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# New Economy



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## There is still great promise in developing Hawaii tech

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By Laurie Foster

The so-called New Economy is something we don't read about a great deal anymore. There is no question the bursting of the tech bubble on the Mainland has changed the landscape.

In a recent talk at the University of Hawaii at Manoa, locally born pundit Guy Kawasaki

provided local entrepreneurs with a litany of reasons why funding a tech company is so difficult nowadays. Kawasaki also laid out 10 reasons why now is a great time to start a new company.

He is right on the money. Despite the gloom and doom, there are a number of well-run local high-tech upstarts that will set the tempo for continued growth of Hawaii's technology sector. My optimism is buttressed by a number of trends.

## **Westward drift**

Hawaii is slowly but surely being populated by well-heeled and well-meaning Silicon Valley friends who genuinely love our islands. People like Kawasaki, as well as John Dean, Barry Weinman, Charlie Bass, Tim Bajarin, Tony Clapes and others. Many of these individuals are using their resources to fund upstarts and mentor local entrepreneurs. In addition to mainland people who are making their homes here, there are numerous kamaaina who have done well in the technology world but live outside of Hawaii and want to return. These baby boomers, who left the islands long ago, are coming home to roost and invest. People such as Ron Higgins, Bill Richardson and Susan Scott have made a tremendous impact on Hawaii's technology industry in a short time period. While small in number, they will continue to be extremely influential over the next decade in reshaping our economy.

## **Capital growth**

In addition to new human capital in Hawaii, there's also more of the liquid kind floating around. Venture capitalists and angel investors used to be a rarity around here but with every passing day, more investment monies are available for local entrepreneurs to tap. In addition to tech-minded angels and VCs, there are also a growing number of local investors who hitherto may have invested in real estate, but are now dipping their toes into the tech world.

## **Progressive tax laws**

Our Legislature and governor have signed off on the some of the most progressive tax incentives in the nation. They deserve kudos for this. For example, new tax credits are favorable to local investors and can potentially help boost our high tech industry. What's needed is to educate our local investment community so it can learn how to leverage these new laws.

## **High-tech infrastructure**

Don't let anyone tell you our local telecommunications infrastructure doesn't count for much. We've got terrific fiber optic connectivity in this state and that's a prerequisite for any high tech industry to evolve.

## Changes at UH

We're starting to understand that UH can be a catalyst for change. Guy Kawasaki correctly stated that we must pour resources into UH's engineering and business schools to create new entrepreneurs.

Fortunately this is already occurring. Venture capitalist Barry Weinman recently funded a new chair at the UH College of Business Administration, which is occupied by Rob Robinson, former Harvard Business School professor and a consummate entrepreneurial pro. The newly evolving bio-medical center in Kakaako is also a promising development.

The confluence of human capital, venture capital and tax incentives coalescing around a growing infrastructure is creating the critical mass we need to build a real high tech sector in our state. As Kawasaki said, the trick will be to ramp up our educational system to feed this industry. Let's not drop the ball this time.

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Laurie Foster is president of HOTU, a Honolulu-based high-tech company that provides businesses access to university students nationwide.

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