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Subcommittee on Economic Growth, Tax, and Capital Access

Hearing Entitled:  
“Innovation as a Catalyst for New Jobs: SBA’s Innovation Initiatives.”

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Good afternoon, Chairwoman Davids, Ranking Member Meuser, and distinguished Members of the Committee. My name is Ben Johnson, Chair of the Innovation Advocacy Council of SSTI, a national coalition focused on innovation-based economic development and modernizing federal innovation and entrepreneurship policy. I am honored to join you today to discuss innovation, commercialization, and entrepreneurship as drivers for economic growth and prosperity for all Americans.

**Innovation-based Economic Development is a Common Need among across Communities; and a Different Set of Challenges for Every Community.**

My personal journey in economic development started 20 years ago in the maintenance shop of a manufacturing small business and led to business planning for neighborhood small businesses and building a Community Development Financial Institution to finance their growth. For the last 16 years, I have seen how a long-term, multi-pronged approach to growing a specific industry cluster can help transform a regional economy.

But, I appear here today representing a much broader, diverse network of communities across the country who are working to create new economic opportunity in their respective regions. The Innovation Advocacy Council is the policy arm of SSTI – a nationwide coalition of more than 150 organizations from 44 states. These organizations include public sector state and/or local economic development organizations; public and private universities; nonprofits; and private small businesses – all dedicated to driving economic prosperity and creating a better future through science, technology, innovation, and entrepreneurship.

The services of our members range from incubators that provide physical spaces for entrepreneurs and startups and entrepreneur support organizations that provide a range of counseling and services to startups; to accelerators that provide small amounts of capital and support to a specific cohort over a specific time period and venture development organizations that more broadly drive commercialization of new technologies, turning them into new companies and new jobs through technology de-risking and financial support and investment. Our members also work to address the workforce needs of growing technology companies,

promote inclusive and equitable entrepreneurship ecosystems, and bridge public and private collaborators – all to the benefit of job-creating startups and small businesses.

Our membership is located in communities across the United States and ranges in organization type and location from:<sup>1</sup>

- the state-chartered Ben Franklin Technology Partners network across Pennsylvania and Empire State Development's Division of Science, Technology & Innovation in New York; to
- the Enterprise Center of Johnson County, Kansas, the Bowling Green Chamber of Commerce in Kentucky, and the City of Beaverton, Oregon; to
- the University of Florida Research Foundation, Emory University in Georgia, the University of South Dakota, Lorrain County Community College in northcentral Ohio, and Johnson C. Smith University, an HBCU in North Carolina; to
- nonprofits, like the Texas Manufacturing Assistance Center, NexusLA in Louisiana, and the California Technology Council Foundation; or small businesses like Startup Junkie in Arkansas.

The work in each region varies based on the assets, history, geography, population, and personality of each region. For example, my full-time job is in St. Louis with BioSTL, a consortium of more than 50 corporate, philanthropic, academic, and public sector leaders dedicated to leveraging St. Louis' long-standing research and industry strengths in medical and agricultural sciences. We capitalize on those strengths through a broad suite of activities that build new homegrown startups and attract innovation from across the globe to our region, harnessing innovation and entrepreneurship to build a wholly inclusive ecosystem and bridge urban and rural economies. In other communities, our peers across SSTI's membership might have a single program focused on filling a gap in financing for local small business; or they might have a range of activities dedicated to their local sector strength, like advanced wood products in rural Appalachia of southeastern Ohio. In each case, the right mix of entrepreneur support activities and the right organization(s) to deliver them are different and dependent on the needs of small business in that unique market.

Yet, while we may differ in sector and structure, we are united by a conviction that innovation & technology are key to:

- creating high-quality jobs that result in a higher standard of living for all people in all communities;
- modernizing and diversifying a region's economy to make it (and the US) more globally competitive; and
- cementing US leadership in solving domestic and global challenges – like feeding a growing population; curing disease and battling pandemic; addressing climate impacts; and ensuring national security.

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<sup>1</sup> For a full list of SSTI membership, please see <https://ssti.org/ssti-members>.

