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Building on biosciences

Industry leaders see the newly opened Virginia Tech Carilion Research Institute as a key to cultivating the region's economic growth in biomedicine, biotechnology and health care.

Sarah Bruyn Jones

Biomedical and biotechnical jobs led the region in growth last year, outpacing all other sectors.

The trend for growth is expected to continue, according to an analysis by the Roanoke Valley-Alleghany Regional Commission.

"The industry is fast becoming a strong and regionally significant engine for growth and prosperity," the report said.

Expanding on the region's growth in biosciences is partly tied to the maturation of the Virginia Tech Carilion Research Institute, which officially opened Wednesday with little fanfare.

The study showed that from 2006 to 2009, the region's overall rate of employment decreased 5 percent. However, employment in the biomedical and biotechnical sector increased nearly 8.9 percent during the same time.

"It's been quite dramatic in terms of the data," said John Hull, regional economic development manager for the commission and the person responsible for analyzing the trends for the report. "Things are happening here that aren't happening elsewhere."

Even as the sector has been identified as a significant area of economic growth potential nationally, the region's growth outpaced the nation's. Nationally, employment between 2006 and 2009 remained nearly stagnant, decreasing 0.29 percent, according to the report.

Building on the region's development in the biosciences means continuing to focus attention on things such as the new research institute, Hull said.

But for some in the community, the institute has seemingly taken a back seat to its partner the Virginia Tech Carilion School of Medicine, which began classes in August.

"We've heard a lot of talk about the medical school, but we hadn't heard a lot of people talking about the research institute," said Cory Donovan, executive director of the NewVa Corridor Technology Council. "A lot of people didn't know anything about it."

Donovan and other business leaders are looking to change the relative low profile of the institute, because they are convinced the institute is a key to the cultivating the region's economic growth in biomedicine, biotechnology and health care.

"People are just realizing that this is a huge opportunity and this is where a lot of the growth and job opportunities and economic development is going to come from," Donovan said.

In July, Donovan sought to galvanize the technology community about the potential by giving the podium to the research institute's executive director during the NCTC's monthly breakfast gathering.

It was a record crowd of nearly 150 people. After the presentation the hotel conference room was buzzing.

Michael Friedlander had been in his position as executive director of the institute for only six weeks and yet he had sparked an enthusiasm among the crowd that native business executives have long tried to elicit.

"We just got a glimpse of the future of Roanoke, and it's exciting," said Mary Miller, president of Blacksburg-based Interactive Design and Development Inc.

Friedlander ended his talk pleading for community support.

"We need community involvement," he said. "We can't do this in isolation."

An immediate response came in the form of a line as attendees with business cards in hand waited to speak to him.

Miller, who is also president of the NCTC board, said the institute allows the region to import an intelligence base that can help to stimulate more work force opportunities.

From research to business

Friedlander describes his vision for turning research into business opportunities in two waves.

First, he said he wants to concentrate during the next five years on attracting researchers and scientists to the institute.

"So in the first two to three years, it is rather unlikely that you will see things mature to a running business," Friedlander said. "I'm not saying it couldn't happen; it just doesn't happen that often."

But he noted that the researchers being recruited already are developing technology and working on projects that could be ready to move into a commercialization phase. And he said he expects to see a few spinoff companies within five years.

He has already started to build relationships with people who can help take research and transform it into a business.

One area he has already homed in on is the connections to the region's technology businesses. Donovan said a week hasn't gone by when he hasn't spoken to Friedlander. Friedlander said he has already turned to the technology community in his recruitment efforts to populate the institute with scientists to show them that there are valuable relationships that can be built.

Once spinoffs are identified, the second wave is to establish businesses in Blacksburg and Roanoke.

In Blacksburg, Friedlander said he would ideally make use of the existing Virginia Tech Corporate Research Center. But Friedlander also has a vision for developing a similar business research park in Roanoke.

"I think it is going to make sense that we are going to have to look for some sort of site in Roanoke," he said. "I don't know what form it will take yet."

He listed off possibilities of partnerships with the city or building a satellite to the Corporate Research Center.

Learning from others

It took two decades to build the Corporate Research Center into a campus with 27 buildings and 140 tenants. Currently there are about 2,200 employees working at the Blacksburg site.

The goal now is to double the size, adding 28 new buildings. A request for proposals is currently out as the center looks for a contractor to lead the expansion efforts, said Joe Meredith, president of the center.

"The expectation is it is not going to take two decades to double it," he said. "The goal is to grow the park as large and as rapidly and as diverse as possible."

The Corporate Research Center intentionally seeks out businesses in a variety of fields, but about a third of the park is populated with biotechnology companies.

Expanding the local economy is among the reasons for the park, but Meredith said he doesn't have any data on the impact the center has had in Blacksburg or the region.

He noted that they are in the midst of collecting data for an economic impact study that will be part of a larger study conducted by Virginia Tech. He didn't know when that information would be presented or have a comment on what might be found.

Other research parks, however, have established goals for achieving economic growth.

Piedmont Triad Research Park in Winston-Salem, N.C., currently employs about 925 people in 55 companies. Its collective annual payroll is more than \$50 million.

The park was first conceived in the 1980s, said Doug Edgeton, the park's president. In the early 1990s development began, and in 2001, Wake Forest University Baptist Medical Center took control.

It's taken \$49 million in investments in land and infrastructure to develop the park, but the plan is to expand it over the next two decades into a place that supports 27,000 jobs and produces an annual tax base of \$150 million, Edgeton said.

"These are 60-year projects," he said. "It takes 40 years before there is actual traction. ... It is a journey and takes a lot of perseverance."

Edgeton is also executive vice president for Medical Center administration.

Making connections

The connections between local scientists and business leaders are paramount for any of these parks to succeed.

Edgeton said the Piedmont Triad Research Park spent nearly a decade trying to attract other companies

to its new park, with no success.

"We spent a lot of money on this and did not land a single company," he said. "So everything has been startups. We learned the future is really going to be dictated and driven by how smart we are in developing our own [businesses]."

The same will likely be true for Roanoke, as the hope is to develop businesses out of the research institute. Later, that development could help attract other companies to the region, but those close to the project agree that it has to start with a focus on the local research.

Still, as more communities, both large and small, have tried to capture the economic potential behind biosciences, the competition has stiffened. Identifying venture capitalists to support emerging companies has become increasingly difficult in recent years.

In a June report, the Council for American Medical Innovation said venture capital for biosciences fell 28.8 percent from 2008 to 2009. The report also noted that the number of public biotechnology companies fell 25 percent from January 2008 through January 2010.

The recession and nation's overall economic conditions were a factor, the report said, but not the only reason. The report also cited concerns about strengthening the education pipeline for new scientists.

Along with identifying venture capital, Friedlander and Edgeton both said finding high quality chief executive talent is paramount to successful business development.

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