



I want to thank Chairman Chabot, Ranking Member Velazquez and Congressman Moulton for inviting me to testify today on the critical need to reauthorize the SBIR/STTR program.

My name is Jerry Bird and I am the President of MassVentures. MassVentures is a quasi-public venture capital firm focused on fueling the Commonwealth's innovation economy by funding early-stage, high-growth, Massachusetts startups as they move from concept to commercialization. We were honored to receive the prestigious Tibbetts Award in 2015 from the U.S. Small Business Administration, recognizing our significant role in driving innovation and creating new jobs through the SBIR and STTR programs.

As is often the case here in Massachusetts, when MassVentures was formed 38 years ago, we were the first program of our kind in the country. Our model and our mission to provide start-ups with early funding; guidance in operational, finance and sales, and; position them for additional rounds of funding from the traditional venture capital community has now been replicated throughout the country and across the world.

In our 38 years, MassVentures' portfolio companies have raised \$1.1 billion in additional funding; directly created 7500 jobs in Massachusetts, and; 16 MassVentures backed companies have gone public. In many cases, the companies we've been able to invest in and help grow got their start through SBIR/STTR funding.

The SBIR/STTR programs have played a vital role in harnessing the immense human capital of Massachusetts' higher education, medical and research institutions. The SBIR and STTR programs provide opportunities to small firms to create great ideas but are unable to attract traditional venture capital funding or need seed funding to pursue those projects that the private sector has decided are too high-risk or not lucrative enough. However, it's exactly these high-risk, high-reward projects that truly drive innovation in Massachusetts.

There is no question SBIR/STTR has been effective in allowing concepts to begin the road to commercialization. But even after two years of funding, many companies weren't ready.

Research was still ongoing. Prototypes needed testing. Or often the company's founders weren't ready to juggle innovation with the everyday demands of operations, finance and sales. It's hard to master your elevator pitch when you're spending all your time in a lab trying to create something that's never been created before, or attempting to solve a problem long thought unsolvable.

The federal government had played its role. SBIR/STTR had brought many companies to the verge of commercialization. But there were still too many instances where we were left asking "what could've been."

A gap remained.

In 2012, we created the SBIR Targeted Technologies program- START- to bridge that gap and ensure growing Massachusetts-based companies would be able to commercialize technologies developed under SBIR and STTR contracts. Recognizing that innovation, invention, disruption take time, the START program provides up to three additional years of funding for SBIR/STTR projects. Stage I companies are awarded \$100,000 grants. Stage II companies receive \$200,000 and Stage III companies receive up to an additional \$500,000. The most successful START applicants can receive a total of up to \$800,000.

In just four years, START has provided \$9 million in grant funding to 40 deserving SBIR projects. START companies have raised additional capital of \$138 million and seen a 30% employee growth. MassVentures has created an ecosystem of more than 200 companies, reviewers, service providers and advisors.

Energid started as a robotic software company serving almost exclusively NASA and the Department of Defense. However, it was clear there was a broader application for their software and expertise in robotics. The company took the risk of creating small arm-sized robots to demonstrate the power and potential of its software. In 2013, MassVentures awarded Energid a Phase I START grant.

Energid sold their robots to early adaptors and is now in discussion with major global corporations and poised to sell thousands of units. Technology which had been developed to control lunar excavation for NASA is now being used to drill for oil in the North Sea, conduct surgery and even pick oranges. A Massachusetts-based software company, supported through MassVentures and START, Energid has emerged as one of the world's leading robotic technology companies.

START has also proven that innovation can happen anywhere. While we evaluate START applicants through our prism as investment professionals, there is nonetheless a remarkable geographic diversity among START companies. Companies outside Boston and Cambridge that might have otherwise lacked the time, resources, support or network necessary for success now have it.

There are START companies in Barnstable, Canton, Charlton, Chelmsford, Georgetown, Littleton, Newburyport, Wakefield and Wilbraham. These companies have the potential to be economic anchors in their communities, spurring much needed revitalization and attracting new businesses and residents. Without SBIR/STTR, these companies likely never would have begun; without START these companies likely never would have survived.

Just as MassVentures was, we believe the START program should serve as a national model for how states can best leverage the federal government's investment through the SBIR/STTR program. The SBIR/STTR programs are essential in order to allow American scientists and researchers to innovate, invent and discover the technologies of tomorrow. But states must also do their part to build on progress made through SBIR/STTR funding and ensure those technologies of tomorrow are not always a day away.