## **Aligned & Coordinated to Support All the Needs of Small Businesses**

The work of innovation-based or ‘tech based-’ economic development is synergistic with the great work of the Small Business Administration. It is grounded in the proven principle that with the right kind of support, at the right time, the entrepreneurs and business owners of this country can and will bring products to market that solve customer and societal needs...and they will create economic opportunity for their communities.

However, not every small business experiences the same challenges. The challenges of every emerging startup and growing small business are different at each stage of its development and unique based on its industry sector, customer base, and product mix.

I have often said that I do not envy my peers at the SBA and its resource partner network, including SCORE business mentors, Small Business Development Centers (SBDCs), Women’s Business Centers (WBCs), and Veterans Business Opportunity Centers (VBOCs). These SBA providers must be generalists, "triaging" for all types of small businesses in communities – from the pharmaceutical company to the flower shop. That is where we in the innovation community come in and can support, specializing in technology-based economic development to augment the resources of the SBA and others.

The needs and opportunities of innovation-based businesses are just different from so-called, ‘Main Street’ businesses.

- The types of support needed to mature a technology from idea to market readiness are different than the supports needed to manufacture or market a widget. The path to market for a technology-based business (often in highly regulated markets) can be long and winding as technologies are de-risked and business models iterated.
- The types of capital raised by innovation-based businesses are different as these companies take longer to mature to revenues, so traditional models of bank, and even SBA, financing often do not apply. For example, even within the SBIR program (our country’s primary technology advancement program, which helps immensely at re-risking the technology itself), only a very small portion (<0.3%) of the nearly 60,000 SBIR companies receive an SBA-backed loan.
- And, the networks of industry-specific expertise – ranging from research to regulatory – are often more narrow, but by necessity need to be deeper in defined expertise, than broad networks of business, finance, or marketing mentorship that is generally applicable across all types of business.

Since the needs are different for technology entrepreneurs, so too are the resource needs in our communities. The U.S. invests billions (as it should) in research and development, which makes us home to the greatest ideas and innovation in the world. But, we often assume that R&D is going to be pulled into the marketplace without further assistance when, in fact, it takes immense work to cross the gap from lab to market – especially in rural communities and for women and minorities often underrepresented in innovation industries.

Programs like SBIR/STTR and SBA's FAST program, and more specifically for this hearing the Growth Accelerator Fund Challenge and Regional Innovation Clusters, are perfect complements to the SBA's array of other small business supports.

- They recognize that the needs of new businesses and innovation-based companies are different than those of many traditional businesses.
- These programs recognize that there is no true 'national economy', but rather an amalgamation of individual regional and community economies that differ in their strengths, their focuses, and their needs
- And, they recognize that no one entity or one-type of organization is best positioned to support all the needs of entrepreneurs and small business owners. Rather, small business owners should use multiple programs, at multiple times, in succession or in unison as it requires for them to be successful.

Small business support is, by necessity, a team approach to assistance – with each member of the support team, from various organizations, bringing a special skillset and suite of supports. As paraphrased from my colleague and counterpart Darcella Craven, director of St. Louis' regional Veterans Business Outreach Center: 'We do not use one doctor when working to improve our health and well-being. There isn't a doctor-dentist-ob/gyn-cardiologist-spinal system-organ combination doctor anymore.' We often have a general medicine or family doctor to see regularly, but as specific issues arise, we see specialists with deep knowledge and experience in a particular field related to a particular issue.

Likewise, the programs of SBA (and those of other agencies, like the Economic Development Administration) work to complement each other and provide the right expertise and support at the right time for a growing small business. More specifically, programs like Growth Accelerators and Regional Innovation Clusters enhance support for technology-based businesses and enable regions to tailor support, in concert with other SBA and community activities, to the unique needs of businesses in their regions.

### **SBA Programs Support Innovation-based Economic Impact**

The Growth Accelerator program provides small prizes to a large range of programs across the country – more than 220 unique winners from 51 states/territories – to stimulate innovation and entrepreneurship, especially in rural communities and/or among women and minorities, all of whom have been traditionally underrepresented in the tech-based economy.

