRAM IS VERY MUCH DEPENDED ON THE
50 INITIVES TAKEN BY THE "NEW BUSINESS" ORENTEED
51 **entrepreneurial** SBIR PROGRAMs taken by the partners:
52 city(counties), state, federal government
53 the ever evolving communities within are very dependent on the
54 critical decisions undertaken by our leadership you! By
55 recognizing the continual need for the "HTDCS'SBIR's
56 participation touch" features within the HTDCS'SBIR's
57 participation SBIR PROGRAM initiatives that drives the needed
58 communications between" us" requires an new SBIR
59 PROGRAM in deep learning (never stops)
60 there is a requirement" FOR USE OF THE SBIR PROGRAM
61 "driven by law" (*public Law 113-128*. 113th Congress.
62 humbug! For you all!) but needs to be done. its' an SBIR
63 PROGRAM into all of us and it can be satisfied by the SBIR
64 PROGRAM the state puts into the HTDCS'SBIR's participation
65 in SBIRs' PROGRAM fund. High technology development
66 corporations' development corporation will be receiving a
67 briefing from me as to its content and guidance there are
68 multiple state agencies involved but more so we the public are
69 the beneficiaries, this necessitates your caring and participation
70 in this HTDCS' participation in the SBIR Programs' incisive

71 path to meet the requirements of its participants (the state led by
72 and held responsible, the Governor and legislature and its
73 citizens’.

74 Federal funds to the state and of valued importance to the state
75 agencies to have these funds available to meet the requirements
76 of the program known as WIOA(WORK FORCE
77 OPPORTUNITY AND INNOVATION ACT)PARTICIPANTS
78 ORWORCE DEVEPMENTCOUNCIL (DEPTOF Labor,
79 education, vocational rehabilitation)and by their nature all
80 connectors whose beneficiaries ‘are the citizens of Hawaii in
81 context is not as significant as in content such an assistive and
82 advocative; part is what the HIGH TECHNOLOGY
83 DEVELOPMENT CORPORATION Small Business Innovation
84 Research Grants program provides and therefore a very
85 worthwhile the SBIR PROGRAM it in turn will assist the
86 states’ agencies and citizenry to save funds by becoming more
87 innovative in their own way AND WITH EACH OTHER which
88 is the most innovative, entrepreneurial direction the state can
89 take at this time as other states are starting to go in this direction
90 otherwise SBIR Programs’ in themselves)by going strategic by
91 THE USE OF tools like “sbirs” the SBIR PROGRAM
92 venture is a most worthy and rewarding and therefore is
93 deserving of your confidence, please push for passage of the
94 funding request we are all Winners! mahalo,
95 Glenn sawai
96 @ GLENN.SAWAI@GMAIL.COM

97
98
99



February 8, 2017

COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS

*Rep. Mark Nakashima, Chair; Rep. Jarrett Keohokalole, Vice Chair; and Members
Public Hearing, February 8, 2017 at 9:00 a.m., Conference Room 309*

**TESTIMONY of WILLIAM F. ANONSEN
MANAGING PARTNER/PRINCIPAL of THE MARITIME GROUP, LLC
IN SUPPORT of H.B. 595 related to
HIGH TECHNOLOGY DEVELOPMENT AND INNOVATION RESEARCH**

My name is William Anonsen and I am the Managing Partner/Principal of THE MARITIME GROUP, LLC. We support HB 595 which proposes to appropriate funds to continue the Small Business Innovation Research Program within the High Technology Development Corporation.

The legislature's continued support for high technology is appreciated and visionary, as support for this growing innovation industry in Hawaii helps contribute to the diversification of our island state's economy and our economic competitiveness in the Pacific Basin and the world. Customarily every job in a research community generates an average of 2.57 jobs in the local economy.

Research communities have become a key element of the technology infrastructure supporting the growth of today's and our future knowledge economy. They are the primary drivers of regional development traditionally established to recruit research & development, and technology companies to locate in strategic areas in order to build a cluster of high technology companies. Technological based research communities exhibit a strong ability to attract and retain talent, which in turn, will permit Hawaii to create a critical mass that can yield high economic opportunities for Hawaii and our global community.

These initiatives promise to further upsurge our homegrown business startups, retention and expansion with a focus on providing commercialization and business development support in addition to space for talent retention and innovation infrastructure. These communities are emerging as strong sources of talent, entrepreneurship, and economic competitiveness.

