

Bioscience Clusters: Long-Term Strategy For Success

BioWorld Daily

Wednesday, September 27, 2006

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CLEVELAND – Building a successful bioscience cluster takes capital, an educated work force and a prime location near a large, research-based hospital, said a group of panelists during an afternoon session on the final day of the MidAmerica Venture Forum.

The workshop on “Accelerating Healthcare Clusters” capped the two-day conference, held here at the Intercontinental Hotel and Conference Center. The final workshop focused on how to develop regional hubs for the bioscience industry – Research Triangle Park, N.C., and San Diego are well-known clusters in the U.S. The bioscience sector includes biotech, pharma, medical devices, agbio and major medical centers, such as the Cleveland Clinic, which acts as an anchor in the Cleveland cluster.

A cluster begins with a niche or focus. For instance, in Cleveland, the focus is on medical devices and health care, said Baiju Shah, president and CEO of BioEnterprise, a Cleveland-based firm that works to recruit companies and build the bioscience sector. But the Cleveland cluster also “remains opportunistic” to attract other areas of the industry, such as biopharma.

Shah said the cluster actually was modeled on the area around Yale University in New Haven, Conn., and was designed to assist interested VCs in extracting intellectual property to commercialize, rather than having the technology transfer office push out technology and hope for interest.

“We listen to what VCs want and we help them find it,” he said.

Starting with that research-based institution is critical for developing a bioscience cluster, said Michael Rosen, senior vice president of new business development, science and technology, at Forest City Enterprises Inc., which has helped develop five clusters, the most recent being the University of Colorado, which is under way.

All have had the same basic theme, Rosen said: to find “a major research-based university hospital that serves as a magnet or capital for that cluster.”

Once a cluster has been established, its impact will be far-reaching, especially as the health care and bioscience fields further expand into preventative health to keep up with an aging population, said Murray McLaughlin, director of business development of Canadian Light Source, who previously was involved in building a Canadian bioscience cluster, with a focus on agbio, in Saskatchewan.

“Clusters matter,” he said. “They matter for VC, the competitiveness of companies, the talent pool,” and the ability to progress the regional sector from an emerging to a mature market.

Creating a bioscience hub is an ambitious endeavor, involving the coordination of multiple considerations, not the least of which is funding. In many cases, funding comes directly from the state as an economic development initiative. In Ohio, the Third Frontier program aims to provide \$1.6 billion to emerging companies, including those in the bioscience field, over the next 10 years.

“If you’re serious about [building a cluster],” Shah said, “you need a significant commitment of capital.”

But not all clusters have relied largely on state funding. North Carolina’s state government has invested only about \$160 million over a 22-year period, said Steven Burke, senior vice president of North Carolina Biotechnology Center, adding that there is “not necessarily a correlation” between state money and economic outcome.

Beyond location and capital, a cluster then needs to make sure it has a skilled work force able to keep up with the growth, and that’s one area where Cleveland has had some difficulty.

“Companies here are growing aggressively, and now they can’t find” the workers, Shah said, adding that the area has close to 1,000 jobs open, from production to information technology to customer service.

“We never anticipated such a rapid growth,” he said, and the state now is focusing on bringing a large-scale job fair later this year to help attract employees for its expanding bioscience area.

The conference, which had a total of 345 registered attendees, ended Wednesday afternoon.

Next year’s MidAmerica forum is expected to be held in Milwaukee.