

NEW MEXICO TECHNOLOGY COMMERCIALIZATION COUNCIL

Framing of Issues and Opportunities

Our Greatest Job Creation Opportunity - More Focus on Tech Commercialization?



- Assets:
 - \$4-6 Billion in annual funded research – equivalent of 10 Stanford's or MIT's
 - NM is ranked #2 nationally in scientists and engineers as a percentage of the workforce
 - Innovation Capacity Ranking of #11

- However, most NM generated IP gets licensed out of state and therefore does not create jobs here

Kauffman Foundation Study



- New firms add an average of 3 million jobs in their first year, while older companies lose 1 million jobs annually
- During recessionary years, job creation at startups remains stable, while net job losses at existing firms are highly sensitive to the business cycle.

The Council Was Created to Consider Diversification Options?

- Oil and gas proceeds, makes up nearly 20%
 - ▣ \$1.00 change in Oil = \$9M change in budget
 - ▣ \$0.10 change in Natural Gas = \$19M change
- Income Taxes – 25%
- Sales Taxes – 42% - Primarily Tobacco/Alcohol, Insurance and Motor Vehicles
- Investment Income – 10%
- Other – 3%

Who was Involved?



- Presidents and Heads of Research/Tech Transfer – UNM, NMSU, NMT
- Directors and Heads of Tech Transfer – LANL and Sandia
- Industry and Venture – LANB, Intel, Cottonwood
- Economic Development – Former Head of ED at Rio Rancho and Mesa del Sol
- Outside Experts – Oklahoma, Texas and NC

Why is Now the Time to Diversify?



- Long Lead Time to Significant Results
- Other States are Making their Bets
- The Existing New Mexico Economy is not Creating Sufficient Job Growth and Overly Dependent on Government Related Jobs

Give Me Some Examples

- Texas - \$3 Billion 2020 Cancer Research Initiative, Plus \$200 Million Emerging Technology Fund, \$500 Million to Upgrade Research Universities
- Massachusetts - \$1 Billion 2015 Life Sciences Act – Create Jobs, Drive Innovation & Start-up Activity
- Ohio - \$1.1 Billion Third Frontier Project – Expand High-Tech Research Capabilities, Create High-Paying Jobs
- Virginia - \$3 Billion Higher Education Bond Proposal
- Canada - \$2 – 3 Billion – Research Chairs Program – Recruit & Retain up to 2,000 Star Faculty
- North Carolina - \$1.2 Billion Biosciences Program

How Do We Compete with That



- First Decide we want to compete
- Then compete where we can win
 - ▣ Focus resources
 - ▣ Set a Foundation for sustainable advantage
 - ▣ Commit to long term holistic plan
 - ▣ Build statewide consensus and endorsement
 - ▣ Be loud and aggressive

Why Technology Commercialization?



- ❑ Leverages Statewide Core Competency and Resulting Statewide Impacts
- ❑ Applicable to Multiple Large Markets
- ❑ Core Competency is Differentiable vs. Other States
- ❑ Potential to Create Multiple High Wage Jobs
- ❑ Consistent with State Image/Political Will

What is a Holistic Plan



- ▣ Workforce Training
- ▣ Public Policy
- ▣ Incentives
- ▣ Tech Commercialization Funding
- ▣ Start-up Capital
- ▣ Management Recruitment
- ▣ Endowed Research Leadership Recruitment
- ▣ National Branding
- ▣ Industry Recruitment

What are the Foundational Pillars?



- Ideas
- Capital
- People, People, People

Examples of Foundational Initiatives?



- Support Greater Idea Creation & Development
 - Approve increased funding to the universities for endowed chairs to attract more research dollars and improve the NM universities' national rankings – currently 179th, 189th and unranked
 - Tech Maturation Funding - State could match federal and institutional funding – SBIR's, LDRD, other
 - NM could re-allocate a portion of the existing \$170 million NM Research and Public Service Program
 - Outside independent review boards by industry
 - Approve loans from the STPF to be converted to equity or repaid should the company choose to leave the state

Examples of Foundational Initiatives?



- Increase Resident Capital and Resources at the Seed & Series A Stage
 - ▣ Increase SBIC funding from 1% to 2% of STPF
 - ▣ Place all ETI's under separate governance from the SIC to acknowledge the multiple returns of ETI funds beyond a strict a financial return criteria
 - ▣ Support incubation and mentoring agencies across the state as a budget line item
 - ▣ Angel tax credit extension
 - ▣ Increase SIC allocation from 9% to 10% for the Fund of Funds program

Examples of Foundational Initiatives?



- People, People, People – Management and Technical
 - Tax legislature for rollover investment of capital gains
 - Support incubation and mentoring agencies across the state as a budget line item and management recruitment focal point
 - State could create a statutory requirement that existing settlements on environmental penalties paid by oil and gas companies be applied to this areas. These funds have averaged nearly \$1 million annually
 - Skills training for targeted industries – Community Colleges and other initiatives
 - Tax credits for jobs training

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