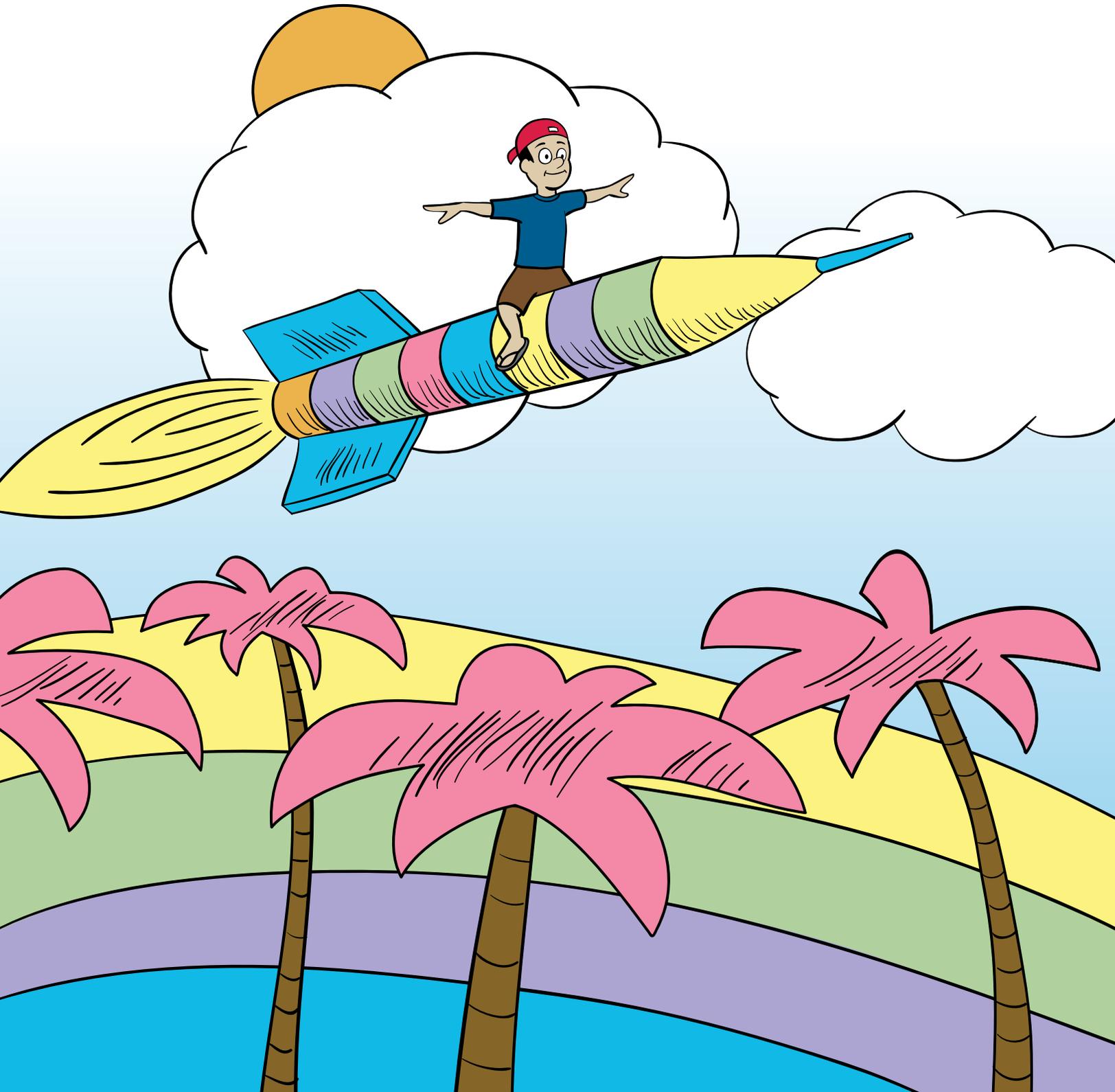


# Up to New Heights!

**HTDC** *Cultivating*   
*Hawaii's tech sector*  
HIGH TECHNOLOGY DEVELOPMENT CORPORATION

High Technology Development Corporation 2013 Annual Report



# Message from Board Chair Assumpta Rapoza, Executive Director Yuka Nagashima and Acting Executive Director Len Higashi

## The evolving landscape of tech

As represented by the cover, Hawaii's high tech landscape continues to evolve, expanding and exploring possibilities previously unimagined. **Network density** and grassroots activities matched with public policy (e.g. HI Growth) have increased resulting in a stronger self-identification as an innovation community - one that is more **inclusive** in the context of the overall Hawaii and global economy. The landscape has broadened through new paradigms in a world connected online where **technology and creativity** are **inseparable**. Innovation today is collaborative, aggressive, and does not observe traditional boundaries. Across the country, innovation is thriving in districts with dense populations of startup businesses, mixed-use residential, retail, and amenities - the **infrastructure** required to **live, work, and play**.

## Our role at HTDC

At HTDC our priorities have evolved accordingly. We are creating density by bringing together a growing community of entrepreneurs and innovators whose shared belief is that by working together, we will build **world-class** businesses. In 2013, we have hosted 14 business workshops streamed throughout the state, 11 networking events, 2 conferences, and partnered