



Creating a Regional Innovation Environment

Rising Above the Gathering Storm: Development of
Regional Innovation Environments

September 20, 2011

Duane J. Roth, CEO, CONNECT

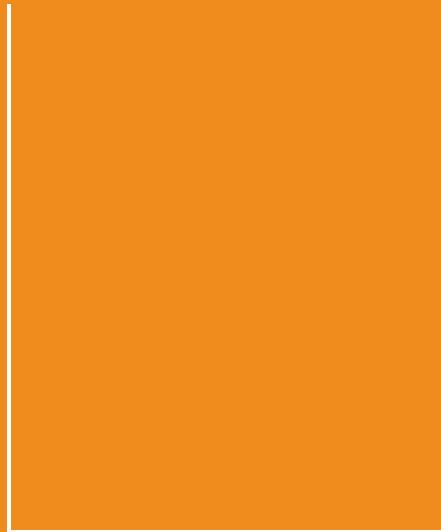


25 YEARS AGO

CONNECT was founded in 1985 by government (EDC), research institutions (UC San Diego), and the private sector (Qualcomm, Hybritech) to assist in the commercialization of research discoveries.

- 25 years/2,000 companies/ \$10 billion in funding/
~150,000 jobs
- Currently in San Diego, one new technology-based company is created every day.

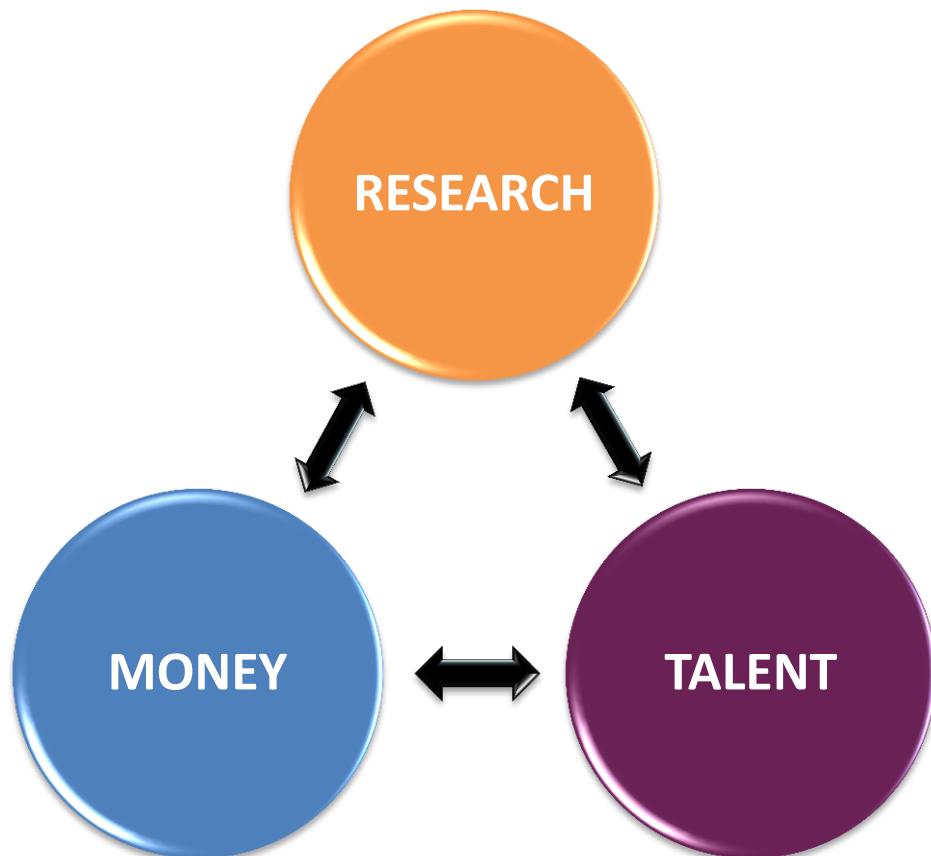
CONNECT = [BC / VC / EC / RC / DC / CC]



- Business Creation
- Venture Capital
- Educational Curriculum
- Recognition & Competitions
- Washington Policy
- Convergence Clusters



