



Building a World-Class Innovation Ecosystem

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Commission Members



VENTURE PARTNERS



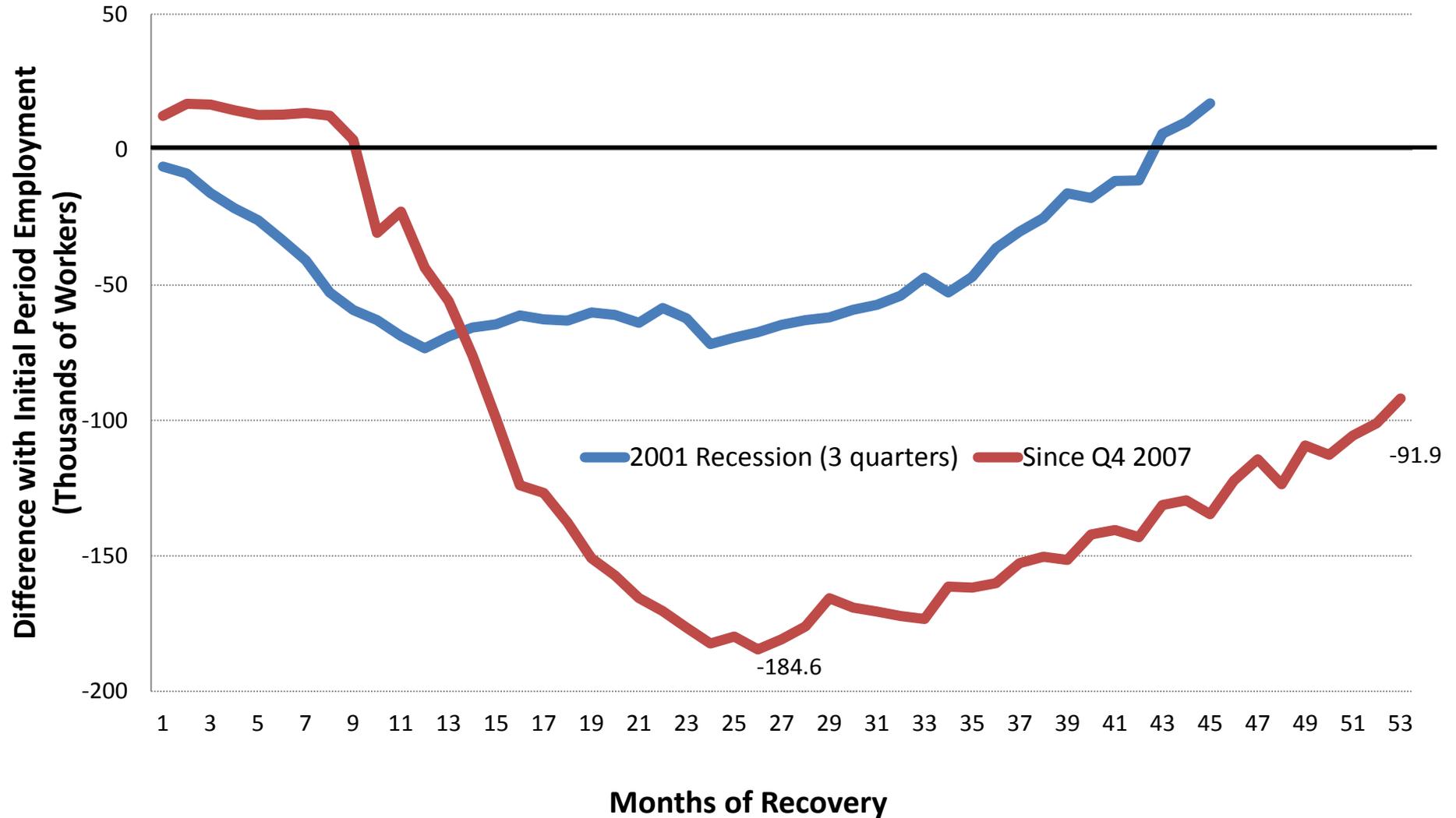
Department of Commerce
Innovation is in our nature.



A Ten Year Vision

Make Washington the most attractive, creative and fertile environment for innovation in the world by 2020

The problem we need to solve!



