

HB 5028—Oregon Business Development Department Budget

TESTIMONY BEFORE THE JOINT WAYS AND MEANS SUBCOMMITTEE ON TRANSPORTATION AND ECONOMIC DEVELOPMENT ON THE OREGON REGIONAL ACCELERATOR AND INNOVATION NETWORK

Kimberly Andrews Espy, Vice President for Research and Innovation & Dean of the Graduate School, University of Oregon

Richard W. (Rick) Spinrad, Vice President for Research, Oregon State University

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Co-Chair Johnson, Co-Chair Jenson, and Committee Members,

Thank you for the opportunity to speak to the committee today. The University of Oregon and Oregon State University are both tier one research universities. In the last year, the UO and OSU collectively brought in nearly \$400 million in research dollars that result in discovery, innovation and economic activity for Oregonians. Our universities may compete on the playing field, but when it comes to research activity, we are collaborators, pooling resources and ideas to achieve results. Faculty at Oregon's research universities excel in converting research activity into real world outcomes – solutions, products, new businesses, and jobs.

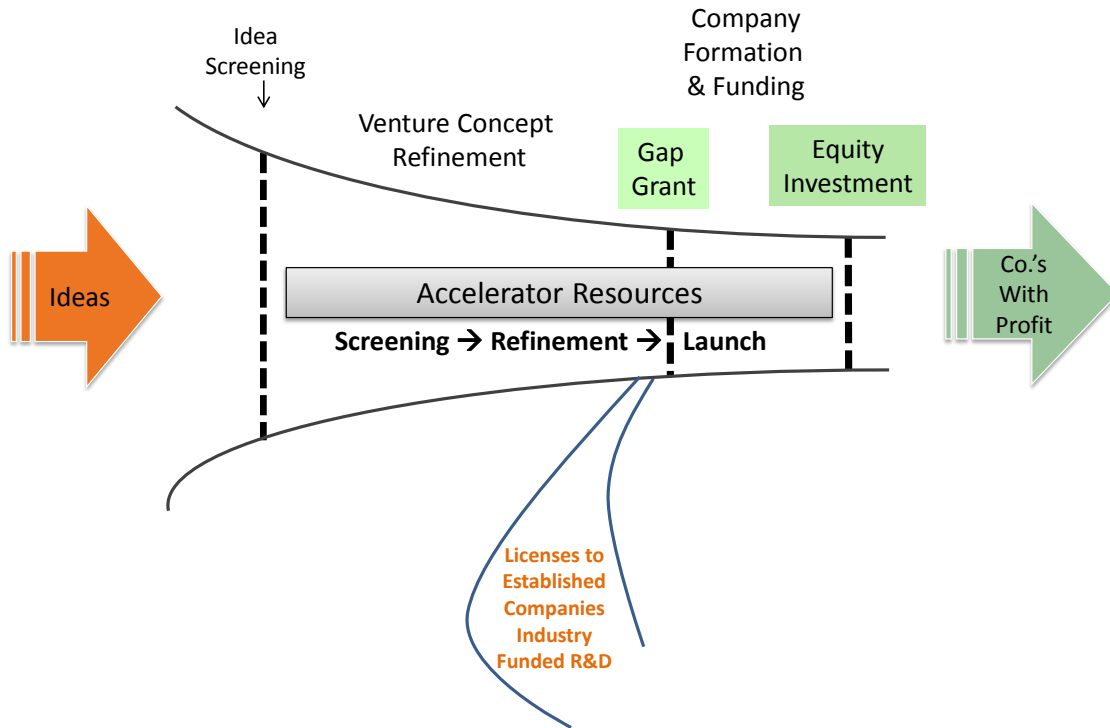
Whether we fully recognize it or not, we have all of the right ingredients and much of the impact of other larger, more well-known regions like Silicon Valley or the Research Triangle. We come before you today to further identify ways the state can invest in and partner with a diverse class of businesses, public research universities, and local governments to support the kind of business infrastructure that will allow for greater commercialization of research discoveries – the basis of the knowledge based economy. The innovation package before you here today includes three important projects to move Oregon's innovation economy forward: the Regional Accelerator and Innovation Network (RAIN), the Oregon University Research Information Collaboratory, and the Metals Manufacturing initiative.

We will focus today on the RAIN proposal that has the potential to propel Oregon's innovation enterprise and knowledge economy to the next level. We have included a summary of proposed activities and performance measures for the RAIN effort.

