10 Year Statewide Strategic Plan
Innovation Subcommittee Meeting
April 1st from 2:00PM – 3:45PM
Via Zoom Meeting

Meeting Objectives:
➢ **Brainstorm Potential Uses of Federal Rescue Act Funds for Innovation with Commissioner Johnson**
➢ **Maine Accelerates Growth Updates & Data Dashboard Overview**

Meeting Attendees:
- Brian Whitney
- Margaret Angell
- Wick Johnson
- Cem Giray
- Jennifer Sporzynski
- Renee Kelly
- Shane Moeykens
- Judy Sproule
- Jake Ward
- Joe Powers
- Melissa Winne
- Liz Trice
- Heather Johnson
- Charlotte Mace
- Deborah Strumsky
- Jack Lovett
- Kelsey MacKinnon, DECD Staff

Notes:

Item 1: Brainstorming Session about American Rescue Plan funds with Commissioner Johnson

Overview:
- Opportunity to learn more about what money Maine might receive through the federal ARP funds, and to come up with ideas on how we might like to see the money allocated
- Don't yet have rules or many details around the funding, but hoping to start planning how we might use it. Hoping to come up with ideas that can:
  - Diversify the economy;
  - Strengthen Maine's heritage industries; and/or
  - Create good paying jobs
- Also an opportunity to change the private equity equation we have in Maine – how do attract more R&D funding and private investment into the state in the long term?
- Other, separate funding opportunities might also be available for innovation work. Can consider different funding streams.

Discussion:
- **Brian:** Of the $1.9T in Rescue Plan funds, how much do we anticipate flowing into Maine?
  - Just under $1.1B expected for Maine through the American Rescue Plan. Only rule as of now is the funding can't be used for tax offsets – has to be used for recovery/response type efforts.
  - There are other separate streams of money coming in, as well, such as:
    - Public health care funding
    - $129M for broadband

- Child care funding
- EDA also got $3B in funding

- **Jake:** Is there any sense of the vehicles you'd use to move the money on? For example, can it go to private companies, be used in investment, or used to increase MTI's funding with the ability to spend it out over a couple of years? Or will it all have to hit ground as soon as possible? Also, with the infrastructure package, are there ways to start chunking that out so if we identify infrastructure needs in the innovation space, we can determine which bucket they fall in?
  - Trying to first identify the big buckets of what we need to do. From there, we can determine which funding stream looks best for a given project.
  - As of now, it looks like we'll be able to spend the ARP money through 2024, but that's subject to change as rules are finalized.
  - We can stand up new programs or utilize existing programs.
  - We don't have to spend it all right away, but we do want to be efficient and thorough to maximize our impact.

- **Jake:** Do you have any priorities on the top of your list for our innovation group to consider, based on the recommendations from the Strategic Plan and ERC?
  - Broadband is a big priority, but it has its own workstream separate from this group.
  - For this group, some priorities to consider are:
    - Workforce
    - Attracting R&D and private equity money
    - Helping companies scale

- **Jennifer:** Might be interesting to think about matching funding for Working Community Challenge initiatives across the state. Some are focused on workforce (e.g., having child care available for workers).

- **Renee:** For heritage industries, we could do innovation challenges or investment opportunities to attract companies into Maine and/or scale existing companies – similar to when MTI awarded $750K each to two forest products companies in an Emerging Technology Challenge.
  - **HJ:** Good thoughts. A lot of wood has dropped out of market demand and needs to be replaced. Would be helpful if we could start identifying, e.g., you need to use X amount of wood for future potential. For innovation challenges, some of it is about this structure and how you talk about it to attract the right groups in, some is about what you already have, and some is about how much money you put on the table. Any thoughts on what that number would look like – e.g., for MDF plants or biofuel refinery options?
  - **Renee:** It's a big number. For the nanocellulose piece – in order for that to become viable you need enough value-added products on the other side to create the demand. There are some MDF plants that might use a lot of volume of nanocellulose, vs others that might not use as much volume but a larger dollar amount.
  - **Jake:** You could string some of the bioproducts objectives in with the infrastructure money coming through and the state's climate/energy objectives – like what Arkansas did convincing Walmart to build its distribution center out of CLT. A lot of short-term biofuel efforts could accelerate if the State made a commitment to buy biofuel, heat buildings or fuel trucks with it. If we do an innovation challenge in the bioproducts space, we'll need to identify the dollar amount that would be the tipping point for companies to be able to scale. $750K did act as a tipping point for GO Labs and Biofine in the MTI innovation challenge.
  - **Renee:** I was thinking a similar amount – at least $750K.