Mahalo for the opportunity to comment in support of this measure

Sincerely,

William F. Anonsen

*William F. Anonsen
Managing Partner/Principal*

Statement of
Doug Nelson
President
Studio Kinection, Inc. (dba Kinection)

before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Kinection **strongly supports** HB595, which makes an appropriation to HTDC to continue providing grants to businesses with federal small business innovation research (SBIR) phase II or III awards.

Companies that successfully complete Phase II projects often face a “valley of death” where they lack the funds to move from the working prototype developed under SBIR funding to a commercial product. This is where the HTDC matching funds can make a crucial difference for Phase II companies.

In 2016, we received funds under this program for our “Warrior Stories” software application, originally developed under contract with the Dept. of Defense. With the HTDC funding, we have hired a Hawaii-based employee, added key features to our software, and attracted new customers. Additionally, we secured additional federal funding to match the HTDC grant.

Small businesses are the innovation engine of the new economy, and supporting small businesses to develop sustainable product lines should continue to be a key priority for the State. We strongly support the way in which HB595 assists these companies in moving from working prototype to commercial product.

Thank you for the opportunity to offer these comments.





Statement of
Duke Hartman
Vice President, Business Development
Makai Ocean Engineering, Inc.
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT
CORPORATION.

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

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS HB595** 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.

As a direct result of these and other HTDC programs in 2016 alone, Makai has hired **FOUR** engineers at the M.S. or Ph.D. levels with average salaries of **\$90,000 annually**.

Makai Ocean Engineering, Inc. is a locally-owned and operated technology company based in Hawaii for over 40 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 provide a “bridge” for companies to survive the “valley of death” between the idea and research stages of development, through prototyping to commercialization.

In 2012, the State of Hawaii matched an SBIR Phase I grant to Makai from the US Navy with \$20k in State funds. This Phase 1 and State matching grant led to a partnership between Makai and the University of Hawaii (UH) for our current work on an innovative new concept for an underwater vehicle for the Navy’s anti-submarine warfare surveillance efforts. The State’s matching grant enabled Makai to win Phases 2 and 2.5



and bring over \$4.5 million in Navy research and development (R&D) money to the State to date. This money is currently supporting several highly- paid, highly-skilled engineers, including two M.S. graduates from the University of Hawaii.

The Phase 2 and 3 SBIR matching grants assist companies with a difficult, but 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.

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. 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 \$32 million in commercial revenues and 4-8 permanent high tech jobs for Hawaii over the last 16 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. Imagine returns like that on investments more substantial than \$20k.

This is why we **STRONGLY SUPPORT HB595**, 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 does this funding enable our tech industry to compete and win more Federal monies for technology development, it provides highly-skilled professional jobs for our keiki here at home.

Thank you for the opportunity to offer these comments.



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

Before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS

February 8, 2017

9:00 a.m.

State Capitol, Conference Room 309

In Support of

HB595 RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION

To: Chair Mark M. Nakashima, Vice Chair Jarrett Keohokalole and Members of the Committee

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

Re: Testimony in Support of HB595

Honorable Chair, Vice-Chair and Committee Members:

Thank you for the opportunity to submit testimony **in support of HB595**

The technology industry in Hawaii has grown over the past 10 years and has made significant strides towards achieving the goal of diversifying and stimulating Hawaii's economy.

Other companies that are developing cutting edge technologies rely on federal support through the Small Business Innovation Research ("SBIR") grant program, which encourages and funds early stage ideas and innovations. The technology risk level for these programs are often high and untested. Great ideas emerge from the SBIR Program, and these ideas and technologies are vetted and competed at a national level. The follow-on funding that is required is essential to move the technology towards prototyping, customer interface and development.

HB595 would fill this critical "gap" in funding by supplementing the SBIR program, a program that has been tested by time and leverage the Hawaii Technology Development Corporation's grant program. This funding gap (aka known as the "valley of death") is an acute problem in Hawaii due to our immature capital market support. Investment capital for technology in Hawaii faces critical challenges because this industry is still in the early stages of development in Hawaii, and there is a general lack of historical investment into this arena. This creates tremendous hurdles to the evolution of this industry. The grants would fill the gap in the technology development process and would promote the maturation and commercialization of novel technologies.

Therefore, we strongly urge you to support of HB595 and we appreciate your continued support of the technology industry.

Statement of
Nelson Kanemoto
President and CEO
Referentia Systems Incorporated
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Referentia Systems strongly supports HB595 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.

Referentia Systems is a small disadvantaged business with headquarters in Honolulu, Hawaii. Over the last 7 years, we developed an innovative time-series database and analytics platform which is providing utilities the insight needed to incorporate more renewables into their grid. The grant that we are receiving from HTDC in 2017 will help further develop and commercialize the product, helping Hawaii work towards the goal of 100% renewables.

