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State may lose KTEC advantage

Businesses experience growth from KTEC's resources

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The Wichita Eagle

A few years ago, Global Aviation Technologies' project to develop a new product hit a snag. Funding for development of an instrumentation system for the Learjet 20 dried up.

"We weren't bankable," Global Aviation co-owner Woody Cottner said this week. "The program had gone through quite a bit of cash."

Enter Kansas Technology Enterprise Corp. and Wichita Technology Corp.

The two groups provided Cottner's company with \$150,000, enough to help him complete development of the product. It was a lifeline, he said.

"Those funds kept us going" as a company, he said. "It was like a springboard."

Cottner's company is an example of how several area companies and entrepreneurs have benefited from KTEC and WTC.

The fates of those two agencies are in doubt because of a recommendation in Gov. Kathleen Sebelius' fiscal year 2010 budget.

Sebelius recommends rolling a few pieces of KTEC's work into the Kansas Department of Commerce.

Those pieces include the state's Centers of Excellence, Business Assistance Incubators and Mid-America Manufacturing Technology Center.

Other pieces -- like KTEC's direct investment program, its support network for new technology programs and the Pipeline technology entrepreneurship grooming program -- would be gone, KTEC says.

Beth Martino, Sebelius' press secretary, said the governor had some tough decisions to make in her budget proposal, including folding parts of KTEC and all of WTC into Commerce.

"There are some redundancies of efforts now, and by eliminating these agencies more than \$4 million can be saved," Martino said.

The state created KTEC in 1987.

It is a quasi-public agency promoting technology-based economic development.

It oversees and supports research centers at the University of Kansas, Kansas State University and Wichita State University; assists technology and bioscience startups through network affiliates such as WTC; and provides direct equity investments in startup technology and bioscience companies.

The Legislature still has to act on the governor's budget recommendations.

Effect on Pipeline

If the governor's budget successfully passes with the KTEC recommendation in place, Wichitan Gary Mason won't get to complete his yearlong Pipeline fellowship, which started in January.

Mason is president of Wichita-based iSi Environmental Services, which provides consulting and other services to companies on environmental and safety issues.

But he's counting on the Pipeline fellowship to help him develop a new venture focusing on recycling composites.

He said the fellowship will help him determine if his idea is commercially viable as well as how and where he can go to attract venture capital.

"I've been in the program for all of a month now, and in a month the resources that they've made available for me... is truly amazing," Mason said.

KTEC resources

Todd Gentry, founder and president of Winfield-based Inno-Labs, just completed the Pipeline fellowship.

He said the program taught him a lot about market validation of new products, expanded his network of contacts among entrepreneurs and taught him to think "out of the tunnel vision mode."

More recently his company has received proof-of-concept funding for development of a new product as well as assistance in submitting a grant request to the federal Small Business Innovation Research program.

Gentry said he's tapped into KTEC and WTC resources a number of times.

Early in the company's history, he said WTC chief executive Trish Brasted helped him form and shape his company's business model, as well as attract capital.

He also credits KTEC's work on the angel investor tax credit, which was part of the Kansas Economic Growth Act of 2004.

"That helped us bring in a very substantial round of funding," Gentry said.

"I don't know of any other options for these types of services," he said. "I really don't think we would be where we are without them."

Matching funds

Roger Rumsey, president of Neon Power Pro, said his company three times received matching funds from KTEC to develop new products.

The company develops and produces new technologies for neon signs.

Without the funding match for developing new products, "our company would not exist," Rumsey said.

He said the odds of survival for a new company whose business centers on developing new products is "slim to none" without that kind of assistance.

"If we're going to have an advanced manufacturing business culture in our state, we need something like this," Rumsey said.

There's one other group that could disappear if KTEC goes away: the Software and Information Technology Industry Association of Kansas.

Sitaks is a creation of KTEC.

The group was formed last year to bring together the leaders of software and IT companies in the state to work on issues such as IT worker recruitment and retention. It also works to develop strategies to create clusters of technology businesses in Wichita and in other parts of the state.

Joel Keller is Sitaks chairman and general manager of SKT Business Communication Solutions in Wichita.

He said the governor's spending budget proposal "is certainly a concern."

"I think that we're just beginning to scratch the surface on what it can really do for us," Keller said.

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