- **Renee:** We could have challenges around the aquaculture/marine effort and agriculture/food effort, as well – like the blueberry challenge that was pitched (i.e., how could we incentivize value-added products for blueberries, not just in food products?).

- o   Consistent with ERC recommendation around identifying funding opportunities for food processing support and innovation.

- **Jake:** Interesting to consider the community perspective, as well – you have the innovation side for the company and also for the community. What community gaps need to be filled to prepare them for the investment? It'll take not just infrastructure, but also the right thought processes. The Hubs of Excellence piece could come into play – identifying what communities are built on (big companies, child care, access to business accelerators, etc.?).
    - o   Ties back to Jen's comment on the Working Communities Challenge – taking these systemic change pieces and overlaying them onto this bigger investment opportunity.
    - o   Local communities and counties will also receive direct benefit money that they can make their own decisions with.
    - o   There's an opportunity to look at a multilayered approach – we can provide an infrastructure/support mechanism to help communities execute their visions.

- **Jake:** The MTAF process worked well – the way ideas were generated and evaluated was effective. Could do another round, possibly with more flexibility to spend it on things other than brick and mortar.
    - o   **Brian:** Good point. Could set aside a chunk of the federal money for an MTAF-like approach. The ERC recommendations call for investing $100M annually in commercially promising R&D – could be an opportunity to work toward that goal.
    - o   **HJ:** Since this money is multi-year, we could potentially put 3 pots of money with MTI so we could have 3 MTAF rounds over the next few years. Challenge is figuring out the right amount of money per year. Past MTAFs had great leverage from private investment – want to identify the right funding amount to generate that investment.

- **Liz:** MxG workgroup suggestions include:
    - o   **Fiber builds in coworking spaces.** Want to create a network of community spaces with fiber and staff, where entrepreneurs can work and connect to remote workers with access to global companies.
    - o   **Better coordination in the statewide entrepreneurship ecosystem.** What would we need to have unified marketing staff across organizations to publicize success stories? Or one CRM of mentors/entrepreneurs to ensure no one falls through the cracks?
    - o   Identifying the unique challenges and expertise we have in Maine, and **initiating challenges for local people to come up with ideas to solve these issues** (e.g., renovating old houses to be energy efficient, improving high school graduation rates, etc.). We could provide funding for teams to pursue their ideas in cohorts, aiming to solve some of these sticky problems.
    - o   **Need more funding available to invest in riskier entrepreneurial ventures** – both earlier stage businesses and those that are riskier in general. For example, we could create funds like a "Maine mutual fund" that's a balanced portfolio with 20% high risk, 40% forest and farms, and 40% publicly traded companies. Would require initial investment and operating funds to get that up and running.
    - o   **Support for 0-2 VIRAL stage businesses.** How can we help people with ideas/willingness get to the point where MVF, MTI and Maine Angels can actually invest in them? If what you need to get to VIRAL stage 3 is a lot of education, the ability to support yourself for 3 years full-time, and a lot of connections, that eliminates 98% of Mainers. We could have programs that provide living stipends or other types of support to early stage entrepreneurs who are pursuing ideas that could benefit Maine.
    - o   **Equity in boards and entrepreneurship.** Shifting the equity equation in the entrepreneurial and business ecosystem isn't something that can be done part-time by volunteers – it will take thought, money, legislation, and staffing.
    - o   **Branding and marketing of Maine as a place to live, invest, and start a company.** Want to publicize and support all the good things going on here.
    - o   **Entrepreneurship education (K-college).** Want to educate young people on the opportunities available to them if they stay in Maine.
    - o   You could put about $2M into each idea mentioned, just for the programming costs. Building out any physical infrastructure (e.g., around the coworking hubs) would require additional money.

- **Jennifer:** Also important for us to continue providing support for the smallest businesses. If we have additional grant programs for businesses, we want to make sure we're designing them to be accessible by those with limited technical or language skills. Want to make sure we're reaching the smallest entrepreneurs.

