htdc

HAWAIʻI TECHNOLOGY DEVELOPMENT CORPORATION

Executive Summary

Context

HTDC is at a pivotal point in its organization's history–Hawaii's economy is in an undeniable downward spiral as cost of living continues to rise, but wages continue to stagnate. At the same time, HTDC has been tackling this problem for decades with minimal results causing significant distrust from the community and legislators.

One thing is clear: HTDC cannot continue as it currently operates. We must enter this new era of the agency with a **bold and ambitious vision** for change–one that is audacious and complex enough to tackle the audacious and complex challenge at hand.

Many of you have seen pieces of this strategy I'm about to share today evolve through multiple board meetings over the past year. We've introduced ideas like the **flywheel of tech and innovation, field catalyst, and tech niches.** Today's presentation brings those pieces together into one cohesive framework.

This is the **first of two conversations**. Today we're seeking approval for the five-year strategy. Then, we'll come back with a one-year operating plan.

Key Questions for Consideration

Today, we'd appreciate feedback on the following questions:

- Have we correctly framed the problem?
- Have we correctly defined HTDC's role?
- Are the three strategic goals are the right priorities for the next five years?
- Are there major risks or blind spots we should address before adoption?
- Is there anything missing that you believe belongs in the strategy?

Agenda

1. The Problem
2. The Big Strategic Shift
3. Funding and Implementation
4. Questions

The Problem

01

Question: Have we correctly framed the problem?

The Problem

- Hawaii has a wage stagnation crisis–average annual wages, have only increased **~16% since 1969.**
- As a result, young, educated kamaʻāina are leaving to pursue better opportunities on the continent. . It is currently estimated that a little under **500,000 people born in Hawaii are living on the continent**
- The tech sector provides a potential solution – it is one of the only sectors that creates meaningfully high-wage jobs. According to the US Bureau of Labor stats, the median annual wage in tech is **$105,990**
- Despite decades of investment, Hawaii has struggled to take its tech and innovation sector past nascency, sitting at **~$4B, which is still only ~4% of our total GDP.**
- In fact, Hawaii performs in the **bottom quartile in the country** across most key indicators for a tech economy (e.g., VC investment per capita, patents per capita, # STEM degrees per capita, startup survival rate, etc)
- This places Hawaii at the **“Seeding” stage** of tech economic development

Stages of Tech Economic Development

		Honolulu	Miami, Provo		San Francisco, Tel Aviv
Stage	1 **Seeding**	2 **Germinating**	3 **Growing**	4 **Scaling**	5 **Expanding**
Tech as % total GDP	<5% of GDP	5-10% of GDP	10-15% of GDP	15-20% of GDP	20% of GDP
Description	Startup density, talent, and capital are all low, with ongoing challenges such as the outflow of resources to more developed regions.	Early signs of startup activity are beginning to emerge, driven by growing interest from local talent and a handful of new initiatives.	A core cohort of startups is gaining traction, early exits are beginning to materialize, and local investors are becoming increasingly engaged.	Startups are beginning to scale beyond the local market, serial founders are recycling experience and capital, and the region is gaining national visibility.	The ecosystem is recognized as a global hub for innovation, producing startups that contribute to international markets and knowledge systems.

The Problem

- Hawaii's ecosystem builders have created a lot of programs over the years to try and grow the economy**–none of them have moved the needle.**
- We can diagnose this lack of growth to what we call, **"the emerging ecosystem purgatory."** Because state has not yet reached the critical mass of technology companies, talent, and investment needed, **momentum never catches.** Many other states and cities stay stuck in this purgatory.
- When we surveyed ecosystem builders, they indicated that **better alignment, more funding, and more data is needed**, but currently no one leads this work.
- Additionally, Hawaii has historically not focused on sectors where we have an advantage, **causing resources to be spread thin.**

Have we correctly framed the problem?

The Big Strategic Shift

02

Question: Is this the right strategic direction?

