ERC Innovation Subcommittee

Additional suggestions and/or anecdotal information received from Subcommittee members, thought leaders, and key stakeholders since last Innovation Subcommittee meeting on June 4.

Entrepreneurial Ecosystem Organizations Input

Coworking Cohort representing sixteen collaborative workspaces:

Coworking is a critical resource for small businesses, entrepreneurs and remote workers. We support entrepreneurs on a daily basis and funnel them to state programs like MCE and MTI. While our businesses are small in terms of revenue and employees, we attract and serve thousands of workers who are bringing in incomes from out of state, working for and developing new businesses, and shopping at the businesses in our towns. We are ambassadors for our neighborhoods, connecting new visitors and residents to businesses and services in the local economy. We wish to be a critical part of the economic development infrastructure.

Our recommendations:

- Let it be known that Maine is open for business.
- There needs to be a clear message that it's ok for people who could work at home to go back to their workspaces.
- Set guidelines for office spaces.
- People from out of state may be more enthusiastic to go to restaurants than locals – let them. It seems unrealistic to quarantine people coming from out of state.
- Provide $5,000 technology grant to each coworking space to enable high quality video conferencing.
- Stipend space owners to fill needs in the larger economic & entrepreneurial ecosystem.
- Provide Fiber connections to community work spaces just like libraries and schools have. Maybe GWI or Spectrum could become coworking underwriter for the state of Maine.
- Improve COVID testing accessibility and price
- Increase contact tracing

Brien Walton, Husson University (via Vaughn Woodruff) recommendation:

To facilitate innovation in the region, a key first step is identifying “who” is innovating and “what” they are innovating. Because patent disclosures minimize privacy concerns, we should take down existing “silos” and collaboratively compile a list (create a database) of the innovations at all research/tech centers throughout the state. After compiling a list of innovations/innovators, we can then determine potential collaborations that might expedite commercialization, and in some cases, establish an interim executive team to build prototypes and get a company launched. Investors like to see collaborations in tech transfer, as it gives confidence in the potential to scale cost-effectively, and if we can help each other grow,
e.g., potentially share licenses, access to grants, faculty collaborations, interns, etc., then we all benefit and achieve multiple objectives that support a sustainable economic recovery.

**ACE (Association for Consulting Expertise) Board of Directors (via MxG partners poll)** recommendations:

Historically our membership grows in times of economic uncertainty because professional service providers often lose their jobs, are under-employed, or become members of the "gig" economy - willingly or not. While there are business incubators such as TopGun for more product-based businesses, there is no equivalent program for service providers, and we anticipate a need.

When outsourced services replace in-house service positions, the new professional service entrepreneurial sector needs support and training. In other words, the "service gig" economy is real, it is growing, and it is a vital component of entrepreneurial growth in all sectors of the Maine economy: food, agriculture, biotech, marine, forest products, composites, precision manufacturing, and information, to name a few.

ACE's definition of a "consultant" has broadened significantly since it began. The traditional consultant was an individual who had already had a significant career in industry or academia. Now service providers may start businesses much earlier in their professional lives - particularly noticeable in fields such as coding, marketing, communications, etc., and may in fact be a more cost-effective service-delivery model.

We also agreed that those of us who are working from home - effectively all of us - are struggling with online issues and believe that improved broadband has become more essential than ever. We experience these problems both in our own offices (largely in Cumberland County) and with our clients in more remote areas.

Finally, we're sending out a survey to our membership to see if there are other issues they would like to bring up and will share with you when completed.

**University of Maine Innovation/Entrepreneurship Programs (via MxG partners poll)**

Internal Startup/Commercialization Accelerator teams (MIRTA)

The stay at home order affected the ability of teams to conduct customer discovery as conferences got canceled and it was not possible to set up in-person interviews. R&D activities and prototype development activities were affected as teams could not access UMaine labs as well as external contract manufacturers. However, teams continued to apply for external funding and met with advisors/ mentors. The MIRTA program is being extended into summer and fall to provide continued support.

June 10, 2020
Top Gun and incubator companies:

While many of the companies were in crisis mode initially, they are slowly adjusting to the new 'normal'. Businesses are learning to pivot their business model to leverage e-commerce and online tools. This sometimes included educating the customer to access their services online. Most companies were not too concerned about investment timelines being severely affected. Loss of revenue and employee payroll was a concern. Disruptions in supply chain were not a concern for many of the companies we spoke with.

Companies were more responsive to one on one calls than group emails. Most of the companies we support are not members of the Chamber of Commerce, so sharing resources such as distancing guidelines and Payment Protection Plan was appreciated by the companies. We will reach out at the end of June to understand support needed after the end of their PPP loan.

Companies in the Bangor Top Gun program continue to meet once a month online. The program was meant to end in May. Companies gave us feedback that they really appreciate the cohort meetings.

