

# Biotech firms need aid, panel told

## PENNSYLVANIA BIOTECH

BIO 2005, the industry's largest gathering, will take place in Philadelphia June 19-22. The conference is expected to draw more than 18,000 bioscience professionals worldwide. Venture capital invested in Pennsylvania biotech companies in 2004 totaled \$360 million, nearly double the amount raised in 2003.

- Total employment: 83,860
- Total wages: \$5.5 billion
- Institutions/companies: 2,038
- Average salary: \$65,060 (biopharmaceuticals avg. — \$80,885; medical device and diagnostics avg. — \$44,839)

SOURCE: Pennsylvania Bio, [www.pennsylvania.bio.org](http://www.pennsylvania.bio.org)

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Pennsylvania is well positioned to become a global center in the fast-growing field of biotechnology, but the state needs to do more to keep companies here past their infancy.

At least that was the pitch industry insiders made to a handful of state legislators yesterday at a roundtable discussion at the Harrisburg University of Science and Technology.

If Pennsylvania's resources are invested wisely, "our state will become the global leader in biosciences," said Fritz Bittenbender, president of Pennsylvania Bio, the industry association hosting the panel.

The legislators were not fully convinced.

Sen. Connie Williams, D-Montgomery, questioned whether Pennsylvania was actually losing biotechnology jobs as start-ups that were born here get bought out by larger, out-of-state companies. Sen. Robert C. Wonderling, R-Montgomery, meanwhile, asked whether tax incentives, instead of further subsidies, might be sufficient to promote the industry's growth.

Rep. Steve Nickol, R-Hanover, said he would like to see a more detailed accounting of the state's return on investment in biotechnology.

"As a member of the Pennsylvania General Assembly being asked to make investments, I'd like to get some assessment of how successful the investments we've made to date have been," he said. "It's nice to create jobs in Massachusetts, with companies being formed in Pennsylvania and bought out and sent to Massachusetts, but we have to be a little more parochial about the spending of our funds."

In 2003, for example, biotech company Cengent Therapeutics Inc. closed its office in East Pennsboro Twp. to relocate to San Diego. Formed by the merger of GeneFormatics Inc. and a San Diego company, Cengent retained the \$1 million GeneFormatics had received from Pennsylvania as an opportunity grant.

Pennsylvania has committed to spend more than \$2 billion over the next 20 years to promote biotechnology, according to Pennsylvania

Bio. Moreover, the state's abundance of top research institutions and a highly skilled work force, as well as the concentration of major pharmaceutical companies in the Mid-Atlantic, would make it an ideal hub for biotech, panelists said.

Pennsylvania has 1,000 biotech companies that did not exist four years ago, said Dennis Yablonsky, secretary of the Pennsylvania Department of Community and Economic Development, who participated in the discussion.

But the panelists agreed that the emerging industry in Pennsylvania suffers from a lack of venture capital to get companies past the start-up stage.

"One of the things we need is the state to continue to be proactive to support public-private partnerships that will grow venture capital," Bittenbender said. He said the state could help attract capital through more direct investment in companies, including co-investment with venture firms, and by marketing Pennsylvania as a biotech hub.

Sherrill Neff, managing partner of the venture capital fund Quaker BioVentures, amplified the industry's appeal. Since 2003, the Philadelphia-based fund has received \$30 million from the state's tobacco settlement to promote biotechnology start-ups in the state. So far, it has invested part of that money in nine companies, which have created more than 400 jobs. Pittsburgh-based Birchmere

Ventures and PA Early Stage of Wayne, were the other two funds that received the tobacco money.

"There's a particular symbiosis and synergy in Pennsylvania that does not exist anywhere else in the country," Neff said. "We've got an amazing opportunity that does not exist in Boston, it does not exist in California. It's ours to lose."

Neff said Pennsylvania should be commended for not "squandering away" the money it received from the tobacco settlement as he said other states have done. But he warned legislators not to turn off the tap.

"Keep your sights focused," he said. "Keep deploying these assets into investments and not into budget-balancing."

He also advised the legislators to "think regionally" — not to worry too much about companies deciding to locate in Delaware or New Jersey instead of Pennsylvania, because the region as a whole benefits from a concentration of capital and research.

Mel Billingsley, CEO of the state-funded Life Sciences Greenhouse of Central Pennsylvania, said the dialogue between the industry and policymakers was constructive. The greenhouse is one of three public-private incubators that together received \$100 million from the state tobacco settlement to nurture biotech start-ups. The other two are in Pittsburgh and Philadelphia.