- **Judy:** Many rural small towns in Maine have a sovereign attitude. Could be helpful for the State to come up with a model for towns to use to write strategic plans for themselves and their neighbors as they think about how to invest in their infrastructure/communities. Could there be some kind of system for towns to emulate to become more efficient in building their community and economic strength?

- **Shane:** MTI's tech boards could play important role in helping scale existing businesses. MTI already has nice seed grant and larger financial support packages available, but many businesses would find the process daunting. We should focus on flexibility and less bureaucratic red tape for these opportunities. The tech boards could be helpful in advising companies how to find the right opportunities, how to access banks in Maine, etc.
  - **Brian:** Great idea. We have 120 subject matter experts sitting on these tech boards – tremendous amount of knowledge and expertise we should be tapping into for this purpose.

- **Joe:** MVF has generated some ideas both within and outside our purview. Broad suggestions outside our purview include:
  - **Branding initiative for the state.** Goal of bringing 75K people into the state is onerous for any one organization – a statewide initiative would be helpful.
  - **Equity financing for big capital expenditure projects.** MVF can't address the capital needs of some companies with big build plans – can only provide earlier financial support.
- Within MVF's purview, we need to consider how we spend money in ways that help drive the pipeline. If we had twice as much funding as we do today, we probably couldn't do twice as much investing from a demand standpoint. Need to figure out how to utilize the right level of money efficiently.
  - **HJ:** MVF does great job of success ratios to investment. Would be interested to think about setting up a riskier fund that's more diverse and inclusive of other business types/owner bases. Could use the same fund but a different pool of money with a different risk tolerance.
  - **Joe:** MVF definitely has room to adapt/expand our current model. We have some companies come to us looking for equity that are too early stage for us to help. We could set aside a fund or dedicate a portion of our fund for $50K investments in companies that are just getting started. More coordination and shared resources between MVF, MTI, CEI, etc. would also be helpful. For instance, we could have paid consultants shared across the organizations similar to the E-residents at MTI.
  - **HJ:** Martha is also working on mentoring program that could be connected.

- **Wick:** Broadband is a fundamental piece for all businesses. Also providing support to help ideas get off the ground – if you have a business you can really grow, how do you get access to what you don't know you need to know and use that to build a company? If we can connect people together, we could help companies achieve better results.
  - **HJ:** Great idea – could connect in to Joe's shared resource task force thought. How do our organizations raise their hands when people say they need support? How do we coordinate that?
  - **Joe:** Also goes back to Judy's points about cultural challenges/insularity. Especially for people who are really early stage, sometimes they need to be guided to think about selling nationally instead of just within Maine, etc. MCE has a market share program and there are other efforts, but emphasizing that kind of guidance is an opportunity.
  - **Brian:** We're talking about some of that at MTI. For instance, considering creating a portfolio acceleration program that would bring together services (accounting, legal, marketing, etc.) that companies within the portfolio could access.

- **Margaret:** Some thoughts from Roux:
  - Many early stage companies look to larger companies as their customers or collaborators, and many larger companies want to collaborate with startups. But it can be challenging for large companies to find

money in their corporate budgets to pursue these collaborations. One idea is to work with corporate partners to help them commit to a pilot project fund that enables them to collaborate with small startups and achieve that collective growth opportunity. If we can advertise pilot projects for startups with larger companies as part of our accelerator, we'll attract more companies here.

- o If we can also offer Maine-specific datasets to companies, they might come here just to access the data. What assets do we have to attract companies that need to get off the ground?
- o We've also had success with a fund that supports research partnerships between Roux and UMaine. Creating a research funding stream that requires cooperation – either between 2 universities, 2 disciplines, or a university and a company – can help generate research applications and additional research funding.
- o Many companies want to move to Maine but find the paperwork to move their business too onerous. Would be good to simplify this process – "move your company to Maine in a box." Keep regulations consistent, provide concierge service/assistance to help companies through the process, making it fast and easy.

- **Renee:** First customer opportunities are also critical. How can the State be a customer, as well?

Next Steps:
- This is an ongoing dialogue – as you think of new ideas, please email them to Brian. He can collect ideas and share them with Commissioner Johnson.