on dozens more while operating an incubation program on Oahu and Maui, and 2 federal programs supporting manufacturers and alternative fuel transportation. We are doing all of this to **build a rhythm** and cadence for a **community** that needs to **stay connected**.



In these changing times, we opted to draw our **inspiration** for this year's annual report from a **timeless classic**, Dr. Seuss's "Oh, the Places You'll Go!". Like the story, the narrative of this report is intended to be **youthful and fun** while the insights offered reflect a more **serious message**:

*For the innovation economy to thrive and achieve the economic growth Hawaii desires, we need to establish an environment rich with opportunities and resources.*

The colorful graphic format also reflects **changes** in the community we represent including a surge from a **new generation** of young tech entrepreneurs. Finally, it provides context to the current landscape of the **startup ecosystem** and highlights our research **commercialization** efforts - both central to HTDC's economic development strategy. We hope you enjoy this recap of the past year and invite you to consider the promise it projects for Hawaii's future.



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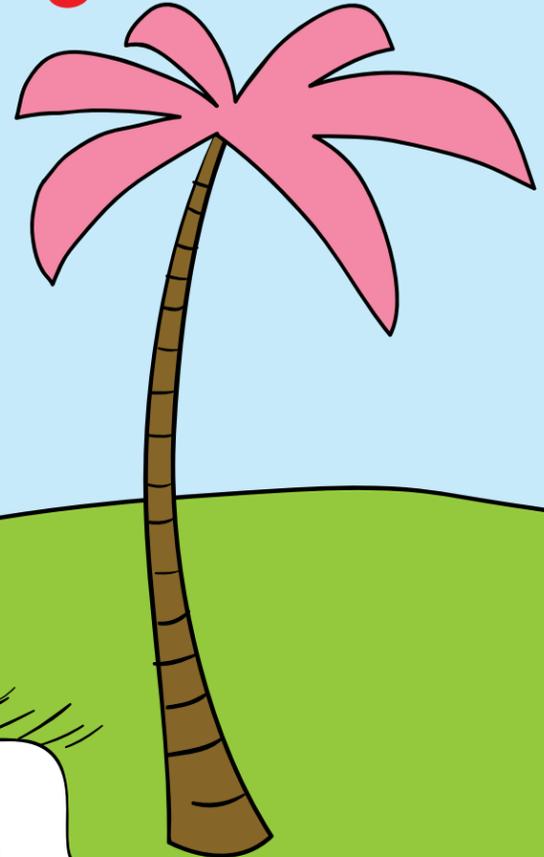
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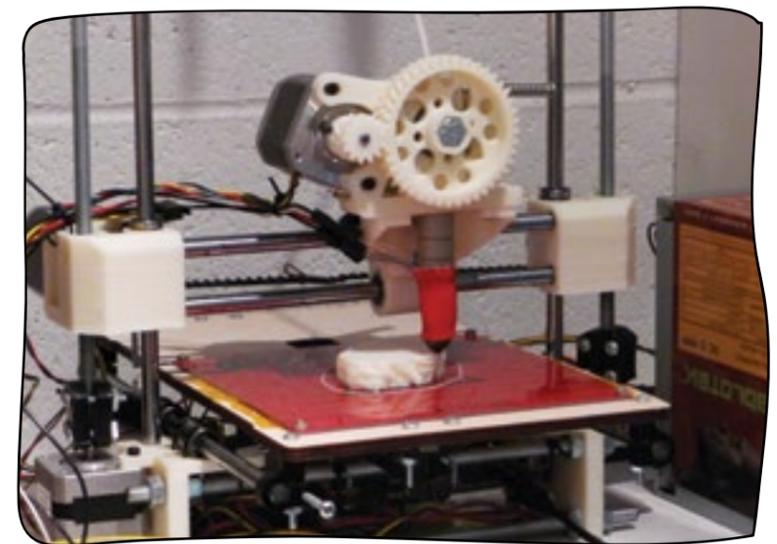
The High Technology Development Corporation is an agency of the State of Hawaii whose purpose is to facilitate the growth and development of the commercial high technology industry in Hawaii.

