



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DEPT. COMM. NO. 282

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

December 29, 2020

The Honorable Ronald D. Kouchi,
President and Members
of the Senate
Thirty-First State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty-First State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the Hawaii Technology Development Corporation Annual Report, as required by the grant metrics reported were prepared in accordance with Hawaii Revised Statutes 206M-3.5 and 206M-15.1 and the HiGrowth report per 206M-72. The annual report required by each of these statutes have been combined into this single comprehensive report. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at: <http://dbedt.hawaii.gov/overview/annual-reports-reports-to-the-legislature/>.

With aloha,

Mike McCartney

Enclosure

c: Legislative Reference Bureau

COVID-19 RESPONSE

FY20 ANNUAL REPORT



Year in Review

The past year will be forever remembered as the year the COVID-19 pandemic changed the world. This year's annual report was planned to feature our programs and our first year operating the Entrepreneurs Sandbox. The Sandbox quickly ramped up from completion of construction in March 2019 to our grand opening in October and was overflowing with activity before the first lockdown in March 2020. Although COVID greatly altered life at the Sandbox, HTDC continued to manage a portfolio of projects and quickly pivoted to support various pandemic related State initiatives. In this report we are sharing a few highlights that our team has accomplished between March and November 2020 in response to COVID-19. The CARES Act PPE Supply Chain program featured on the front cover highlights one of our biggest accomplishments.

Before



SoFar Sounds concert August 2019

After



New social distance protocols April 2020

COVID-19 Response Highlights

\$10M in Innovation Grants Awarded to Companies Producing PPE Supply Chain Products



The program was established to increase the local capacity for producing cleaning supplies and PPE to help keep Hawaii safe from COVID-19. The program started in August and concluded in December 2020. 36 companies were awarded a total of \$10 million of CARES Act funds to make PPE products such as face shields, goggles, cloth face covers, surgical masks, N95 respirators, disinfectants, alcohol based hand rub, caps, gowns, coveralls, and shoe covers. Awards ranged between \$15K-\$500K.

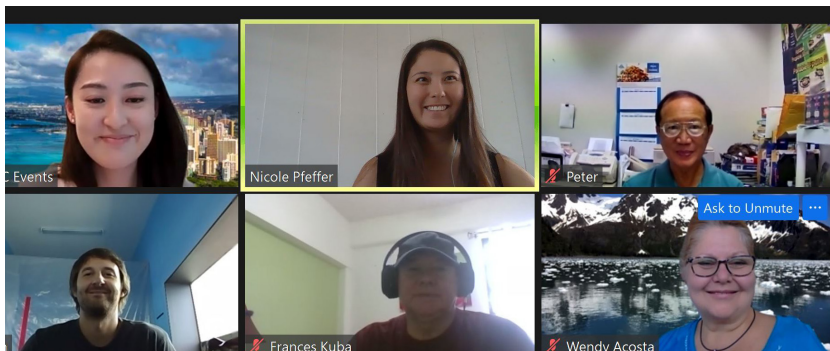


<https://www.htdc.org/innovation-grant-ppe-supply-chain/>

HTDC Offers E-commerce Training

The INNOVATE Hawaii program started a suite of E-commerce and Digital Marketing training activities to help local businesses reach new markets.

First, using federal CARES Act funding from the National Institute of Standards and Technology Manufacturing Extension Partnership we started a 3-month E-Commerce training pilot program targeted for manufacturers that were new to e-commerce. The program provided a comprehensive introduction to e-commerce and digital marketing best practices. The program also introduced companies to local expert consultants who are available to help. Next, we started offering assistance to manufacturers who were ready to move past the basics and into higher performance and analytics. This program continues and consists largely of assessing a company's needs and matching them with a local specialist.



In November, we partnered with the Chamber of Commerce of Hawaii to scale our e-commerce program and offer to a broader business audience as part of the Hawaii Business Pivot Grant program. It is a combination of webinars, workshops and 1-1 consulting sessions designed to raise e-commerce and digital marketing capabilities for Hawaii's businesses. The program provided in-depth assistance to 103 companies and hosted 11 webinar workshops.

