

Statement of
Richard A. Bendis
Before the House Science, Space and Technology
Subcommittee on Technology and Innovation entitled,
***“Fostering the U.S. Competitive Edge: Examining the Effect of Federal Policies on
Competition, Innovation, and Job Growth”***

March 27, 2012

Presented by:

Richard A. Bendis
President and CEO, BioHealth Innovation Inc.
Founder, Innovation America
Publisher, InnovationDaily

Richard A. Bendis
President and CEO
BioHealth Innovation, Inc
111 Rockville Pike
Suite 800 Rockville MD 20850
Email: rbendis@bendisig.com
Phone: 240.777.2551
Fax: 240.777.2517
Mobile: 215.593.3333

<http://www.biohealthinnovation.org>

Testimony before the House Science, Space and Technology Committee’s

Subcommittee on Technology and Innovation

Entitled

“Fostering the U.S. Competitive Edge: Examining the Effect of Federal Policies on Competition, Innovation, and Job Growth.”

Presented by:

Richard A. Bendis

President and CEO BioHealth Innovation Inc.
Founder of Innovation America
Publisher of InnovationDaily

Chairman Quayle and Ranking Member Edwards, thank you for the opportunity to testify before the House Science, Space and Technology Committee’s Subcommittee on Technology and Innovation on the important topic of *“Fostering the U.S. Competitive Edge: Examining the Effect of Federal Policies on Competition, Innovation, and Job Growth.”*

My name is Richard Bendis and I am the President and CEO of BioHealth Innovation Inc., (BHI). BHI is a private-public partnership that is predominantly funded by the private sector to foster biohealth innovation-based economic development, which is a unique cluster-based model for regional economic development. This initiative could be used as a model program regardless of industry or cluster strength.

BHI is the first regionally focused innovation intermediary created to connect the university and hospital biohealth research strengths of Baltimore with the bioscience industry and federal laboratory strengths of Montgomery County. It has entered into a Partnership Intermediary Agreement with the National Institutes of Health's Office of Technology Transfer and has created the first private-sector funded Entrepreneur in Residence (EIR) program to identify commercializable science in the 27 institutes of NIH. This program will create new project-based companies and high-paying life science jobs. BHI believes this EIR program is applicable to many federal agencies that have technology transfer offices and support SBIR programs.

BHI has designed a potential national pilot, the Health-Regional Innovation Cluster (H-RIC) model, which will incorporate the best innovation-based economic development practices in the United States and integrate them into one region in Central Maryland. BHI is currently seeking federal financial support from several relevant federal agency partners to accelerate the creation and implementation of this innovative biohealth H-RIC model.

As the founder of Innovation America, I publish innovationDAILY, a daily electronic newsletter on the pulse of global innovation, entrepreneurship, angel/seed and venture capital and innovation-based economic development. InnovationDAILY has over 1,000,000 unique visitors in over 185 countries.

Over the past 35 years I have developed and led innovation and technology-based economic development organizations in Kansas, Pennsylvania, and currently in Maryland. I have also performed successful consulting engagements including a recent engagement with the state of Iowa's Innovation Council and with over 30 cities, regions, states, and countries. These projects advanced innovation-based policies and programs to grow the economies of their respective locations. The projects identified the assets of each geographical region, the leadership of the stakeholder organizations and developed implementation strategies.

For example, the Iowa Innovation Council, which was a recipient of the Economic Development Agency (EDA)'s 2011 i6 Proof of Concept Challenge Grant and Innovation Philadelphia was the recipient of multiple grant awards by EDA's Public Works Grant program. The funding was provided by EDA on both of these engagements, which enabled the innovation-based strategies to be successfully developed and implemented.

As a founding board member of both the State Science Technology Institute and the National Association of Seed and Venture Funds, I understand the organizational needs of seed and early-stage venture capital that is deployed to emerging technology companies. I also have had the opportunity to serve as a member of the United States Innovation Partnership, which was formed by the Technology Administration of the U. S. Department of Commerce under the Clinton Administration.

