

Committee on Business and Transportation  
Senator Beyer  
Committee Chair  
Re: SB 1516

February 6<sup>th</sup>, 2018

Senator Beyer,

My name is Brian Vierra and I am the Venture Catalyst with Economic Development for Central Oregon (EDCO), based here in Bend. My job is to connect early stage companies with resources, both locally and throughout the State. Many times this includes access to capital. In this capacity I spend a great deal of time mapping the capital spectrum and counseling companies on what types of capital is available, what types they are eligible for, and what criteria they need to meet in order to qualify for financing that they can't currently access. The pilot Small Business Expansion Program (SBEP) program through Business Oregon fills a very important gap in the financing spectrum for early stage companies here in Central Oregon.

SBEP is an important tool for early stage companies because there is a "desert of financing" that companies must navigate before they are bankable. This tool helps many companies that might not make it through this desert, survive and grow. Banks have qualifying criteria which are mostly unattainable for young companies, unless the founders are able to offer their own personal assets as collateral. If they don't have personal assets, they are out of luck.

Many companies believe that securing Angel capital is a viable path to financing. Even though the early stage equity financing environment has improved in Oregon, it is still highly unlikely that a company will succeed in attracting angel capital. Less than 5% of all companies are considered attractive targets for Angel investors, and of these only a small fraction (less than 10%) receive an investment. SBEP fills both an early stage gap before bankability, as well as a debt path for companies that are not attractive equity investments.

A great example of the importance of SBEP to us here in Central Oregon is the role that Business Oregon, and this financing, has played in the Bend Venture Conference (BVC) over the past two years. This conference is widely accepted as the most successful Angel Conference in the Northwest. Our goal in the BVC is to attract the most promising early stage companies in Oregon, and to deploy capital as broadly and deeply as possible through the conference. We want to see as much money as possible go to as many companies as possible. In 2016, eleven companies received financing, and in 2017 eight did. SBEP helped with this mission by awarding close to \$1 million of capital and providing an avenue to financing that did not previously exist.

In summary, the SBEP program through Business Oregon has become an invaluable tool for the Central Oregon entrepreneurial ecosystem. It fills a much needed gap in the funding spectrum and helps improve the odds of a company succeeding, hiring more employees and contributing to the growth of Central Oregon.

Best Regards,

Brian Vierra

Venture Catalyst  
705 SW Bonnett Way, Ste 1000  
Bend, OR. 97702  
541-388-3236 x5  
Cell: 541 410 4940