SAN DIEGO COLLABORATIVE INNOVATION CULTURE



- Help each other
- Region above company
- Policy matters



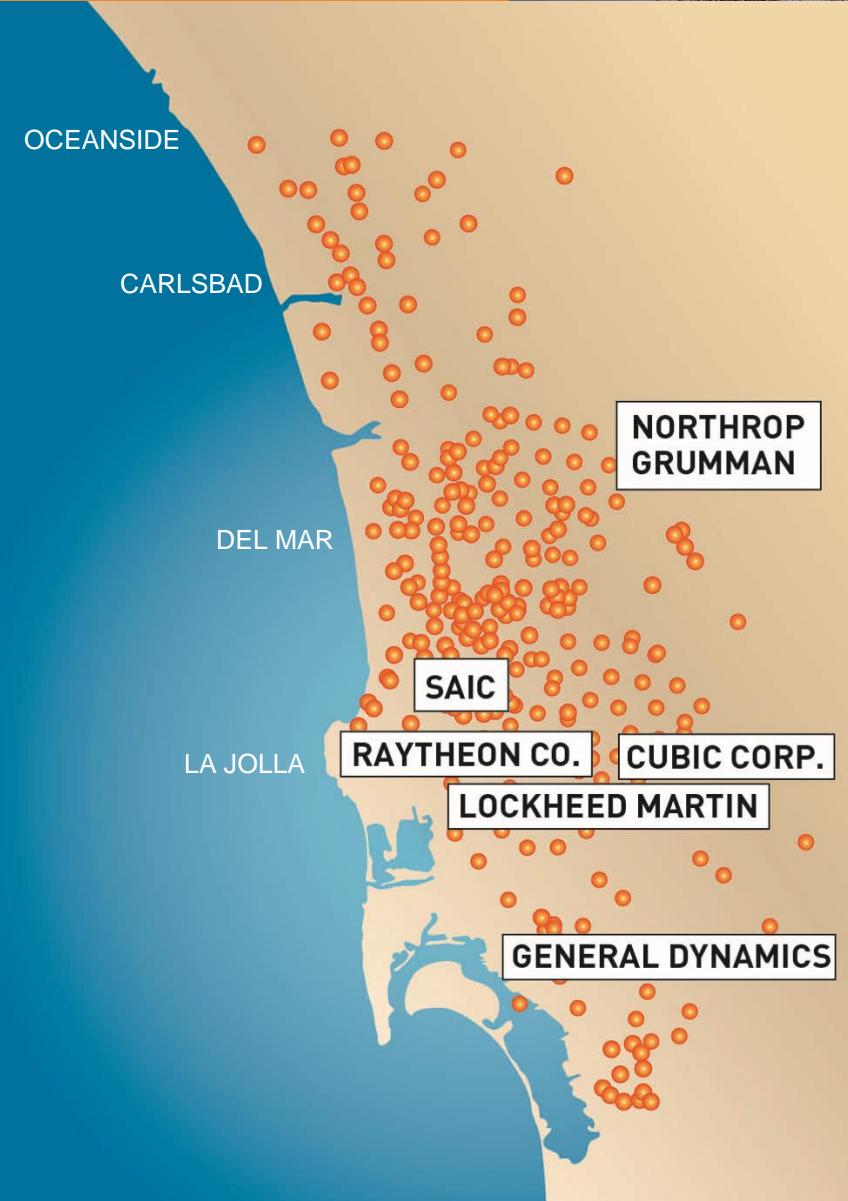


The Core

The Scripps Institution of
Oceanography (1903)

U.C. San Diego (1960)
Salk Institute (1960)

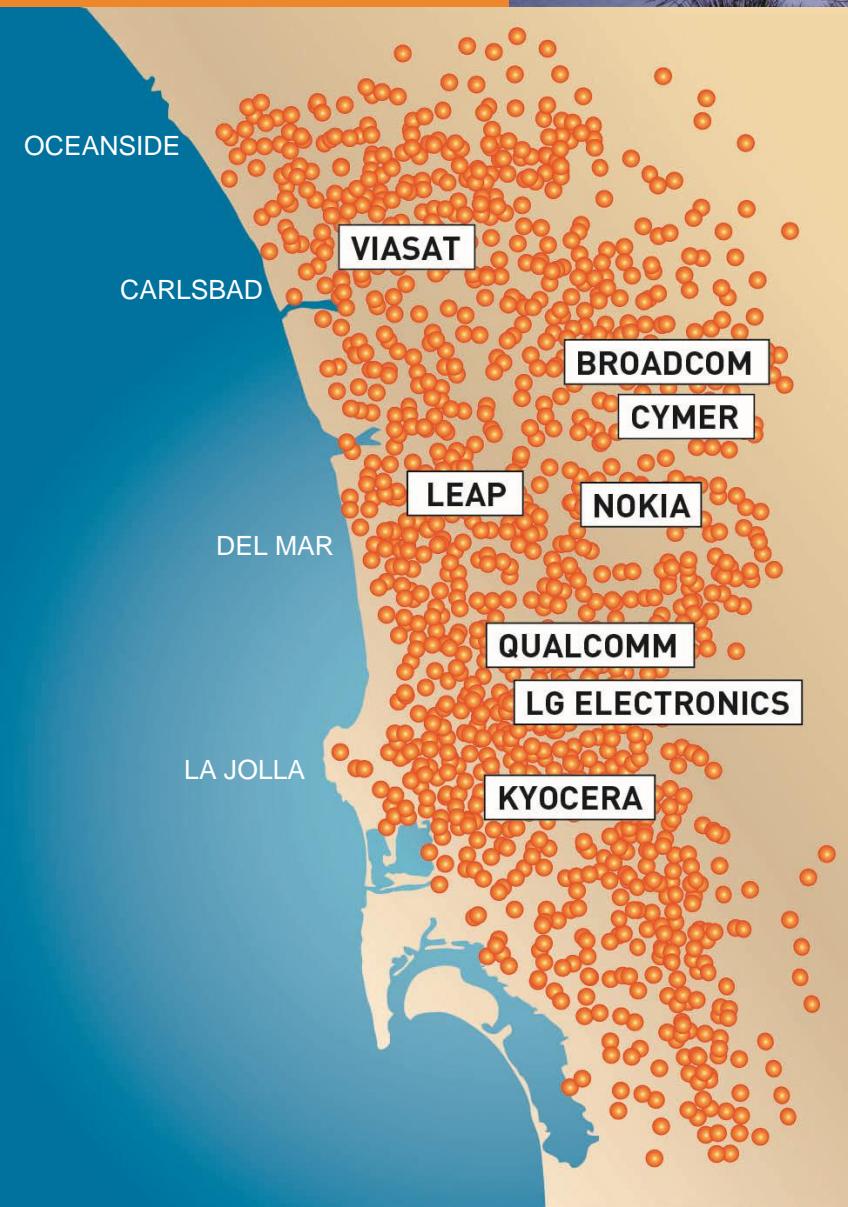
Today there are over 75
research institutes in San
Diego, with five founded in the
last two years.



Defense and Security

Ruben H. Fleet opened the **Consolidated Aircraft** plant in San Diego in 1935.