The program allows SBA to catalyze a wide array of supports targeted directly at the unique challenge faced by unique groups of small businesses within a given region and adds additional capacity to existing programs and partnerships across the US. In St. Louis, we used a Growth Accelerator award to increase National Institutes of Health-related SBIR success among female founders and are currently leveraging a second award to replicate that success among Black and Latinx founders. In other communities, the awards have expanded technology commercialization support for small businesses in sectors like cleantech in and around Los Angeles or food innovation in Reading, PA, among many others.

The Regional Innovation Clusters (RIC) program allows SBA to augment its range of broad small business supports with specific, deep domain expertise in sectors of the economy critical to regional growth. By allowing regions to define their own unique clusters, the program enables global competitiveness in distinct, diverse communities across the country – from advanced wood products in rural Appalachia of southeastern Ohio to smart grid technology in Chicago; or unmanned aerial systems and manufacturing in KS to advance energy and defense technology in Minnesota.

The RIC program is unique in that it helps provide funding for the ‘glue’ that differentiates a regional economy from its competitors around the globe. Rather than funding a narrow, discrete project, the RIC program funds alignment of cluster-based small business supports that address small business growth from the perspective of the whole system rather than individual, programmatic elements of a system.

The RIC program brings all actors of a regional economy together (private sector, higher education, economic development organizations, nonprofits, foundations) to work collaboratively and focus resources and small business supports around approaches that are customized for and dependent on the local strengths, capabilities, needs and culture. While the shorthand is often aimed at building the “next Silicon Valley,” successful regions and states recognize there is only one Silicon Valley and that their job is to work on building the regional innovation economy that makes sense for their area.

The Regional Innovation Clusters program augments and aligns with existing SBA programs (SBDC, VBOC, WBC, SCORE, etc.) to bring a depth of industry expertise and networks. Within their respective regions, RICs serve both as industry expertise that can follow on more deeply from initial SBA support and as an initial entry point for innovative business that can then connect through RICs to other SBA services.

The RIC program brings flexible dollars to communities to invest in the right types of support at the right time for their specific businesses. Depending on these local needs of the small business ecosystem, those activities often cover: Business mentoring & counseling; Fundraising and capital access; Technology commercialization; and promoting linkages between small businesses and large businesses in the cluster. The multi-year nature of the program allows regions to cement capacity and cluster relationships that can then be augmented and/or sustained locally.

These distinguishing points related to the RIC program come from both lessons learned from a network of RICs across the U.S. and from my direct experience as a Regional Innovation Cluster administrator in St. Louis. BioSTL was fortunate to serve as a lead cluster contractor with SBA on behalf of the St. Louis Regional Bioscience Cluster and 6 subcontracting partners. Services through the RIC ranged from: support for Black would-be entrepreneurs in Wellston (in the urban suburbs of St. Louis); to counseling to small businesses at the intersection of bioscience and advanced manufacturing or information technology; to the launch of a network of agriculture growers and producers to close the urban/rural gap between new agtech innovation and the farming communities where food is grown, and innovation can make U.S. farmers more globally competitive. Over the 5-years of the contract, BioSTL and its partners provided counseling, training & mentoring to nearly 2000 small business and entrepreneurs just starting their small

business journey. These activities resulted in the creation of nearly 500 jobs and the attraction of nearly \$1 billion in financing for the small businesses.

These kinds of results have been seen in RIC communities across the country. A sampling of these impacts is highlighted in the Appendix to this written testimony.

### **Possible Congressional Action**

Yet, both the Growth Accelerator and Regional Innovation Clusters program need additional support and direction from Congress to solidify and scale their impact.

In its current form, the primary value of Growth Accelerators program is providing modest assistance to newer activities or smaller entrepreneurial support organizations. A more robust program that adds to the competition element by providing SBA flexibility in the funding mechanism to allow for a wider range of project sizes and types (e.g. authority to award grants or cooperative agreements in larger amounts) – and with further evaluation of activities and impacts – could enable these organizations to more effectively tackle significant or emerging needs in their region.

