

WBJ: The Biotech Balancing

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BioTech Buzz: The Biotech Balancing Act

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Who wins in the state's life sciences initiative? The big guys or the little guys?

Gov. Deval Patrick's proposed billion dollar biotech initiative is many things to many different entities.

On the one hand, it promises to support small, startup biotech companies through workforce training initiatives and small-scale grants and loans.

On the other hand, larger, more established, and more importantly, profitable big biotech, medical device and pharmaceutical companies stand to benefit from a renewed focus on bricks and mortar infrastructure investment, in addition to tax breaks and job creation incentives.

The balancing act between big and small, and potential versus proven profit, is a delicate one indeed. It prompts the question: If the state chooses to support both efforts equally, is it shortchanging both? And if one is supported over the other, does the state run the risk of robbing Peter to pay Paul, so to speak?

Big V. Little

The problem, according to Rep. Thomas Conroy, D-Wayland, a freshman legislator who sits on the influential joint committee on economic development and emerging technologies, is that the kinds of incentives that help big companies don't necessarily help small ones, and vice versa.

Conroy recently heard testimony in Worcester at WPI's Gateway Park, along with other members of the economic development committee, from various factions in the debate over funding for big versus small in the life sciences legislation.

"There's a balancing act here, and we're trying to do a lot of things for a lot of companies," Conroy said after the hearing. "With bigger companies we're talking about giving them infrastructure or tax credits because they're making money. Smaller companies do not have that same sort of tax problem because they're not profitable."

Compounding the problem, Conroy said, is the fact that \$1 billion doesn't go as far as it used to.

Conroy related an exchange with economic development committee chairman Daniel Bosley, D-North Adams, who said, in essence, "You know, we've only got a billion dollars to work with here. If we had two billion, we could make a lot more people happy, and probably have more bang for our buck."

The arguments from both sides are compelling.

Kevin O'Sullivan, president and CEO of Massachusetts Biomedical Initiatives, a Worcester-based biotech incubator facility, testified before the committee on behalf of small companies facing the stark reality of a dearth of early-stage venture funding.

O'Sullivan said that the overwhelming majority of job growth is in small, startup companies of the sort his company helps foster.

The little guy also has the ability to think outside the biotech box, O'Sullivan said, and go beyond the well-defined

niches occupied by the bigger players.

Lynne Sullivan, a Sudbury resident and vice president of tax for Rockland-based biotech company EMD Serono Inc. who also testified at the hearing, disagreed, saying it was large companies, not small ones, that drive job growth.

"If the goal is job creation, then the bill is missing the biggest point, which is attracting the large commercial and corporate operations here," Sullivan said. "Big operations like ours provide a lot of high-paying, white collar jobs."

While the bill as it is structured does provide some benefits to large companies, those benefits are tailored to companies that decide to pursue manufacturing operations in the state, Sullivan said.

For most companies with established manufacturing or research and development operations elsewhere, it isn't feasible to up and move to Massachusetts.

But the state could extend tax incentives to those large companies that want to increase their commercial sales operations in the state, or even move their corporate or U.S. headquarters here, Sullivan said, which would still create jobs and contribute to the state's bottom line.

O'Sullivan admitted that without the state's heavyweights, there would be far fewer startup companies to worry about, a kind of chicken and egg conundrum.

"Three out of four of the companies coming out of our incubator are started by people from the Genzymes and Pfizers," O'Sullivan said. "They've always had that entrepreneurial drive, the desire to get out of the big corporation and go out on their own."

But the current climate, and lack of early startup funds, is preventing many would-be entrepreneurs from doing just that, O'Sullivan said, which is where the state needs to step in.

Both Sullivan and O'Sullivan said the symbiotic relationship between big and small is complex, but essential.