

Technology Based Economic Development Program: *ThinkVermont Innovation Program*
Request: \$1MM /GF (recurring)

The Department of Economic Development (DED, the Department) understands the fundamental shift taking place as the U.S. moves to a technology and innovation driven economy, where new technological applications are changing how existing industries operate and spawning new industries of their own. Vermont, ever increasingly, competes nationally and globally for market share. In order to ensure Vermont remains relevant twenty years from now, and continues to compete in the global economy, we need to institute a Technology-Based Economic Development Program (TBED). According to a report from the state of Utah, Vermont is one of only 4 states with NO TBED program. The goal of this program is to strengthen our economic base by creating a climate where technology-based businesses can thrive. Our measures for success will be: Federal dollars awarded or leveraged, amount of private capital into participating Vermont businesses, and number of new jobs. DED proposes funding the ThinkVermont Innovation Program at \$1mm per year on a recurring basis and expanding the program to include the following uses.

1) SBIR Advantage Program (\$200,000): Every year the federal government grants out over 3 billion dollars to small businesses through the Small Business Innovation Research (SBIR) program. This program provides non-dilutive funding to research new technologies and turn them into businesses. DED is proposing to contract with outside experts who can assist Vermont businesses in successfully applying for SBIR grants. SBIR grants, like many federal programs, are difficult to navigate if you haven't had experience. DED would provide first time applicants with expert assistance to help increase the success rate and bring more federal research dollars to Vermont businesses. The average Phase I award is \$100K +/- . This program could potentially bring in hundreds of thousands in federal grant dollars to Vermont small businesses. We would also be leveraging money Vermont PTAC received to help promote the SBIR program.

Evidence of Success: Maine Technology Institute has a similar program. In FY18 SBIR applicants that received technical assistance secured nearly \$4mm in federal SBIR grants. (Source: Maine Technology Institute FY18 annual report)

Measures of Success: Federal SBIR grants awarded, Private investment.

2) SBIR Phase I & II Matching Grants (\$400,000): In an effort to accelerate commercialization of new technologies with an emphasis on establishing new businesses and industries in Vermont, DED proposes providing matching grants to Vermont small businesses that have been awarded a federal Phase I or Phase II SBIR grant. The funds would be used to advance commercialization and cover expenses generally not covered or allowed under the federal SBIR program such as marketing studies, sales efforts and securing patents. Grantees would receive a 50% match up to \$50k against their federal SBIR grant.

Evidence of Success: Massachusetts has a similar [program](#). In five years, their program has provided \$12mm in grant funding to 50 SBIR projects. Those companies have leveraged that state

investment and gone on to raise \$287 million in additional capital. (source: MassVentures' annual report)

Measures of Success: Federal dollars leveraged, Private Investment raised, and employees hired.

3) Industry Research Partnership Program (\$300,000): In order to foster greater collaboration between industry and higher-education DED is proposing the formation of the Industry Research Partnership Program. This program would provide grants to Vermont small businesses allowing them to purchase services from universities and research institutions to stimulate innovation. The grants would require a 1:1 match from the business and can be used for R&D assistance, technology assessments, product prototyping, lab validation, overcoming development hurdles, etc. The goal of this program is for Vermont businesses to establish better relationships with higher-ed researchers, speed time-to-market for new technologies, and help keep our companies relevant in the marketplace.

Evidence of Success: In Austria, small businesses reported these grants reduced time-to-market 50%. In the Netherlands, 80% of new R&D jobs created in participating businesses. (source: Information Technology & Innovation Foundation)

Measures of Success: Number of new products brought to market by Vermont businesses. Number of new hires as a result of new product.

4) University Technology Acceleration Grant (\$100,000): Often there is a gap between research and when a technology is for commercialization. This grant would help support the research and development of technologies with commercial potential and help them prepare to move out of the university and get them to a point at which they would be eligible for SBIR funding. This program would help ensure we have a healthy pipeline of technologies that could leverage the federal SBIR funding program and further our goal of seeding more high-tech companies in Vermont. Vermont EPSCOR has agreed to provide the administrative support to run this program. It would be a continuation of their Phase 0 program that ran out of funding last year.



Notes on infographic: According to the State Science and Technology Institute, one of the four states shown above, Kansas, recently announced they will undergo a process to develop a new economic development plan, their first in 30 years. Last year, New Hampshire, engaged a consulting firm, 4th Economy, to help them develop a TBED strategy.

Support from outside organizations:

- Vermont Technology Alliance
- UVM Office of Technology Transfer

Priority: The elements of the above program have been listed in priority order. The program would be most effective with \$1mm funded annually from the general fund. The minimum required to have any positive effect would be \$500k annually.