Our New Mission and Vision

Vision

HTDC envisions a future where Hawaii is the Pacific's engine for innovation. Its technology sector drives global change and local prosperity. In this future, Hawaiʻi becomes a world-renowned center of excellence in breakthrough ocean and space technologies, demonstrating that a small island state, guided by indigenous values, can pioneer solutions to humanity's greatest challenges. This creates an economy where tech companies and innovations are deeply rooted in local ownership, ensuring prosperity circulates within our communities and provides pathways for residents to thrive in Hawaiʻi.

Mission

HTDC's mission is to grow Hawaii's technology sector to be globally competitive, creating high-wage careers for residents. HTDC advances this mission by working with partners to deploy strategies that attract innovative technology companies to Hawaiʻi and help local startups grow, scale, and succeed.

Our Theory of Change: This represents how we think about solving the problem at the highest level

If HTDC can…

Catalyze the Ecosystem
Create the conditions for collective action.

Convene stakeholders: Bring together industry, government, academia, investors, and community partners around shared priorities.

Build data-driven strategies: Generate research, identify opportunities, and align stakeholders behind evidence-based roadmaps.

Garner funding for implementation: Secure and align public, private, and philanthropic capital to move priority initiatives from planning to action.

And work with partners to…

Support Company Growth
Provide tangible support for companies.

Launch Programs: Develop initiatives that strengthen areas across the flywheel of tech and innovation – entrepreneurship, commercialization, workforce, and access to capital.

Pass Policies: Champion policies that reduce barriers, unlock investment, and improve Hawaii's innovation ecosystem.

Build Infrastructure: Develop shared physical and organizational assets that help companies test, manufacture, and scale in Hawaii.

Then, together we will…

Grow the Sector
Create statewide prosperity

Create more companies: Increase the number of startups emerging from Hawaii.

Attract more companies: Position Hawaii as a destination for companies to invest, expand, and relocate.

Grow more companies: Help existing companies access the capital, talent, infrastructure, and markets needed to scale.

Economic Growth: Expand Hawaii's technology sector and overall economic output.

Quality Jobs: Create more high-wage career opportunities for Hawaii residents.

Our Focus Sectors: In the short term, HTDC will focus on **ocean and space sectors** with a horizontal focus of **advanced manufacturing**, leaning into Hawaii's competitive advantages.

Ocean

Technologies that support the sustainable use, monitoring, protection, and commercialization of ocean and marine resources.

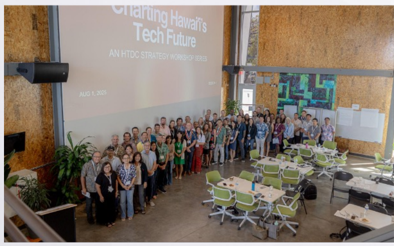
Space

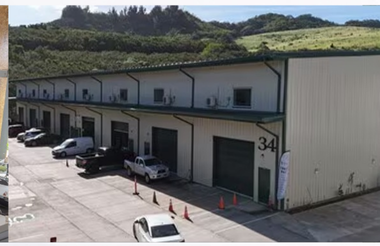
Technologies that enable activities in space and leverage satellite, launch, and aerospace capabilities to solve challenges on Earth and beyond

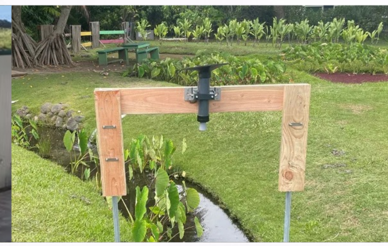
Advanced Manufacturing

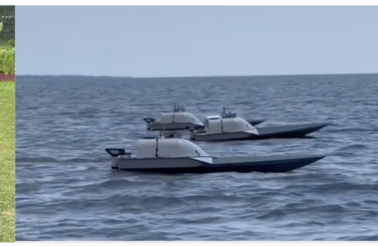
The use of innovative technologies, automation, digital tools, and advanced production processes to design, make, and scale high-value products more efficiently, competitively, and sustainably.

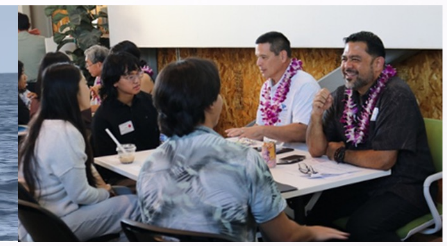
Our Strategic Goals: This is how we are implementing our theory of change over the next five years.











