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## *Biotech Heading South*

### **Quaker BioVentures: Southeast Will Be Next Big Biotech Region**

**By Jennifer Boggs  
Staff Writer**

In the book "Shoeless Joe," by W.P. Kinsella (later a movie called "Field of Dreams"), the protagonist constructs a baseball diamond in his cornfield after voices instruct him to build it, and "they will come."

The state of Florida seems to be acting on the same advice, having committed a substantial chunk of money to bring the new Scripps division to its Jupiter campus and to build a surrounding research and business complex to potentially rival the biotech activity of the La Jolla, Calif., region that built up around the original Scripps Research Institute.

And that impetus to build a biomedical industry has turned the heads of some venture capitalists toward Florida and the rest of the Southeast as potentially the next big biotech hub.

Quaker BioVentures, a Philadelphia-based VC firm already has expressed an interest in the Southeast and hopes "to be among the earliest venture funds to have a presence in that region," said Sherrill Neff, managing partner. "We're optimistic that over the next five to 10 years it's going to mature very nicely."

Quaker's first fund, started in early 2003, limited investments to firms in the core mid-Atlantic area, running from New York to North Carolina – it recently invested in three firms in that state. But as it prepares to raise its second fund sometime this year, Quaker anticipates "expanding the geography a little bit," to include companies in Georgia, Florida and Alabama, Neff said.

That region is home to several schools with a science and technology focus. In Florida, there's the University of Florida, the Mayo Clinic outpost in Jacksonville and now the Scripps campus, while the state of Alabama boasts the University of Alabama in Birmingham plus some of the research talent from the NASA facility in Huntsville.

Georgia has the University of Georgia and the Georgia Institute of Technology, as well as Emory University School of Medicine, which is in discussions with executives from several other institutions, including Grady Hospital, Georgia State University, the Georgia Cancer Coalition, the Morehouse School of Medicine, the Georgia Research Alliance and Central Atlanta Progress, to collaborate on Bioscience initiative. The goal there is to attract research and technology developments around Grady Hospital in Atlanta.

Added to those are the federal institutes, such as the Centers for Disease Control and Prevention in Atlanta, and the Cummings Research Park and Southern Research Institute in Alabama.

Put all that together, and "we are much more encouraged about the long-term growth trends looking south than we are looking north or west," Neff said.

"But what's really important to note," he added, "is that this is not a zero-sum game," with the Southeast's gain becoming "Boston's or San Francisco's loss."

"This industry is growing so rapidly across the board that there's room for five or six major regions to grow successfully over the next couple of decades, and there's no reason to think that growth will stop."

Trying to balance the demand for health care with its rising costs is expected to continue the push for therapeutics and non-interventional pharmaceutical therapy over expensive surgeries and extended hospital stays.

In 2005, total pharmaceutical spending was about \$234 billion, comprising about 12 percent of overall health care costs. Of that number, about \$50 billion (22 percent) was spent on biotech therapeutics.

By 2014, projections put pharmaceutical spending at \$600 billion, or 17 percent of health care, with biotech therapeutics representing an estimated \$186 billion (31 percent).

"The biotech segment is going to be growing at 15 to 20 percent annually for some time to come," Neff said. "So places like Florida can succeed without some other region losing."