

March 8, 2011

Committee on Commerce  
State of Connecticut  
RE: General Assembly Raised Bill 6525 Section 9

Testimony of: Louis Parks  
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My name is Louis Parks and I am the CEO and co-founder of SecureRF Corporation. SecureRF has developed the world's first linear-based cryptography methods that are now being commercialized to prevent anti-counterfeiting in the pharmaceutical supply chain, to protect wireless devices on the smart grid, and to create secure wireless sensors for the Department of Defense. To date, SecureRF has been awarded nearly one million dollars in Phase 1, 1b, and II SBIR grants from the National Science Foundation and the US Air Force. And just four weeks ago, we were awarded an SBIR Technology Enhancement for Commercial Partnership grant from the National Science Foundation – Connecticut's first company to do so. It is through development, funded by our SBIR grants, that we have fostered commercial relationships with Lockheed Martin, McKesson, and Texas Instruments. And most recently, our SBIR-funded technology was showcased in the GE Ecomagination challenge where we were one of 12 companies chosen, from over 4,000 competitors worldwide, to partner with GE Energy to work on Smart Grid security solutions.

I am here today in regards to your General Assembly Raised Bill 6525 Section 9 that is looking to move the coordination and funding of the Connecticut Small Business Innovation Research (SBIR) office back to the Connecticut Center for Advanced Technology (CCAT). I believe this move would have a serious negative impact on a program that is now bringing critical out-of-state funding and jobs to early-stage technology companies in Connecticut.

Only four weeks ago we were here in front of this committee testifying on "Innovation and Jobs Creation at Small businesses in Connecticut." Your committee members specifically asked how we can foster the types of successful environments found in Silicon Valley in California, the Research Triangle in North Carolina, or the "128 Corridor" in Boston. I can tell you from personal experience in California, Boston, and leading incubator parks in Europe, it comes from creating a strong collaborative environment between government, universities and business.

The CT SBIR office creates a critical link between government, early stage companies, and university researchers through its promotion of SBIR and STTR grants. But it doesn't stop there. Once these initial seeds are planted, they need nurturing, and transition to the business community and this is something Connecticut Innovations, the current home to the SBIR office uniquely brings to the table in this state.

In contrast, the Connecticut Center for Advanced Technology is focused on research in specific industries and sectors like lasers and clean fuels. It does not have the business outreach capability or focus to assist a small business coming out of an SBIR Phase I or II grant. CCAT, who is also run primarily through grant funding, seeks collaborative research projects for its facilities. By putting the CT SBIR office back at CCAT, you will be creating a siloed program with little or no access to the critical resources needed to move beyond an SBIR grant. In contrast to its current home at Connecticut Innovations, the company or researcher will be left an orphan at the end of their grant.

I am not familiar with the process of drafting a bill but the language used in this section also gives me cause for concern. It does not reflect what the CT SBIR office actually does or how the SBIR program works. Section 9 states, in part, that CCAT shall administer the CT SBIR office "...to act as a centralized clearinghouse and provide technical assistance to applicants in developing small business innovation research programs." This is not what the CT SBIR office does. There are eleven Federal Granting Agencies that create the SBIR programs and their topics each year. These agencies then run competitions to award these grants one or more times a year. Small businesses do not develop any sort of programs as suggested by the language in Section 9, but rather look to match their skills and technology to grant opportunities within one or more of these programs. The CT SBIR office assists small business and innovators in the state with preparing their responses. The office acts as a liaison to these agencies and has developed critical relationships over the years with the leaders running these federal programs. Many of these Federal agencies are measured on the commercial success of the projects they fund. Commercialization resources and expertise are found at Connecticut Innovation - not at CCAT. This is not a criticism of CCAT but rather my observation of a function CCAT has not needed to develop.

In light of the state's current economic condition, and the Governor's focus on correcting it, I do not understand why the tax payers should incur the cost of moving this program back to CCAT for no apparent gain. In fact, the CT SBIR office is currently paid for through the revenues generated by Connecticut Innovations investment activities so it creates no tax burden currently. If CCAT cannot clearly identify an out-of-state grant to support this program immediately upon transfer, then in addition to the cost of the move, it could create a tax burden where none currently exists. And I am not even attempting to calculate the disruption costs to this program,

In summary, the CT SBIR office is truly a national-caliber treasure that is providing great support, expertise, and a logical road map to commercial success with their current partners,

Connecticut Innovations. In keeping Section 9 in this bill you will be working against building any sort of synergies that will give Connecticut the technology ecosystem like those found in California, North Carolina or Boston. There seems to be no logic in isolating the CT SBIR office within CCAT, in incurring the expense of the move, and the possibility of a tax burden where none now exists. For all these reasons, and for the tens of millions of dollars the CT SBIR office has helped bring to this state, I am asking you to remove Section 9 from this bill and preserve this world-class catalyst.

Thank you,

A handwritten signature in black ink, appearing to read "Louis Parks", written in a cursive style.

Louis Parks