

Written Statement of
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before the
HOUSE COMMITTEE ON ECONOMIC REVITALIZATION AND BUSINESS
Tuesday, January 31, 2012
8:30 AM
State Capitol, Conference Room 312

In consideration of
HB2319 RELATING TO ECONOMIC DEVELOPMENT.

Chair, Vice Chair, and Members of the Committee on Economic Revitalization & Business:

The High Technology Development Corporation (HTDC) strongly supports HB2319 regarding establishing a venture accelerator funding program under the Hawaii Strategic Development Corporation (HSDC).

The venture accelerator funding program aims directly at seed/early stage capital - one of the most significant challenges a high tech startup faces. Targeting this critical junction allows money and mentor's guidance to have great impact - concepts mature rapidly into prototypes and products, and business models are tested and validated or respun.

The venture accelerator model has been successfully implemented in many other states. Most notably by Y-Combinator (Silicon Valley) and Tech Stars (multiple sites – Boulder, Boston, Seattle, New York City) the latter boasting impressive statistics – since the program started in 2007 82% of companies are still alive, 63% of companies secured funding (orders of magnitude greater than the original investments), and over 8% of alumni companies have already been acquired.

For the State, the program offers the following immediate benefits:

- Recruiting and developing a fresh pipeline of tech startups that can feed into the HTDC incubation program
- Advancing early stage tech companies and positioning them to secure equity financing from local, domestic, and foreign investors / feed into HSDC's investment portfolio
- Creating a competitive advantage in securing federal economic development grants that require in-kind matches

The venture accelerator funding program is a missing piece in creating a strong core of innovation programs to promote technology based economic development in the state.

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