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 in strong support of HB595.

Sincerely,



Nelson Kanemoto
President and CEO



3SRM Inc.
Sun, Sky Surface Radiation Measurements
(Environmental Measurements)

965 Hao St. Honolulu, HI 96821	
contact	(Dr. John N. Porter)
phone	(808) 373-3243
web site	3SRM.com
email	porterj005@hawaii.rr.com

Statement of

John N. Porter
President
3SRM Inc.
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION.

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

3SRM Inc. supports HB595 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.

3SRM is developing sensors for public safety and environmental
monitoring using passive spectroscopy and active lidar techniques. Our
current NOAA funded project focuses on developing a stereo vision sensor
to measure coastal currents. The new measurements will be used for
coastal engineering projects and will allow life guards to better inform the
public of coastal dangers. The HTDC grant will allow us to develop new
measurement capabilities. Simultaneous measurements of wave heights,
coastal currents, and coastal erosion will be a valuable tool for scientists
and engineers studying and modeling coastal erosion. Sales of the new
projects are planned for early 2018. Currently 3SRM has two semi-full time
employees (a programmer and the PI) and a part time mechanical engineer.

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.

Statement of
Venkat Kamavaram
Sr. Materials Engineer
Oceanit
before the
House Committee on Economic Development & Business
Wednesday, February 8, 2017
9:00 a.m.
State Capitol, Conference Room 309

In consideration of
HB595
RELATING TO THE RELATING TO THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION.

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

Oceanit **supports** HB595 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.

Oceanit, manufacturing grant for further advancing nanomanufacturing and smart functional fabric manufacturing is very encouraging. The grants gives us an opportunity to go an extra mile to take the technology from laboratory to market place in a short period. This enable us to develop technologies that can make a change in people's lives.

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.

keohokalole2 - Anthony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 2:25 PM
To: edbtestimony
Cc: kevink59@gmail.com
Subject: Submitted testimony for HB595 on Feb 8, 2017 09:00AM

HB595

Submitted on: 2/6/2017

Testimony for EDB on Feb 8, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Kelly	Individual	Support	No

Comments: I strongly support HB595 and the role the SBIR program is playing in the diversification of Hawaii's economy.

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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Hawaii Fish Company (HFC), a family-owned North Shore aquaculture farm, testifies in strong support of HB595 which would appropriate funds for the continuation of the Hawaii Small Business Innovation Research (SBIR) matching grant program administered by the High Technology Development Corporation (HTDC).

HFC has received five USDA/SBIR Phase I feasibility grants to date totaling \$352K. With the added research enabled by five Hawaii SBIR Phase I matching grant awards totaling \$90K, HFC was able to secure four follow-on USDA/SBIR Phase II research & development grants totaling more than \$1.4M in additional federal funds.

In addition, HFC's two recent Hawaii SBIR Phase II matching grant awards will help support our farm's ambitious research and development efforts to expand our sustainable seafood production, value-added product development, and sales, to protect our intellectual property, and to support our carefully planned Phase III commercialization efforts.

The competitive written application, 5-minute pitch, and third-party review process employed by HTDC ensures that the States' investment in innovation awards is well targeted, and the carefully selected contract milestones tied to the award payment schedule ensures project performance. In summary, this is a strong State program supporting nationally-vetted local innovators across multiple economic sectors that is worthy of continued legislative support.

keohokalole2 - Anthony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 6, 2017 7:50 PM
To: edbtestimony
Cc: achung@navatekltd.com
Subject: *Submitted testimony for HB595 on Feb 8, 2017 09:00AM*

HB595

Submitted on: 2/6/2017

Testimony for EDB on Feb 8, 2017 09:00AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
ann chung	Individual	Support	No

Comments:

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Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Economic Development & Business
Wednesday, February 8, 2017 at 9:00 A.M.
Conference Room 309, State Capitol**

**RE: HOUSE BILL HB 595 RELATING TO THE HIGH TECHNOLOGY
DEVELOPMENT CORPORATION**

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 595, which appropriates funds to continue the Small Business Innovation Research Program within the High Technology Development Corporation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.

The High Technology Development Corporation (HTDC) has offered assistance to SBIR awarded companies since 1989; as a result, Hawaii companies have attracted 20 federal dollars in return to the state plus commercialization funding for every dollar invested through this program. Although the federal SBIR grant program has increased efforts to move companies through grant awards to commercial product sales, funds have not been dedicated towards these efforts. HB 595 would allow HTDC to provide the necessary support of a commercialization assistance program.

Thank you for the opportunity to testify.