Competing globally today, the United States needs to develop a national innovation strategy that leverages federal assets and programs with regional academic, industry and non-governmental organizations. More importantly, the strategy needs an implementation plan and leadership group to make certain America regains its innovation leadership and strengthens its position for the future. The America Competes Reauthorization Act of 2010 established the Office of Innovation and Entrepreneurship with its National Advisory Committee on Innovation and Entrepreneurship, which was created to serve as the central location and focal point for these activities and to foster interagency cooperation. I believe this should remain a priority for the U.S. Government, but it needs to have higher Administration and Congressional visibility and empowerment to lead the innovation strategy for the federal government.

The Department of Commerce and EDA should still continue to lead this initiative. But it needs a senior official in an empowered, fully budgeted and staffed office with clear responsibilities and measurable outcomes. An earlier version of this office was created as the Technology Administration Office within the Department of

Commerce under the Clinton Administration and had Undersecretary, Dr. Mary Good, leading the office. It was the closest we came to having an empowered technology and innovation coordinating body for the federal government. The recent Jobs Act provides more instruments like Crowdfunding, which was strongly supported by most innovation-based entrepreneurial organizations. The passing of the Act will enable more small companies to develop the capital they need to grow.

Today's theme, "*Examining the Effect of Federal Policies on Competition, Innovation, and Job Growth*," needs to commence at the regional level where job creation occurs. The regional strategy needs support from state-based funding programs and federal programs to leverage private-sector resources and knowledge. These functions support the commercialization of the intellectual properties being developed by university and federal research institutions, entrepreneurs and incubators. The U.S. DOC/EDA needs increased appropriations to support and stimulate regional innovation strategies. It needs to link the economically distressed regions together with the stronger regions to develop the much-needed jobs from the laboratories to the market. They also need additional flexibility in program design and implementation as every region in the U.S. has their unique assets, strengths and needs.

BHI has developed a vision for a national pilot, the Health –Regional Innovation Cluster. President Obama's Memorandum, "*Accelerating Technology Transfer and Commercialization of Federal Research in Support of High-Growth Businesses*" directed federal agencies to develop plans that establish performance goals to increase the number and pace of effective technology transfer and commercialization activities in partnership with private firms, research organizations and nonprofit entities. BHI is an organization that will fulfill and manage this directive as a regional pilot program with the ability to replicate the biohealth innovation intermediary model nationally.

There are several positive programs that affect the *Federal Policies on Competition, Innovation, and Job Growth*." The following are examples that have helped mitigate the risk of those companies facing the Valley of Death in Commercialization or Capital:

1. SBIR reauthorization - There is a need for a Phase III commercialization award category, especially in high capital industries such as biotechnology and energy that require extensive R&D investment to be successfully commercialized. The U.S. SBIR program is the best in the world that many replicate and we need to continue to maintain it to keep our competitive advantage in innovation. .
2. The National Institutes of Standards and Technology's (NIST) Technology Innovation Program (TIP) program was effective and was not corporate welfare as perceived, since it brought together large and small companies and universities to tackle high-risk, mission-critical technology innovation

- projects that no other federal program addressed. TIP needs to be reinstated because it fills a critical gap in the innovation funding continuum.
3. Continued support and growth of the Manufacturing Extension Partnership Program (MEP), which is an excellent example of how the federal government, states and the private sector can all work together to tackle major challenges to our economy.
 4. An early-stage seed jobs “fund of funds” to address the innovation capital valley of death and would complement the expanded Small Business Investment Company (SBIC) program.
 5. A national angel capital tax credit program to stimulate private early stage investment in high risk, early stage ventures.
 6. Permanent reauthorization of R&D tax credit and adding a transferability component.
 7. Expansion of the New Markets Tax Credit program for venture capital investment.
 8. Expansion of the State Small Business Credit Initiative that would increase the percentage of allocation to seed and early-stage venture capital.

In summary, we need to identify innovation ecosystem gaps where the federal government can play a role and design private-public partnership programs to leverage industry and the private sector resources. The Department of Commerce (DOC), NIST and EDA are effective agencies that need additional resources to fill the gaps in the innovation program portfolio to create and support an integrated national innovation strategy that engages all stakeholders.

America has the assets, leadership and innovation capability to develop a long-term strategic innovation plan that leverages all stakeholder resources, encourages collaboration, reduces redundancy and restructures our federal programs to maximize return on investment. We simply cannot afford the alternative.

Thank you.