Goal 1

Invest in Intangible Infrastructure

Invest in Hawaii's intangible infrastructure by increasing coordination, data, and funding for ecosystem builders.

Goal 2

Develop Physical Infrastructure

Develop a coordinated statewide network of advanced manufacturing, prototyping, and pilot-testing facilities.

Goal 3

Embed Regenerative Wealth

Embed regenerative economic development into HTDC's work by developing shared frameworks and creating financial tools for wealth reinvestment.

Goal 4

Strengthen the Innovation Pipeline

Strengthen Hawai‘i's innovation pipeline by increasing startup formation, accelerating company growth, and ensuring more high-growth companies start, stay, and scale in Hawai‘i.

Goal 5

Build an Industry-Led Workforce

Strengthen Hawai‘i's technology workforce by convening industry-led partnerships, coordinating career pathways, and connecting local talent with emerging technology employers.

KPIs: We will track the following indicators to understand how we are doing.

Most accountable → **Least accountable**

Catalyze the Ecosystem *Create the conditions for collective action.*	**Support Company Growth** *Provide tangible support for companies.*	**Grow the Sector** *Create statewide prosperity*
# Organizations participating in HTDC's shared initiatives	# Companies supported	Technology sector as a % of total GDP
# Active industry councils and working groups	# Companies attracted to Hawaii (with at least one staff here)	Percent of population starting a new business
Stakeholder satisfaction	# Ocean and space startups engaged in at least one of HTDC's programs	Percent of startups still active after one year
# Ecosystem reports, strategies, and playbooks published	Revenue (by supported companies)	Tech Employment as a % Total Employment
# Policy or major initiatives informed by HTDC research	Capital raised (by supported companies)	R&D as a % of GDP
External funding mobilized	# Jobs created (by supported companies)	Patents Awarded per 1000 residents
# New initiatives launched in partnership with other ecosystem builders	Average annual wage (by supported companies)	VC Dispersed per $1M of GDP

Is this the right strategic direction?

Funding and Implementation

03

Question: Is this realistic and directionally correct?

Generally, we see our programs broken into the following:

	Core & Foundational	Scalable & Opportunity Driven
Purpose	Maintain the capabilities and functions necessary for HTDC to operate and deliver its core mission	Pursue strategically important pilots or expand proven models as funding, demand, and capacity increase
Examples	Finance and administration, strategy, data, coordination, required programs	Workforce initiatives, innovation programs, new infrastructure, expanded partnerships, new initiatives
Funded By	Stable, recurring funding such as state allocations and earned revenue from real estate	Federal grants, philanthropy, private investment, earned revenue, and other external funding
Est. Cost	**$2M-5M Annually** Relatively stable with some scaling contingent on the size, success, and scale of “opportunity driven” work	**$1M-$20M Ad-Hoc** Large investments, potentially ad-hoc, depending on the type and complexity of the project at hand

How we manage scope for scalable & opportunity driven work

Criterion	Key Question
Strategic Alignment	Does the initiative directly advance one or more strategic goals?
Potential Impact/Demand	Could HTDC's involvement generate meaningful economic or ecosystem impact?
HTDC Role / Value-Add	Is HTDC uniquely positioned to lead, coordinate, or support this work?
Funding & Sustainability	Is there a viable funding model, and can the work be sustained?
Partner Readiness	Are the necessary partners committed and positioned to execute?
Organizational Capacity	Does HTDC have—or can it reasonably build—the capacity to execute?

