

**Testimony of:  
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**Before the:  
Kentucky Government Contract Review Committee**

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Chairman Meredith, Chairman Lee and Members of the Committee:

Thank you for the opportunity to come back to speak with you more about the important updates we're implementing at KY Innovation within the Cabinet for Economic Development. This contract represents change that is aimed at improving the quality and quantity of high-growth, innovation-driven businesses statewide across Kentucky.

Thank you for the investment of time from this committee, and you particularly, Chairman Meredith, to ask the hard questions to become more familiar with these improvements that have many moving parts which are both complex and complicated in nature. We believe that steel sharpens steel and we can see that this process has already improved the sharpness of our work.

A friend explained to me recently the difference between complex and complicated. Complicated, he said, is getting a rocket into outer space. Complex, on the other hand, is raising children. This contract review process, C3 now and RISE later today, is admittedly a bit complicated and complex at the same time.

We are in the midst of re-writing the state's innovation and entrepreneurship strategy and doing so at pace so that we do not miss any opportunities even as we're making adjustments. Secretary Sarin often refers to this as building the wings of the plane while in flight. Such an approach is unique to standard operations of state government but we are operating in a unique space of innovation and fast-paced entrepreneurship.

Innovation is defined as "the introduction of something new; a new idea or method."

New ideas, of course, can be applied across our economy to things that are both familiar and unfamiliar.

- Manufacturing becomes advanced manufacturing;
- Agriculture becomes Ag Tech;
- Shipping becomes tech-enabled logistics;
- Education benefits from Ed Tech;
- Healthcare is enabled by Health Information Technology;

- And any sector can benefit from engineering and software coding where processes become more tech-enabled, more powerful and efficient.

At a recent gathering of leaders from various states who do the kind of work we do at KY Innovation a participant asked for a show of hands: “who here has a spouse who can explain what you do?” Nobody raised their hand. (Just for the record, I could have raised my hand 😊)

We tend to overcomplicate. To get wrapped up in jargon and shorthand that causes confusion.

For our part, we are interested simply in introducing new ideas and methods that will have the impact of diversifying our economy: future proofing, if you will. We want to impact a culture that is equipped for the future of work. To support an economy that is nimble, ready for change, and capable of welcoming technology and entrepreneurial thinking in a way that takes full measure of Kentucky’s comparative strengths and advantages, which we have in abundance.

If you listen to the folks at the Kauffman Foundation (and we tend to), you know that the data tell us that nearly all net new job creation comes from early stage companies. The KY Cabinet for Economic Development is setting job creation records in other sectors and we aim to accomplish the same in the entrepreneurial arena so Kentucky will attract more talent, become a center of innovation in America and witness a new chapter in creative job growth that will particularly benefit our rural communities.

This work is often times best represented through illustration and with that in mind we’d like to let some of these entrepreneurs and innovators speak for themselves.

[\[BEXION VIDEO LINK\]](#)

To boil this all down, we want to do everything possible to make Bexion-type opportunities possible in every nook and cranny of Kentucky.

Whether that’s hemp-related innovation in far west Kentucky, automotive innovation in throughout our core, Agriculture technology in central Kentucky, healthcare and food tech in the Louisville region, supply chain innovation in northern Kentucky and yes, software development in eastern Kentucky (where Bitsource is working to turn coal miners into programmers), we want our entrepreneurs and our corporations connected into our primary sources of innovation.

Which brings us to the Commonwealth Commercialization Center, what we call C3. Based on best practices across the country and the integration of things that are novel as well, C3 is tapping the innovation happening on our university campuses statewide and leveraging that as a natural resource to support new business creation as well as the application of new technologies for existing businesses.

Our university community has responded with great enthusiasm. And we are thankful for the leadership of our flagship universities who have come together to make their resources available to all universities and community and technical colleges.

As this body has innovatively updated the funding model for our university system, it has become more important than ever that each university lean into their strengths. UK and UofL have developed over the years the resources necessary to turn campus innovation into business creation. Through C3, all of our universities can now partner together to be able to access those resources from a central source. In doing so, each component piece is able to leverage their own areas of specialization and to use centralized resources so that all institutions have the ability to turn their innovative strengths into job-creating advantages.

If there is a scientist, researcher, faculty member or student that is engaged in innovative work, we want to unleash that work to support the creation of new businesses and the improvement of existing businesses.

This work represents a departure from strategies and practices of the past. It is change and change is difficult. It is typically messy. It involves risk. It is never perfect. But it is necessary for us to keep up with a changing economy. It is necessary for cultivating local economies that are attractive for job creation and for evolving communities that are attractive and supportive of new kinds of work for our sons and daughters.

We are departing from a plan that was put in place nearly 20 years ago that represent hundreds of millions of dollars of investment. Was that investment all for nothing? Of course not. There are plenty of good things that have occurred that we are doubling down on. But does the plan and the work need to be updated to today's competitive standards? Absolutely.

C3 is a central component to our state's new innovation and entrepreneurship strategy.

It puts universities at the core of our work to future proof our economy. It represents an unprecedented partnership of all of our universities along with economic development, higher ed, corporations and entrepreneurs.

In establishing this new entity, we have created a fresh start that:

- Will provide multiple layers of oversight from this body as well as the economic development cabinet and council of post secondary education
- Will be measurable and allow for tracking of Return on Investment
- Will be open and transparent
- Will be accountable to taxpayers
- Will minimize inefficiencies and overhead expenses for state programs
- Will be impactful for innovators and job creators
- Will have very clear and open points of entry

- Will be available for anyone and everyone who has the potential to create broad economic impact for our economy.

C3 will accomplish its mission by:

- Uncorking the innovative resources of all of our universities, including research, scientific discoveries, patents and other intellectual property
- Improving access to talent on our campuses in the form of engineers, scientists, students and graduates
- Leveraging our local and regional advantages that can be improved with new technology, processes and products
- Enabling mentorship through accelerators that help turn ideas into startups and startups into scale ups
- Providing low cost legal services through a partnership with all of our state law schools and our private bar
- Improving access to state and federal grant dollars that support new ideas
- Providing capital investments that enable novel concepts to become job creating companies.

We have provided an independent [score sheet from ITIF](#) that illustrates some of the metrics that we will be reporting back to you on a regular basis. We've highlighted Kentucky's position relative to our border states as a starting reference point.

Note the highlighted metrics and the overall ranking of border states.

You can see that we have our work cut out for us.

This is admittedly a heavy lift. It's work that is both complex and complicated. But it is work that is necessary and it is a challenge that we, as a state, are more than capable of meeting.

We thank this body for its partnership in this mission and we're eager for your questions and feedback.

Thank you.