

WASHINGTON STATE DEPARTMENT OF COMMERCE

Senate Bill 6015: Fostering Washington's Innovation Economy

Washington Bioscience
Business Roundtable

Presenter: Daniel Malarkey,
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Of Commerce

December 2, 2009



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Legislative Direction

“...how the state can best encourage and support the growth of innovation in the development and commercialization of proprietary technology in the life sciences and information technology industries.”



The Legislature Directed Commerce To:

- Recommend strategies for early stage capital
- Recommend additional infrastructure or programs needed
- Analyze state policy and recommend alternative strategies
- Review the status of technology transfer and commercialization
- Engage Economic Development Commission (EDC) for alignment



Participants & Acknowledgements

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ICT and Life Sciences Sectors

Information and Communications Technology (ICT) sector is a foundational strength and a catalyst for growth.

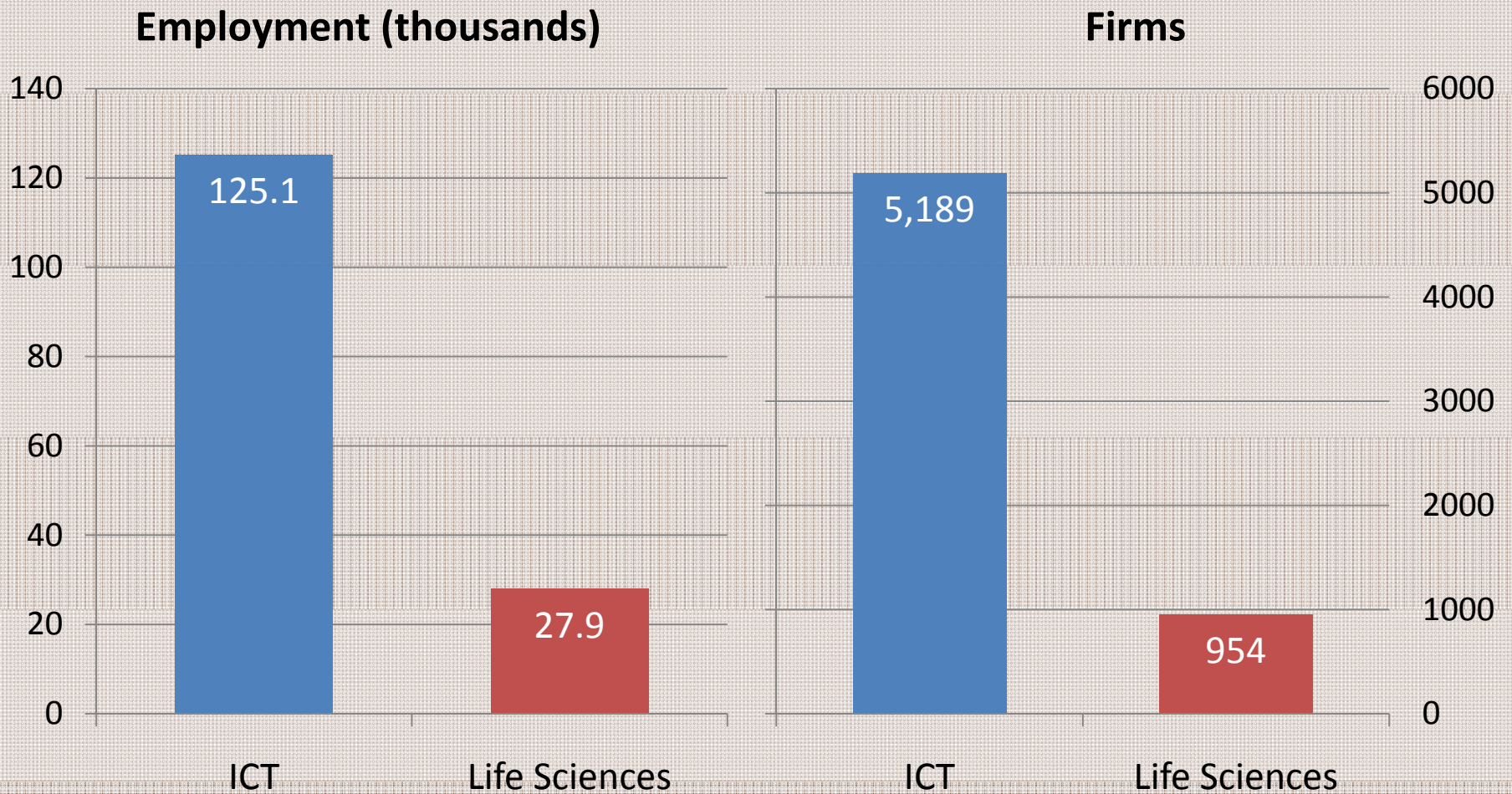
- WA is a global leader

Life Sciences is a growing and emerging sector.

