Meeting Minutes
Subcommittee on Economic Development
May 11, 2023
Virtual Meeting
1:00 pm – 2:00 pm

Member Attendance (9/12)
Bel Leong-hong (chair), Tasha Cornish, Brian Israel, Kara Contino (for Senator Simonaire),
Larry Letow, Mathew Lee, Kimberly Mentzell, Steve Pennington (for Marty Rosendale), and
Troy Stovall.

Staff Attendance
Howard Barr (Assistant Attorney General & Principal Counsel, DoIT)) and Dr. Greg von
Lehmen (University of Maryland Global Campus, Assigned Staff to the Maryland Cybersecurity
Council).

Meeting Summary

1. Bel Leong-hong welcomed the members to the meeting. Moving into the agenda, she
   confirmed a quorum with Dr. von Lehmen and called for the minutes of the March 30,
   2022 meeting. There was no discussion of the minutes, which were approved on motions
   by Mr. Letow and Mr. Israel.
2. Ms. Leong-hong set the stage for subcommittee discussion by making a number of
   introductory remarks. She noted that the present is an exciting time for the State with a
   new Governor and new Attorney General. The Governor is pro-business and proactive in
   wanting to expand opportunities within the State. He is not afraid to take up tax issues,
   especially as applied to start-ups. Innovation is a priority, which includes cybersecurity.
   Her question to the subcommittee: given these new facts on the ground, what can the
   subcommittee propose to move this agenda forward? What recommendations could the
   subcommittee frame that might identify and support new opportunities for innovation and
   growth particularly in the cybersecurity industry?

- In response to the question, Mr. Letow noted that workforce is a constraint on innovation.
  Because of the talent gap, technical staff have many opportunities and typically do not
  stay long in a given company. He commended CAMI for its apprenticeship program with
  the State Department of Labor to increase the cybersecurity workforce. He also cautioned
  that some innovations are not necessarily ready for widespread use and that there should
  be guardrails. Ms. Leong-hong suggested, and Mr.Letow agreed, that ChatGPT is an
  illustrative use case.

- Mr. Stoval observed that a key question with respect to the cybersecurity workforce is
  alignment. There is a continuum of need from big cybersecurity service companies to
  main street to corporate boards. He noted that Senator Hester's workforce legislation and

the strategic planning process it set in motion will parse the workforce need and target the greatest pain points.

- Regarding innovation, Mr. Israel pointed out that venture capital is harder to raise. "VC" awards are down more than 80%. The solution is to look for partnerships and alternative funding sources. This will be difficult, however. With revenue at larger companies declining, small companies trying to market new products and services will see demand shrink.

- Mr. Stoval added that particularly hard hit is early-stage funding for new companies. To help address this, he stated that TEDCO is considering a program to provide funds on the order of $10-$15,000 to help good ideas get started in the market. Ms. Cornish mentioned the federal Small Business Innovation Research (SBIR) program as a source of seed funds. She noted that CAMI had engaged McKinsey for a report on cybersecurity innovation across the Capital Region that should be helpful as a policy document. Mr. Pennington concurred with the foregoing comments, but he observed that a larger problem is organizing and streamlining available resources so that they are easily identifiable for start-ups. Mr. Letow remarked that beyond financial support, mentorship is a key ingredient to the success of new companies.

- Ms. Mentzel commented on both needs and opportunities in the Maryland technology market. Regarding cybersecurity needs, she drew attention to SMBs. They do not have the same level of cybersecurity expertise as large companies and need support. The State has launched a pilot program to try to address this need. With respect to opportunities, she mentioned that in addition to AI, there is quantum. University of Maryland is a leader in the field and will attract innovators to the State. She also mentioned the 'Global Gateway', the Maryland Department of Commerce's initiative to attract international companies investing in the development of emerging technologies.

- Returning to Mr. Pennington's comment, Ms. Leong-hong asked how new companies with innovative cybersecurity products and services can get to market. Would a "411" service be helpful? Is this a question where the subcommittee could make recommendations? Mr. Israel and Mr. Pennington underscored the point: there are many resources through TEDCO, bwtech, and others, but the question is how can these be put together so that the resources are easily navigable? Mr. Stoval agreed that this is an important need in Maryland, and to answer it, he noted that TEDCO, CAMI, and USM are developing a resource map or hub for start-ups. In this connection, he mentioned the Maryland Innovation Competitiveness Study that TEDCO completed at the direction of the General Assembly. The intention is to guide the creation of a $500 million Equitech Growth Fund for investment in Maryland's innovation infrastructure and workforce. Such a fund would be a significant addition to a resource map.

- Beyond cultivating start-ups, Ms. Leong-hong raised the question about how to keep successful innovators in Maryland? Are there tax-related or other barriers in the State that may cause them to leave the State? She asked if this were a question that the subcommittee could address with one or more recommendations. Mr. Letow stated that

this is a difficult question. New firms have to go where their markets are, and this may lead them out of State. Mr. Stoval returned to the challenge of the workforce gap as a factor that may cause a firm to leave. How does the State get to a factory model for turning out the type and quantity of talent needed to sustain an innovation economy? He mentioned, and Ms. Cornish underscored, that Senator Hester's new workforce development legislation will help implement the talent pipeline management model in Maryland to address this challenge.

3. With the meeting running short, Ms. Leong-hong thanked the subcommittee for its discussion. She stated that she would like to continue the discussion with a view to recommendations the subcommittee might make. In this connection, she asked Mr. Stoval if he would be willing to brief the subcommittee on the Maryland Innovation Competitiveness Study—to which he agreed. She asked Dr. von Lehmen to confer with her about poll dates for a follow-on meeting.

4. The meeting was adjourned at 2:00 pm on motions made by Mr. Letow and Mr. Lee.

    [Note: These minutes were approved at the subcommittee's meeting on February 23, 2024.]