Ecosystem support activities:

The Big Gig finale initially scheduled for April has been postponed to October. Given what we know now, the chances are the competition will be held virtually. Bangor Top Gun regional showcase will be held virtually in September (initially scheduled for May).

We continued with training workshops on campus, webinar style, in the Spring and continue to hold Lunch and Learns at the UpStart Center online. UMaine's I-Corps program will be held virtually in the Summer.

As with any online workshop/ pitch competition, audience/participant engagement is a challenge.

**Energy Sector Input**

Subcommittee member Deanna Sherman recommendation:

The retail liquid fuels sector makes sense to include in the energy sector for innovation -this is the sector working on innovative liquid biofuels in Maine and New England. In addition, given its size, it has a significant number of jobs and a significant impact on the economy.

**Startup/Tech Input** (via Tim Agnew):

Maine Venture Fund portfolio companies’ responses to “what would help you recover?”

June 10, 2020
"A bonus like they have done in Western Mass or Vermont to attract tech workers who bring their own jobs.... Come with your job. We'll help you get settled ($1k towards moving expenses) and it you are still here in six months you get a $10k bonus. Would be great press and I'll bet it could be surprisingly successful."

Need to extend the PPP period (now done) and the general issue of access to credit to get through a dramatic revenue drop and back to normal operations.

Additional input - Guidance on masks. Assuming not all masks are created equal, does it make sense for the state to provide both guidance on mask safety and potentially access to “approved” masks, whether N95 or surgical grade. It seems somewhat ludicrous that mask making is still a cottage industry or home effort with no real data or guidance on how effective they are. Shouldn’t we be able to easily access high quality masks by now or soon? Until there is a vaccine, high quality masks are the only real alternative that allows businesses to safely reopen and attract safety-conscious customers.

Additional input - Creation of an Ambassador Program, where a few key members of (a) the startup community and (b) the tech community are part of two separate short videos extolling the benefits of being in Maine and agree to take calls from business leaders thinking about locating the business or a branch of the business in Maine. The videos could be located on the DECD and other relevant websites but more importantly, used in an outreach program.

**Life Sciences Input**

Subcommittee member, Representative Brian Hubbell recommendations:

Biotech/Life Science industry is equivalently positioned to renewable energy in terms of being relatively healthy -- especially in comparison to the starkly contrasting hardships in my geographic area for tourism and hospitality. There remain very real challenges of access to capital and an educated workforce which are similar those in energy. And, of course, there are also real needs and strategic opportunities which we can explore thoughtfully and in detail in our second phase.
What do the sectors within your sub-committees need right now to endure the current crisis (i.e. are there areas you expect to make recommendations on in the coming weeks)?

- **Regulatory** - Clear and consistent guidance on how to return to work safely – for employers, employees and customers. This includes access to best practices and guidance on enforcement and liability. Also, timely and streamlined licensing processes.
- **Access to capital** – the additional costs of doing business in a COVID-19 environment coupled with losses in revenues make access to capital challenging in the short and medium term. Tweaks to existing programs, like the Seed Capital Tax Credit program, could be helpful to create incentives for critically needed investment.
- **Workforce support** – innovations in training virtually and/or safely in a COVID-19 world and one-stop “case management” support navigating various workforce training and apprenticeship options.
- **Innovation** – business model innovations, including the cooperative economy model, require creating incentives for traditional lending and access to capital models to also innovate.

**10 YEAR ECONOMIC PLAN**

**REGULATORY** - Timely and streamlined licensing processes.

**ACTION B4: Help New Americans and Other Newcomers Get Qualified to Work in Maine**
- Develop and implement a process for effective and timely recognition of credentials issued internationally, by the military, and by other states.
- Focus specifically on qualifications for foreign teachers, who are instrumental in creating equitable and holistic classrooms, but whose processing for licensing is particularly tedious.

**ACTION F1: Review and simplify the application/decision process and pipeline.**
- The first step must to be to review and document Maine’s existing regulatory processes.
- Look at ways to improve efficiency, including areas of redundancy and options for multiple work streams for permits so that one doesn’t have to be fully complete before the next one starts.
- Provide ways to “pre-permit” some areas of anticipated development.

**ACTION F2: Create a web portal where applicants can track their applications**
- Invest in the creation of an online portal that would enable businesses to understand the regulatory system for their particular projects, the standards they must meet, the critical path the application would follow, and the anticipated length of time for a decision.

**ACCESS TO CAPITAL** - Tweaks to existing programs, like the Seed Capital Tax Credit program, could be helpful to create incentives for critically needed investment.