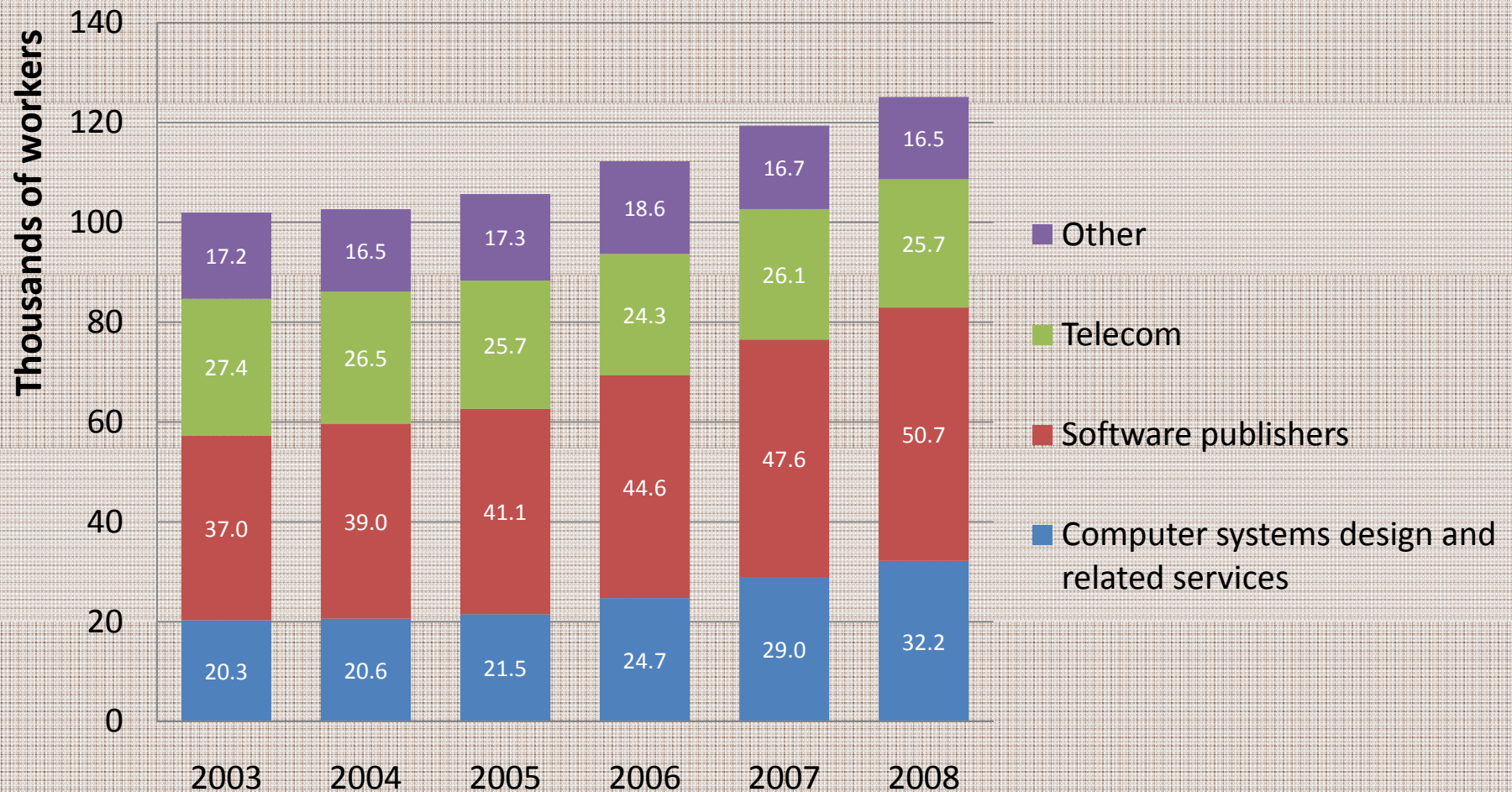
- WA is a leader in research;
not a in company formation, growth, and employment