The Regional Innovation Clusters program can be significantly strengthened with the support of Congress. The program needs to be fully authorized to provide SBA provide further clarity and guidance on the purpose and possibilities of the program. The Innovation Advocacy Council and its membership have worked with congressional leadership in recent years to sustain and potentially authorize the program long-term. More detail on those efforts, including perspective legislative language, can be provide if there is interest.

Further, recent interpretation from SBA has significantly narrowed the range of eligible applicant organizations for the RIC program, ruling that only small businesses themselves are eligible applicants. This interpretation severs one of the strongest tenants of the RIC program – that individual regions are best equipped to determine their cluster lead. Across the country, the best organization to support innovative businesses within a region’s particular cluster strengths may vary greatly. In some regions, it might be a public sector entity; in some, a private entity. It might be a university or its extension service (like Kansas State University). Or, it might be a incubator or entrepreneur support organization...or a non-profit, like BioSTL, organized specifically for supporting cluster-based economic growth. It might be a local or state government entity. Or, in some regions, it could be a small business consultancy working on behalf of regional stakeholders (like Startup Junkie in Arkansas). Congress needs to provide clarity that reestablishes a broad range of eligible entities and allows freedom for regions and local partners to define the type of organization best positioned to lead in supporting their cluster’s small businesses.

### **Conclusion**

Thank you for allowing me to testify today on how innovation is a catalyst to job growth and the importance of these SBA programs to local communities and small businesses as they work to grow regional economies. I am happy to answer any questions that you may have.

## **Appendix:**

Examples from a sampling of Regional Innovation Clusters

- a. Ozarks Regional Innovation Cluster (Arkansas)
  - b. Arizona Optics Cluster (Arizona)
  - c. Great Plains Technology and Manufacturing Cluster Initiative (Kansas)
  - d. Defense Alliance (Minnesota)
  - e. Montana Bioscience Cluster Initiative (Montana)
  - f. Autonomous and Unmanned Systems Cluster (New Mexico)
  - g. AgLaunch (Tennessee)
  - h. Utah Advanced Materials & Manufacturing Initiative (Utah)
  - i. Water Council (Wisconsin)
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- a. **Ozarks Regional Innovation Cluster** (Arkansas)

The Ozarks Regional Innovation Cluster (ORIC) led by Startup Junkie, focused on retail, supply chain, and food processing delivers in a catalytic way entrepreneurial support services. We're focused on positively impacting the region, and remain a leader in building a sustainable and inclusive venture ecosystem in an unexpected place. As a snapshot of our success over the past 5 years:

- **Outputs (Productivity of our Team):**
  - 4,041 mentoring, counseling, training, support, and assistance engagement sessions executed. Through these sessions, approximately 2,641 cluster small business owners and entrepreneurs were serviced. In addition, we served approximately 644 women owned small businesses, 429 minority owned small businesses, and 101 veteran owned small businesses. All topics covered ranging from venture finance and IP through digital marketing.
  - 767 events, programs, and workshops executed. Through these, 267,160 cluster small business owners, entrepreneurs, and stakeholders were reached. A diverse, inclusive, and globally recognized portfolio of events including but not limited to Startup Stories, IdeaFame, Veteran Venture Leaders, Startup Crawl, GameChangers, the Startup Junkie Podcast, and 1 Million Cups.
  - 2,046 outreach engagements executed reaching constituents in the underserved community in addition to outreach engagements focused on cross region collaboration, bench marking, and gathering/sharing lessons learned
- **Outcomes (Impact) (based on sample of 51 cluster companies):**
  - 2,042 net new jobs created
  - \$492,352,454 in revenue generated
  - \$340,140,116 in private capital raised (100% worked with the ORIC team)
  - \$20,096,691 in public capital raised (state funding, SBIR/STTR, grants, etc) (100% worked with ORIC team)
  - 957 new product, service, and solution lines added
  - 884 new markets entered
  - 150 patent applications submitted and approved