# When innovation flows, Hawaii's economy grows

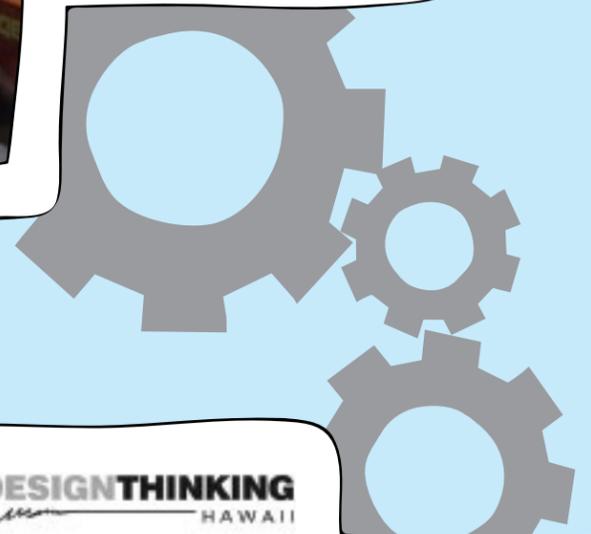
"50% of U.S. annual GDP growth is attributed to increases in innovation"



**INNOVATE**  
HAWAII



**HiCAPACITY**  
HTDC partners with HiCapacity, a growing community of local hardware and software talent



HTDC opened the **Innovation Lab** at the MIC providing startup companies training and **shared equipment** for prototype product development



HTDC teams with Design Thinking Hawaii bringing to industry a proven **process** for creative **problem solving**



HEALTHCARE

# Obstacles in the way? Technology saves the day



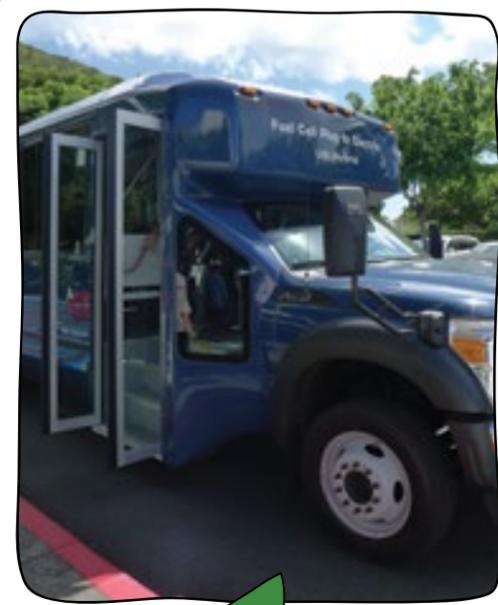
MIC tenant Autism Training Solutions created a better method to train staff for over **400** organizations using established autism interventions.



ENERGY



The HTDC partner HREDV secured **\$30 million** from the U.S. Department of Defense's Office of Naval Research to help Hawaii meet its **clean energy** goals.



HTDC program the Hawaii Center for Advanced Transportation Technologies continues to pioneer world class **hydrogen** demonstration projects through a **\$19 million** federal contract with Air Force Research Laboratory.