ICT and Life Sciences Sectors



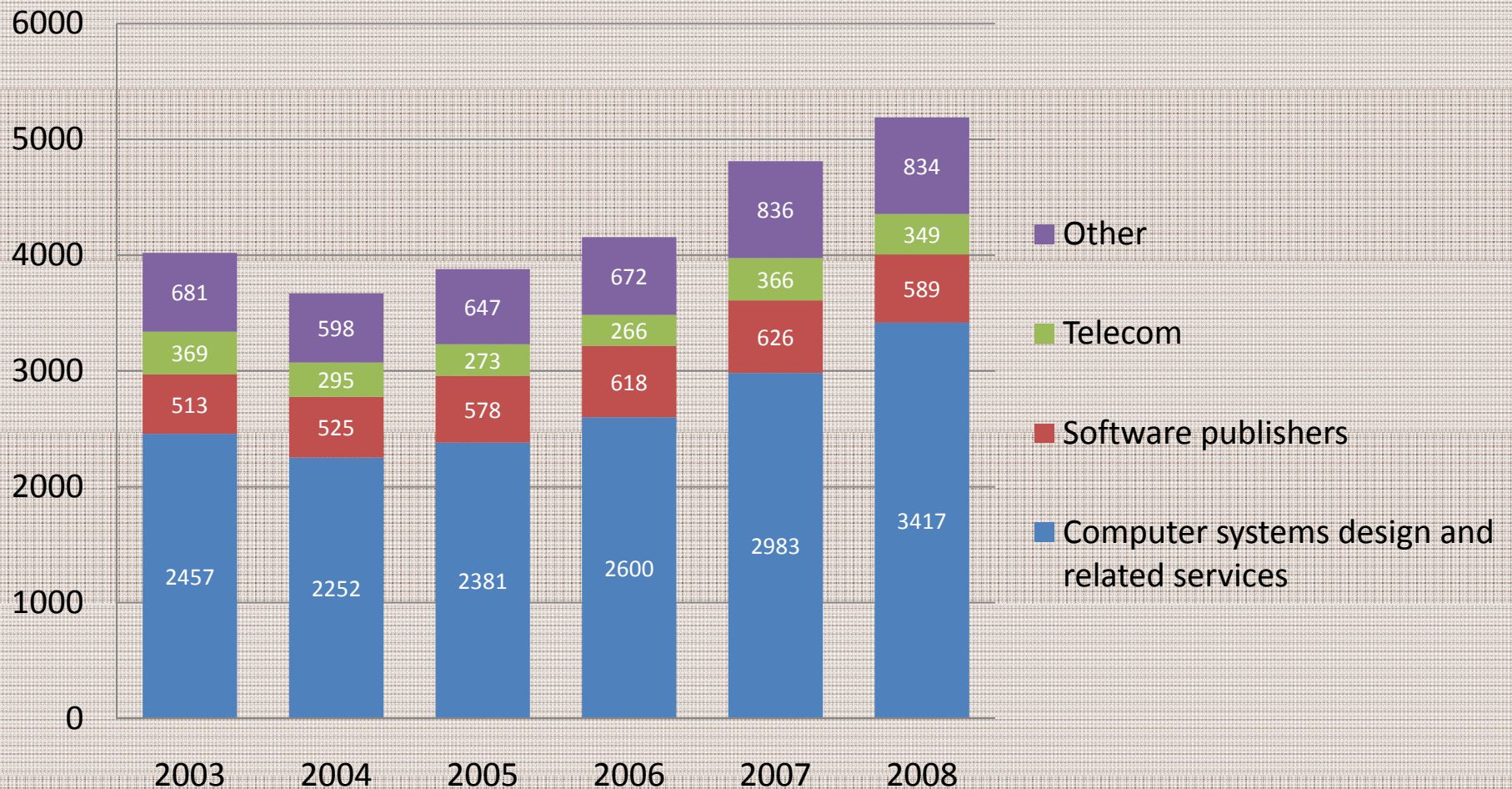
Washington State ICT Workforce



Data source: Employment Security Department (ESD)