- 100% of these companies either received one-on-one mentoring, counseling, training, support, and assistance from the ORIC or participated in the ORIC's events, workshops, and programs.
- Naming just a small sample of the many incredible ORIC success stories include phenomenal ventures like:
  - RevUnit: <https://revunit.com> (2 to 50+ employees as a cluster client)
  - Bold Strategies: <https://www.boldstrategies.com/> (2 to 40+ employees as a cluster client) (**minority, veteran, and women owned**)
  - B-Unlimited: <https://www.b-unlimited.com/> (\$2M in revenue and 10 employees to \$12M in revenue with significant growth in employees, reaching 100+ as a cluster client)
  - Phigenics: <https://info.phigenics.com/> (\$10M to \$100M+ valuation as a cluster client serving major retail companies water quality needs as a cluster client) (**veteran owned**)
  - OurPharma: (Idea to raising over \$10M in capital to nation leading generic pharmaceutical manufacturer and supplier based in the Ozarks as a cluster client)
  - Natural Way Food Group: <https://www.naturalwayfoodgroup.com/> (Idea to being in over 700 store fronts nationwide as a cluster client)
  - Fetch Package: <https://www.fetchpackage.com/> (\$5M to over \$50M valuation providing a contactless and safe package supply chain solution across the country as a cluster client)
  - Teslar Software: <https://www.teslarsoftware.com/> (5 employees to over 50 inventing and rolling out critical PPP loan application and forgiveness software in partnership with Mark Cuban, all while being based in the Ozarks as an ORIC client)
  - EasyBins: [www.EasyBins.com](http://www.EasyBins.com) (Idea to rapidly growing grocery delivery company while helping the nation literally survive the Covid19 pandemic as an ORIC client)
  - Bungii: <https://bungii.com/> (Idea to raising over \$10M and seeing 400% annual growth across the nation, featured on CBS, providing contactless delivery of heavy items, all as a cluster client)
  - Little Bird Systems <https://www.littlebirdsystems.com/> (Idea to viable solution and commercialization with industrial IoT remote monitoring technology now installed on over 1500 chicken feed bins nationally and growing, all as a cluster client) (**minority and veteran owned**)
  - AcreTrader [www.acretrader.com](http://www.acretrader.com) (Idea through a \$12M Series A – the company brings liquidity to family farms and investment access to an overlooked asset class.)
  - OzarkIC [www.ozic.com](http://www.ozic.com) (The company employs 17 highly educated engineers and is a world-leader in harsh environment electronics with solutions for space, hypersonic jet engineer controls, and deep-well geothermal. The company was a MassChallenge winner in 2021. The



company has a 90% SBIR win rate from multiple agencies and is fully transitioning to production)

- Ox [www.getox.com](http://www.getox.com) (From concept to a \$3.5M Series A the company provides heads-up display solutions for grocery and retail warehouse automation to the world's largest retailers.) (**minority and women owned**)

We helped these companies reach success through our intensive 1:1 no-cost consulting, in addition to our inclusive events, workshops, and programs aimed at our diverse cluster companies. Events like the Minority Plug 1 and Minority Plug 2, focused on helping minority entrepreneurs build connections and gain exposure, these events helped hundreds of minority-owned small business owners gain traction and grow their businesses.

b. **Arizona Optics Cluster** (Arizona)

The Arizona Optics Cluster is the oldest optics industry cluster in the world. It has been operating continuously since its founding in 1992. However, by 2016 the cluster had shrunk to a mere shadow of its former self. In 2017 we changed the name to Optics Valley to reflect new management and an enhanced status within the Arizona technology community.

The RIC award in December 2018 has enabled us to aggressively rebuild the cluster so that today it is a thriving vibrant organization. We are up to over 80 members today, and most of them are growing. In addition, we have attracted at least four new companies to move to Arizona.

To provide value to our members, we have introduced several new programs, including:

- Monthly newsletter to highlight company information, as well as local and worldwide events
- Monthly "Tech Series" presentations that attract an international audience
- Industry focused networking events
  - o -This month we will release an online searchable directory
- This summer we will begin an enhanced website project
- In January 2022, we will hold out 5th Annual Arizona Photonics Days, a three day industry conference

Finally, there is a greatly improved sense of community and cooperation, even among competitors.