Non-farm Absolute Gains and Losses, Year-over-Year

Washington State, based on three-month-moving-average, not seasonally adjusted, 3 digit NAICS codes



The Economic Outlook

Reasons for Optimism

- **Strong anchor companies: aerospace, food, information technology, medical, non-profit**
- **Young, connected, smart people**
- **Intellectual property hotspot**
- **Attractive place to live**
- **No income tax**
- **Pacific Rim location**
- **Defense opportunities**
- **Growing entrepreneurial sector**
- **Abundant energy sources**

Reasons for Pessimism

- **Global uncertainty**
- **Long term unemployed**
- **Skills mismatch**
- **Short on engineering talent**
- **Underperforming schools**
- **New port competition**
- **Poor transport infrastructure**
- **Lagging regions**
- **Income disparity**
- **Cost/complexity to start a new business.**

New Economic Development Model

Traditional Model	Innovation Driven Model
Attracting companies	Investing in talent, ideas and infrastructure
Jobs	Incomes
Top down development	Bottom-up organic growth
Closed innovation	Open innovation
Competing regions	Collaborating regions

What do we need to do?

Progress needed along four dimensions



Intellect

Emphasize career transition, access to learning resources and the skills that employers need.



Investment

Create innovation ecosystem to foster new products, start-ups and manufacturing.



Infrastructure

Design a 21st century infrastructure, an efficient regulatory system and align to local objectives.



International

Grow the global presence of Washington's business.

World's Largest Innovation Park



Policy Specifics Around Four Pillars

TALENT and WORKFORCE

1. Prioritize career and technical education with apprenticeships, STEM, on-line learning and career info.
2. Achieve 60% post-secondary attainment rate.
3. Expand UI flexibility to fund training.
4. Fill critical skills gaps by backing visa reform.

INVESTMENT and ENTREPRENEURSHIP

1. Support small business, STARS EIRs and early stage start-ups.
2. Strengthen innovation ecosystem by competing aggressively for federal funding.
3. Improve tax and regulatory policy to foster business and job creation.