GOVERNMENT



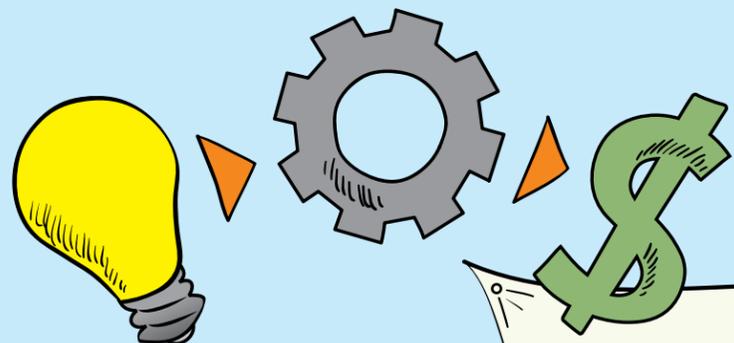
Through events like hackathons, Hawaii Open Data is increasing **civic engagement** and creating solutions like **traffic maps** and **apps** for TheBus.



DEFENSE



Spectrum Photonics has partnered with FLIR Systems to develop an underwater explosives detection system.



**Entrepreneurs are a must**  
**Ideas alone collect dust**

It takes entrepreneurs to turn  
innovation into businesses  
that make \$ and provide jobs



HTDC hosts the annual **Holiday Tech Fair** showcasing **tech job** opportunities to kama'aina home for the holidays.



There are a growing number of **resources** available promoting **entrepreneurial** activity. Startup Weekend Honolulu, Blue Startups, HREDV Energy Excelerator, Hawaii Founders Institute, the NEXT Program and more.

**H↑GROWTH**

**#startupparadise**

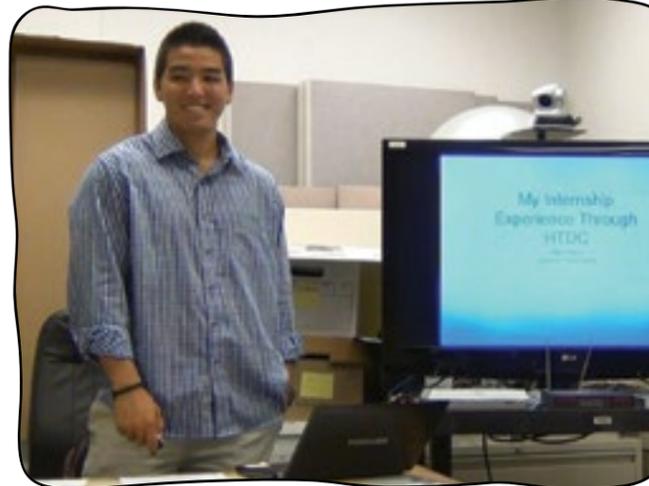


HTDC **supports** the startup **community**, also known as #StartupParadise, through sponsorships, partnerships, and promotion.

Help on tap  
to bridge  
the gap



Seed funding & quality talent are essential for startups



HTDC **internships** offer students the training and **experience** of working for a tech startup. The companies get assistance they need without the training overhead and the learning curve.



HTDC's Innovate Hawaii SBIR program helps companies go from concept to commercialization.

**FY13 SBIR Awards**  
**Hawaii Match** - \$520k  
**18 Phase1 awards** - \$2.2M  
**8 Phase2 awards** - \$5.4M



We are bridging the learning gap for **students** interested in pursuing software and engineering **jobs in Hawaii** with our neighbors at Roosevelt High School.



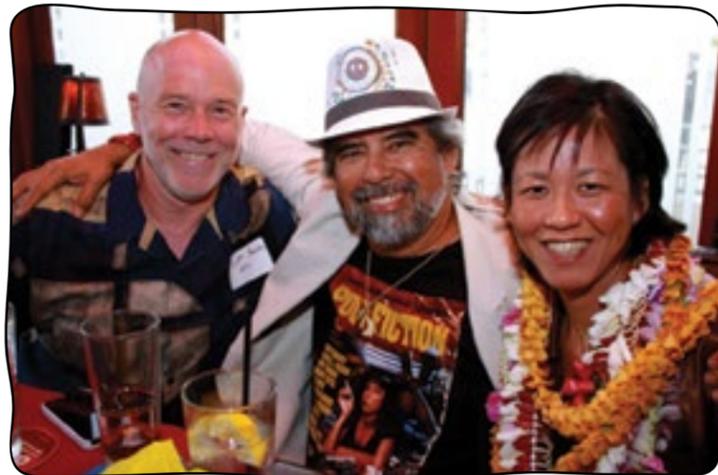
Hawaii companies connect with mainland **investors** at Pupus and Pitches hosted by HTDC partner Entrepreneur's Foundation of Hawaii.