COVID-19 Response Highlights

Additional Funds For Hawaii

On top of the 5 year \$2.5 million cooperative agreement awarded to HTDC's INNOVATE Hawaii program in 2017 that was increased to \$3.05 million in 2019, the \$1 million in funding for Manufacturing Workforce Development awarded in 2019, and the current 5 year cooperative agreement for the HCATT program, HTDC secured the following additional federal funds in FY20:

- \$132,000 (NIST-MEP) CARES Act funds to support manufacturers
- \$125,000 (SBA-FAST) 1 year SBIR outreach and assistance (secured for third straight year)
- \$69,000 (USDA) + \$20,000 (Hawaii County) to support the Neighbor Island Innovation Initiative
- \$75,000 (NISTMEP-CAR Oregon MEP) to support advanced manufacturing

The additional federal funding was awarded to the INNOVATE Hawaii program. Our program continues to pursue federal funding opportunities to fund activities in the state. The INNOVATE Hawaii program has also been successful in establishing a Tech Bridge center in Hawaii with the Office of Naval Research. The Hawaii Tech Bridge is the latest effort by the Navy to enable greater collaboration with non-traditional partners and develop partnerships that will make the sea service stronger.

Entrepreneurs Sandbox Flexes into Action During COVID



In April the Sandbox quickly re-tooled facility space into a call center for the Department of Labor and Industrial Relations to help manage a record number of jobless claims. Later that month, the facility was used as a socially distanced assembly line for a special Mother's Day Gift Box in a partnership with INNOVATE Hawaii, the Chamber of Commerce of Hawaii and the Hawaii Food Manufacturers Association. The Sandbox was designed as an innovation hub for tech, entrepreneurs and creatives with the flexibility to accommodate various projects of different dimensions and now has demonstrated the ability to quickly adjust to support our urgent community needs.

HTDC Offers Free Online Classes Through Coursera for Residents

To assist displaced workers during COVID, this initiative, administered through HTDC in September offered educational resources to Hawaii's workforce. The program was targeted to assist unemployed workers, so they can equip themselves with technology skills and reposition for new career opportunities. Those currently employed or furloughed could also leverage Coursera's offerings to upskill themselves and take on more advanced technology projects. HTDC has also hosted virtual job fairs to compliment the program.

<https://www.htdc.org/workforce-recovery-initiative-by-coursera/>



I've completed about 75% of my first course and it has already helped me tremendously in articulating, evaluating and prioritizing our business ideas. This is just a great resource.

MELISSA PAVLICEK
Hawaii Public Policy Advocates

coursera Workforce Recovery Initiative

HTDC Program Highlights

Hydrogen and Fuel Cell Day in Hawaii

The Hawaii Center for Advanced Transportation Technologies (HCATT) continued its construction of the Pacific Energy Assurance and Renewables Laboratory at the Hawaii Air National Guard, 154th Wing. HCATT also demonstrated a hydrogen fuel cell U-30 aircraft tug; is evaluating a fuel cell powered van which provides power



in an emergency; and is collaborating with the Hawaii State Energy Office (HSEO) and the Naval Facilities Command Hawaii in developing a hydrogen fuel cell bus demonstration for Joint Base Pearl Harbor-Hickam. Additionally, HCATT partnered with the INDOPACOM and Blue Planet Foundation to host a forum for National Hydrogen & Fuel Cell Day. Governor Ige issued a proclamation declaring October 8th as Hydrogen and Fuel Cell Day in Hawaii. The proclamation highlights the growth of hydrogen technologies and embraces hydrogen as part of the State's clean energy transition.

TRUE Initiative Launch: Public Private Partnership To Help Tech-Enable Local Businesses

In March Hawaii executives and civic leaders gathered at the Entrepreneurs Sandbox to launch the TRUE Initiative, a technology solutions-focused collaboration between local private sector business leaders, HTDC, other State departments, and our local universities and colleges. Housed out of the Sandbox, TRUE stands for Technology Readiness User Evaluation. The initiative seeks to tech-enable organizations and local businesses through sharing of solutions to common business challenges. The goal is to help create quality jobs and new opportunities with higher wages throughout the State for sustainable living in Hawaii and attract kama'aina looking for opportunities to return home.