We took this and did a base, downside, and upside forecast: in our base case, we would need **$8-14M** per year to increase our foundational work, launch 1-2 pilots, and 1-2 infrastructure projects

	Downside Case	Base Case	Upside Case
	Limited growth in resources	Planned growth in resources	Significant new funding secured
Total Budget	**$4-7M**	**$8-14M**	**$15-25M+**
Strategic outcome	Slower, limited implementation	Baseline plan	Accelerated implementation at a larger scale
Core and Foundational Work	**$2M**	**$3-4M**	**$5M+**
Finance, Communications, Administration	Essential staff maintained	Key new functions added (marketing, advocacy, etc.)	Scaled to meet the needs of new programming
Strategic Development	Essential staff maintained	Key new functions added	Key additions added
Scalable and Opportunity Driven	**$2-5M**	**$5-10M**	**$10-20M+**
Infrastructure	Only currently funded projects + site planning	1-2 new projects pursued	2-3 new projects pursued
Workforce, Innovation Pipeline, Regenerative Wealth	Core coordination and planning completed	1-2 pilot projects launched	1-2 Statewide programs developed

Expected cost and current status for base case– We've secured 12.5M for FY27, but we have a signficant funding gap to fill for FY28-31

	5-Year Requirement	**Secured**	**Probable / Recurring**	**Unsecured Funding Need**
Core and Foundational	$17.5M	$2.5M	$5M	$10M
Scalable and Opportunity Driven	$100M	$10M	$18M	$72M
Total	**$117.5M**	**$12.5M**	**$23M**	**$82M**

Note: These numbers were updated from the strategic plan sent on Friday.

We plan to fill that gap with the following strategy

Objective 1. Increase federal funds flowing to HTDC
Federal agencies are making historic investments in regional innovation, advanced manufacturing, workforce development, climate resilience, defense, and technology commercialization. HTDC will position Hawai‘i to compete for these opportunities by developing coordinated, multi-partner proposals that align with the state's priority technology sectors.

Objective 2. Develop philanthropic partnerships, locally, and nationally, to match state investment
Many philanthropic organizations increasingly invest in climate resilience, Indigenous innovation, community wealth building, entrepreneurship, and place-based economic development. These priorities align closely with HTDC's long-term vision for Hawai‘i's innovation economy. Philanthropic funding can provide flexible capital to pilot new initiatives, strengthen ecosystem coordination, and leverage additional public investment.

Objective 3. Increase earned revenue by increasing utilization of current real estate, and increasing real estate portfolio size[TL1]
One of HTDC's greatest long-term opportunities is to generate recurring revenue through strategic management of its real estate portfolio and innovation infrastructure. Unlike many economic development organizations, HTDC has the statutory authority to own, develop, and manage economic development assets. By viewing these facilities as a coordinated portfolio rather than individual properties, HTDC can simultaneously advance industry development while creating sustainable revenue that can be reinvested into future initiatives. Over time, this approach will allow HTDC to reduce dependence on annual appropriations while increasing its capacity to invest in Hawai‘i's innovation ecosystem.

Objective 4. Increase state funding to cover staff, programming, and infrastructure projects
Until this past year, HTDC has received general funds in the state budget ranging from $2M-$7M. This strategic plan will create the narrative necessary for new projects and programs to be presented for funding with clear goals and return on investment.

We feel hopeful about our federal funding pipeline with strong alignment across all of our focus sectors with federal priorities

	Value	Grant Names	Status	Confidence
Economic Development Grants Coordinated, place-based strategies that align industry, government, academia, and workforce partners around a shared economic vision	Up to **$20M** annually	EDA Build2Scale EDA Tech Hubs NSF Engines SBA Growth Accelerator Fund Competition (GAFC)	WATCHING	MEDIUM
Workforce Development Grants Support the education, training, and upskilling of talent needed to sustain industry growth	Up to **$25M** annually	NSF Advanced Technological Education (ATE) NSF Experiential Learning for Emerging Data Scientists (ExLENT) NSF Scholarships in STEM (S-STEM) NSF E-CORE/E-RISE DOL Strengthening Community Colleges Training Grants	WATCHING, APPLIED	HIGH
Infrastructure Grants fund the physical assets required to support industry and community needs.	**$500M+** annually	EDA Public Works & Economic Adjustment Assistance (PWEAA) EDA Recompete Pilot Program EDA Regional Innovation Strategies (RIS) Construction Components OLDCC Infrastructure program	WATCHING	MEDIUM