# Support goes a long way Allowing talent to stay



Innovate Hawaii helped small businesses earn **\$15.7M** in new sales last year.

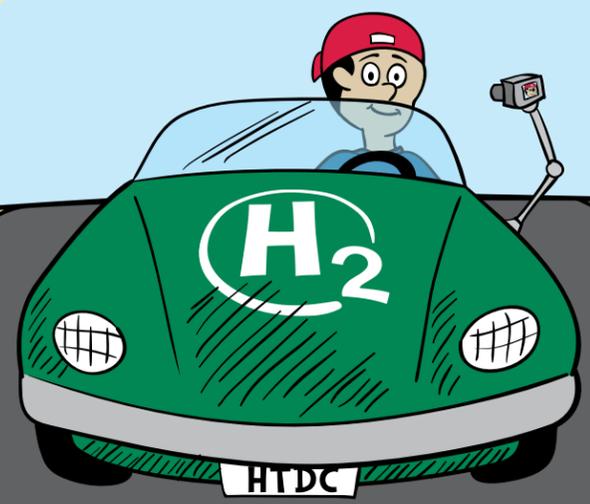
Networking the community increases partnership opportunities



HTDC hosts its monthly **WetWare Wednesday** networking event for the **2nd year** connecting the software industry – students, UH professors, and tech companies.

HTDC hosts and **partners** with over a dozen innovation and entrepreneurial **meetup groups** creating a community of support.

# Share our stories online & let Hawaii startups shine



Engaging digital content amplifies the reach for tech companies. HTDC hosted a series of workshops with experts on PR, social media, email marketing, blogging, and digital content generation.



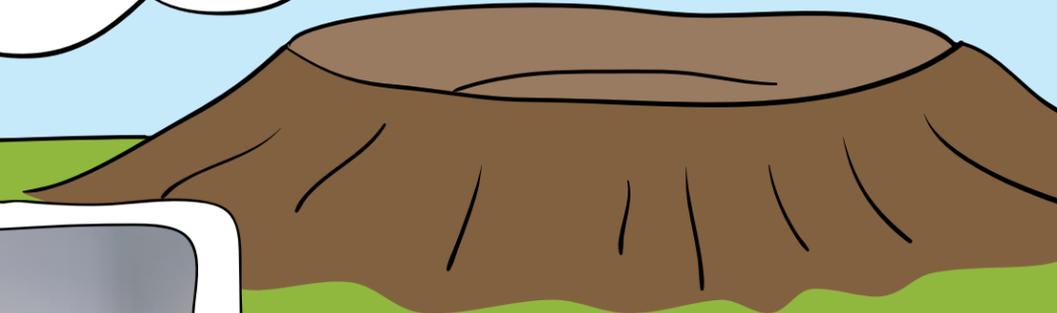
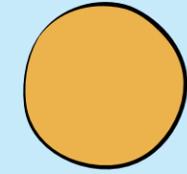
HTDC partnered with ThinkTech, Bytemarks, and Social Media Club Hawaii to get Hawaii tech news and **events covered online**. HTDC also launched the **HTDC Live** YouTube channel to stream all of our workshops online for broader impact throughout the state.

When tech startups succeed,  
they create  
jobs we need



MIC  
32 tenants  
26 virtual  
6 graduates  
8 new  
89% occupied

MRTC  
9 tenants  
4 virtual  
4 graduates  
3 new  
65% occupied



2013 - Ten companies **graduated** from the MIC and MRTC incubation programs into **commercial offices**, contributing millions of dollars and dozens of **high-wage jobs** to the Hawaii economy.



