# Education, Stability, Capital Vital for States to Lure Bioscience Industries

By [Jennifer Ginn](#)  
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Three things are critical to a state if policymakers want to attract bioscience companies—a supportive and creative venture capital system, a stable tax structure and a strong education system from kindergarten through college.

That was the opinion of the experts speaking during the “Encouraging American Innovation and Competing in a Global Economy—Health Care” session at The Council of State Governments’ Growth and Prosperity Virtual Summit of the States.

Peter M. Pellerito, vice president for state government relations and alliance development for the Biotechnology Industry Organization, said the biosciences sector did relatively well during the Great Recession. Although growth slowed, it did continue to increase at a little less than 2 percent in 2009.

Pellerito said although growth in the biosciences sector is strong, each company faces what has come to be known as the Valley of Death.

“Making a biologic or medical device discovery in a lab is one thing,” he said. “Delivering new treatments to patients at a profit is another. ... So many quality companies still buckle under the cost of producing a profit.”

States that help fledgling biosciences companies overcome that hurdle have a definite advantage. Pellerito said Texas has the Emerging Technology Fund, which helps speed the process of commercializing new discoveries and draws high-quality researchers to the state. CONNECT San Diego helps fledgling companies by providing mentoring and assistance with transferring technology from the laboratory to the market; it even helps with securing capital.

Christine Grygon, head of BI Partnering in the Business Development and Licensing group at Boehringer Ingelheim Pharmaceuticals, said stability is important for her company when looking at locations for a new facility due to the large amount of time it takes to roll out new products. A German-owned company, Boehringer has 9,000 employees in the U.S.

“Years and years of testing are required to ensure the safety and efficacy of a new drug,” Grygon said. “When we invest somewhere, we invest purely on the long term. ... We look for consistent, predictable and stable tax policies.”
“Companies are looking for stability,” Pellerito said. “They want consistency from their partners and particularly from policymakers or regulators, not just at the state level, but at the local level. ... It’s a long-term view everyone needs to have at the table when they start out.”

Chad Cornell, vice president for business development for Medtronic Inc., a medical device maker, said education at all levels and a state’s health care system are important to Medtronic’s business.

“The workforce available and its quality obviously are key,” Cornell said. “Minnesota, California and Massachusetts are hubs for health care and you may ask why. Certainly in part, Minnesota and Massachusetts have such prominent and progressive health care provider systems. Leading hospitals are in those systems. They spawn leading educational systems. They spawn leading engineers. It’s symbiotic; it feeds on itself.”

But most importantly, the speakers noted, development of a state’s biosciences presence takes time and effort.

“The Research Triangle (in North Carolina, one of the country’s leading research and development sites) is 50 years old,” Pellerito noted. “For the first 20 years, it primarily was in stasis, trying to figure out where it was going as the state’s economy was going from agrarian to technology. I think patience and a long-term view are important.”

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