Digital Currency Lab Launch: Hawaii Opens the Door to Digital Currency Issuers

Created through a partnership between HTDC and Department of Commerce and Consumer Affairs, Division of Financial Institutions (DFI), the Innovation Lab explores digital currency innovation. During this period of participation the 12 companies that were carefully screened and accepted into this pilot program are committed to providing key metrics specified by DFI. The data collected will be instrumental in developing local legislation around digital currency that will help advance the State, while laying the groundwork for the next phase of this pilot program.



e Komo mai

STATE OF HAWAII
DIGITAL CURRENCY
INNOVATION LAB

PROGRAM KICK-OFF

August 19, 2020



PPE Supply Chain Program

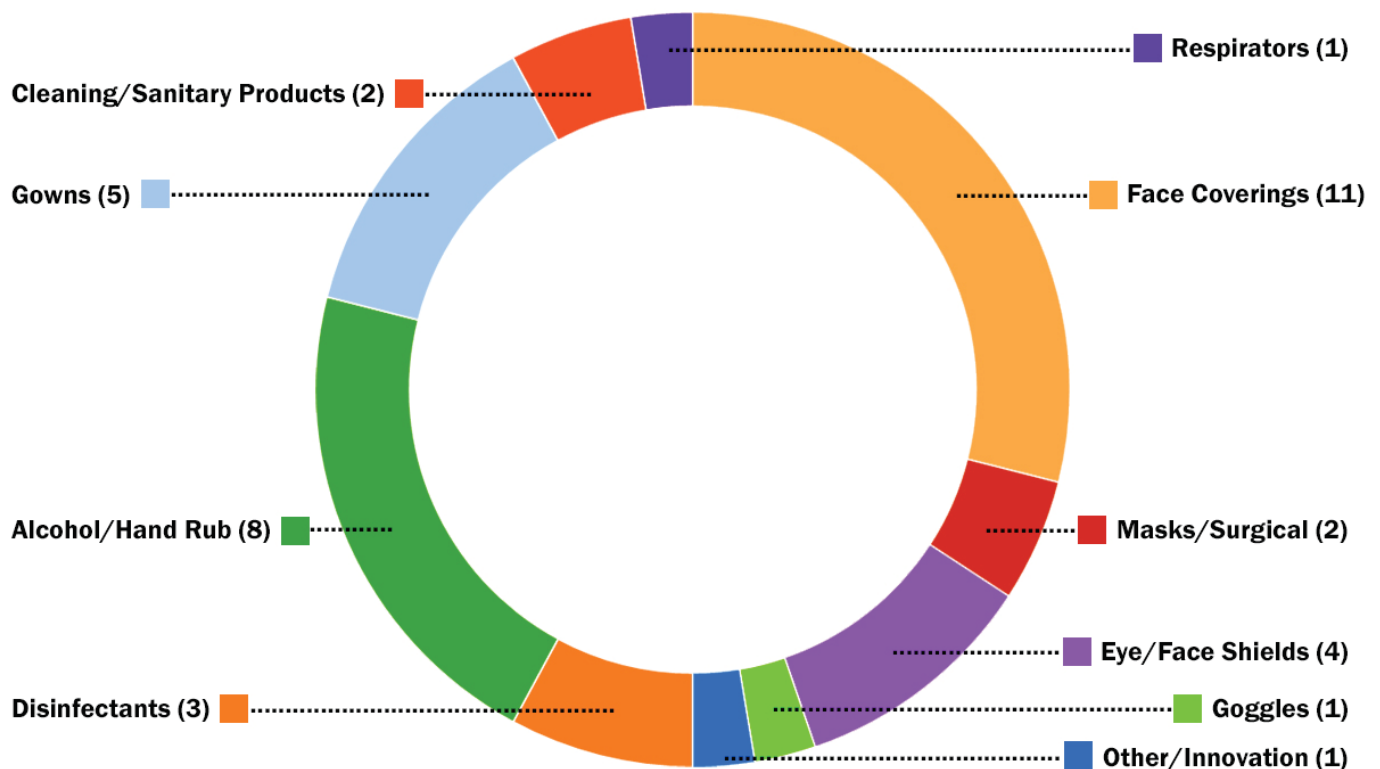
The Personal Protective Equipment (PPE) Supply Chain Program provides grants of up to \$500,000 to small businesses in Hawaii to help establish a local supply chain of cleaning supplies and personal protective equipment in response to the COVID-19 public health emergency.

