

February 25, 2021

From: Robert D. "Skip" Rung
President and Executive Director
ONAMI skip@onami.us



To: Senator Lee Beyer and Representative David Gomberg, co-chairs,
Joint Subcommittee On Transportation and Economic Development

Dear Co-chairs Beyer and Gomberg,

I write in support of the Oregon Business Development Department (Business Oregon) budget request, in particular the Oregon Innovation Council programs that will carry out the just-released Oregon Innovation Plan.

To a large degree, Oregon's innovation programs emphasize high-growth potential startup companies based on technical inventions and/or commercialization of university research. These firms – sometimes described as "venture class" – have the potential to return much more value to the state than is invested in them, but are higher in risk and require great skill and effort in order to succeed:

From [Innovosource](#), publisher of the University Gap Fund newsletter:

One of the greatest challenges in innovation is working through the complexity that exists in the gap between great ideas and finished products and services. This gap is often wider and deeper when talking about those technologies that come from universities and early-stage startups.

According to the [State Science and Technology Institute](#), the following elements are required for a tech-based economy:

- A research base that generates new knowledge;
- Mechanisms for transferring knowledge to the marketplace;
- An entrepreneurial culture;
- Sources of risk capital; and,
- A technically skilled workforce.

Business Oregon's successful Oregon Innovation Council programs, including Signature Research Centers, early stage capital access, support for university innovation, and technical assistance for innovation-based startup companies, are Oregon's answer to the challenge of providing for the economic competitiveness (high-wage jobs) needs of present and future Oregonians - as delivered through the most potent innovation change agent we know of: the capable and passionate entrepreneur. The programs specifically focus on influencing these promising ventures to start, stay, grow and give back in Oregon, just as other states invest in theirs.

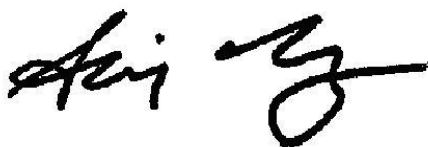
As the above quote from Innovosource suggests, brilliant ideas do not commercialize themselves, and in most cases, creative inventors and successful business builders (entrepreneurs) are not the same person. Filling the gaps between research (technology push), customer and business model discovery and fully capable (“investable”) management teams, requires proven successful entrepreneurs as advisors and temporary executives, and very risk tolerant pre-seed capital (that private sources rarely provide). Also helpful are other forms of public assistance such as SBIR grant proposal support and matching, and long-duration STEM student internships.

By implementing things like these, ONAMI won the 2012 State Science and Technology Institute “Best In Technology-based Economic Development” award in the Commercializing Research category. And that was before our good results really started coming in: Over 390 new jobs, and over \$400M in private capital and revenue to companies receiving ONAMI gap funding. Some of these companies, such as Inpria, Agility Robotics and Energy Storage Systems are emerging category leaders that have attracted funding from the most exacting investors (e.g, Intel, Samsung, BASF, Bill Gates’ Breakthrough Energy Ventures) in the world.

When ONAMI started, Oregon’s two largest industrial employers were technology titans Intel and Hewlett-Packard, neither of which started in Oregon, and both of which today face extreme competitive pressure which could have material impact on Oregon. Oregon continues to lose headquarters companies that develop and manufacture advanced products that support high wages. Thus, to an even greater degree than before, it is important that we effectively utilize a modest (by national standards) investment in innovation to create and assist the next great Oregon headquartered companies, even as we support and hope for the best for our large high-wage employers.

Thank you for your carefully considered support for Oregon’s critical economic development and innovation initiatives that help secure our residents’ opportunities in the increasingly competitive global economy.

Sincerely,

A handwritten signature in black ink, appearing to read "Skip Rung". The signature is fluid and cursive, with the first name "Skip" and the last name "Rung" clearly distinguishable.

Robert D. “Skip” Rung
President and Executive Director