

Written Testimony for the U.S. Senate Committee on Small Business and Entrepreneurship  
“Barriers to Entry in the Tech Industry for Diverse Entrepreneurs.”  
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Technology startup success rate data are commonly accepted and deceptively simple, but they never tell the whole story. Absolute rates of minority and/or women participation are far lower to begin with in the Tech industry, and of those, proportional failure rates are far higher. Thus, for diverse tech entrepreneurs, a large percentage of an already small sample size fail. Yet still there is more to the story. Mere survival is considered a ‘success’; but for true success, to thrive and grow, access to talent and financial capital are critical - especially in the tech landscape.

For any startup to survive requires sound business planning, access to a market, and a well-developed solution. With a toehold in the market, the entrepreneur’s own efforts can sustain the business indefinitely with cash flow. Diverse entrepreneurs in Illinois are fortunate to have several resources available, including the Women’s Business Development Center and the Chicago Minority Supplier Development Council. These organizations have proven invaluable to diverse entrepreneurs and established businesses, including mine.

But for a tech startup to grow and thrive beyond the first years requires multi-discipline strategic and tactical planning, a unique or superior solution, access to broader markets, and ESPECIALLY talent and financial capital. Again, diverse entrepreneurs benefit from resources like the WBDC and CMSDC for planning and market access. However, the war for talent in a robust economy and the seller’s market resulting from private equity and venture capital funds vying for retiring Baby Boomers’ businesses leave diverse tech entrepreneurs with few options.

Allow me to illustrate with my own company, Hacha Products Corporation, founded in 2015 with my own personal funds and with help from the WBDC and the CMSDC. In early 2019 we launched a subsidiary, the SolvePFAS Group, funded with internal retained earnings. Exhaustive technical research and detailed market, operations, human resource and financial planning produced an extraordinary business model.

SolvePFAS is a vertically integrated laboratory and data company dedicated to testing and tracking per- and polyfluorinated alkyl substances (PFAS) in the nation's water supply. PFAS are a large group of manmade chemicals that are fire resistant, and repel oil, stains, grease, and water. Introduced in 1945, they were used for decades in fire-fighting foams, fabric and carpet stain repellants, nonstick cookware, waterproof clothing and shoes, fast food wrappers, personal care products, and many other consumer goods. And though they have been gradually, voluntarily phased out of U.S. manufacturing processes, imported products are likely to still contain them. These chemicals are very persistent, meaning they do not break down easily in the environment. According to the Agency for Toxic Substances and Disease Registry (ATDSR), PFAS are found at low levels throughout the environment in air, water, and soil. Because these substances are so widely used and because they move in groundwater and surface water, the federal and state Departments of Health and Human Services (HHS) have found PFAS in a significant number of drinking water supplies across the United States and fully expect to find more.

Recent studies indicate that PFAS exposure in humans can affect the immune system, increase the risk of prostate, kidney, and testicular cancers, as well as affect birth weight, growth, learning, and behavior of infants and older children, lower a woman's chance of getting pregnant, and disrupt the body's thyroid hormones. Unfortunately, PFAS chemicals are extremely persistent so they will

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'bioaccumulate' in human tissue over many years and remain forever. For example, the U.S. Centers for Disease Control and Prevention reports that PFOA, the toxic PFAS chemical used to make Teflon, is now in the blood of 99% of Americans. The SolvePFAS market is quantifiable and growing rapidly.

Our solution is unique and compelling, developed in collaboration with five world class research institutions, including The University of Chicago's Pritzker School of Molecular Engineering, The Center for Data and Computing, and Searle Chemistry Laboratory, Argonne National Laboratory, and The University of Illinois at Chicago Mass Spectrometry Laboratory, and with best in class industry leader Agilent Technologies to help manufacturers determine PFAS toxicity in their influent and effluent water. We have a dedicated private laboratory in Chicago, IL where we prepare, test, and analyze samples our field technicians collect, all in full compliance with US EPA Method 537.1. Meticulous control enables us to accurately capture trace levels of PFAS in the parts per trillion range, and vertical integration provides for a short chain of custody and dramatic reduction in testing turnaround time from weeks to days.

We deliver a comprehensive suite of services from in situ sample collection through data tracking and predictive analysis, which facilitates the most efficient, effective and prioritized treatment resource planning. The result? Risk Management through Data. On the surface we resemble a commercial lab, but we're different: we built our own private, dedicated lab as a means to an end - to generate PFAS data. Risk management for exposing the public to PFAS is fast becoming a recurring topic in C-suite and boardroom discussions. Over time, we build Confidential Risk Management Profiles for individual companies and we aggregate metadata for entire sub industries. Ultimately, we enable Risk Management through Data.

With a well-defined and rapidly emerging market, and a unique, proven solution, SolvePFAS is primed for stellar growth. And yet, two systemic risk factors threaten: access to talent and affordable financial capital, whether it be debt, convertible debt, equity or any combination thereof. Historically, minority and women entrepreneurs have struggled for even proportional access. Without it, chances for profitable, sustained growth are greatly reduced at the outset.

My recommendations: first, endow proven 'boots on the ground' diversity advocate organizations like the WBDC and CMSDC with discretionary funds and the authority to deploy financial capital to fuel growth. No one is closer to diverse entrepreneurs than they are, no one understands the business models' strengths and weaknesses better than they do. Second, design and implement tech-oriented, on-demand, interim talent pools as a flexible resource for the dynamic human capital needs of growing companies. Such pools do not necessarily need to be an integral part of the WBDC and CMSDC, but collaboration between financial and human capital pools is essential. I realize my recommendations may never come to fruition, or if they do it may be far in the future. Even so, I assure you that I will overcome any and all obstacles, somehow, some way.

Senator Duckworth, I sincerely appreciate your interest in tech entrepreneurs like me. Thank you for inviting me here today, and for your time and consideration.

Respectfully submitted,  
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