Washington State ICT Firms

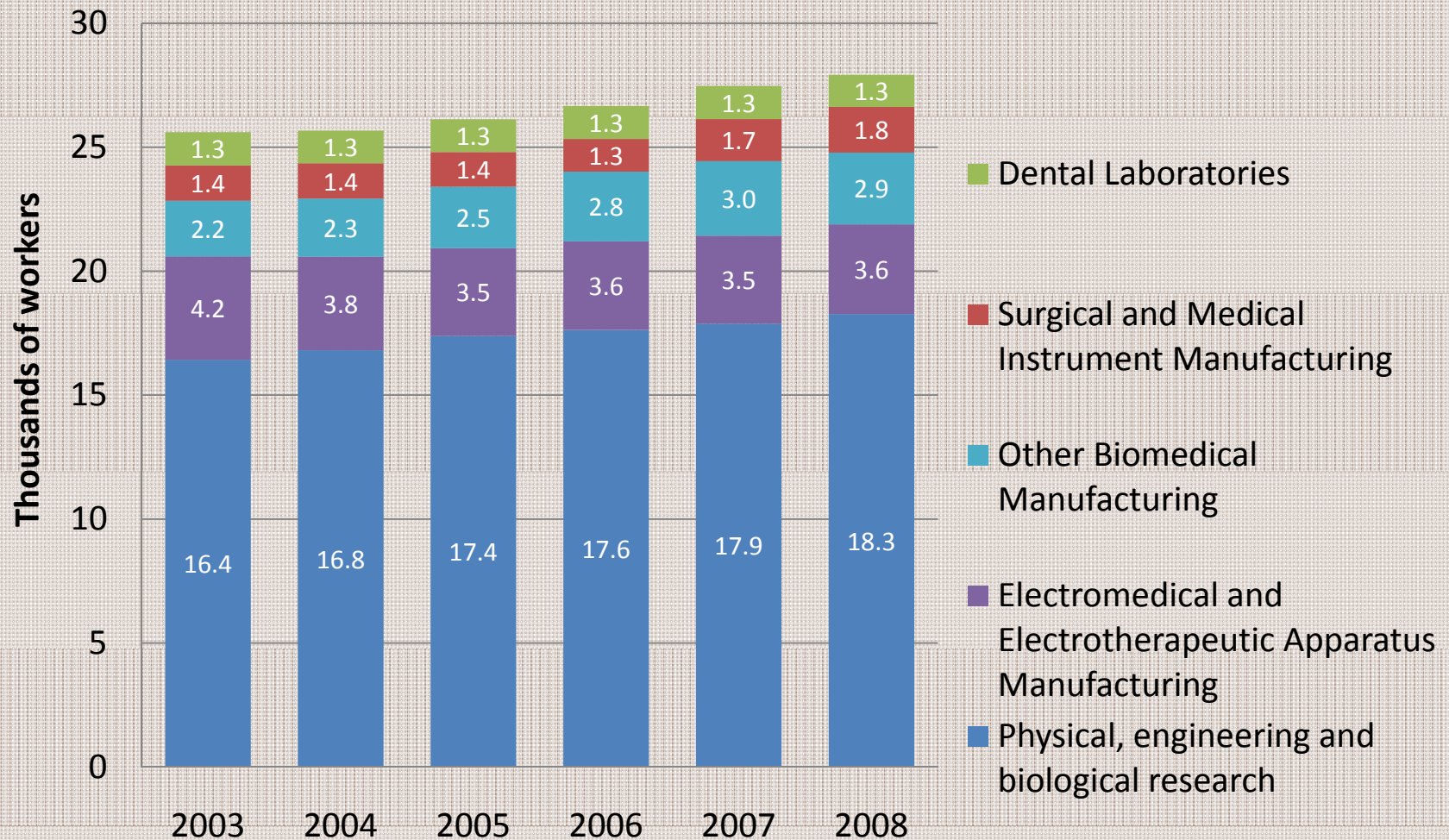


Data source: Employment Security Department (ESD)