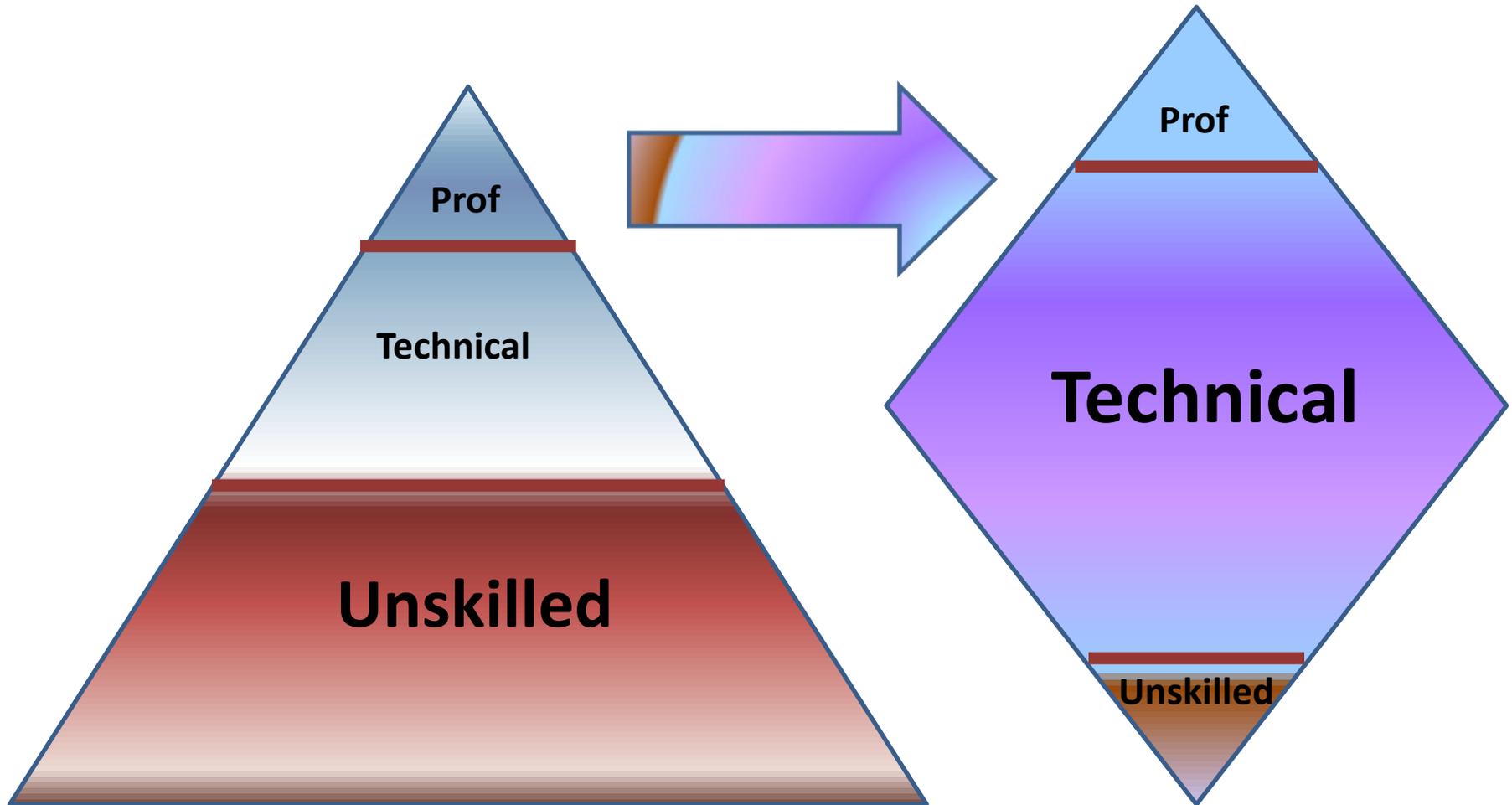
INFRASTRUCTURE and REGULATIONS

1. Develop alternative financing mechanisms for transportation.
2. Prioritize infrastructure investments of national significance.
3. Require economic development and sustainability criteria in capital budgeting process.
4. Reduce regulatory burdens and cost of compliance.