RAIN is the product of a collaborative Regional Solutions process initiated by the Governor that brought industry, government, and education leaders together to address an important gap in the innovation economy in Oregon. For new technologies to spur job growth and launch new industries—the kind of industries and jobs that will keep Oregon globally competitive—they must first surmount several key hurdles. First, concepts must make it out of the lab and be proven commercially viable. Through Gap Funds, such as those established by the Signature Research Centers, and the University Venture Development Fund, universities and the state have been able to support the very earliest stages of entrepreneurial activities. We thank you for this investment.

The next hurdle is taking that innovation to market and scaling up new ventures. That requires access to capital, infrastructure, and business resources. RAIN addresses this need, while capitalizing on the synergies between Oregon's major researches universities and leveraging state investments.

Venture Accelerator



RAIN provides start-up ventures with the human resources and infrastructure they need to succeed in both Eugene/Springfield, Corvallis/Albany and the entire South Willamette Valley region. Technology-based start ups require access to lab space, technical and business expertise, and specialized equipment. In addition to providing staffing resources, RAIN proposes repurposing facilities proximate to existing research facilities to create the space that startups need to succeed, prove their venture as a model, and position their business to grow in the South Willamette Valley – in Eugene/Springfield, we would redeploy PeaceHealth facilities located near UO as the Lane County anchor for the regional accelerator. These mixed-use facilities will combine business and programmatic space, with linkages through shared IT and community-based resources creating one seamless ecosystem for innovation. In Corvallis several specific locations are being evaluated for this facility, including two buildings adjacent to the OSU campus providing 7,000- 9,000 square feet of space. The proposed capital funds would be sufficient for acquisition and renovation of these properties for Accelerator functions as well as working areas. In addition, the possibility of co-location with the Microproducts Breakthrough Institute (MBI) facility on the HP campus is under discussion. As funding permits, lab space for startup companies will be included as a part of the build out.

The facilities will be located near the two major research universities in Eugene and Corvallis, already aligned with ONAMI and BEST Signature Research Centers. Start-ups in both Eugene/Springfield and Corvallis/Albany will have access to research service centers, such as

CAMCOR (Center for Materials Characterization in Oregon), the MBI and the unique state-of-the-art research facilities on the UO and OSU campuses. These physical resources provide equipment and facilities that are otherwise seldom easily available to emerging small innovation-based companies. Community anchored accelerators reduce the burden on these small, promising businesses and enables their success during the critical launch period.

Along with this infrastructure, RAIN will provide tech start-ups with business know-how to seed competitive industries in Oregon. These facilities and the associated Accelerator resources will bring Entrepreneurs in Residence, Mentors in Residence, investment capital, UO & OSU students, post-doctoral researchers, faculty, and seasoned entrepreneurs together in support of technology based startups—supporting the core of Oregon’s innovation economy. UO and OSU business schools will provide assistance developing business plans, vetting technologies, and providing expertise and connections. UO Law school's Innovation Law Clinic will support RAIN and select accelerator startups. Chamber of Commerce programs for entrepreneurship and small business development will be delivered through the accelerator.

There are companies waiting for this resource – new start-ups by university students, like Suprasensor in Eugene, who has developed new techniques for precision agriculture that senses nitrate levels in soil to minimize fertilizer inputs and maximizes yield and profit, or Inpria in Corvallis, which designs and manufactures solution precursors for the deposition of high-performance thin films, addressing needs in device fabrication and patterning across multiple industries. Companies started by community veterans, like mAbDx, a medical diagnostic company and NuScale, which is defining the future for an energy independent nation, need access to high technology tools and expertise on the university campuses.

We are asking for an initial investment of \$7.5M including \$5 M for facility acquisition and improvement, and \$ 2.5 M for programmatic delivery, staffing, student interns and consulting services. What the does the state get from this investment? Business growth and renewed life in Oregon’s innovation economy. The general model has proven successful in other states in the country. The South Willamette Valley has the resources to capitalize on this investment and a proven track record of producing innovations. We have experienced entrepreneurs who complement the rich potential of university research. These entrepreneurs, some of whom you’ll hear from later, have the business savvy and track record needed attract investment and move companies forward.

More to the point, both the University of Oregon and Oregon State University have a proven track record of effective company formation and job creation upon which to build an even more effective enterprise. UO and OSU research portfolio companies provide over 600 jobs in Oregon and bring in nearly \$70 million in revenue. Examples of these companies include MitoSciences, Electrical Geodesics (with more than 80 employees), and Perpetua Power Source Technologies.

RAIN represents the next step in the for innovation economy in Oregon, and we ask for your help in getting Oregon’s tech start ups over the next hurdle.