



U.S. Small Business Administration

TESTIMONY of

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U.S. Small Business Administration

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Chairwoman Radewagen, Ranking Member Moulton and distinguished members of the Subcommittee, thanks for inviting me to discuss the SBA's Office of Investment and Innovation. I'm pleased to detail our flagship programs – Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) and the Small Business Investment Companies (SBIC) – as well as our successful support for Accelerators and Incubators

I want to begin with a little background on me. I joined the SBA a month ago. Prior to my arrival, I was a venture capitalist, angel investor and corporate director for a number of high growth startups and more mature companies in a wide variety of industries. In addition, I spent a bulk of my career in the technology arena – and served as CEO for a business to business content and ecommerce company during the late 1990s. Having spent over thirty years in the private sector, I know the importance of this committee and the contributions that programs in the Office of Investment and Innovation (OII) offer. I'm honored to testify before this distinguished group and to serve as the head of OII.

One of the best ways to communicate the power of our programs is through examples. One of those is a San Francisco startup called Lift Labs. We all know about the effects of Parkinson's disease. Lift Labs created an "anti-tremor" spoon that cancels up to 70% of the hand tremors associated with the disease. With this spoon, an affected individual is able to eat with dignity and confidence. This life changing product received early stage capital from the National Institute of Health's SBIR program. This early influx of capital allowed Lift Labs to take its product from the research and development stage to the market. Today, Lift Labs spoon can be purchased on Amazon.

Successful trajectories like these are a priority for my Office in SBA. Last year alone through my Office's flagship programs, the U.S. government provided \$2.5 billion to over 5,000 SBIR and STTR projects and our 303 Small Business Investment Companies investment partners managed over \$25 billion in private capital and SBA guaranteed leverage and commitments, benefiting over 1200 small businesses.

Our SBIR/STTR program, labeled "America's Seed Fund", is a key pillar in the federal government's strategy to provide seed capital to talented entrepreneurs in science, technology and engineering. Since its inception in 1982 the program has awarded over 50,000 awards with \$30B in funding to early stage companies. SBIR/STTR funded companies have made lasting contributions to the advancement of science and industry and will continue to do so. Companies like Lift Labs, with SBIR support, look to be the next potential big employers like past SBIR recipients – companies like Qualcomm, Biogen, iRobot, and Symantec.

Our Growth Accelerator Competition enters its third year. To date, this program has invested nearly \$7 million in 138 accelerators across the United States. Accelerators in 43 states, including the District of Columbia and Puerto Rico, have received awards through this program. Last year alone, we awarded 88 prizes to accelerators at \$50,000 each. In the coming year,

resources made available in the FY 16 Omnibus appropriation will allow us to continue this valued program. Our Growth Accelerator Competition plays a crucial role in the entrepreneurial ecosystem by enhancing the effectiveness of organizations committed to providing financial and technical assistance to American start-ups and small businesses. And speaking of “Buses”, we plan to continue our SBIR bus tour with SBIR partners including incubators, in 21 states later this year, spreading the good word about their work and their potential.

The Small Business Investment Company’s history is equally rich. It channels long-term investment capital to America’s small businesses. Since it was created in 1958, over \$80 billion has been invested helping finance 170,000 American small businesses. In FY 15 the SBICs invested over \$6.2 billion, in total financing between the SBA leverage and our fund partners, to 1,210 portfolio companies which created or sustained roughly 130,000 jobs. That is a 15% increase in financings compared with FY 14. Each year we acknowledge two SBICs of the year. In 2015, these awards went to Monroe Capital of Chicago, IL which has had three licensed SBICs, and has invested \$260 million in 33 small businesses that employ. The second SBIC of the Year for 2015 was NewSpring Capital from Radnor, PA. NewSpring has had three licensed SBIC funds, and has invested in 55 companies.

As head of the SBA’s Office of Investment and Innovation, I am committed to ensuring that more and more of our nation’s innovators and investors know about our programs and know how to access them. The SBIR/STTR and SBIC initiatives are foundational components of our mission. All of us look forward to increasing success and demonstrable outcomes from the access to capital we provide to America’s most exciting arena: Small Businesses.