**ACTION C2: Raise the investment cap of the Maine Seed Capital Tax Credit Program.**
- Every dollar of Seed Capital Tax Credit raises ten dollars of private investment. An increase in the ceiling from $5 to $15 million would help about 40 startups and create 2,300 new jobs.
**ACTION C4: Promote exports in order to strengthen the climate for startups.**
- Expand the work of the Maine International Trade Center, which works with Maine businesses to promote international exports
- Develop a domestic exports program to support businesses in their efforts to sell products inside of the United States (focus on startups, new ventures, and small businesses)

**ACTION D1: Provide a loan guarantee program for financers of broadband projects.**
- Provide loan guarantee insurance to private investors through Finance Authority of Maine (FAME) – allows lenders to be more aggressive in their funding of rural projects.
- Creation of the fund would require a large upfront investment, which would be replenished as payments came in; a $20m reserve will leverage a $100m investment.

**ACTION D2: Continue to provide local planning grants in order to help increase take rates and make projects more feasible.**
- An important program run by ConnectME provides planning assistance to local governments. These are used to assess local needs, generate local interest in participating (thus raising the take rate), and create a cost-efficient strategy.

**WORKFORCE SUPPORT** - Innovations in training virtually and/or safely in a COVID-19 world and one-stop “case management” support navigating various workforce training and apprenticeship options.

**ACTION A2: Web Portal matching students and employers.**
- A simplified and well-publicized system will be created. This will be particularly helpful to students who lack access to the informal job market of family and friends, and who need to earn income as part of any experience — students such as new Mainers, African Americans, Native Americans, low-income students, and minorities.

**ACTION A4: Engage today’s workers in continuing education to achieve credentials for career advancement.**
- Employers will continue to strengthen partnerships with adult educational programs, community colleges, the University of Maine System, and private colleges.
- Enable workers to gain “micro-credentials” for specific skills and jobs, which can be stacked to gain more advanced qualifications.
- Maine’s Career and Technical Education System needs modern equipment and staffing.

**ACTION A5: Expand the professional preparation of educators at all levels – from those caring for children aged 0-3, as well as Pre-K to high school – in STEM and other digital economy skills.**
- Support growth in credentials for individuals in education and childcare, so that they can effectively teach skills to young people, as well as work for higher pay.
- This includes pre-service preparation as well as continuing professional development.
ACTION A6: Improve the quality of care in our early childhood system by supplementing salaries for early childhood educators, rewarding them for their experience in the field and completing postsecondary programs.
- Early childhood educators are the lowest paid workers in the education field, leading to high turnover rates in these positions, less continuity, and lower-quality childcare.
- Salary supplements would incentivize further education and retain teachers in the field.

NOTE: This is potentially a long-term action, and may be more applicable in the committee’s later work.

ACTION E1: Set the bar high for childcare; aim to create a world-class system in Maine.
- The Maine Children’s Cabinet is working to design a long-term plan for high-quality, accessible, and affordable childcare.
- This plan will include: expanding to universal pre-K, increasing the number of quality infant and toddler care slots, investing in the childcare workforce, and improving access to the childcare subsidy program.

ACTION E2: Establish an adequate and sustainable funding system for public transportation.
- The Legislature has established a Blue Ribbon Commission to Study and Recommend Funding Solutions for the State’s Transportation Systems. Increasing public transportation funding to a sustainable level should be part of its recommendations.
- For public transportation, local governments can provide additional subsidies in order to expand bus lines and increase the frequency of service. The GOMaine Commuter Connection program is a resource for this.

ACTION E3: Expand the production of workforce housing in Maine.
- An underused state tool is the Affordable Housing Tax Increment Financing Program; MaineHousing should create low interest loan supplements to make this a production program for moderate-income workers seeking starter homes, condominiums, or apartments.
- Another possibility is for the state to create a state tax credit program modeled on the federal law.

INNOVATION - Business model innovations, including the cooperative economy model, require creating incentives for traditional lending and access to capital models to also innovate.

ACTION C1: Increase R&D investment levels in Maine.
- Prior to the recession in 2009, Maine’s R&D investment was 50% higher than today.
- Maine will create a combination of public subsidies, tax incentives, and higher education investments, in order to partner with the private sector to lift this total number again.

ACTION C3: Revitalize the Maine Innovation Economy Advisory Board
- This board brings together the major private, nonprofit and public research organizations in Maine. It will provide oversight and coordination to the state’s overall effort, and ensure that funds are targeted to areas that translate into new and profitable business growth.
- This board will help focus innovation and connect R&D more closely to market opportunities.

**ACTION G1: Communities to identify gaps for their hubs of excellence.**
- The State will partner with local community leaders to look at their areas of interest and support efforts to fill missing elements in becoming a hub of excellence in their chosen area.

**ACTION G2: Identify areas of supply chain opportunity.**
- For the key growth areas, the state, in partnership with industry groups, will identify supply chain opportunities and work with local communities on asset development, education and market connections.