

Testimony regarding moving the Connecticut SBIR Office to CCAT
Section 9 of General Assembly Raised Bill 6525
By Kevin Burns, 17 West Haycock Point Road, Branford, CT 06405

I am writing in opposition to the proposed move of the Connecticut SBIR Office to CCAT. I write based upon significant experience with and knowledge of the national SBIR program, SBIR companies, and the Connecticut SBIR Office, whose Board of Advisors I have been on since 2005, including four years with CCAT. I also write as President of Precision Combustion, Inc. (PCI), an SBIR participant that is growing, with 36 employees (up from 26 at the end of 2009) and having built our technology base within the SBIR program. Finally, I have a viewpoint of the Office and its mission that is formed by my experiences on the Connecticut Technology Council's board, where we are grappling with the issues of how Connecticut can strengthen its innovation ecosystem. **From all these viewpoints, moving the Office to CCAT and shrinking its impact to that stated in the proposed bill would set back Connecticut's recovery and provide lasting harm into the future.**

I appreciate that legislators' objectives are to grow Connecticut's economic strength, and that the proposal is made with a desire to improve our state. But the assumptions for this move are mistaken. Listen to the companies it will affect. Listen to the small technology businesses that the Office has worked to support and build and grow the success of – I believe they will all say the move is not to theirs or Connecticut's interests.

The Connecticut SBIR Office, under its current staffing, is an excellent organization, committed to success of its clients, striving, entrepreneurial, and with strong support from the companies it is serving. It has learned to operate in a lean environment. It has recognized that to serve its high growth potential small technology businesses, it must not only help them win SBIR awards, but also help them succeed as an enterprise. The Office has adopted a combination of matchmaking and direct training to help develop their client's capabilities and opportunities. Innovations have included what they call Partner with a PrimeSM, which links Connecticut small tech businesses with large ones across the country. Collaborate to InnovateSM and Matches for MoneySM to link small businesses with each other. Careers for EngineersSM to link job seekers with companies. Partner with a ProfessorSM to help link small businesses with Connecticut professors. The Office is respected nationwide, and has created programs to serve Connecticut that other states are attempting to emulate. Everyone in the Federal agency SBIR programs and everyone I have met in other state's SBIR Offices knows our program head Deb Santy and has a favorable opinion of her as a leader among state SBIR Office managers. The Office has run two national SBIR conferences in three years – unprecedented, putting Connecticut on the Federal agencies' map and giving our companies improved access to the program's opportunities.

And within a tightly limited budget at CI, the office is working to further its impact. This has led to broadened help to small businesses to also begin to address non-SBIR Federal R&D opportunities and to build management teams. Under CI, it provides a feeder system to the later development stage financing offered by CI. In my opinion, it has

shown greater entrepreneurial flexibility and impact since it moved to CI. It works well. It doesn't need fixing. In fact, it needs support, because a little more budget directed to this will pay off handsomely in future jobs.

The vision of this bill is that the SBIR office is a clearinghouse of information and a source of technical assistance in developing SBIR programs. This limited program-centric thinking is symptomatic of why CCAT is not appropriate. The focus should be on the needs of the small high tech businesses, and the job creation needs of Connecticut, as is now the focus of the Office.

Rather than combining the Office with a private entity, we should ensure that the full potential public benefit is obtained. In CI, the SBIR Office gets to create this benefit while enjoying synergy that comes from later stage financing available from CI or banks. The SBIR Office also helps CI fulfill its broader mission of innovation ecosystem development, by bringing CI beyond the role of just public benefit capitalist into its broader mission of driving a vibrant, entrepreneurial, technology-based economy.

We need our small technology businesses to succeed and grow to provide an engine for Connecticut to recover the economic dynamism with which it once was overflowing. You have been hearing from the Connecticut Technology Council about the need to create a more effective innovation ecosystem, in which small businesses will flourish and grow and create good jobs. There are many components to this, including effective governmental listening, building entrepreneurship, stronger networks, stronger university relationships, and capital. Capital can come from VCs, but it can also come from the Federal Government in the form of R&D contracts or the government as a customer such as with DoD, and the money is just as green to a fledgling company looking for a chance to fly. Federal R&D provides more money to Connecticut small high tech firms than does the VC industry. The Federal SBIR program alone provides some \$40 million in annual revenues, more seed, startup and early stage money than all the angels and venture capitalists combined. And total Federal awards dwarf the SBIR program, though too little of it goes to small businesses.

Rather than the proposed move to CCAT, we should instead be providing CI with more money to boost the SBIR Office's beneficial impact. This will pay off in both the short and long run.

Sincerely,

Kevin Burns
President, Precision Combustion, Inc.
SBIR Office Board of Advisors