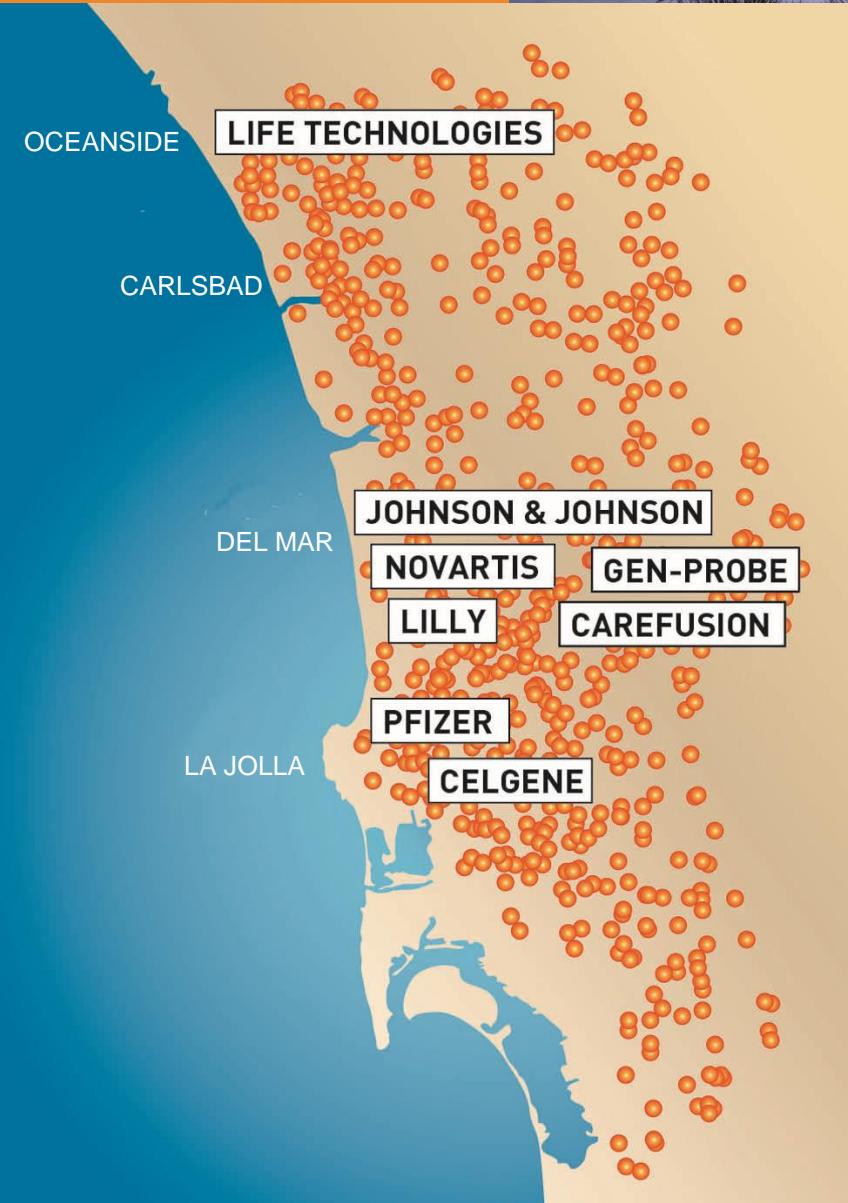
Today there are more than 260 Defense and Security Companies operating in San Diego.



IT / Wireless / Software

Linkabit was founded by UC San Diego professor Irwin M. Jacobs in 1968 as the first “high tech” communications company in San Diego.

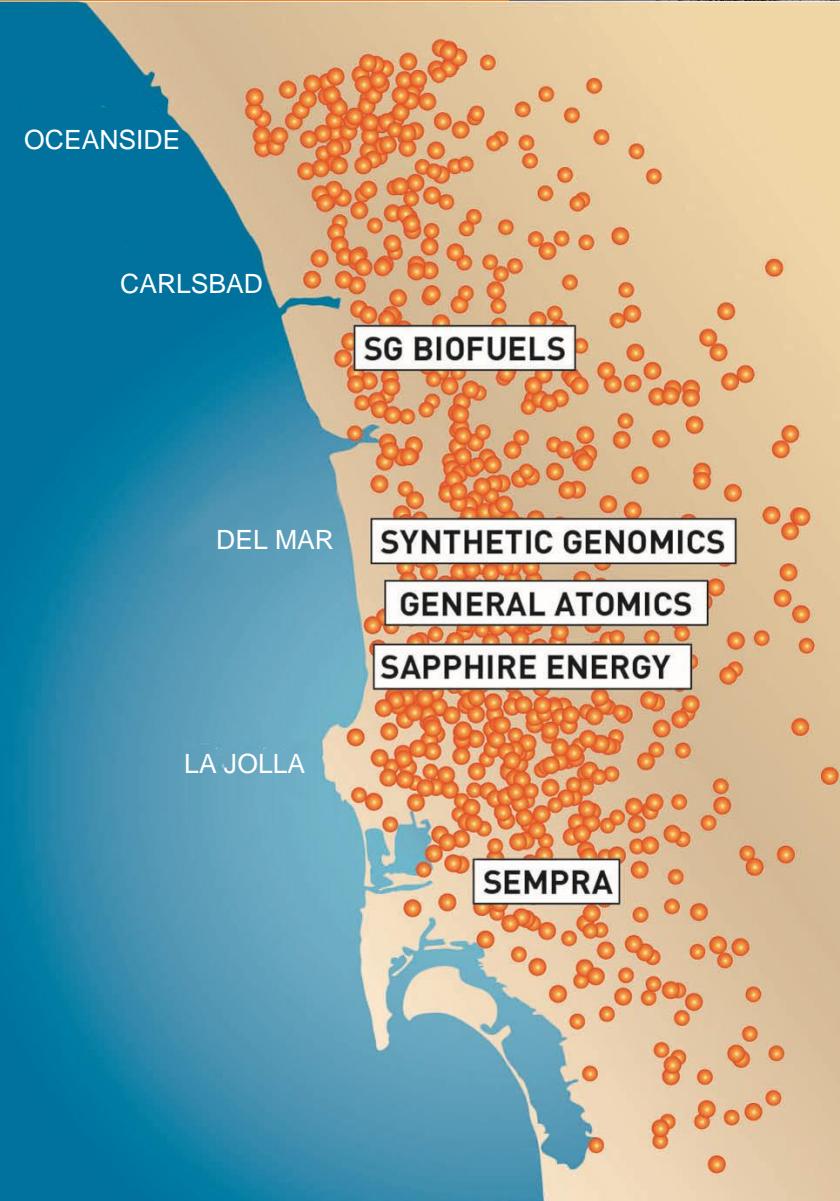
Today there are more than 3000 IT, Wireless and Software Companies operating in San Diego.