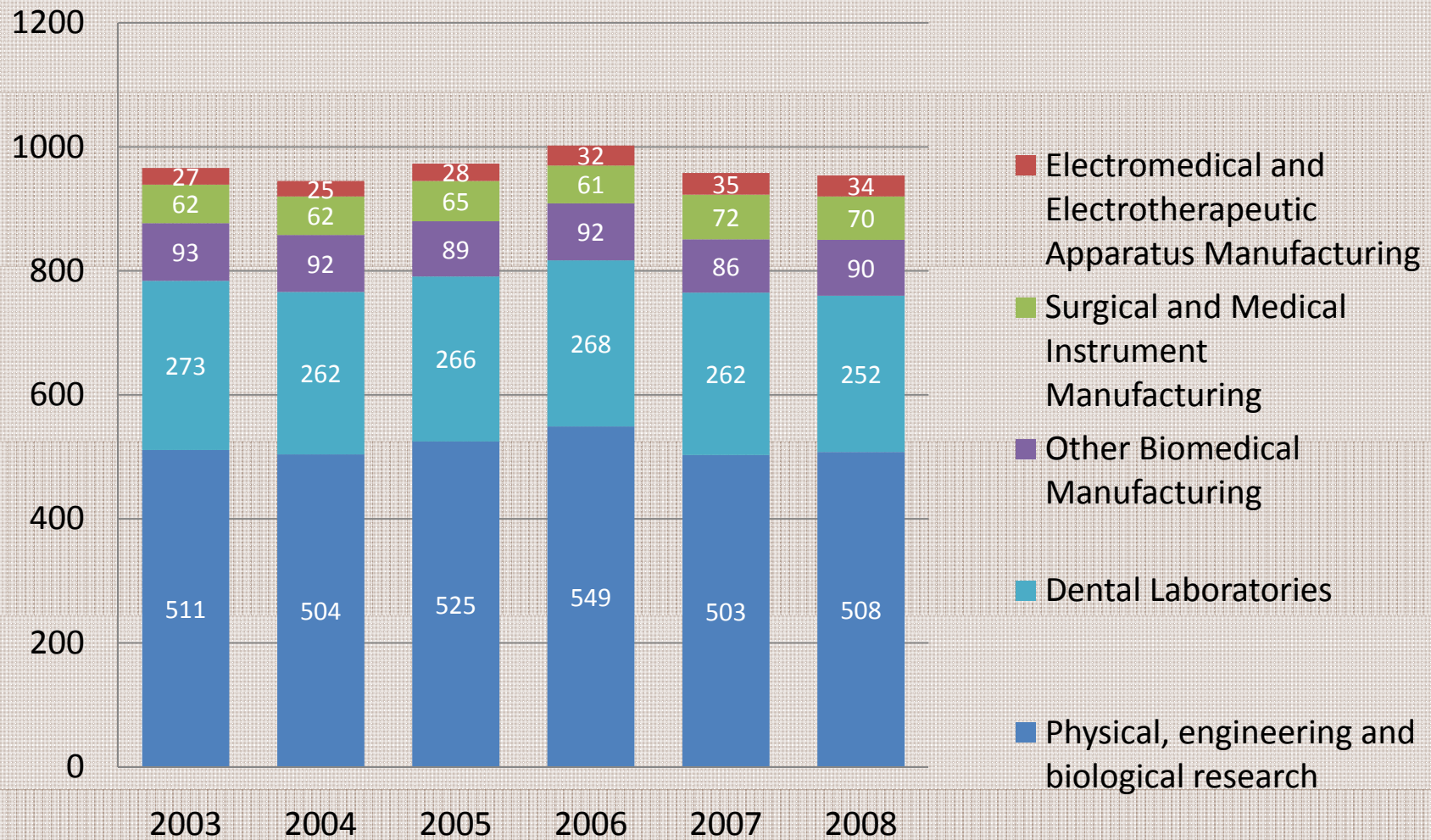


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Washington State Life Science Workforce



Washington State Life Sciences Firms



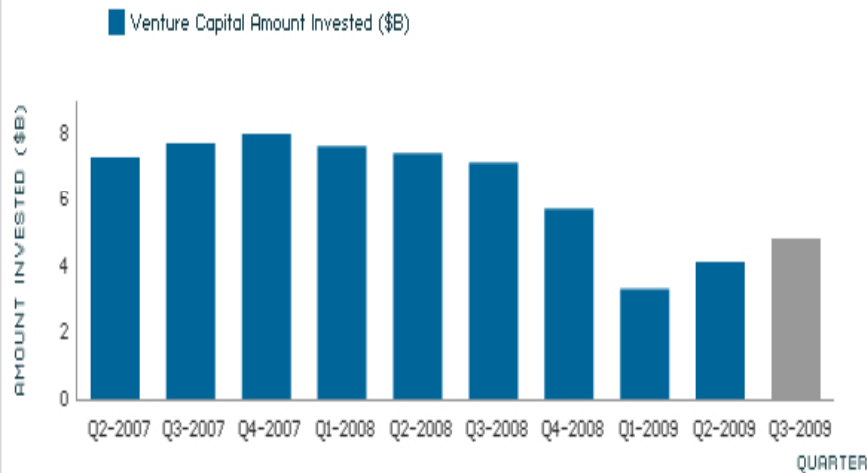
Inventory of Supporting Resources

- **Research:**
 - Life Sciences Discovery Fund
 - Strategically Targeted Academic Research (STARS) Program
- **University Product Development:**
 - Technology Gap Innovation Fund at University of Washington
 - Cougar Fund at Washington State University
 - Life Sciences Commercialization Grant Competition
 - Washington Technology Center's Research and Technology Grant Program
 - Entrepreneur In Residence (EIR) Program
- **Place Based Innovation:**
 - Spokane Intercollegiate Research and Technology Institute (SIRTI)
 - Innovation Partnership Zone (IPZ) Program
- **Tax Policy:**
 - B&O Tax Credit for technology companies conducting R & D
 - B&O Tax deferrals for biotechnology and medical device manufacturing businesses