Philanthropic pipeline is new and untested, but high potential

	Value	Grant Names	Status	Confidence
Local, Place-Based Philanthropists Hawai‘i-based foundations, family offices, and individual philanthropists whose giving is focused on **Hawai‘i's economic, community, workforce, and environmental outcomes**.	Unknown	Kamehameha Schools Foundation Hawaii Community Foundation Kosasa Foundation Liliuokalani Trust Ulupono Initiative	WATCHING	MEDIUM
National, Topic Relevant Philanthropists National foundations and philanthropic institutions that fund issues aligned with HTDC's priorities—such as **climate resilience, ocean innovation, workforce development, entrepreneurship, economic mobility, and technology**.	Unknown	Schmidt Marine Technology Partners Revolution Ventures Yield Giving Bloomberg Philanthropies Bezos Earth Fund Chan Zuckerberg Initiative	WATCHING	MEDIUM

We aim to modestly increase our real estate revenues with strong need to bring in in-house capacity

	Value	**Status**	**Confidence**
Entrepreneur's Sandbox	$0K annually	GROWING	MEDIUM
Maui Research & Technology Center	$120K annually	STEADY	HIGH
Advanced Manufacturing Q34	$30K annually	STARTING	MEDIUM
New site	UNKNOWN		

Organizationally, we plan to execute this strategy by…

Objective 1. Strengthen HTDC's people and organizational structure
As HTDC grows as an organization, it will need the right people with the right skills and supports necessary to deliver on its mission. We will make sure to grow the team while also growing the supports for the team.

Objective 2. Improve HTDC's brand, storytelling, and communications
Right now, HTDC lacks any strong marketing or communications strategy. We will work to build this capacity for the agency since communications will be a key function underpinning the rest of the agency's work (e.g., fundraising, policy advocacy, strategic development, etc).

Objective 3. Increase operational efficiency and navigate bureaucracy more effectively
HTDC is only as effective as its team can navigate the state bureaucracy. We will invest time increasing internal efficiencies while also building external partnerships to outsource certain work when speed is paramount.

Objective 4. Strengthen HTDC's measurement, learning, and evaluation systems
With a new Theory of Change, HTDC has a new set of KPIs to hold itself accountable to. We will work to create a unified MEL framework as well as a standardized reporting system across our programming to clearly communicate our impact towards various stakeholders.

This requires some key new hires to fill in essential missing capacity

Function	Current Staff	Assessment	Reasoning	How We'll Build It
Fundraising	0 FTE	Limited	HTDC currently lacks dedicated internal fundraising capacity, limiting its ability to systematically pursue federal, philanthropic, and other external funding opportunities that are central to the five-year strategy.	Contractors + Partnerships
Legislative Advocacy	0 FTE	Limited	HTDC currently lacks dedicated legislative capacity, creating a gap in the organization's ability to proactively advance policy priorities and effectively support its growing strategic agenda.	Contractors
Communications	0 FTE	Limited	HTDC currently lacks dedicated communications capacity, limiting the organization's ability to consistently communicate its strategy, elevate its work, engage stakeholders, and support fundraising and partnership development.	Dedicated FTE + Contractors
Facilities / Real Estate	0 FTE 2 Contractors	Limited	Facilities and real estate responsibilities are currently distributed across staff and contractors rather than managed through dedicated capacity, limiting HTDC's ability to strategically manage the existing portfolio, maximize utilization and revenue, and evaluate future investments.	Dedicated FTE + Contractors

Questions

04

Question: Is this anything missing?

Governance and decision making

Category	Board Role	HTDC Staff Role
Strategic Direction	Approve the five-year strategy and material changes to strategic priorities	Translate the five-year strategy into annual operating plans and priorities
Financial Oversight	Approve annual budgets and oversee financial sustainability	Allocate staff and resources within Board-approved budgets and strategic parameters. Develop partnerships and pursue funding opportunities aligned with the strategy
Major Commitments	Approve major investments, acquisitions, debt. Monitor material organizational, financial, legal, and strategic risks	Evaluate, prioritize, scale, pause, or sunset initiatives. Make day-to-day decisions necessary to execute approved priorities
Executive Oversight	Hire/evaluate the Executive Director and monitor organizational performance	NA
Accountability	Review progress against strategic objectives and key performance indicators	Track KPIs, outcomes, financial performance, and risks