All of this would not have been possible without the RIC award.

c. **The Great Plains Technology and Manufacturing Cluster Initiative** (Kansas)

The mission of the Great Plains Technology and Manufacturing Cluster (GPTMC) is to increase the number of globally competitive and innovative technologies, manufactured products, and services produced in rural businesses and communities of the Great Plains region. Within the first two years alone, the GPTMC has: founded a connecting network of over 160 members,

including small manufacturers and supporting businesses/organizations; had 131 engagements with regional economic development partners; and 651 engagements with small businesses, which led to 42 contracted innovation-support projects. Additionally, GPTMC has participated in/co-hosted over 35 regional events and presentations, hosted a website-building course for small businesses, and developed websites for 7 small businesses. The GPTMC website ([www.greatplainstmc.org](http://www.greatplainstmc.org)) and monthly newsletter serve as portals to services available from the GPTMC technical assistance partners (engineering, new product prototyping, marketing, business planning, and data analytics), workforce and economic development partners across the region, and products/technologies available from the region's small manufacturers and innovators.

Through much of 2020, GPTMC allocated significant resources to helping businesses respond to the impacts of COVID-19. The website and newsletter were used to disseminate information on related legislation, advice for manufacturers, available funding and resources, and testimonials on how specific businesses were handling issues. COVID-19-related information was not only sent to members, but also to over 6000 regional manufacturing contacts collected from known active/past clients and subscription-based data services. In response to early concerns from local healthcare industry leaders, GPTMC worked with their host organization, the Kansas State University Technology Development Institute, to use in-house design and 3D printing resources to create face shields for frontline health professionals. Through the technical assistance provided by GPTMC partners Circle B Manufacturing, located in Junction City, KS was able to rapidly develop a new hand sanitizer dispenser and bottle design/bill of materials in order to develop a domestic resource for critical Personal Protective Equipment (PPE). Presently Circle B Manufacturing is scaling production in response to the domestic demand being requested.

The GPTMC's most recently established partnership is with the Kansas Department of Agriculture (KDA) and Kansas Manufacturing Solutions (Kansas NIST MEP Partner) to build a community of Agriculture Equipment Manufacturers—a subsector identified by the KDA as lacking in networking infrastructure. Two informational and networking events are planned for the Summer of 2021, one that focuses on supply chain issues, and the other on successful collaboration building. Several technical assistance projects have been contracted in support of the state's small agriculture equipment entrepreneurs and manufacturers, including the development of a Forklift truckbed for a Hays, Kansas entrepreneur. The new equipment design enables individual pallet loads of grain/feed/equipment to be lifted and carried all by the same service vehicle. Through the assistance of the GPTMC the innovator has entered into a licensing agreement with a larger Hays, KS manufacturer seeking to diversify their current product offerings.

Also in 2021, the GPTMC, along with several technology-based partners, launched a new Tech Portal to assist companies seeking early-stage innovation concepts to evaluate, license, develop, and commercialize. Through the GPTMC partners, an out-of-region small business, KM Pathogens, is building a new pilot production facility in Downs KS (population 752) in order to produce high-tech nanoparticle filtration technologies that can be used to improve the effectiveness of PPE filtration equipment. Local business support and a willing workforce were among the biggest factors in determining the location for this new pilot plant.

Repeatedly, the SBA RIC program has enabled Kansas rural small manufacturers to increase their innovation capacity through the forging of critical connections versus the critical mass typically experienced in urban regions. Without the SBA RIC program the innovation gap would continue to increase in our state's rural communities and regions.

