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Testimony – Joint Ways and Means- Transportation and Economic Development Sub-Committee

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- Good afternoon. There is a theme that the committee will see in much of our department's testimony today, and that's innovation. Innovation is a core value for Business Oregon, not something we've added on because it's trendy or other states are doing it. Innovation is not just about the future, it's who we are now.
- Innovation is critical to Oregon businesses that are here right now because it makes them more competitive in the global economy, helping them develop new products and improve existing ones. You can see that happen when a company like Northwest Unmanned Aerial Vehicles in McMinnville uses the labs and researchers supported by ONAMI to improve the performance of their engines and grow from 7 employees to 80.
- Innovation helps diversify and expand our economy by incubating emerging industries like green building and wave energy, or helping a new company like Indow Windows in Sen. Shields' North Portland district test and perfect its innovative thermal window inserts. That work, performed with the help of Oregon BEST, has helped the company grow in only a few short years from an interesting idea in someone's garage into a manufacturer with 14 employees selling windows in 21 states.
- Business Oregon has formally integrated innovation into our economic development strategy through the work of the Oregon Innovation Council, which brings together some of the state's most creative private sector leaders to harness new ideas that build emerging industry clusters like electric vehicles and wave energy.
- It also funds three Signature Research Centers, including ONAMI and Oregon BEST, which are dedicated to making the R&D capabilities of Oregon's research universities more responsive to the needs of business.
- Part of what makes the Council unique is its belief that innovation bubbles up from the Oregon's core strengths. Every two years, Oregon InC goes looking for the best ideas from across the state with the potential to grow into new industries and new companies.
- This past summer, two members of this committee - Sen. Johnson and Rep. Read - helped the Council meet with more than 170 local economic development organizations, private business people, and political and community leaders to solicit the best ideas from their communities.

- The result is the seven initiatives that make up the 2013-15 Innovation Plan now before the Legislature.

These seven proposed initiatives include the three Signature Research Centers:

- First, ONAMI, the nationally-recognized Oregon Nanoscience and Microtechnologies Institute and Oregon's first Signature Research Center. ONAMI research and funding has helped create 30 companies and raise over \$100 million in capital, and part of the renowned Lokey Labs in Eugene.
- Our second SRC is OTRADI – the Oregon Translational Research and Development Institute. Drug screening and analysis that once would have taken a researcher six months to complete can now be finished in a week at OTRADI's "high-through-put screening" lab, and next month its new bioscience incubator will open. You'll be hearing about the incubator in a moment and meet one of its new tenants.
- Our third SRC is Oregon BEST – the Built Environment and Sustainable Technologies Center. Oregon BEST's is helping Oregon become a national leader in developing green building research that is leading to new technologies and new building products.

We also fund two industry initiatives:

- First, OWET – the Oregon Wave Energy Trust – brings together the federal, state and local resources to create a clean, sustainable energy industry on Oregon's coast. This will make our state the focal point of in-water testing and a real lure for developers.
- Next is Drive Oregon, focused on electric vehicles. Drive Oregon's mission isn't to create a Northwest version of Detroit. It's instead leveraging Oregon's unique strengths in designing and building high-end embedded electronic components, engineering, design, software and semiconductors. All will be critical to EV development no matter where the vehicles are ultimately assembled.

And lastly two new proposals:

- One focused on creating a test site for unmanned aerial vehicles and another growing Oregon's digital storytelling cluster, included in the new Innovation Plan.
- Oregon InC is putting into place the building blocks that form the foundation that entrepreneurs and startups need to build the companies that create jobs.

- All of these initiatives provide startups and entrepreneurs with the expertise and mentoring needed to get off the ground.
- They provide research grants that help early stage companies prove their inventions have commercial potential, giving start-ups like Puralytics of Beaverton the chance to perfect a water purification system that uses only ultra-violet light and nano-materials instead of chemicals, and bring it to market.
- The initiatives award matching grants that help new businesses compete for federal funding dollars, and have already helped bring more than \$350 million back to Oregon.
- They help fund 11 labs stocked with expertise and equipment aimed at meeting the specific needs of business, and so far more than 300 organizations have used these labs to save time and money and keep their research dollars here in Oregon.
- And the initiatives have helped new businesses attract more than \$120 million in capital, something that the committee knows is too often in short supply here.
- I believe that Oregon InC is the key to keeping our state's commitment to innovation growing, and I've invited the directors of Oregon InC's three Signature Research Centers to tell you about their work. They have also invited the CEOs of several innovative companies they have been working to tell you about the companies and opportunities they are creating.
 - Skip Rung, director of ONAMI, the Oregon Nanoscience and & Microtechnologies Institute
 - Ron Nelson, CEO Pacific Light
 - David Kenney of Oregon BEST, the Oregon Built Environment & Sustainable Technologies Center
 - Frank Cloutier, Inspired Light
 - Jennifer Fox, director of OTRADI, the Oregon Translational & Drug Discovery Institute (OTRADI)
 - Erik Tucker, Aronora

