

Good Morning Chairman Benninghoff, Representative Mundy and members of the Committee. My name is Todd Erdley and I am the CEO of Videon Central, a company in State College that provides software and hardware solutions for digital video applications.

Just over fifteen years ago, I started Videon with a \$3,500 loan from my father. That money was just enough to pay for my incorporation papers and to buy a ticket to Silicon Valley, where I started networking. Since then, Videon has grown remarkably. We have aggregate sales of nearly \$100M and have distributed \$38M in payroll, making us a significant player in the local economy. Videon's current standing is due to a number of different factors that had to come together to facilitate our success. But one of those factors was absolutely essential. Without the financial and mentoring support of the Ben Franklin Technology Partners network, Videon would not be where it is today.

When Videon started, we used Ben Franklin investment funds to enable our introductory product: the first DVD player for a PC. From the position that we earned with that first product, we helped develop the first Blu-ray Disc players and ended up working closely with Sony, Samsung, LG, Toshiba, and many more companies, ultimately becoming leaders in optical disc technology.

Recently, we turned to Ben Franklin funding once again to capitalize on our success with GoogleTV. Intel, Sony and Google had asked us to support the creation of the first Google TV product. Being part of the core group that enabled the Smart TV revolution put us in an enviable position, but we didn't have the funds to truly take advantage of the opportunity. Ben Franklin supplied those funds, and thanks to that capital infusion and management support Videon has pivoted from a company that was a leader in optical disc technology to a company that is a leader in the playback, management and sharing personal media.

Our initial success, as well as our recent pivot, would not have been possible without Ben Franklin funds. Just as important as the funding, however, has been the mentoring and guidance we received from Ben Franklin. Throughout Videon's history, regular meetings with John Vidmar have helped me shape my ideas and move the company in a productive direction, essentially ensuring that the Ben Franklin investment was well-spent. .

Currently, Videon is poised for explosive growth. Our intellectual property is fueling the needs of leading companies like Intel, LG, Netgear and Qualcomm. We are being used by millions who are riding the wave of new technology that links Smart TVs, phones, tablets, computers, and the cloud. Looking to the next five years, Videon anticipates doubling in size to \$30M in annual sales with nearly 150 employees. By that time we will have provided over \$75M in payroll to our great Pennsylvania work force—surely worth the investment this committee makes to support Ben Franklin.

It is important to note that by helping our company, Ben Franklin has done more than just enabling our success at Videon. The Ben Franklin team has shown me what it means to support entrepreneurs in a selfless manner. Hoping to bring that experience to others, I founded the Centre Region Entrepreneurial Network (CREN). CREN encourages entrepreneurs to meet one another, share their stories, learn best practices, and gain enthusiasm for their ventures. CREN members currently include over 50 companies representing 500 employees in the State College area—another local impact that would have been impossible without the education and the model provided by Ben Franklin.

I can sum this up rather simply for you. While visiting India as part of a Trade Mission sponsored by Department of Community and Economic Development I was talking to the CEO of a leading cell phone manufacturer. When he asked me how I got started and why I am in Pennsylvania, the conversation quickly turned to the support Ben Franklin provided. After listening he said to me: "Todd, you're fortunate to live in such a wonderful place. To have politicians that understand how to apply tax dollars in such a way is a wonderful gift. I envy you."

To be in a position where our customers, partners, and competitors envy the support we receive: we cannot ask for more. But we can ask for continuation of that support. Your predecessors on this committee made the decision to fund Ben Franklin—a decision that has helped hundreds of small companies, young entrepreneurs, and local industries as they work to grow, pivot, and weather change. Today you have the opportunity to continue support for Ben Franklin. The return on investment that Pennsylvania gains from Ben Franklin goes beyond the payback of financial loans. It extends to the people we employ through the wages we pay, to the taxes we pay thanks to the growth we achieve, and to the influence we provide thanks to how we have been taught.

Thank you ladies and gentlemen.

Additional Info:

CREN has also helped me become sensitive to a change in our area's industry—one that Ben Franklin is working to support. As a lifetime resident of State College, I recently became intrigued by what I sensed was a shift in our economic base. Looking back fifteen years ago, our leading private industry employers were big tech employers like Corning, Murata, Cerro, and Charles Navasky. Today, these companies no longer exist in State College. Fifteen years ago the top employer list also included C-Cor and Raytheon. These companies are mere shells of what they once were.

But private industry in State College remains vibrant, just on a different scale. Rather than larger employers like Corning and Raytheon, we now have companies like Videon, QBC, KCF, Mission Critical, Actuated Medical and others. CREN has opened my eyes to just how many outstanding small companies are springing up in our area, and it is clear that a major catalyst for this emergence has been Ben Franklin and their TechCelerator program. The demise of so many local large employers could have been a disaster for private industry, but thanks to Ben Franklin it has turned instead to an opportunity for dozens of smaller companies who are using Ben Franklin and CREN resources to grow and gain perspective about our roles in the local economic engine.