Life Sciences/Biomedical

Hybritech was founded in 1978 by UC San Diego professors Ivor Royston and Howard Birndorf as the first “BioTech” Company in San Diego.

Today there are more than 600 Life Science / Biomedical Companies operating in San Diego.



Energy and Environment

General Atomics was founded in 1955 as San Diego's first Energy Company by General Dynamics.

Today there are more than 700 Energy and Environmental Companies operating in San Diego.



Sport Innovators

San Diego's Sport Innovators traces back to the founding of **Gordon and Smith Surfboards** in 1959.

Today there are more than 600 Sport Innovator Companies operating in San Diego.



CONNECT INNOVATION REPORT

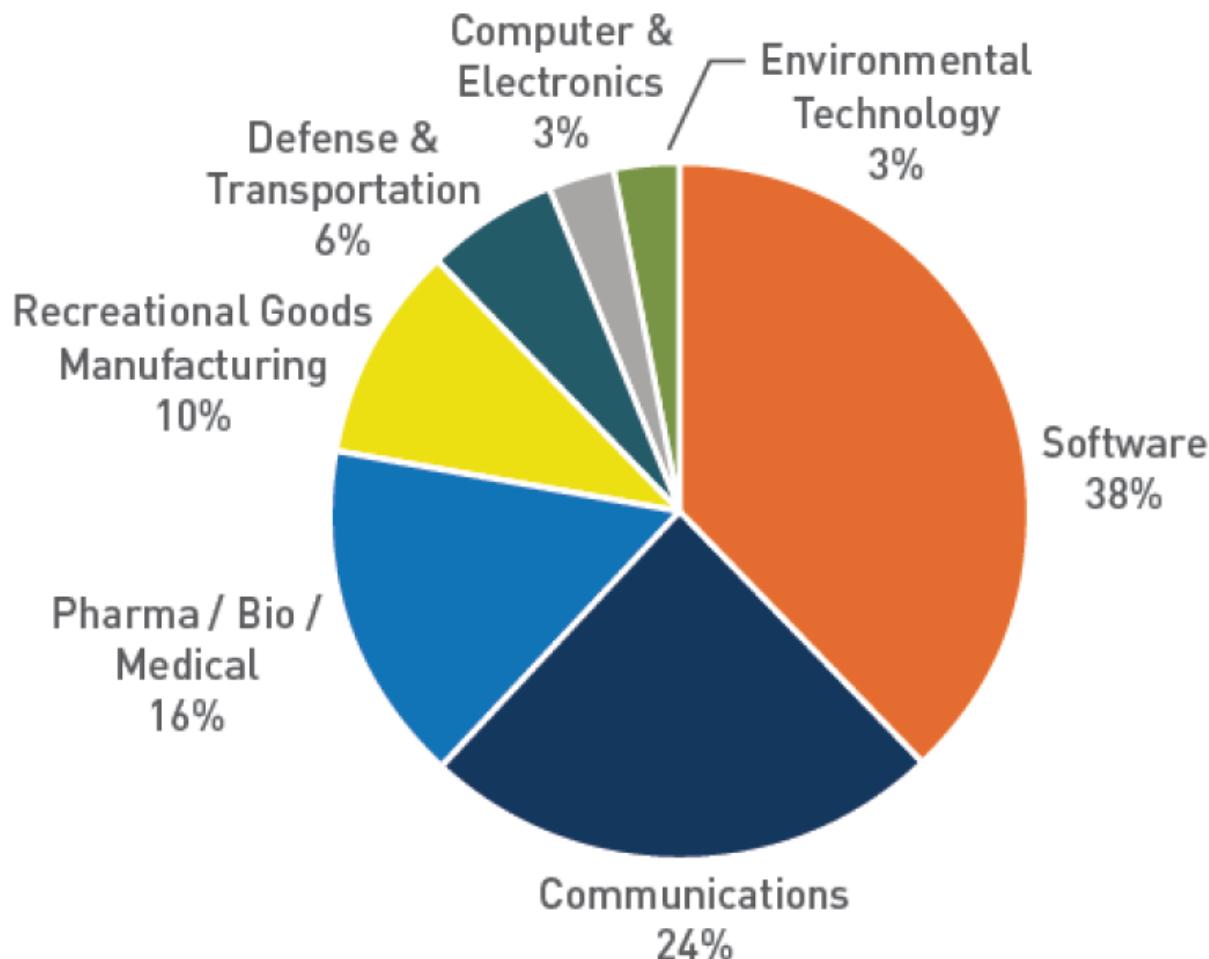
FULL REPORT
FIRST QUARTER 2011







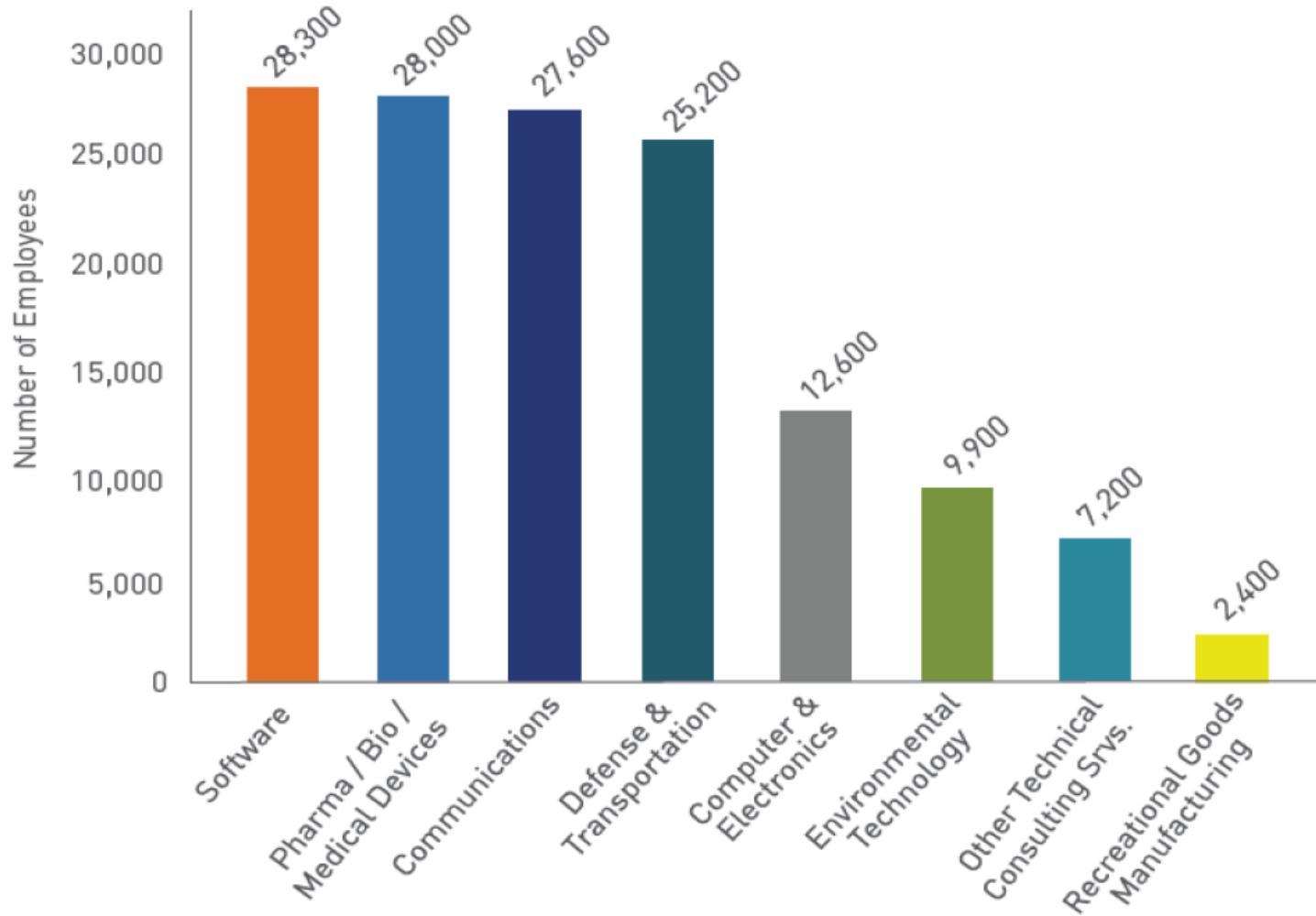
SAN DIEGO START-UPS BY INDUSTRY – 1ST Quarter 2011





