



# UNIVERSITY SYSTEM of MARYLAND

## SENATE FINANCE COMMITTEE

### Senate Bill 398

### Maryland Small Business Innovation Research and Technology Transfer Incentive & Technical Assistance Program

March 3, 2020

### Urging a Favorable Report

Chair Kelley, Vice Chair Feldman and members of the Senate Finance Committee, my name is Tom Sadowski, Vice Chancellor for Economic Development for the University System of Maryland. As many of you are aware, technology development, transfer and commercialization are all strategic priorities of the USM and its partner institutions. So too is new venture development, or said another way, new business and startup creation. These new businesses are integral to our efforts to commercialize the technology developed at our institutions, taking these ideas to market, creating jobs and occupying space in the communities surrounding our 12 institutions throughout the State of Maryland.

Annually, USM institutions are responsible for creating or significantly assisting approximately 100 new startups, 20% of which are based on USM-related intellectual property. The Small Business Innovation Research (SBIR) program has been a tremendous resource in helping commercialize USM-related research. More than 50 SBIR awards since 2011 have helped support the growth of more than 40 USM startups—companies like Harpoon Medical who in 2017 was acquired by Edwards Life Sciences Corp for more than \$250 million. Harpoon’s founders have since, founded new companies here in Maryland with equal promise. This is a great result no doubt, but still far short of our potential and strategic need going forward. Senate Bill 398 would be valuable tools in pursuit of this greater outcome.

The Small Business Innovation Research (SBIR) program helps fund and foster the development of science and technology behind the many new ventures and startup businesses here in Maryland. On average, 9 USM affiliated companies each year get Phase I and Phase II SBIR grant awards. Many need help in getting there, however— thus why enhanced technical assistance is crucial and could further increase overall number of SBIR awards for USM startups. The existence of such “non-dilutive” funding is furthermore helpful when these companies pursue investors. Investors want to see that startups have these types of resources before agreeing to invest to assure the technology will continue to be nurtured. The approval of Senate Bill 398 could not only help double the number of total SBIR awards in Maryland each year but provide the resources necessary to help build the business aspects of these startups and position them more favorably for venture investment.

Finally, it has been well documented in national studies that 80% of startups choose to remain in those communities where they first receive technical assistance and financial support. The approval of Senate Bill 398 would go far in helping to not just grow, but to retain and attract these strategically valuable companies as well as the new jobs and purchasing power of these firms.

Maryland is a leader in innovation and technology development— for the future we need to be a leader in technology commercialization and new business growth as well, not an exporter of intellectual capital and talent. On behalf of the University System of Maryland I therefore request your favorable report on Senate Bill 398.