

MINUTES

HOUSE ENVIRONMENT, ENERGY, & TECHNOLOGY COMMITTEE

DATE: Wednesday, February 24, 2016
TIME: 1:30 P.M.
PLACE: Room EW41
MEMBERS: Chairman Thompson, Vice Chairman Anderst, Representatives Raybould, Hartgen (Hartgen), Vander Woude, Nielsen, Anderson (Carter), Mendive, Trujillo, Beyeler, Chaney, Nate, Scott, Smith, Rusche, Jordan, Rubel
ABSENT/ EXCUSED: Representative(s) Vander Woude, Trujillo, Nate, Scott, Rusche
GUESTS: None

Chairman Thompson called the meeting to order at 1:30 p.m.

MOTION: **Rep. Chaney** made a motion to approve the minutes of the February 22, 2016, meeting. **Motion carried by voice vote.**

Jay Larsen, CEO & Founder of Idaho Technology Council, gave a presentation on attracting technology companies to Idaho. The Idaho Technology Council represents about 80,000 employees throughout the state. There are 1,700 tech companies in Idaho, with 1,200 in the Boise Valley. This began with the software companies HP and Micron.

The big thing in technology is the clustering effect. Businesses are looking to locate in areas where there is talent coming from schools, access to capital and mentoring, and an environment of research and development.

Gov. Otter spoke to the Idaho Technology Council regarding the products that Idaho can grow, mine, or extract. But Idaho needs to talk in terms of building a knowledge-based economy that combines the two. Idaho without its natural resources is nothing; material science development will be a big part of how well Idaho succeeds. Attracting new technology is paramount to the future of the state.

Mr. Larsen said the first mobile phone, the "brick phone," was developed by Motorola. It was analog. Then Motorola developed the flip phone and tiny phones, which were still analog. In 1997 and 1998, a digital phone came on the market developed by Qualcomm. It was bulkier than Motorola's, but had calendar and scheduling software, and everybody wanted one. Motorola did not want to pay Qualcomm royalties to use their chip, and decided instead to develop its own chip. But the lag caused while it developed a chip caused Motorola to slide from 90% of the market to 20%. People today are not willing to wait when the product is available elsewhere.

People today are interested in mobility and platforms that provide mobility. Wireless data growth is projected to increase 400% from 2008 to 2018. Today we are seeing the introduction of machine to machine technology: a smart phone can control the thermostat of a person's home. Wireless machine to machine connections in the United States are expected to rise from 36 million in 2013 to 263 million in 2018. **Steve Jobs** was smiling because he recognized what the iPhone was going to do.

Mr. Larsen stated the Amazon Prime Air will soon be able to deliver packages to a person's house by drone, using tracking from a mobile device. The things affecting companies' ability to compete are the political climate, the environment, competition, and the risk involved. These all drive economic prosperity and how people make decisions about their companies. Our society wants to have immediacy. To succeed, companies must take advantage of markets to create wealth.

Mr. Larsen said, "Timing is everything." For Idaho to compete in a global economy it must develop the components that will attract technology. First, Idaho needs to build a knowledge-based economy by upgrading education, specifically STEM and computer education. This has not happened yet in Idaho. Students need to learn software and programming to run the materials and equipment that are already being developed for agriculture, mining, and forestry. Cybersecurity has twelve times the earning power of any other computer science right now because of the need for security.

Boise has an innovative solar system of companies. Starting with Micron, HP, and BSU, many other tech companies have spun off as start-ups. **Mr. Larsen** listed Cradlepoint, MWI Veterinarian Supplies, Clearwater Analytics, Kount, and other tech companies that have germinated in Idaho. States are fiercely competitive for companies that show technology innovation. Idaho should be a driver in the technology field, not a late adapter.

Mr. Larsen concluded his presentation with this quote attributed to Charles Darwin: "It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change." Motorola became a dinosaur in the tech market because it did not respond to innovation. To be successful Idaho must be aggressive on the tech marketplace, encourage research and development, and adapt to changing trends in the marketplace.

Mr. Larsen answered questions from the committee, stating that most companies in Idaho are privately held because publicly-owned companies must operate quarterly and report to their stockholders. One of the most stable companies in Idaho remains Simplot. Some privately-owned companies in Idaho have had difficulties, such as Boise Cascade and Albertsons. Two that are publicly held are Micron and HP. As the companies grow larger, more will probably go public.

In response to a question about the environmental interests braking the development of technology, **Mr. Larsen** said the environment is tied to technology. People try to do the right things and be good stewards of the land, but sometimes the pendulum swings too far one way or the other. Idaho needs to make sure the pendulum doesn't swing so broad. The better Idaho takes care of the land, the better off it will be. The proximity of wildlife to Idaho's cities is one attribute that draws people to move to Idaho. The people who are attracted to the mountains and sporting opportunities are the same ones who are technologists: young, family oriented, not wanting a long commute, and seeking locations where multiple opportunities are available. The Treasure Valley is good at growing businesses. The long-term plan is to keep successful businesses here.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 2:32 p.m.

Representative Thompson
Chair

Diana Seba
Secretary