



PROGRESS REPORT

What is the HI Growth Initiative?

The HI Growth Initiative is a State equity investment program designed to catalyze the development of an innovation ecosystem that supports entrepreneurial high growth businesses and creates high wage jobs for Hawaii's residents. The HI Growth Initiative leverages private sector capital to invest in the critical building blocks of an innovation ecosystem: entrepreneur development, research commercialization, and startup investment capital. This initiative will help to keep our established industries competitive, create new areas of opportunities to excite our entrepreneurs and provide them the ecosystem to build their businesses here in Hawaii.

What progress has been made with the money?

HSDC was allocated \$13.2 million from the US Department of the Treasury's Small Business Credit Initiative (SSBCI). The State Legislature appropriated \$2 million for the Launch Akamai Venture Accelerator Program (LAVA) and \$6 million for the HI Growth Initiative. HSDC has combined these funding sources under the HI Growth Initiative to implement a comprehensive investment program that generates a critical mass of startup activity that will attract private capital to invest in Hawaii.

The table below summarizes the HI Growth Initiative funds obligated and in-process.

	STATE		FEDERAL	Total HSDC Investment	Total Private Investment
	LAVA	HI Growth	SSBCI		
Beginning Balance	\$2,000,000	\$6,000,000	\$13,168,350	\$21,168,350	
Obligated:					
Blue Startups/Blue Ventures	\$700,000		\$520,000	\$1,220,000	\$1,220,000
UPSIDE			\$3,000,000	\$3,000,000	\$3,000,000
mbloom Fund I		\$2,000,000	\$3,000,000	\$5,000,000	\$5,000,000
Startup Capital Ventures Fund II		\$500,000	\$4,000,000	\$4,500,000	\$13,500,000
Innovation Report		\$10,000		\$10,000	\$125,000
Connect and Network program		\$100,000		\$100,000	ongoing
GVS Transmedia Accelerator	\$700,000		\$400,000	\$1,100,000	\$1,100,000
Subtotal	\$1,400,000	\$2,610,000	\$10,920,000	14,930,000	\$23,945,000
In-Process:					
Energy Excelerator Follow-on Fund		\$150,000	\$1,500,000	\$1,650,000	
GTA Development Follow-on Fund		\$1,500,000		\$1,500,000	
Fashion Accelerator	\$400,000	\$200,000	\$350,000	\$950,000	
Future Innovation Reports		\$140,000		\$140,000	
Blue Ventures Fund II		\$1,000,000		\$1,000,000	
Subtotal	\$400,000	\$2,990,000	\$1,850,000	\$5,240,000	
Admin/Legal Expenses:					
Subtotal	\$200,000	\$250,000	\$398,350	\$848,350	
Ending Balance	\$0	\$150,000	\$0	\$150,000	

Why has the money been spent in these areas?

HSDC's approach with the HI Growth Initiative has been to focus on three areas: entrepreneurial development, research commercialization, and startup investment capital. All three areas are being pursued simultaneously in order to support the establishment of an ecosystem that allows Hawaii entrepreneurs to commercialize their intellectual property, access business mentors and customers to start their businesses, network with global investors to benefit from the domain expertise of experienced investors, and to gain access to follow-on capital for expansion. Previous State efforts have focused on individual components of an ecosystem. The HI Growth Initiative is the first attempt to support the establishment of an ecosystem to support innovation.

What are the results so far? What results are expected?

Hawaii's first accelerator, Blue Startups, was established and launched fifteen companies in its first year out of 300 applications received. To-date, these companies have raised over \$4 million in follow-on investment from private investors. A second accelerator, the GVS Transmedia Accelerator, was established on Hawaii Island for transmedia content startups.

HSDC co-invested with private investors to create access to startup capital via a fund of funds investment program designed to catalyze investment in Hawaii startups. This effort established Hawaii-based venture funds covering the continuum of startup financing needs: two pre-seed investment funds with angel investors to invest in Hawaii-based venture accelerator portfolio companies; a \$6 million research commercialization fund in partnership with the University of Hawaii Foundation; a \$10 million seed stage fund in partnership with private investors; and a \$17 million Series A fund in partnership with institutional investors.

HSDC supported events, like investor summits, Startup Weekends and pitch events that build network density and inspire and prepare entrepreneurs to launch startups. Hawaii Island held its first ever pitch competition and Demo Day. Maui held its first Startup Weekend and has hosted two Maui Tech Nights in partnership with the MaiTai Global, a global group of tech executives and investors.

Over the next two to three years, HSDC expects to:

- The accelerator programs launch fifteen to twenty-five new companies each year;
- Establish three to five Hawaii-based investment funds targeting different stages of company development will be active in Hawaii;
- See four to five companies with strong growth potential established in Hawaii;
- Achieve ten-to-one private capital leverage on HSDC's investment capital; and
- Receive a return of capital back to HSDC.

This increase in activity in the innovation ecosystem, spurred by HI Growth Initiative investments, has led to the community's launching of "Startup Paradise" to brand Hawaii as an innovation hub.