Venture Fund Investments

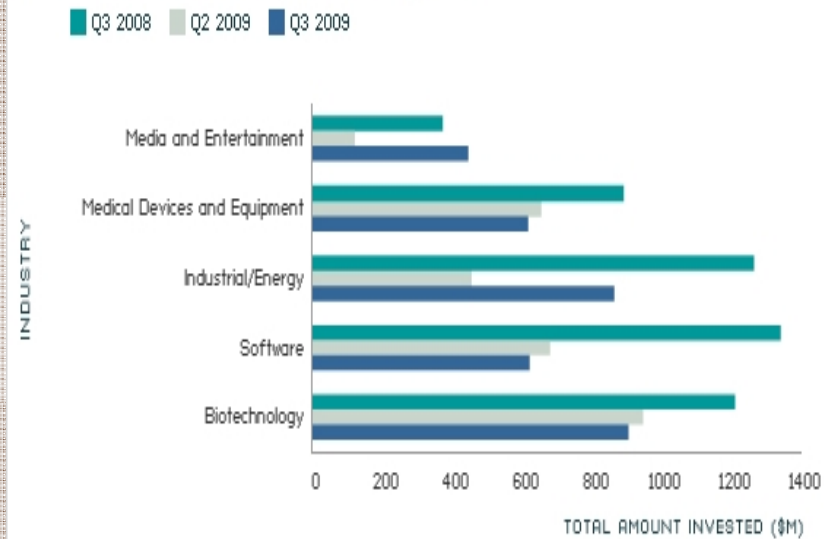
Total Venture Capital Investment Dollars Quarterly Q3 2009



