



OREGON
INNOVATION
COUNCIL

Council Meeting
July 26, 2019

Welcome & Introductions

Minutes

Move & approve minutes from May 14th meeting

Workplace Policies and Trainings

Brenda Bateman, COO Business Oregon

Audit Committee Update & SRC 19-21 Agreements

Audit Committee Update

Report from Chair David Almodovar...

- Winding down reviews of 17-19 SRC performance
- Nothing concerning in SRC's performance
- Lots of back-and-forth with SRCs on 19-21 plans
- Making adjustments to approach for 19-21
 - Quarterly payments
 - Earlier reporting on PMs

OTRADI 19-21 Plans

- Create and manage programs to accelerate growth of portfolio companies
- Prepare portfolio companies to compete for commercialization fund awards as well as other federal and private funding sources
- Expand reach of OBI to new markets & sectors (state-wide & digital health/health IT/etc.)
- Performance Measures:
 - 7+ companies get SBIR/STTR grants
 - Increase in company revenue by \$12M+
 - Assist companies with raising \$50M+
 - Increase bioscience jobs by 125+
 - Help with pipeline for commercialization fund
 - Report on programming, state-wide access, and collaboration with universities & other partners

ONAMI 19-21 Plans

- Fill early-stage pipeline with innovation candidates from universities & others
 - Groom selected candidates into companies based on market, product, team strength, prospects of staying & growing in Oregon
 - Support and monitor portfolio companies to continue growing jobs & economic benefit
- Performance Measures:
 - 9+ innovations through opportunity assessment
 - 4+ opportunities thru business planning
 - 1-2 companies incorporated, staffed and SBIR or similar application done + SBIR support for 3-4 others
 - 3+ companies receiving at least \$100k from commercialization fund or similar program
 - Report on portfolio companies (jobs, investment & revenue)

VertueLab 19-21 Plans

- Catalyze companies
 - Cascadia CleanTech Accelerator
 - SBIR support and EIR support
 - Commercialization fund pipeline
 - Investor connections
 - Internships
- Catalyze capital
 - Climate Impact Fund
- Catalyze impact
 - Measurement tools
 - HIOP support
- Performance Measures:
 - 24 SBIR applications supported and 5 awards
 - \$60M in follow-on funding to portfolio companies
 - 200 company-investor introductions
 - 6 OR companies graduate from Cascadia CleanTech Accelerator and \$110,000 in proof of concept funding to companies
 - Fund development milestones: \$200k by 12/31, \$400k by 3/31 and \$750k by 6/30
 - Help with pipeline for commercialization fund

OR InC Budget Note (SB 5524)

“The Oregon Business Development Department, in collaboration with the Oregon Innovation Council, shall evaluate the feasibility and impact of eliminating ongoing state support for the three Signature Research Centers: ONAMI, OTRADI, and VertueLab. The Department shall report its findings to the Emergency Board in September 2020.”

Commercialization Fund Recommendation

Commercialization Gap Fund Recommendation

- **History of Commercialization Gap Fund**
- **Approach to program design for '19-21 biennium**
 - Partner interviews and Oregon InC subcommittee deliberations
- **Critical questions considered:**
 - *What are the key goals of the program?* Bridge gap, support ecosystem, generate returns, catalyze private investment
 - *What type of investments would serve those goals?* Company friendly and enable state to earn returns
 - *What key metrics should be used?* Negotiate with fund manager, include: rate of return, total invested capital, jobs
 - *How can we ensure a strong pipeline of companies?* Utilize OR InC partners including SRCs, universities, etc.
 - *How can we ensure the appropriate level of technical assistance?* Utilize OR InC partners including SRCs, universities, etc.
 - *Operational issues: Should we require a certain number of early stage or later stage investments? Should we limit the total dollar figure going into each stage? Should we have a maximum dollar figure per company?* Provide business case and ask for suggested models. Seek a diversified portfolio. For early investments, between 15-30 between \$25-\$100k may be reasonable with a \$50k average award.