Item 2: Updates from MxG Workgroups

- **Metrics Workgroup Update:**
    - o Charged with coming up with the metrics we should be measuring and how to measure them.
    - o Want to align our entrepreneurship measures with the State's plans.
        - If the State has a goal of raising the average wage per worker, what are the interim metrics we need to measure before we see those long-term results?
        - Coming up with a logic model around that is complicated – who should be creating it? MxG, MIEAB, a State office?
    - o We've been working with Debbie Strumsky to try to understand which metrics are early indicators of the metrics that take many years to happen.
    - o How do we connect what's happening on the ground with these big end goals?

- **DEI Workgroup Update:**
    - o Started with wanting to diversify boards and work with organizations to make sure they're being inclusive. Realized we need to first establish foundational language and understanding around DEI.
    - o Group has been meeting with different equity trainers, doing trainings, learning the differences between different types of training, etc.
    - o Want to use our learnings to come up with a set of trainings that all MxG workgroup members can share with their boards/employees/entrepreneurial clients

- **Early-Stage Workgroup Update:**
    - o 0-3 VIRAL stage businesses
    - o How do we increase the quality of companies showing up to Maine Angels/MTI looking for funding?
    - o Interviewing a couple dozen early-stage entrepreneurs to learn about their needs.

- **Growth-Stage Workgroup Update:**
    - o 4+ VIRAL stage businesses
    - o Worked with Debbie Strumsky to send survey to 102 companies. Questions are around what challenges and opportunities they are seeing. Will synthesize survey results in 4-5 takeaways.

- **Communications Workgroup Update:**

- How do we coordinate marketing across our organizations, so we have a simple system to share success stories?
- Other piece is around StartupSpace.app. It's a one-stop place for entrepreneurship resources in Maine, but it's not fully functional/intuitive yet. DECD will have a staff member working on developing this platform 15 hours/week over the next few months. Hoping to use it as a central space for resources/events, and as a place for entrepreneurs to post questions and needs.

- **Coworking Space Update:**
  - Considering efforts like group purchasing of coworking software, sharing data so the state has a list of remote workers, etc. If grant money is available, might make sense to buy 20 video conferencing systems, other group purchases of those sorts.
  - Those of us in urban areas are also trading leads for those who want to rent offices.

Item 3: Data Dashboard Updates from Dr. Debbie Strumsky

- Developing a data dashboard to monitor the state of the entrepreneurial/innovation ecosystem in Maine.
- Working on final cleanups before posting the dashboard publicly. If you are interested in testing the dashboard and providing feedback/questions, email Debbie and she will share the link to the test site.
  - Contact: deborah.strumsky@maine.edu
- Also email Debbie if there are other data points you would like to see included.
  - **Renee:** Would be interesting to pull in data related to the Maine Seed Capital Tax Credit.

Dashboard Overview:
- To evaluate your innovation ecosystem, you need to consider factors such as:
  - Attitudes about risks, opportunities, skillsets, work environment
  - Evaluations of abilities, human capital, technological capabilities
  - Aspirations, goals, competitive advantages, global connectivity
- A strategy that depends heavily on bringing new people into the state is challenging. Also want to know what our endogenous system looks like, how we are generating local entrepreneurs.
- Data in the dashboard goes to the county level. Good for large scale comparisons, but doesn't provide the granularity necessary for very local decisions.
- Data for each indicator is included for whatever timeframe is available – some indicators have data for three years, others for several decades
- The website will have a blog with insights into why the different variables are included, what they tell us about the ecosystem, what they mean for Maine, etc.
- A slide deck with the list of different variables and additional content will also be embedded below the dashboard.
- The underlying datasets can all be downloaded from the dashboard – can download the labor data panel, economy data panel, demographics data panel, etc.
- Would people be interested in seeing statistics related to network mapping, as well? For instance, we can look at the interaction of certain industries across counties, what kinds of collaborations are happening across institutions, etc. There are statistical measures that can help us analyze features of these networks (density, level of interconnectedness, etc.)
  - **Joe:** Could be interesting to see the network relationship between Maine and Boston, as well as other large hubs.
  - Debbie will post more network information on the site and consider migrating it to a separate dashboard if there is interest

Item 4: Next Steps

- Send Brian any additional ideas around projects for federal funding so he can compile and share with Commissioner Johnson

- If interested in testing and providing feedback on the Innovation Data Dashboard, email Debbie Strumsky (deborah.strumsky@maine.edu) and she will provide a link to the test site