SAN DIEGO TECH EMPLOYMENT BY INDUSTRY – 1ST Quarter 2011

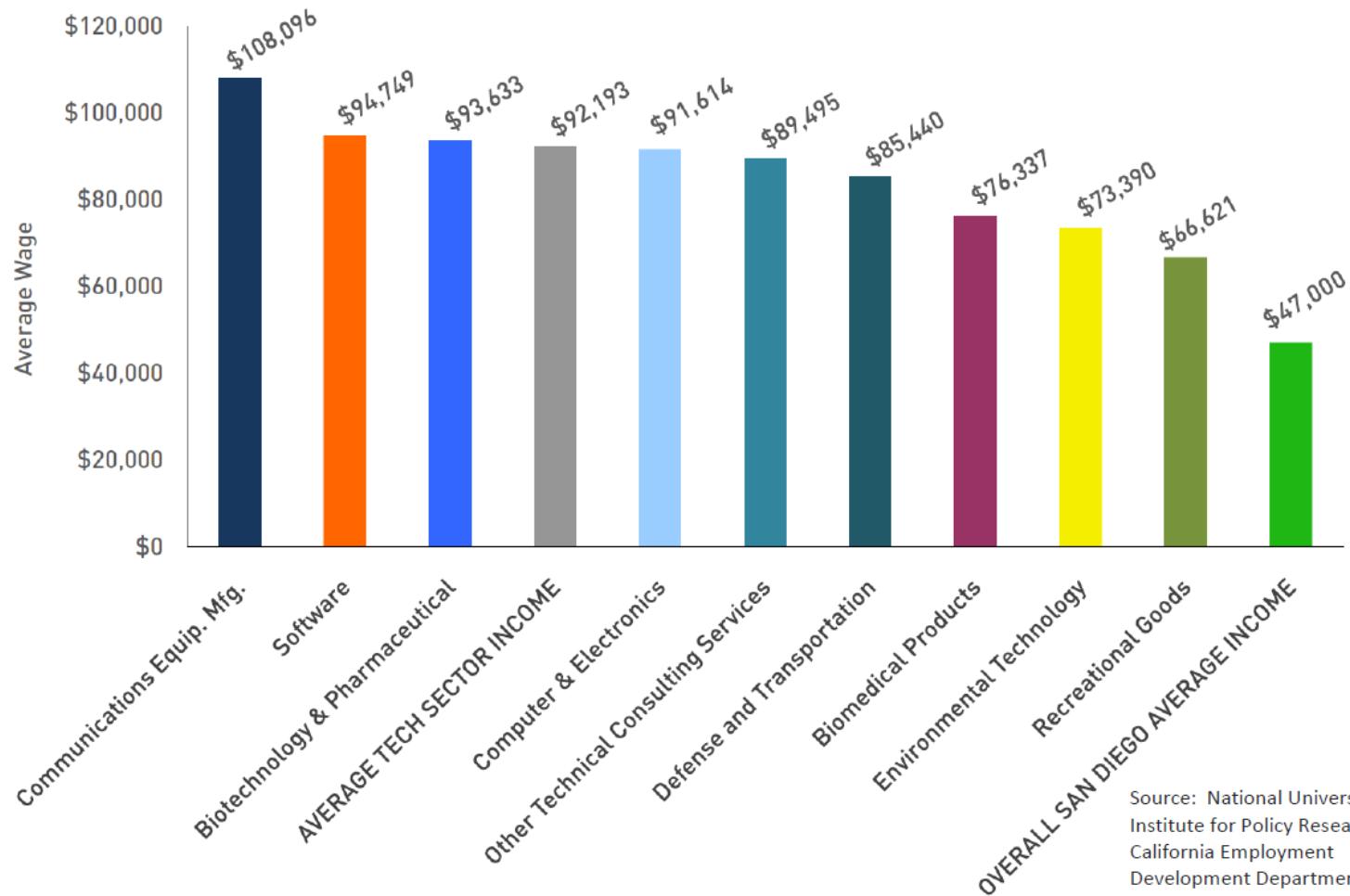
141,200 Jobs



Source: National University System Institute of Policy Research; California Employment Development Department (EDD)



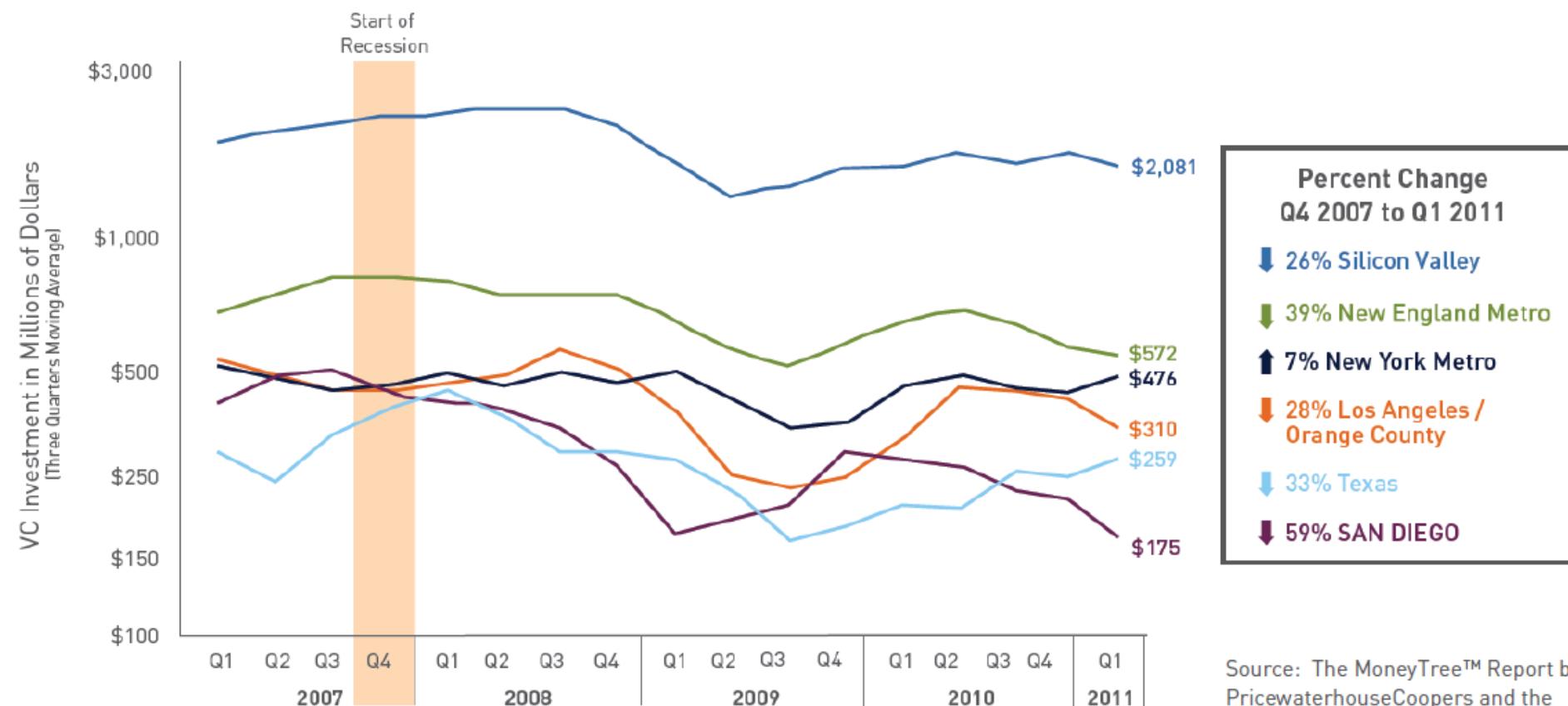
SAN DIEGO AVERAGE TECH SECTOR WAGES BY INDUSTRY



Source: National University System
Institute for Policy Research;
California Employment
Development Department (EDD)



VC INVESTMENT MOVING AVERAGE BY REGION - 2007 to 1ST QUARTER 2011



Source: The MoneyTree™ Report by PricewaterhouseCoopers and the National Venture Capital Association based on data from Thomson



WHAT IS NEXT? ...CONVERGENCE

- Cyber/ Information dominance
- Wireless/ health
- Bio/ energy
- Solar/ storage



The Challenges for US Innovation

1. We need a new financing model
2. We have to become more efficient with “production”
3. We need to prepare the workforce