Commercialization Gap Fund Recommendation

- **Why invest in the Commercialization Gap?**
 - To bridge early stage capital gaps, leading to private capital investments
- **What is the Commercialization Gap?**
 - Two gaps identified
 - Very early stage – when a company is likely still in the proof of concept phase (prototyping and product validation)
 - Early but farther along a company's lifecycle but before a company is attractive to private seed investors or commercial lenders
- **What type of companies?**
 - Startups focused on science and research
 - Target industries aligned with HIOP (active lifestyle, advanced manufacturing and natural resources) or SRCs (bioscience/digital health, advanced materials and clean tech)

Commercialization Gap Fund Recommendation

Oregon InC will seek a fund manager for the '19-21 biennium to manage a \$5M commercialization gap fund that will target very early stage companies and companies that are closer to private seed investment. Target companies will focus on industry areas that align with those of the High Impact Opportunity Project (HIOP) program (active lifestyle, advanced manufacturing, and natural resources) or the Signature Research Centers (SRCs) (bioscience/digital health, advanced materials, and clean tech).

19-21 Oregon InC Budget

HIOP Program

- 17-19 Biennium
 - 14 HIOP awards were made = 6 FSs + 8 IPs (~\$4.6M awarded)
 - In 3 rounds, 66 total proposals:
27 FSs and 39 IPs and ~\$1.5M awarded per round
- 19-21 Biennium
 - Two RFP rounds planned for this cycle
 - @ \$1.5M per round = \$3.0M allocated to the program

Industry Breakdown:

Food & Beverage = 7

Advanced Manufacturing = 4

Bioscience = 1

Natural Resources = 2

SBIR Support Program

- 17-19 Biennium
 - ~\$145k awarded in application support grants
 - ~\$2.4M awarded in 26 matching grants
- 19-21 Biennium
 - \$150k for application support grants
 - Three matching grant rounds planned for this cycle
 - @ \$700k per round = \$2.1M allocated to matching grants
 - \$2.25M allocated to the SBIR Support Program overall

Industry Breakdown:

Bioscience: Devices = 9

Bioscience: Therapeutics = 6

Dig. Health/Act. Lifestyle = 4

Advanced Manufacturing = 4

Clean tech = 2

Consumer Products = 1

Oregon InC 19-21 Budget

Investment Categories	Planned Budget	Proposed Budget
Signature Research Centers	\$ 7.5M	\$ 7.0M
Commercialization Fund	\$ 5.0M	\$ 5.0M
High Impact Opportunity Projects	\$ 4.4M	\$ 3.0M
SBIR Support Program	\$ 1.0M	\$ 2.25M
Total Biennium Budget	\$ 17.9M	\$ 17.25M

Public Comment
Council Discussion & Approval

University Innovation Research Fund

University Innovation Research Fund

- Matching fund for federal, innovation-related proposals
- Collaborative effort of Business Oregon and the universities
- Funded at \$10M at end of session in Biz OR's budget
- Some planning has been done but the full program details are now being developed
- Will have proposed structure & rules for review in August
- OR InC will have approval role for proposals that can access fund – committee to be formed w/ OR InC + SROC

Oregon InC Administrative Rules

OR InC and UIRF Rules

- Have to draft separate rules for OR InC & the UIRF
- OR InC rules – formalize & document approach to conducting Council business, awarding funding, making program decisions, etc.
- UIRF rules – formalize & document approach to what is eligible for fund, criteria, process for selection and OR InC's role in program
- Drafts to Council in August for review & approval via 72-hour conference call approach

Tentative Calendar by Program

Tentative Grant Cycles

- **Commercialization Fund**

- RFP for fund manager likely released in late August

- **HIOP**

- 2 rounds: September of this year & Spring 2020

- **SBIR**

- Phase 0/00 – opening ASAP; rolling applications
- Matching Grants – 3 rounds: Sep. 2019, Mar. 2020 & Sep. 2020

Public Comment

Next Meeting & Adjourn