

**DEPARTMENT OF COMMERCE TESTIMONY REGARDING THE STATUS OF THE TECHNOLOGY-  
BASED ENTREPRENEURSHIP GRANT PROGRAM  
SEPTEMBER 22, 2010, 1:05 P.M.**

**BUDGET SECTION  
SENATE CHAMBER, STATE CAPITOL  
SENATOR RAY HOLMBERG, CHAIRMAN**

**JUSTIN DEVER – MANAGER, OFFICE OF INNOVATION AND ENTREPRENEURSHIP,  
ND DEPARTMENT OF COMMERCE**

Good afternoon, Mr. Chairman and members of the committee, my name is Justin Dever and I manage the Office of Innovation and Entrepreneurship within the North Dakota Department of Commerce.

Last session, the legislature appropriated \$1 million to the Department of Commerce and directed us to develop a Technology-Based Entrepreneurship Grant Program. I am here today to provide you with an overview of the program we've developed and the awards we've made to date.

In the process of developing the program, the Department of Commerce conducted a survey of North Dakota entrepreneurs to determine their need for assistance. The survey results put a priority on 1) access of capital, 2) marketing assistance, 3) entrepreneur infrastructure and 4) entrepreneurial talent.

Entrepreneurs from three identified stages of development took part in a focus group to discuss the survey results further. This was followed by a roundtable discussion on the next steps for moving forward with the grant program and laying out the vision and goal of the program, application process, and tentative timeline to grow technology-based enterprises that bring capital and new enterprise to North Dakota.

The vision and goal of the technology-based entrepreneurship grant program is to grow technology based entrepreneurship in North Dakota through providing grants in four main areas:

- 1) Access to capital;
- 2) Marketing Assistance;
- 3) Entrepreneur Infrastructure; and
- 4) Entrepreneurial Talent

Commerce entertains applications from entrepreneur centers within these four areas.

- 1) Access to capital includes providing technical assistance for technology-based entrepreneurs to find sources of capital. Grant funds are not used to provide capital directly.
- 2) Marketing assistance can be provided by an entrepreneur center either through programs or with a grant to provide assistance for a specific project.
- 3) Entrepreneurship infrastructure includes increased services, networking, education, access to resources and facilitating those activities with entrepreneurs.

- 4) Entrepreneurial talent may include a talent search to build an entrepreneurial team for a specific project as well as more long-term strategies such as tapping into the youth/college entrepreneur pool.

To be eligible for these grants, an entrepreneur center must be certified by the Department of Commerce as providing business incubator services such as mentors, shared services, relationships with educational institutions, marketing assistance, accounting/financial management, training, and regulatory compliance. Currently the certified entrepreneur centers include the UND Center for Innovation, the NDSU Research and Technology Park, the I.D.E.A. Center in Bismarck, the Southern Valley Innovation Center in Wahpeton, the DSU Strom Center for Entrepreneurship and Innovation and the Severson Entrepreneurship Academy at Minot State University.

We decided to hold four quarterly rounds to award the funds. Each applicant completes an application detailing the project, how the funds will be expended, the expected short-term and long-term results, and the metrics used for measuring the results. The Department of Commerce utilizes a screening committee comprised of four members of the North Dakota Economic Development Foundation to aid us in deciding which proposals to fund. The entrepreneur centers will be submitting reports on the results of the funded projects as they progress.

Upon the recommendations of the Technology-Based Entrepreneurship Grant screening committee, the Department of Commerce has awarded a total of \$200,000 in the first quarterly round. The Department of Commerce is currently considering recommendations from the screening committee concerning the second round which would total an additional \$290,000. We anticipate the full \$1 million will be committed prior to the end of the biennium.

The following grants have been awarded to date:

- \$90,000 to the NDSU Research & Technology Park for entrepreneurship services and programs administered by its Technology Incubator.
- \$10,000 to the I.D.E.A. Center to assist Wolf Technologies in developing and executing a marketing plan for their Light Check product.
- \$50,000 to the Strom Center for Entrepreneurship and Innovation for the Business Challenge program.
- \$50,000 to the Center for Innovation for the Federal and State Technology Partnership Program to match a \$100,000 SBA FAST grant to be used in assisting companies in securing SBIR/STTR federal grants.

Mr. Chairman and members of the Budget Section, thank you for allowing me the time to visit with you today. That concludes my testimony and I am happy to entertain any questions.