**d. Defense Alliance (Minnesota)**

- Contributions to other regional economy efforts: The RIC program has been invaluable for our own cluster, bringing connections, opportunities and funding to hundreds of small businesses that they would otherwise not have had. But it has also been a unique additive force for the region, as we have spent considerable time with other regional economy efforts, including:
  - o Being instrumental in starting and growing an autonomous systems cluster in the Grand Forks, ND area;
  - o Assisting an ag-tech initiative in the Fargo, ND region (“Grand Farm”) by developing their strategic partnerships and connections to Federal opportunities and funding;
  - o Assisting another SBA RIC, the Water Council in Milwaukee, with their Federal work and consulting with their small business members;
  - o Being a resource partner for an emerging Veteran outreach initiative in South Dakota;
  - o Helping to form and grow an aerospace and defense startup accelerator in western Wisconsin (Aero X), and;
  - o Advocating (aka not lobbying!) for programs that benefit small businesses, such as our work in pushing to bring back the DoD’s Rapid Innovation Fund which was hugely beneficial for our Members trying to commercialize late stage technologies.

We dubbed this work as “extra-regional” during the first year of our operations as a RIC (unique at the time, as economic development entities are generally known for their competitiveness and resulting lack of cooperation), and it has proved to be a force multiplier and accelerator for putting the broader region on the map with regard to technology advancement through cluster work.

- A unique approach to commercialization of technology: Our origins, and much of our current focus, is defense-related technology. But we have been expansive in our definition of that and with whom we work. As such, we are relatively market-agnostic and are attuned to “adjacent” technology potential for our small businesses. As a result our cluster has what we believe to be a unique set of commercialization processes that are better understood and implemented/adapted for our many small business members.

**e. Montana Bioscience Cluster Initiative (Montana)**

Montana Bioscience Cluster Initiative (MTBSCI) is a multidimensional program with seasoned stakeholders from the private sector, university, economic development, trade associations and others who have boots on the ground providing technical assistance as well as support, training, and mentoring to new and established life science businesses, entrepreneurs, and students. In 2020, over 60 small businesses and 1000 faculty, student researchers, and entrepreneurs participated in 30 training and showcasing events offered virtually by MTBSCI. \$363,333,133 in total capital flowed to cluster participants in 2020.

Cluster participant, Inimmune Corporation, provides an insightful illustration of cluster impact for the state and nation. Inimmune develops immune therapies and components for more effective vaccines. In July of 2020, this biotech startup announced the largest Series A investment in Montana history: a \$22 million round led by Two Bear Capital out of Whitefish, Montana. Inimmune also maintains a symbiotic relationship with MTBSCI partner, the University of Montana, and was awarded a five-year, \$33.4 million NIH award as a result of this collaboration. In the early days of the coronavirus pandemic, the University of Montana and Inimmune dedicated part of their research to identifying and advancing a COVID-19 vaccine candidate.

f. **Autonomous and Unmanned Systems Cluster** (New Mexico)

The Autonomous and Unmanned Systems Cluster (AUSC) (New Mexico) has continued to support technology based economic development in rural areas of New Mexico. Key focus areas have been supporting emerging technology companies and providing workforce development opportunities for students from high school to college. We see the ability to assist small businesses in the maturation of technologies and developing technical workforce as critical efforts in providing economic opportunity in rural areas. Since the end of the SBA RIC in March 2020, we have continued to provide resources to the maximum extent possible to these efforts. We see other SBA programs such as the SBIR/STTR can continue efforts started under the RIC program. Our recent NASA STTR allows us to bring academic institutions together to build a technology ecosystem that will spawn companies and grow the technical workforce. We firmly believe the RICs have had an impact on the regions and started a generational change of providing economic opportunity in many underserved areas like rural New Mexico. An initiative started under the SBA RIC program and continuing strongly today is the Kéyah Advanced Rural Manufacturing Alliance (KARMA) on the Navajo Nation. KARMA is built on the AUSC model and we are honored to be part of this initiative on the Navajo Nation with over 50% unemployment.

g. **AgLaunch** (Tennessee)

**AgLaunch Initiative** is leading the Delta Ag Cluster, an SBA RIC, over a 98-county, five-state region located along the Mississippi River comprised of primarily rural counties in Arkansas, Kentucky, Missouri, Mississippi, and Tennessee surrounding a few urban areas including the Memphis MSA, which is at the center of the region. AgLaunch has supported 38 companies through all programming, of which 26 received funding and field trial cost-share money, portfolio companies have collectively raised a total of **\$71,591,866.00** of

investment capital to date, and they have raised a total of **\$27,765,513** through grants and loans.