79 Applications Received

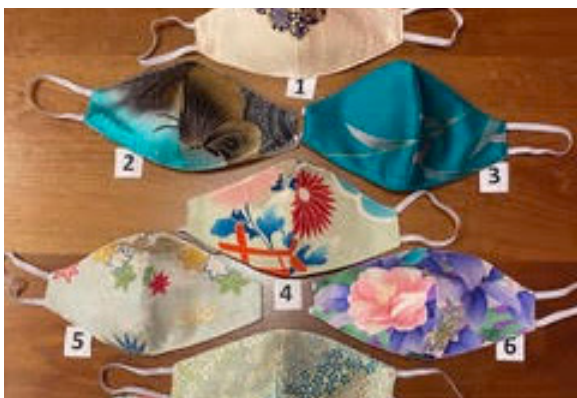
36 Companies Awarded

Total PPE Grants Awarded	\$	9,913,829
PPE Admin, PR/Marketing, Auditor	\$	86,171
Total, Awarded	\$	10,000,000

Number of Companies Making Type of PPE



PPE Gallery



MAP Matching Grant Program

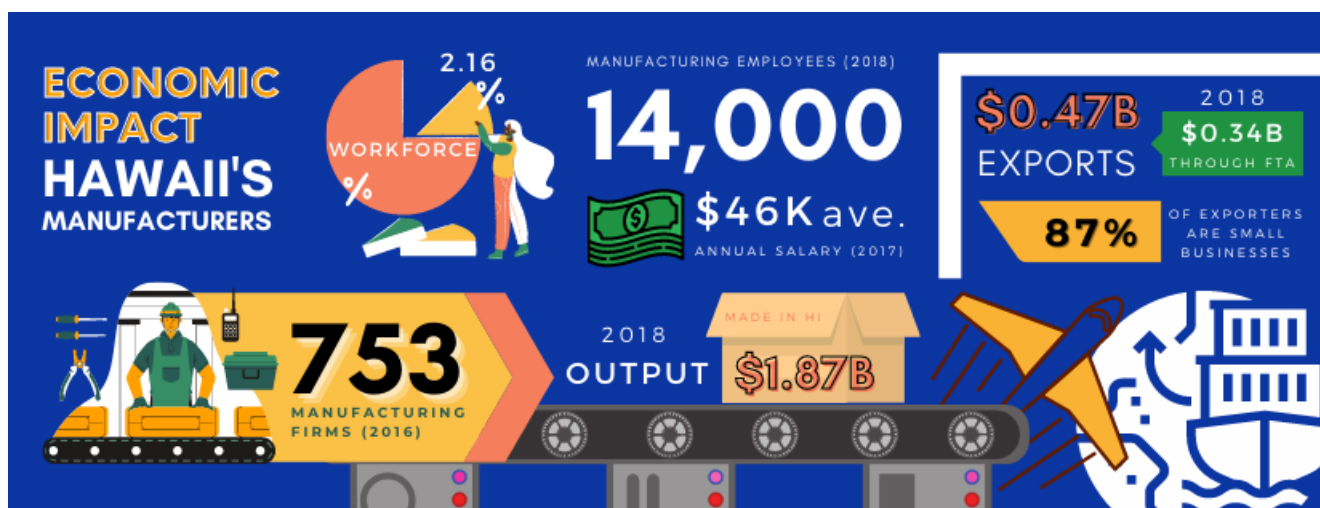
HTDC's Manufacturing Assistance Program (MAP) offers Hawaii-based manufacturers up to a 20% reimbursement (up to \$100,000) on qualified expenses to help Hawaii manufacturers become globally competitive.

45 Applications Received

18 Applications Funded

10 First-time Applicants Funded

Total Company Investment	\$9.0M
Total Match Requested	\$1.5M
Total Matching Grants Awarded	\$486K
New Full-time Employees Over 3 Years	281
Jobs Saved Over 3 Years	227



Hawaii SBIR Matching Grant Program

HSBIR provides matching grants to help companies further the development of new products to solve critical issues. Applicants must have received federal SBIR grants or contracts to qualify for the state matching grant program. The HSBIR programs provides up to 50% match for companies receiving SBIR awards.