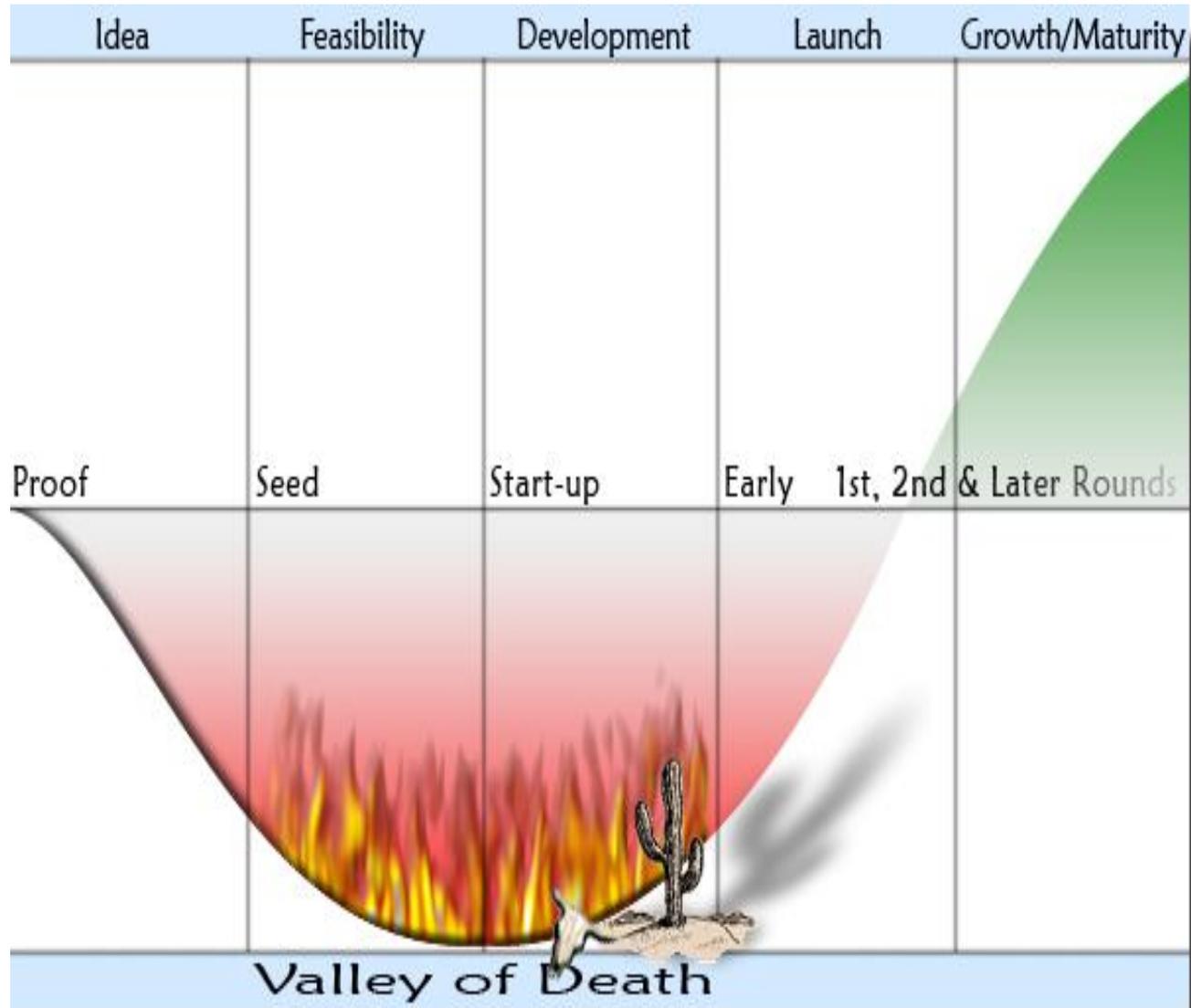
INTERNATIONAL BUSINESS

1. Expand export assistance services and overseas reps.
2. Double state-led trade missions to increase exports.
3. Optimize state's export assistance eco-system by creating private sector led export council.
4. Intensify innovation and collaboration in Pacific Northwest.

I. Harness Talent to Win Skills Race

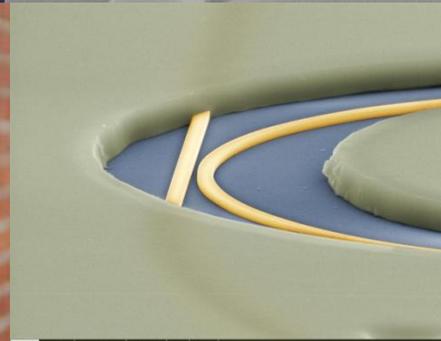
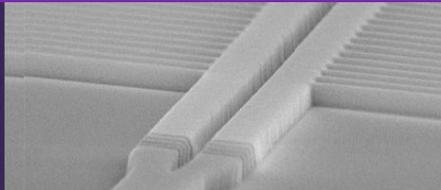


II. Invest in Entrepreneurship & Small Business



Washington STAR Researchers

UNIVERSITY OF WASHINGTON
Nanophotonics Lab



Michael Hochberg



Smart Grid

UW



Hugh Hillhouse



Daniel Kirschen

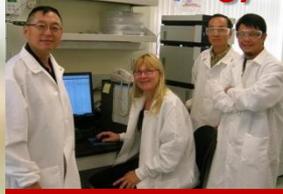
WSU



Chen-Ching Liu



WSU – BSEL Center for Bioproducts and Bioenergy



Birgitte Ahring



Faces of Emerging Industries

Entrepreneurs-in-Residence



Lars Johansson



Henry Berg



David Kaplan



Lewis Rumpler



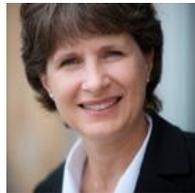
Kevin Petersen



Chris Leyerle



Ronald Berenson



Stephanie Amoss



David Croniser



Bryan Zetlan



Karen Fleckner



Terri Butler



Ken Myer



Thomas Schulte



Peter Quinn



Jeff Canin

III. Modernize Infrastructure & Regulations



- Financing transportation
- Leverage collaboration
- Innovative capital investment
- Reduce regulatory burdens