The Fully Integrated Model

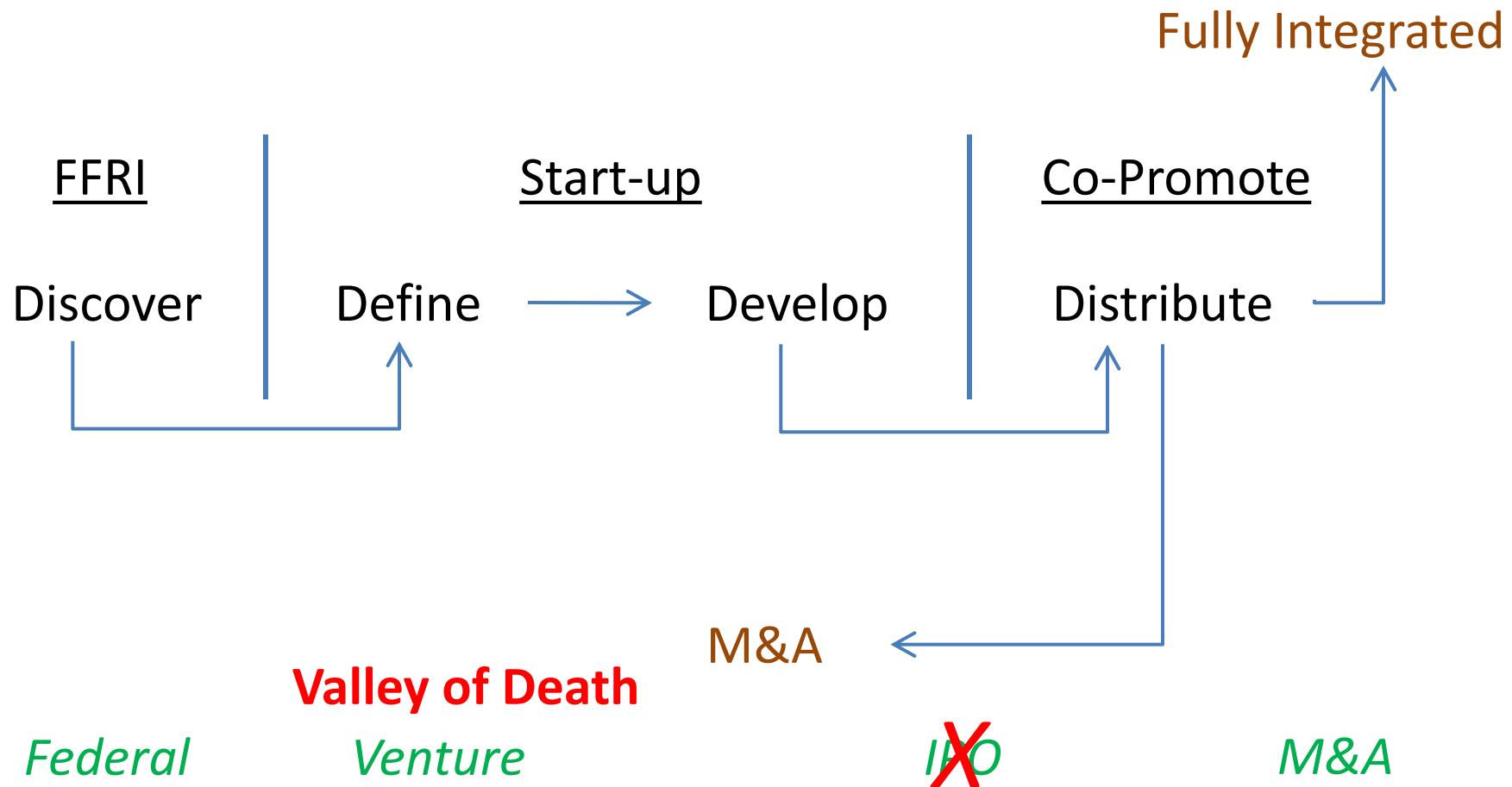
Discover → Define → Develop → Distribute

Self-Funded

MBO, quarterly reviews, etc.
(VP R&D / CEO as Product Manager)