Phase 0/1

10 Applications Received

10 Applications Funded

4 First-time Applicants Funded

Federal Grants Awarded	\$1.7M
Total Match Requested	\$639K
Total Matching Grants Awarded	\$520K
New Full-time Employees Over 5 Years	49
Jobs Saved Over 5 Years	113

Phase 2/3

16 Applications Received

14 Applications Funded

3 First-time Applicants Funded

Federal Grants Awarded	\$53M
Total Match Requested	\$6.3M
Total Matching Grants Awarded	\$900K
New Full-time Employees Over 5 Years	509
Jobs Saved Over 5 Years	168

Profile of a PPE Supply Chain Awardee

Kamanu Composites

During the initial stay-at-home order in March, we laid off 17 people and completely shut down our canoe building business. We thought it was the end of our business. One of our employees had the bright idea to donate our unused PPE that we use for canoe building to local hospitals. In dropping off a few thousand dollars in Tyvek suits, gloves, and respirators, we saw the shortage situation firsthand. It spurred us to want to help more, and in a couple of days, we figured out a way to make a face shield using material that we had in the shop. We planned to make a few hundred.

Within a week, we hired our outrigger canoe manufacturing team back, and in two weeks, we had shipped more face shields than we had canoes in 13 years. It both gave us a concrete way to help with the pandemic and also allowed us to keep our people employed.

We now have over 800,000 face shields on order and have been ramping up production as much as possible to meet that demand. But, given our machine, space, and labor constraints, we are currently maxed out at 10,000 weekly face shields.



The HTDC Innovation Grant for PPE Supply Chain enables us to pursue several large equipment purchases to produce up to 100,000 face shields per week by the end of October from our Kailua warehouse. Our goal is to produce 900,000 face shields by the end of the year while continuing to produce four or five outrigger canoes per week. Not only will this increase PPE capacity in Hawai'i, but it enables us to help provide needed jobs.

We hope that improving public health conditions in 2021 will reduce the demand for face shields. However, the equipment purchases enabled by the grant increase our resilience in future pandemics, as we will quickly be able to transition back to face shields in the unfortunate event that they become necessary again.

We feel fortunate to have received the backing of HTDC and the State of Hawai'i, and will use this momentum to help Hawai'i in the best way we know-how. Designing and manufacturing products in Hawai'i is what we've done since 2007 and will continue to do for the rest of our lives. The HTDC grant increases our community's resilience while encouraging economic diversification and keeping our front line workers more protected. We're thankful to all of our loyal customers who have enabled us to survive as a company for all of these years, and we're thankful to be part of the HTDC program and do our part for Hawai'i.

Accelerator Report

Accelerator programs provide startup companies funding, mentorship, and networks to grow. HTDC funded 4 accelerator programs a total of \$300k in FY20. Each program is required to have at least a 1:1 match to receive funding from the State. In addition, HATCH is an aquaculture accelerator based at NELHA (funded by HSDC in FY19) and HTDC continues to align our programs with the University of Hawaii's programs to build a cohesive entrepreneurial ecosystem.

Blue Startups est. 2013

82 companies completed program

350 jobs created

\$130M follow on capital attracted

Elemental Excelerator est 2011

99 companies completed program

55 job created - local metric

\$36M awarded in total to companies

\$22M has been deployed for 28 demonstration projects in Hawaii

ManaUp est 2018

51 companies completed program (cohorts 1-5)

275 Jobs created (cohorts 1-3)

\$27K investment

\$25M in total revenue (cohorts 1-3)

\$800K in exports

XLR8HI est. 2020

Pre-accelerator Program (VIRTUAL Workshops)

The Hawaii Strategic Development Corporation statute and mission were added into HTDC last year. We are servicing the current holdings with no new investment activities. The accelerator activities reported above were previously supported through the HI Growth initiative.

The grant metrics reported were prepared in accordance with Hawaii Revised Statute 206M-3.5 and 206M-15.1 and the HiGrowth report per 206M-72 The annual report required by each of these statutes have been combined into this single comprehensive report.