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By John Toole

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SALEM — Laser Light Engines is creating jobs.

There are 25 employees now at its headquarters on Pelham Road. There could be 50 in a year or two, company officials say.

It's doing so thanks to a federal program Congress is debating whether to extend.

The Small Business Innovation Research program aims to spur innovation to help the government and the economy, officials say.

A Laser Light product improves lighting for projectors. Originally intended for training Air Force helicopter pilots on simulators, the technology is appealing for movie theaters in the commercial marketplace. The company says it's ideal for 3-D systems.

IMAX Corp. thinks so, too. It is so confident in the technology's potential to please moviegoers, IMAX joined other investment backers last year in providing \$13 million in venture capital for Laser Light.

"The potential for this is over \$100 million in revenue annually," Laser Light CEO Doug Darrow said. "That's what we're aiming for."

Laser Light, founded three years ago, is a spinoff company. The parent firm had tapped SBIR for \$850,000.

The program lets small businesses compete for federal research-and-development funds. They must have innovations with potential for government use or commercial applications. Eleven federal agencies are involved.

SBIR provides a system that first tests innovations, then helps companies bring them to market. Now, Congress is in the middle of a monthslong debate about extending the program.

It's been around almost 30 years. Warren Rudman wrote the legislation while serving in the U.S. Senate from New Hampshire.

"We were coming out of a recession back in the 1980s," recalled Fred Kocher, then a Rudman aide and now president of the New Hampshire High Technology Council.

Rudman wanted to "give the economy a shot in the arm" by helping small companies and inventors get innovations to the marketplace, Kocher said.

"It has worked," Kocher said. "And right now, in this economy, we need another shot in the arm."

The way to do that is to spur innovation in this economy."

SBIR is important because it creates jobs, Kocher said.

"When you have research and development — or innovation — you create new products," he said. "That new product has a market, and you're going to have to have people to make that product."

Windham community development director Laura Scott sees the program as a good use of tax dollars.

"Any assistance that can be provided to small start-ups is a great use of money," Scott said. "Small-business entrepreneurs continue to grow the Southern New Hampshire economy."

Program's future up to Congress

House and Senate negotiators are trying to cut an extension deal for SBIR, with a key point of contention related to whether venture capitalists can recoup funding through it.

The program is due to expire the end of September, but House negotiators have agreed to a temporary 45-day extension because a deal is close.

Darrow thinks Congress should continue the program.

"Our company is living proof that the SBIR program is good for business and good for companies," he said.

And it has made all the difference to the company, he said.

"The technology we've brought to market at Laser Light Engines began as an Air Force SBIR program," Darrow said. "Without that federal partnership in the early stages of our work, we would not be in New Hampshire creating new jobs today."

Bipartisan support in N.H., Mass.

The program has strong, bipartisan support from Congressional delegations in Massachusetts and New Hampshire.

Massachusetts ranks second to California in the number of SBIR grants in the program's nearly 30-year history, more than \$4 billion. New Hampshire has had more than \$325 million in grants.

Among those pressing for reauthorization are Sens. Jeanne Shaheen, Kelly Ayotte, John Kerry and Scott Brown, as well as Reps. Niki Tsongas, Charlie Bass and Frank Guinta.

"They all see the point," Kocher said. "It's sort of a no-brainer. Something has to happen. If it doesn't happen, we should all be ashamed."

Bass sees SBIR as the kind of program that Washington gets right.

The program, Bass said, gives small businesses the ability to expand and create jobs, "while at the same time ensuring responsible stewardship of taxpayer money."

Shaheen has proposed an extension of the program through 2018 to help companies with long-term plans.

"I continue to urge Congress to pass a long-term authorization of SBIR, so that companies can continue to benefit from this critical program," Shaheen said.

In addition to Laser Light, a half-dozen companies in Salem, Derry, Londonderry and Windham are benefitting from SBIR.

In Andover, Autonomous Exploration Inc., awarded nearly \$100,000 through SBIR, is developing a navigation system for lunar surface exploration that could have a down-to-Earth use, working in locations — think traffic tunnels under Boston — where GPS does not.

The company now employs three. But CEO Julian Center sees bigger things ahead as he looks to partner with an established company.

"I have dreams it would create 500 jobs," Center said.

Congress ought to continue the program, in his view.

"It provides start-up funds for somebody with a good idea," Center said.

Kocher rates SBIR's survival chances as excellent.

"It's going to happen," he said.

It was needed 30 years ago and it is needed now, he said.

"SBIR is one of those things that will come out of the quagmire of decision-making they are in now," Kocher said.