AgLaunch has developed the Farm-Centric Innovation Model as a business platform to facilitate the exchange of farm level data, knowledge and acres of the farmers in the the Mid-South Delta region to build and deploy a portfolio of new innovations ranging from robotics to market transparency mechanisms. The Covid-19 pandemic has revealed vulnerabilities in the nation's food supply chain, and this disruption has created greater relevance for the AgLaunch RIC work to drive investment and technology into the critical gaps exposed by the pandemic. A few highlights:

- Series A or B investment in last 12 months: Swinotech (\$5M); Rantizo (\$7.5M) and Stony Creek Colors (\$9M).
- AgLaunch portfolio companies deployed field trials in **20 states and 3 countries** (Canada, Germany, and Spain).
- The median wage at an AgLaunch portfolio company is **\$64,822.83** a year. AgLaunch portfolio companies currently employ **276** full- and part-time employees.
- AgLaunch has received federal, state and philanthropic funding totally **\$4.6 Million** to support local ecosystem efforts in the Agrifood innovation sector in last 12 months.

SBA's RIC program is **crucial** in facilitating organizations like AgLaunch to bring together the unique assets and creative approaches that recognize the importance of localized innovation.

#### **h. Utah Advanced Materials & Manufacturing Initiative (Utah)**

In Utah, the SBA RIC program has successfully created a cluster of companies focused on advanced materials (composites, ceramics, etc.) and advanced manufacturing (3D printing, digital engineering, robotics). Last year, the cluster was recognized by the Governor's office as a targeted industry for the state and the impact of the SBA RIC program's work was directly tied to the designation of Utah as one of only six Defense Manufacturing Communities in the country. As the home to Hill Air Force Base, Utah's defense and aerospace industry is strong and growing. The Ground-Based Strategic Deterrent program (GBSD), an \$83 billion program to secure our nation through replacing the aging Minuteman program, generates opportunities for advanced manufacturing and the RIC cluster is critical to its success. The Utah SBA RIC program fosters the growth of small and medium businesses in advanced manufacturing as a cluster, to better position these companies to support the nation's defense industrial base. Utah's advanced manufacturing industry also supports the medical industry with products, which range from heart valves to prosthetics, and the recreational industry with stronger, lighter materials for bikes, skis, campers, and other sporting equipment.

As an SBA RIC awardee, UAMMI consistently provides services to the cluster that lead to long-term benefits for small businesses, SBA offices, cluster partners, and other stakeholders. For

example, the RIC activities to-date expanded the small businesses within the cluster, provided services to small businesses that create new jobs, and aided in efforts that secure ongoing increases in capital for its cluster members within the growing advanced manufacturing industry in Utah. During the most recent full contract year of operations (2020), the Utah RIC program was tied to a nearly 20% increase in cluster members, the creation of 83 new jobs, and more than \$9m of new capital for small businesses - even while navigating the difficulties of the COVID-19 pandemic and only represent a few of the RIC program's positive impacts to small and medium businesses in Utah.

i. **Water Council (Wisconsin)**

Built on more than a century of water innovation, The Water Council was established in 2009 by forward-thinking Milwaukee business, education and government leaders. As a result of an 2014 SBA RIC award, The Water Council has coalesced one of the most concentrated and mature water technology clusters in the world. The SBA has enabled The Water Council to launch innovation programs to accelerate the business expertise of dozens of small water technology companies from the Milwaukee region and across the United States. The support has ranged from export training, acceleration and lean startup support, sales training and capacity building, as well as B2B matchmaking that has offered business opportunities for cluster companies. Today, The Water Council has established itself as a global leader in the water industry and one of America's premier economic development clusters. This is exemplified by Brad McDearman from Brookings Institute who stated: "Milwaukee's water technology hub represents one of the national models for identification and implementation of a cluster initiative. What really stands out to me is that it positions the region at the center of solving a critical global challenge, provides Milwaukee with a new and compelling foothold in a fast changing economy, and represents a highly collaborative economic development effort that is industry driven, university fueled and government funded."