

Biotech firms lured by Ohio's rich incentives

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For Dan Miller, building a biotech company is a business without borders. The hunt for funding and research partners simply can't stop at the Minnesota state line.

So it was an easy decision for Miller, CEO of **Excorp Medical**, to take a short trip last year to Ohio, a state whose mix of funding and research opportunities is increasingly catching the attention of bioscience firms in the Twin Cities.

"All emerging companies have to look at every possible opportunity to try and be successful," said Miller, whose company is developing a bio-artificial liver. "There are no similar arrangements in Minnesota. There wouldn't be any way to compare."

Minnesota has made a push in recent years to build its biotech industry, but Ohio's enticing programs pose a challenge. In 2005, two firms, **Symphony Medical Inc.** and **Sinus Rhythm Technologies Inc.**, expanded to Ohio's atrial fibrillation center. The Cleveland Clinic is now in discussions with as many as five Twin Cities companies that could place employees in Ohio, according to an official there.

Ohio's programs are also what led Harlan Jacobs, who runs business incubator Genesis Business Centers, to take companies seeking seed capital out of Minnesota. He brought Excorp Medical and other companies to Ohio for a venture conference he organized there last year. Overall, Ohio is more friendly to companies who need seed funding, Jacobs said.

"[The companies] can come out with a report card that they've been vetted by the Cleveland Clinic, and they didn't have to get millions in equity to do that," he said. "What's not to like about it? Our incentives are woefully inadequate. Minnesota has to come to grips that there are competitive economies."

In Ohio, Minnesota companies can get access to capital and research partners through the state's Third Frontier program, a \$1.6 billion initiative launched in 2002 that backs research and promotes innovation through technology transfer. Not all that money goes into biotech and med tech, with funding also for research into nanotechnology and other industries.

Programs administered through the Cleveland Clinic are of particular interest to Minnesota's biosciences companies. The clinic is administering grants as part of a \$250 million

cardiovascular research program. Minnesota companies do not have to relocate to Ohio through the program, just place some employees at a satellite office there.

While leaving Minnesota is not a requirement, some observers worry that once companies get enough employees out of state, their headquarters will inevitably follow.

"If you put enough key people in one location, jobs will migrate," said Dale Wahlstrom, CEO of the BioBusiness Alliance of Minnesota, an organization that works to build and support the bioscience industry in Minnesota.

Excorp's Miller said he would be willing to bring jobs to Ohio in order to get funding, though no such deal is in place yet.

Other companies seem willing to do the same. Chris Coburn, executive director of the Cleveland Clinic Foundation's technology-commercialization arm, said the clinic is in talks with as many as five Minnesota companies that would like to participate in the cardiovascular program. Anoka Biomedical Inc., which is developing a mechanical device that would help physicians perform heart surgery without using traditional sutures, said in March that it was close to working out an arrangement for a \$500,000 grant through the program.