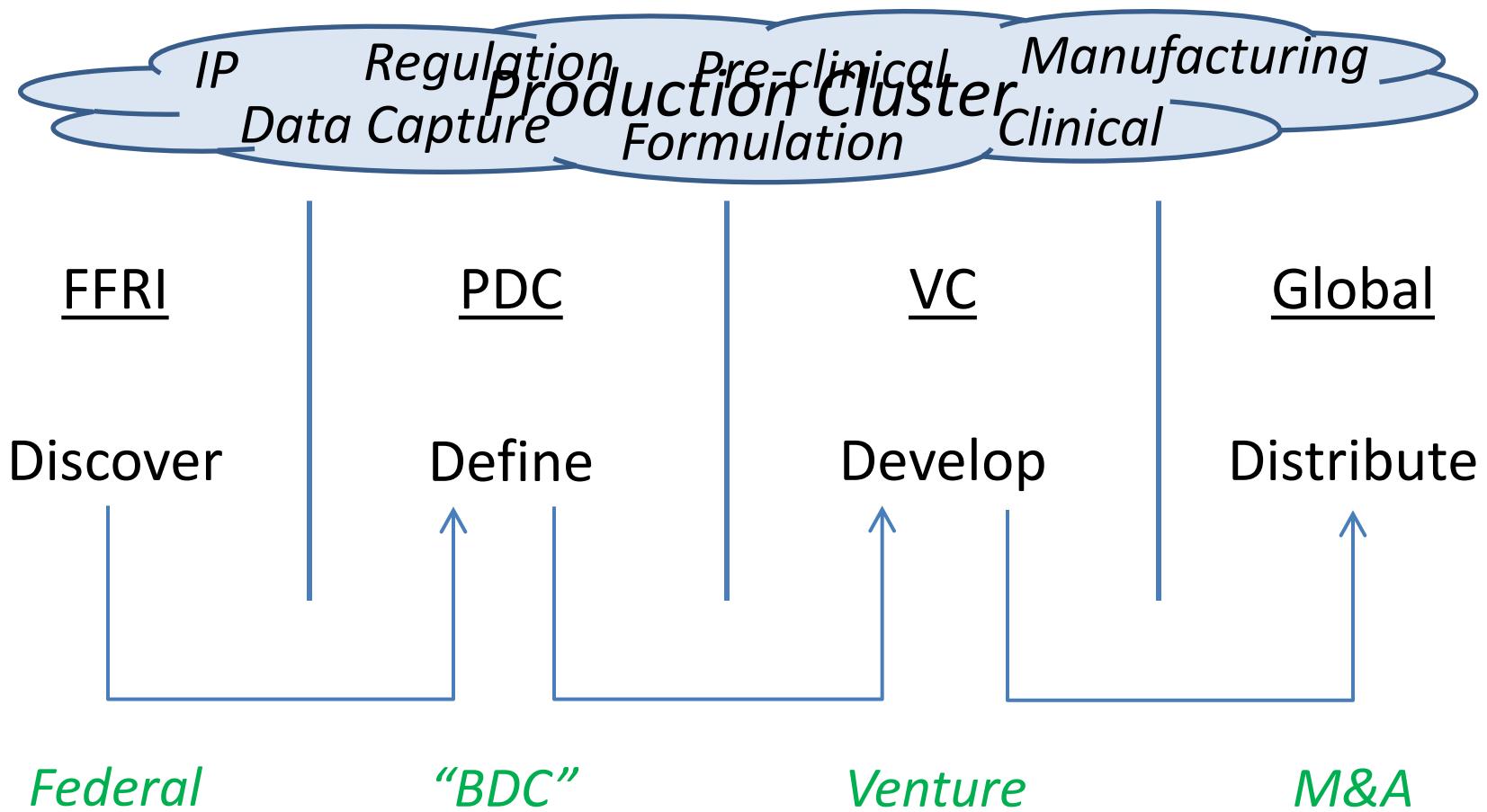


The Co-Partnering Model



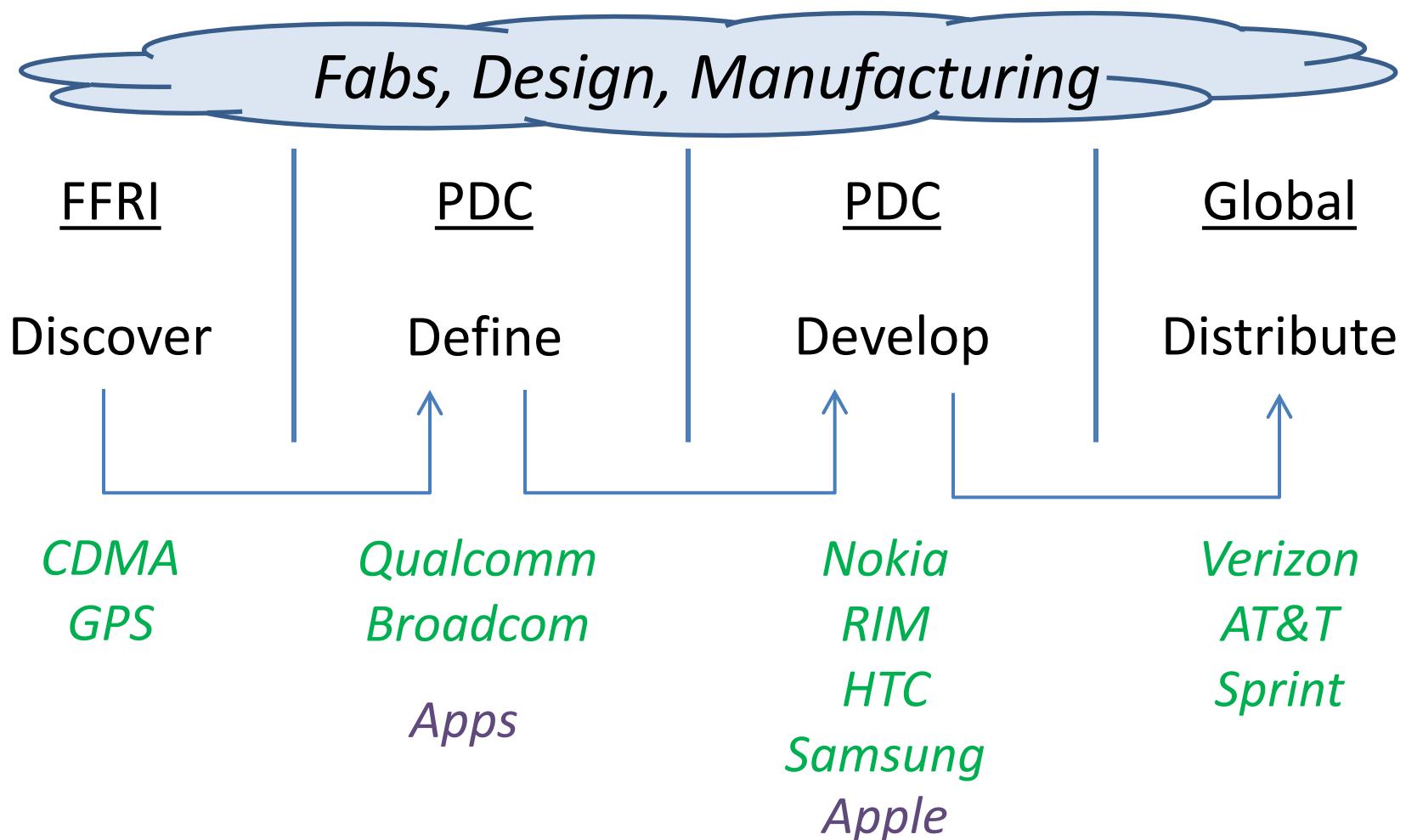


The Distributed Partnering Model





The Wireless Model





Discover

Define

Develop

Distribute

Infrastructure

...a CEO responsible for each



The

DISTRIBUTED PARTNERING MODEL

for

Drug Discovery and Development

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January 2010





AN ECONOMIC GROWTH AND COMPETITIVENESS AGENDA FOR CALIFORNIA

PRESENTED BY:

LIEUTENANT GOVERNOR GAVIN NEWSOM

AUGUST 2011