# Financial Information

	FY 2013	%	FY 2012	%
<b>REVENUES AND OTHER FUNDING</b>				
State General Fund	979,023	10.7%	1,034,564	13.6%
HTDC Special Fund	2,520,311	27.6%	2,385,342	31.3%
Federal Funds	5,647,268	61.7%	4,193,144	55.1%
<b>Total Revenues &amp; Other Funding</b>	<b>\$9,146,602</b>	<b>100%</b>	<b>\$7,613,050</b>	<b>100%</b>
<b>EXPENDITURES BY PROGRAM</b>				
Federal Projects	10,482,630	78.7%	6,038,773	68.8%
Federal Project Support	69,006	.5%	147,813	1.7%
HSBIR Grants	520,000	3.9%	520,000	5.9%
Technology Centers	1,470,747	11.0%	1,352,680	15.4%
Administration	511,376	3.8%	477,463	5.4%
Technology-based Economic Development	268,965	2.1%	246,047	2.8%
<b>Total Expenditures</b>	<b>\$13,322,724</b>	<b>100%</b>	<b>\$8,782,776</b>	<b>100%</b>
<b>Excess (deficiency) of revenues and other funding sources over expenditures</b>	<b>\$(4,176,122)</b>		<b>\$(1,169,726)</b>	

## NOTES TO FINANCIAL INFORMATION

The financial information is being reported on the modified accrual basis. Modified accrual accounting recognizes revenues when they become available and recognizes expenditures when liabilities are incurred. The deficits for both years are primarily due to the timing difference of the recognition of encumbered contracts for the federally funded cooperative agreements and the receipt of the funds in future years to pay for the deliverables as they are completed.

The State's general fund appropriation was stable during the two years. The appropriation funds payroll, HSBIR grants and contracted services.

Special fund revenues were primarily generated from rental income from its two technology centers, consultant services from the INNOVATE Hawaii program and a contract with the Department of Commerce and Consumer Affairs to collaborate on the Hawaii broadband initiative. The revenues fund costs associated with these activities as well as payroll, and other program and administrative costs.

Federal funding was received and expended for the cooperative agreements with the Air Force for projects at Joint Base Pearl Harbor Hickam and the National Institute of Standards and Technology (NIST) for the INNOVATE Hawaii program.

# HTDC Board and Staff

## Board of Directors

### Chair



ASSUMPTA C. RAOPOZA  
(term expires 6/30/14)  
Director of Enterprise Risk Management  
Hawaii Medical Service Association

### First Vice Chair



CRAIG I. NAKANISHI, ESQ.  
(term expires 6/30/15)  
Rush Moore LLP

### Second Vice Chair



RICHARD M. ROSENBLUM  
(term expires 6/30/14)  
President and CEO  
Hawaiian Electric Company, Inc.

### Secretary / Treasurer



JOHN H. DELONG  
(Representative for NELHA)  
President  
Hawaiian Cement



ERIC B. YEE  
(Representative for HSDC)  
Vice President  
Private Banking Division  
First Hawaiian Bank



JOHN MORTON, Ph.D., UH Representative  
(term expires 6/30/15)  
Vice President for Community Colleges  
University of Hawaii System



RICHARD C. LIM  
(Ex-Officio)  
Director  
Department of Business, Economic Development and Tourism



KALBERT K. YOUNG  
(Ex-Officio)  
Director  
Department of Budget and Finance  
State of Hawaii



DEREK LAU  
(term expires 6/30/15)  
President and Principal Broker  
Real Estate Specialists, LLC.



MICHAEL SCHMICKER  
(until 4/30/13)  
Vice President of Marketing and Corporate Communications  
Navatek, Ltd.



RACE RANDLE  
(term expires 6/30/15)  
Director, Development  
Howard Hughes Development Corp

## HTDC Staff

YUKA NAGASHIMA, Executive Director & CEO (ending 8/2013)  
YVONNE HARUE, Executive Secretary  
LEN HIGASHI, Acting Executive Director & CEO (beginning 8/2013)  
STEVE SAKUDA, Controller  
GAIL YAMASAKI, Account Clerk  
SANDI KANEMORI, Program Specialist, Business Development  
SANDRA PARK, Program Specialist, Workshops & Seminars  
CYNTHIA MATSUKI, Program Specialist (beginning 5/2013)  
KEVIN CHAK, IT Network & Web Specialist  
WAYNE INOUYE, Acting MEP Center Director (beginning 8/2013)  
MARK ASUBECK, Senior Project Manager, MEP  
ERIN FURUICHI, Project Coordinator, MEP  
STANLEY OSSERMAN, Director, HCATT (beginning 7/2013)  
ED RUSSELL, Program Manager, HCATT  
KRISTY CARPIO, Contracts Administrator, HCATT  
ROSANNE CHAN, Secretary, HCATT



