

## State Level Innovation Overview

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**Innovation-Based Economic Development:** *The development of a business and education ecosystem that spurs new ideas and translates those ideas into economic opportunities with strong growth potential. (Innovation is about an economic strategy and company type, rather than a business stage.)*

### Why care about innovation and entrepreneurship?

Job creators: Most net job creation comes from a relatively small number of firms, and many of the fast growing firms are “start-ups.”

Nationally, 5% of companies (~275,000) comprise over 2/3 of all net job growth; approximately 75% of these companies are less than 5 years old. Startups created 2.3 million jobs from March 2009-March 2010 (while the US lost 1.8 million jobs).

Equity backed companies are <1% of firms but 11% of all jobs and 22% of GDP.

*The real driver of disproportionate job growth is not small companies, but young companies. It is the startup firms that generate the surge of jobs that earlier research attributed to small companies. (Source: National Bureau of Economic Research)*

Wealth creators: Innovation-based companies pay higher wages.

Stabilizers: Innovation-based companies are found in an array of sectors and on average, grow more consistently and weather economic downturns better.

### What drives innovation?

Networks and interactions

Entrepreneurial and technical talent

Access to resources: mentors, capital, facilities

### Innovation is widespread

Equity-backed deals in rural areas perform on par with metro investments.

In 2013, there were 2164 patents granted in 32 Oregon counties.

### Innovation is driven by a combination of industry, individuals and academia

Nationally, industry R&D accounts for over 81% of all activity; 86% in Oregon.

### Oregon innovation rankings are mixed

Oregon ranks above average in most R&D and patent activities, industry productivity measures (e.g. valued added manufacturing), and on-line activity by residents and government.

Oregon ranks below average in entrepreneurial activity and new business starts (a change from above average 5 years ago), fast growing firms, and professional and managerial occupations.

**Bottom Line:** *Oregon is good at creating ideas and not so good at turning the ideas into viable businesses and maximizing on the economic impact of those ideas.*

## Innovation Continuum of State Policies & Programs (HB2288)



<b>Drivers</b>	<i>Academic &amp; Industry R&amp;D</i>	<i>Entrepreneurial support &amp; smart capital</i>	<i>Business development services &amp; growth capital</i>
<b>Common State Practices</b>	R&D tax credit University translational research funding Industry R&D capital* Industry-academic partnerships SBIR Support* R&D Talent ("super- skills")*	Regional venture organizations/networks* Seed & startup capital with advisory services* Angel tax credits* Accelerators for high impact companies Entrepreneurial & management talent*	Business expansion programs International trade support Venture capital Loan programs STEM/CTE workforce & education
<b>Existing OR Efforts</b>	R&D Tax Credit (HB 2752) University Venture Development Fund (HB 2569) Signature Research Centers Oregon InC emerging industry efforts	Incubators RAIN (one region) Oregon Growth Board seed/angel investments (few advisory services)	Multiple Business Oregon programs Oregon Growth Board growth stage investments STEM Investment Council ETIC
	<i>* areas where Oregon existing efforts are not at best practice level</i>		
<b>Proposed Efforts</b>	Cyber Center	Natural Resource Innovation Fund	Cyber Center
	Oregon Talent Council (HB 2728)		

## What have we learned over the past 10 years?

*It's the combination:* Programs that combine advisory services with strategic amounts of capital can cut business failure rates in half.

*It's the continuation:* Funding one part of the continuum without funding other aspects will result in suboptimal results.

*It's the proportions:* Having the pieces in each stage of the innovation continuum is important, but the maximum impact comes from the proportion among efforts.