DATA SOURCE: THE MONEYTREE REPORT BY PWC AND NVCA; DATA: THOMSON REUTERS



Investment Activities - Top Industries Q3 2009

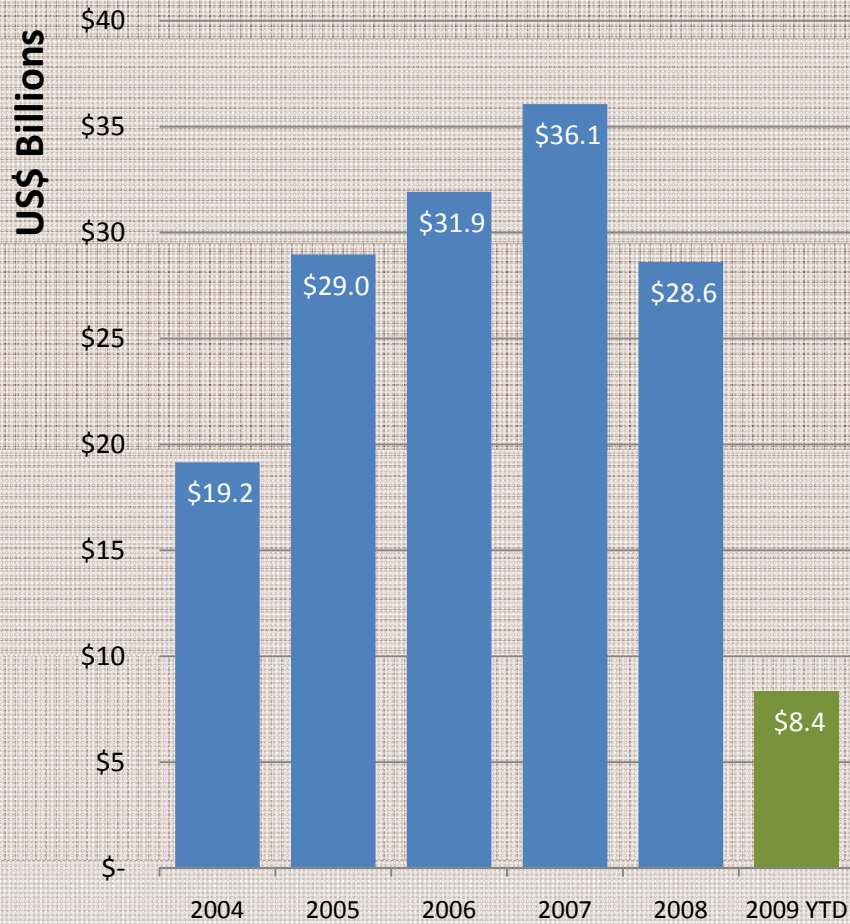


DATA SOURCE: THE MONEYTREE REPORT BY PWC AND NVCA; DATA: THOMSON REUTERS

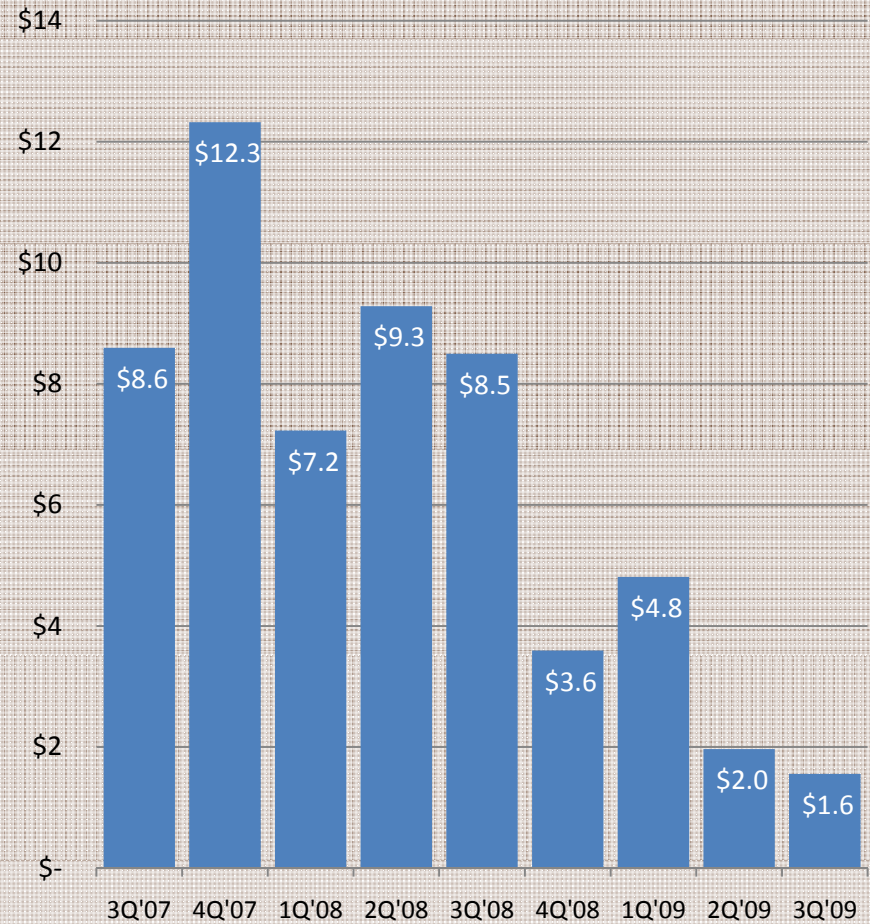


Fundraising by Venture Funds

Venture capital fundraising by year



Venture capital fundraising by quarter

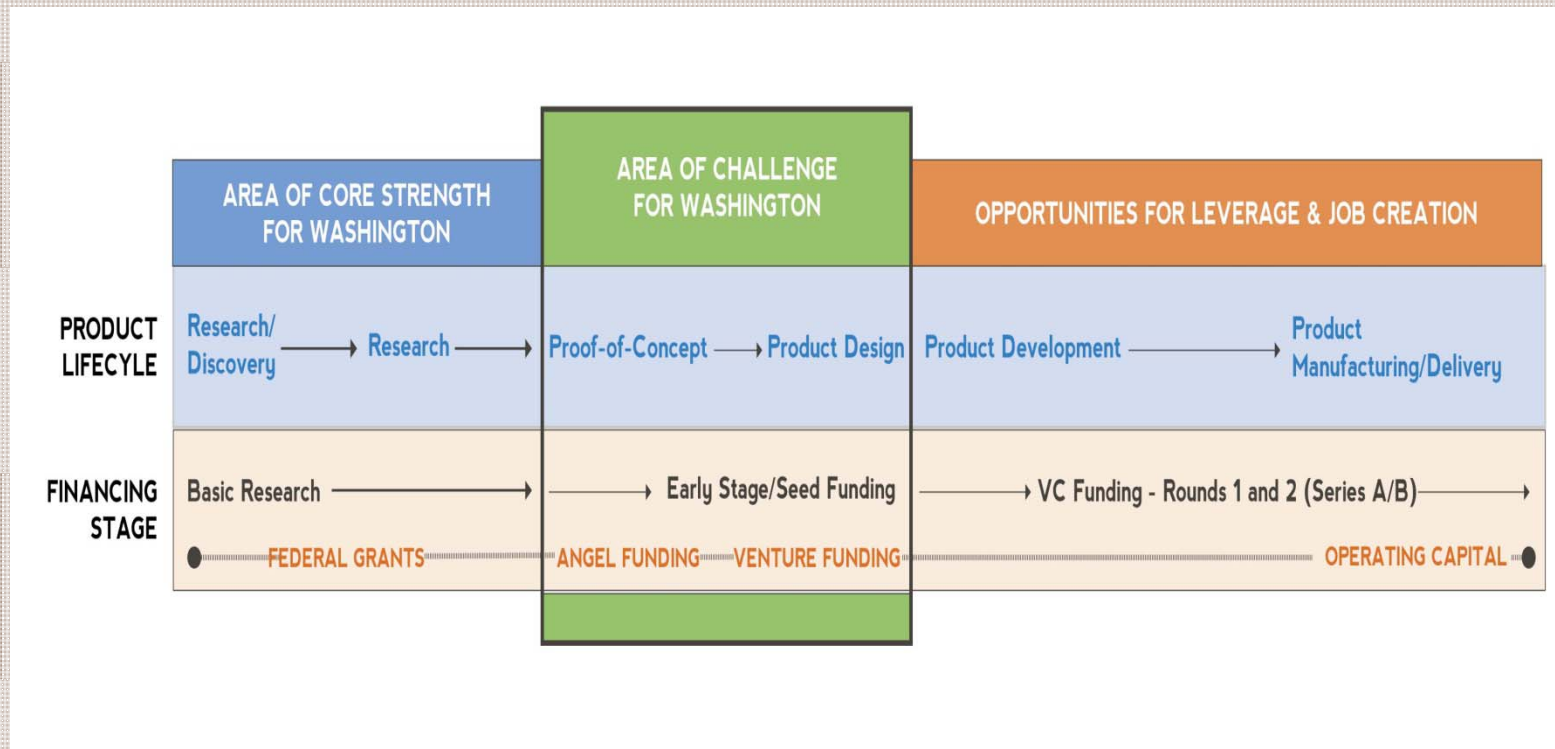


Source: Thomson Reuters & National
Venture Capital Association



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Financing Lifecycle for Life Sciences



Key Findings

- Valley of Death widening for Life Science companies.
- Lack of statewide economic development strategy /leadership for ICT and Life Sciences.
- Finite home grown talent pool: companies need to recruit and that is expensive.
- Difficulty retaining talent and companies.
- Limited tools for creating companies out of our university research.
- Need to collaborate across institutions, industry, and government to successfully go after big opportunities.



Recommendations

1. Enhance the State's Leadership and Global Profile.

- A) Create Innovation and Commercialization Sector Leads in the Department of Commerce for ICT and Life Sciences.
- B) Raise the State's Global Profile and Identity as an ICT and Life Sciences Center.



Recommendations (cont.)

2. Provide Targeted Financial Support for Early Stage Commercialization of Life Sciences Research.

- A) Support funding to help early stage Life Sciences commercialization efforts.
- B) Commerce should develop a strategy to enhance the state's reputation, brand and profile in both the Life Sciences and ICT sectors.
- C) Facilitate State efforts to obtain increased federal SBIR and STTR funding.
- D) Continue Supportive Tax Policies to retain and help grow Life Sciences and ICT businesses.



Recommendations (cont.)

3. Focus on Talent and Supportive Facilities.

- A) Support funding for programs to attract research talent to Washington
- B) Provide facilities support to accelerate the successful development of entrepreneurial start-up companies
- C) Fund high demand degree programs in ICT and Life Sciences

4. Develop a Collaborative, Outcome Driven Operating Model: create solutions for big problems.



Next Steps

State tax revenues down; service demand up
Current budget deficit: \$2.6 Billion

- Implement within existing resources
- Integrate into new Commerce organization

Link for report:

www.commerce.wa.gov

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