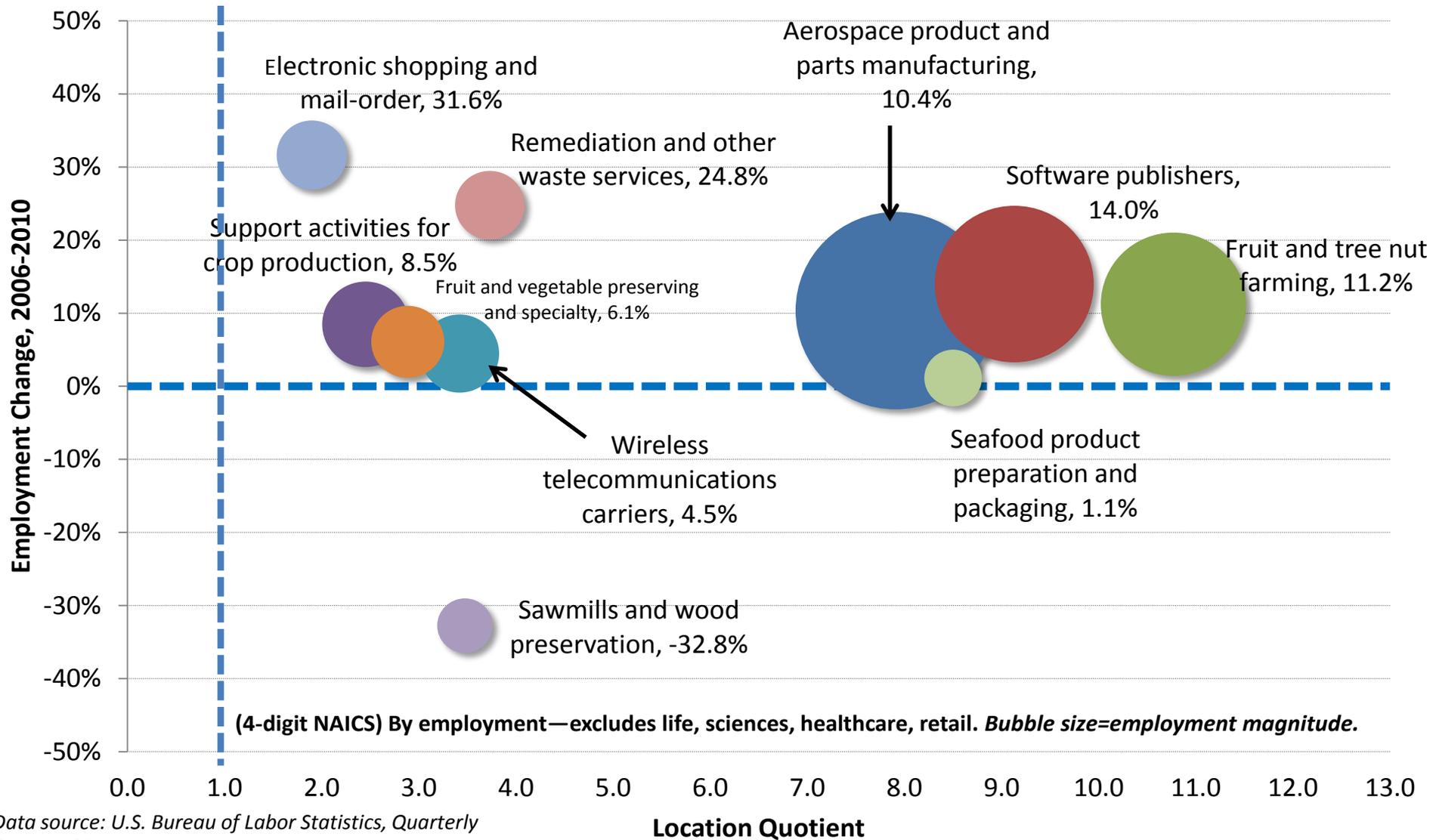


WEST COAST
ELECTRIC
HIGHWAY



IV. Expand International Business

Industry Clusters in Washington



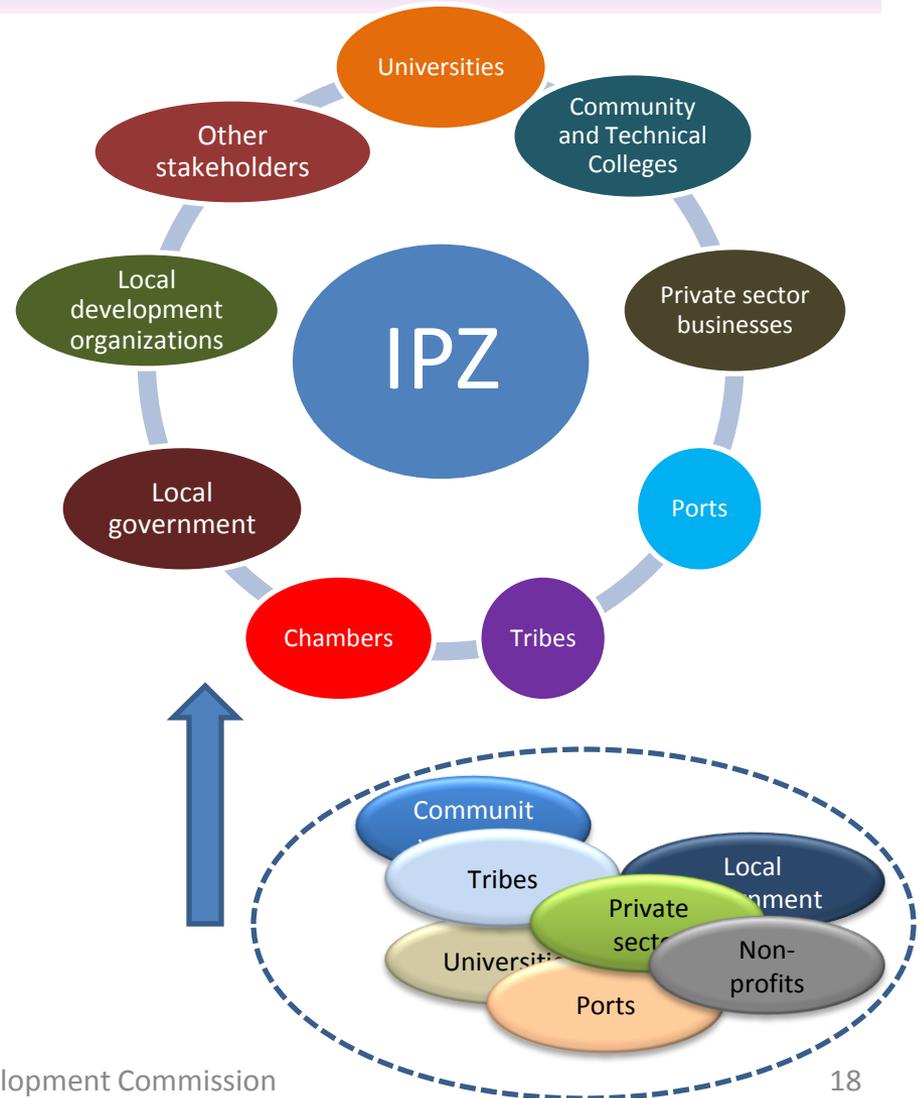
Innovation Partnership Zones



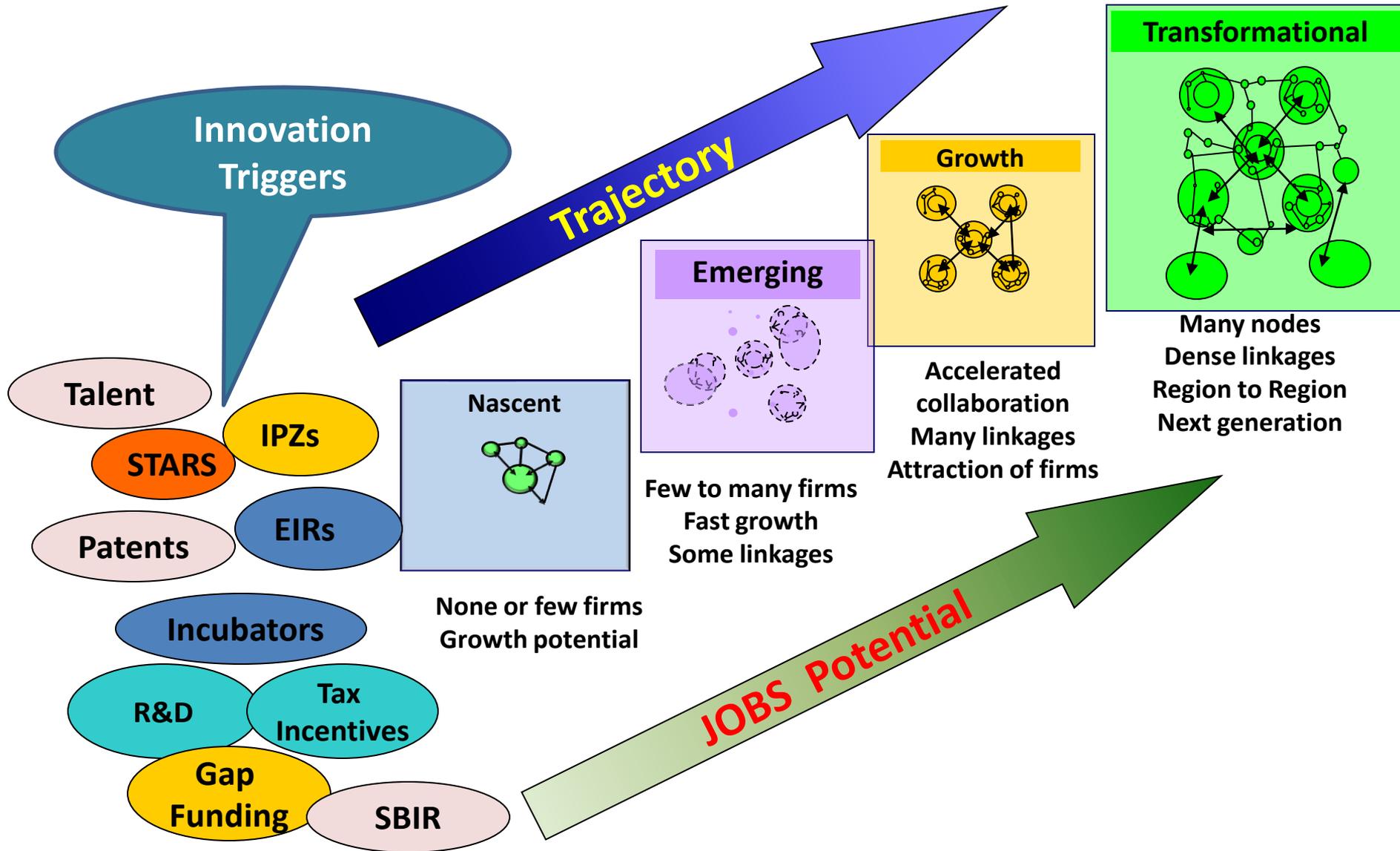
- Bellingham Innovation Zone
- Aerospace Convergence Zone
- North Olympic IPZ
- Tri-Cities Research District
- South Lake Union Life Science IPZ
- Spokane University District IPZ
- Bothell Biomedical Manufacturing Corridor
- Central Washington Resource Energy Collaborative
- Grays Harbor Sustainable Industries
- Pullman –Clean Tech Industries
- Walla Walla IPZ
- Interactive Media and Digital Arts
- King County Financial Services Collaborative
- Urban Business Center for Innovative Partnerships, Auburn
- Urban Clean Water Technology Zone, Tacoma

