

**R. Chadwick Paul, Jr., President and Chief Executive Officer
Ben Franklin Technology Partners of Northeastern Pennsylvania
Representative Marcia Hahn - Testimony
September 20, 2017**

Good afternoon, Chairman Benninghoff, Representative Hahn, and members of the panel. My name is Chad Paul, and I am the President and Chief Executive Officer of the Ben Franklin Technology Partners of Northeastern Pennsylvania. Thank you for inviting me to testify today. I appreciate the opportunity to discuss our efforts in creating and retaining highly paid, sustainable jobs in Pennsylvania. The Ben Franklin Technology Partners has garnered outstanding job creation and retention results since 1983, and we have emerged as the recognized gold standard in state-funded, technology-based economic development.

On behalf of our board and staff, thousands of regional companies, and tens of thousands of Pennsylvania workers who have benefitted from the Ben Franklin Technology Partners statewide, I want to thank you for your support. The funding that you have provided to Ben Franklin has been invested in companies and projects that have a direct, positive, and continuing impact on our communities and the development of the Commonwealth's tax base.

Ben Franklin makes capital investments in early-stage technology companies. Our selection process is competitive and arduous. We meet with many entrepreneurs, evaluate their business models, assess their ability to scale their businesses and create good jobs, and gauge how well we believe they will execute on their strategic plans.

At least as important as our capital investments is our Solutions Network of more than 200 proven experts who consult with clients in key areas including accounting, sales and marketing, business planning, and intellectual property protection. In addition, because our vetting process is so well respected in the investment community, Ben Franklin's early-stage clients can leverage our investment and endorsement, earning a favored position for consideration among angel investors, venture capitalists, and other institutional investors.

For example, Ben Franklin client Innovative Control Systems, Wind Gap, manufactures sophisticated computer control systems for the car wash industry. With help from Ben Franklin and starting with just 1 founder, the company developed Tunnel Master for Windows, the industry's only fully integrated point-of-sale, tunnel controller that integrates the control of car wash equipment with other business functions.

Ben Franklin invested four times in the company, and provided business and technical assistance, networking contacts, and marketing and channel strategy support. ICS has grown dramatically, increasing sales nationally, and driving employment up from 1 to more than 90 employees. The company relocated to a new 25,000-square-foot building in Wind Gap that was designed for optimal efficiency with help from Lehigh University's Enterprise System Center, thanks to connections established by Ben Franklin.

Another part of our mission is to help Pennsylvania's manufacturing firms to be more internationally competitive through technology. We link clients to college and university resources to support product development and process improvement initiatives that provide companies with a cost or productivity advantage in their industry, thereby creating and retaining regional jobs.

Ben Franklin established manufacturer client **Rea.deeming Beauty**, located in Bethlehem, produces the award-winning elliptical-shaped beautyblender® makeup applicator. Combining an innovative design and material, the applicator allows for line- and streak-free makeup application. Rea.deeming completed work with Ben Franklin and Lehigh's Enterprise Systems Center to enhance its production and fulfillment capabilities to meet steep increases in demand. The result was a productivity increase of more than 28%. Ben Franklin invested in Rea.deeming in 2014 and 2015 and the company employment increased from 25 in 2015 to 138 in 2017. The company won the 2015 Fastest Growing Company in the Lehigh Valley award and has substantially increased revenue over the past three years.

Since beginning operations in 1983, Ben Franklin Northeast has created more than 17,000 new jobs for Pennsylvania workers and retained 27,000 existing jobs, helped to start 500 new companies, and to develop 1,600 new products and processes. Since 2007, BFTP/NEP clients have generated \$1.46 billion in follow-on funding. The work of the Pennsylvania Ben Franklin Technology Partners network has generated \$3.60 of additional state tax revenue for every \$1.00 invested in the program.

There are four Ben Franklin headquarters statewide, one each in Philadelphia, Pittsburgh, State College, and our corporate headquarters, located in the award-winning Ben Franklin TechVentures® business incubator on Lehigh University's campus in Bethlehem. Decentralization allows the Ben Franklin network to achieve the overarching goal of applying technology to create and retain high quality jobs while customizing execution to regional needs.

As a pioneer in the nation with more than 34 years owning and managing our own incubator, Ben Franklin Northeast enjoys particular expertise in business incubation. We provide vital support to entrepreneurs and early-stage firms when they are most at risk, and it is often key to their survival and prosperity.

The reduced operating costs of starting a company in a business incubator are usually what initially attract an early-stage company. But, when we ask incubator graduates what was most important to them when they started, they cite the business development support from our staff and the sharing of best practices among tenants as even more crucial. Our experience in nurturing young firms has been recognized with the prestigious International Business Innovation Association Incubator of the Year Award twice.

Since 1983, the Ben Franklin TechVentures® business incubator alone has graduated 69 successful companies, together grossing more than \$1.2 billion in annual revenue and creating more than 6,900 jobs. Because of demand, we are expanding TechVentures for a third time. Our new 20,000 square foot addition will open next month and will support the creation of dozens of new technology-based jobs. The addition will allow Ben Franklin to build on our history as a “job creation factory.”

In the early 1990s, BFTP/NEP developed and seed funded the Ben Franklin Business Incubator Network. Having recently expanded to 15 members, the Ben Franklin Business Incubator Network is now among the largest in the United States, and allows us to leverage our incubator knowledge and success throughout northeast Pennsylvania.

We are here today to address what is and is not working in Pennsylvania job creation. The Ben Franklin Technology Partners program is clearly working. What is not working is that we have had to curtail our operations and investments due to a 50% cut in our long-term funding level, and further cuts are now being proposed. With inadequate investment dollars, we have had to seriously underfund clients and turn away promising companies that have nowhere else in our state to go for seed funding. Pennsylvania is missing out on opportunities to create the very jobs that will provide the increased tax revenues the Commonwealth so sorely needs.

The Ben Franklin program is recognized and modeled internationally as one of the best technology-based economic development organizations in the world. We hold proven expertise in job creation and retention. Entrepreneurship and technological innovation will continue to drive and sustain long-term economic growth throughout Pennsylvania. Your support to restore Ben Franklin to our long-term funding level is critical to Pennsylvania's future.