*In past years, we spent days writing descriptive paragraphs for the annual report without any response. Believing the format was outdated, last year we overhauled the report to a magazine format with simplified narrative and emphasis on headlines, photos, and stats. Many stakeholders took notice and suggested this was a more effective method of communication. This year, we add another dimension through creative graphics and colorful narrative designed to spur curiosity and engage a broader audience. High tech today is a blend of many things: creative ideas, taking risks, youthful energy, and more. We aim with this report to capture the spirit of high tech and encourage all of Hawaii to join us.*

*Aloha,*

*Len Higashi and the HTDC Staff*



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#### **SPECIAL THANK YOU**

**Deputy Director Luis Salaveria, Rep. for B&F Director Kalbert Young  
Deputy Director Mary Alice Evans, Rep. for DBEDT Director Richard Lim  
Margaret Ahn, Deputy Attorney General, Dept. of Attorney General  
Gail Fujita, U.S. Dept. of Commerce, Economic Development Administration**

#### **MAHALO TO OUR RESOURCE PARTNERS**

##### **ASSOCIATIONS**

Armed Forces Communications and Electronics Association - Hawaii Chapter  
Hawaii Telecommunications Association  
Friends of Natural Energy Laboratory of Hawaii Authority  
Hawaii Venture Capital Association

##### **ECONOMIC DEVELOPMENT PARTNERS**

Chamber of Commerce of Hawaii  
Enterprise Honolulu  
Hawaii Business Entrepreneur Acceleration Mentors (HiBEAM)  
Hawaii Island Chamber of Commerce  
Hawaii Island Economic Development Board  
Hawaii Small Business Development Center Network, UH-Hilo  
Kauai Chamber of Commerce  
Kauai Economic Development Board  
Maui Chamber of Commerce  
Maui Economic Development Board  
Pacific International Center for High Technology Research (PICHTR): Hawaii Technology Development Venture (HTDV) and Hawaii Renewable Energy Development Venture (HREDV)

##### **FEDERAL PARTNERS**

U.S. Dept. of Commerce, National Institute of Standards and Technology (NIST) Technology Innovation Program  
U.S. Dept. of Commerce, NIST - National Oceanic and Atmospheric Administration  
U.S. Dept. of Commerce - Economic Development Administration  
U.S. Dept. of Defense  
U.S. Small Business Administration  
National Science Foundation

##### **HIGHER EDUCATION**

Chaminade University  
Hawaii Pacific University  
UH Dept. of Information and Computer Science  
UH College of Engineering  
UH Dept. of Electrical Engineering  
UH School of Law - Small Business Clinic  
UH Pacific Asian Center for Entrepreneurship & E-Business (PACE)

##### **MEDIA PARTNERS**

Bytemarks Café  
Pacific Business News  
Technology News Bytes  
ThinkTech Hawaii

##### **STATE DEPTS & AGENCIES**

Dept. of Business, Economic Development and Tourism (DBEDT)  
Dept. of Commerce and Consumer Affairs  
Dept. of Taxation  
Hawaii Foreign Trade Zone No.9  
Hawaii Strategic Development Corporation  
Natural Energy Laboratory of Hawaii Authority (NELHA)

##### **VENTURE CAPITAL FIRMS & INVESTORS**

Hawaii Angels  
Hawaii Employees' Retirement System  
Invencor, Inc.  
Kamehameha Schools  
Kolohala Ventures  
Macquarie  
Startup Capital Ventures  
Sennet Capital

##### **OTHER INDUSTRY PARTNERS**

Bishop & Associates  
Blue Planet Software  
Blue Startups  
The Box Jelly  
Entrepreneurs Foundation of Hawaii  
Hawaii Computer Training Solutions  
Hawaii Food Manufacturers Association  
HiBEAM  
HiCapacity  
HMSA  
Orrick Herrington & Sutcliffe LLP  
StartUp Hawaii  
Startup Weekend  
TechHui