Innovation Partnership Zones

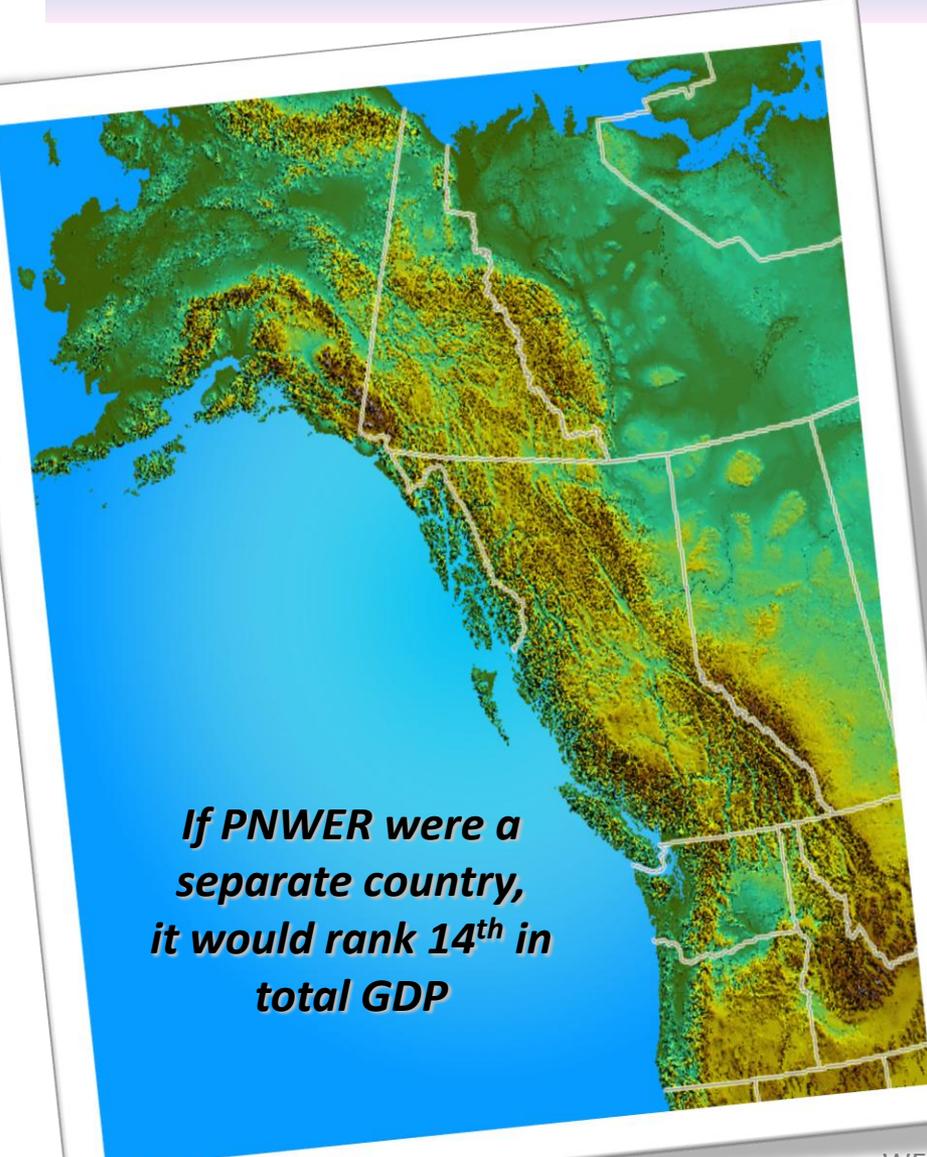
- **Challenge:** lots of innovation assets at the local level, but no coordination.
- **Assumption:** innovation happens at the grassroots
- **Solution:** identify a consensus vision based on local assets and capabilities and create organizational, leadership structure to coordinate and align local efforts among businesses, ports, higher education, local government, tribes, and other stakeholders.



Accelerating Innovation Clusters



Pacific Northwest is an innovation powerhouse



If PNWER were a separate country, it would rank 14th in total GDP

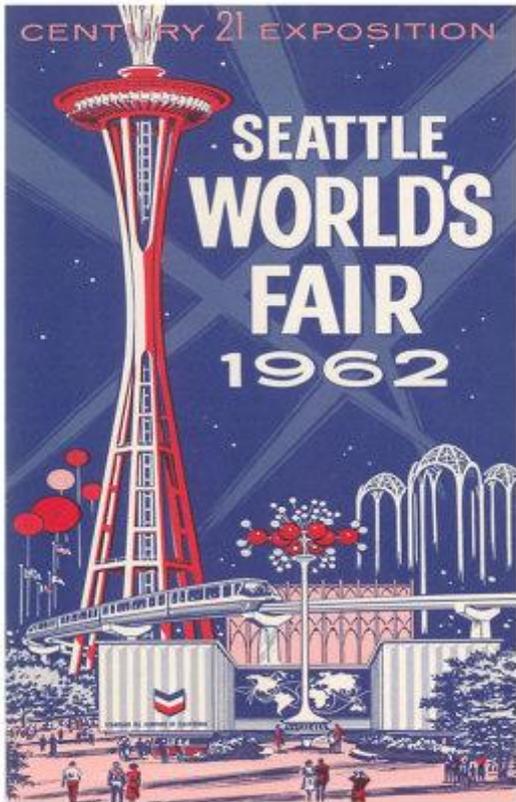
PNWER Region (GDP/Pop.)

<u>State/Prov.</u>	<u>GDP*</u>	<u>Population</u>
Wash.	322,778	6,549,224
Alberta	291,300	3,735,086
B.C.	191,006	4,551,853
Oregon	161,573	3,782,991
Idaho	52,747	1,545,801
Alaska	47,912	686,293
Sask.	41,296	1,049,701
Montana	29,885	974,989
NW Terr.	4,124	41,464
Yukon	2,026	34,157
Total	1,144,647	22,901,559

*2009 population & GDP in \$US Million

Data provided by PNWER – Pacific Northwest Economic Region

September 2012 celebrates
Commerce & Innovation Economy
www.thenextfifty.org



Thank You!

