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Friday, May 22, 2009

State seeks to nurture biotechs

Panel calls for greater investment in infrastructure, venture capital trust

by Kevin James Shay | Staff Writer

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This story was corrected on May 23, 2009

While Maryland biotech and government leaders convened with colleagues in Atlanta this week, the industry made news back home, too.

A subsidiary of Korean biotechnology company RNL Bio said it plans to open a 50-employee stem cell research and manufacturing facility in the Germantown Innovation Center. The announcement was one of several developments at the industry's largest convention of the year, BIO 2009.

Also, before he and other state officials headed to Atlanta, Gov. Martin O'Malley (D) announced on Monday that the headquarters of the new Maryland Biotechnology Center will be in both Montgomery County and Baltimore.

Meanwhile, a state bioscience board issued a report calling for more resources to promote the industry over the next decade.

RNL Biostar, a subsidiary of RNL Bio, a public company in Seoul, will invest \$6 million in new equipment and improvements in the Germantown leased space, which will include four labs and five office suites. The 50 new, full-time positions are planned within four years. Most will be technicians with an average salary of \$50,000.

Representatives from RNL Biostar, which oversees clinical development in the U.S. and licensing in North and South America, attended last fall's Montgomery County-led trade mission to Korea. RNL's parent hosted the delegation at its lab in Seoul, where executives discussed opening a manufacturing facility in Montgomery. The subsidiary's four-employee office in the Maryland Technology Development Center incubator in the Shady Grove Life Sciences Center in Rockville opened in 2006.

RNL has two products in phase 2 clinical trials, for Buerger's disease and osteoarthritis. It is also testing stem cell treatments for patients with spinal cord injuries, Jeong Chan Ra, CEO of RNL Bio, said in a statement.

"We have also developed a way to use fat-based stem cells to regenerate facial tissues, which has cosmetic marketing potential," Chan Ra said. "Our expansion in Montgomery County will enable us to aggressively pursue these and other strategic company goals."

Large Maryland presence at BIO convention

Maryland's contingent at BIO 2009, which ended Thursday, numbered close to 400, with representatives from many bioscience companies, officials said. Carol Nacy, founder and CEO of Sequella, a Rockville biopharmaceutical company that develops products to improve the diagnosis and treatment of infectious diseases such as tuberculosis, was among the speakers.

Other companies represented included MedImmune of Gaithersburg, Spherix of Bethesda, and MacroGenics and Human Genome Sciences, both of Rockville. Five representatives from the Montgomery County economic development department also attended.



Dan Gross/The Gazette Gov. Martin O'Malley, accompanied by Del. Charles E. Barkley (left) and Rep. Christopher Van Hollen Jr. (right), speaks at a press conference after touring Aeras Global TB Vaccine Foundation in Rockville on Monday.



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At the convention, state officials spoke about the planned World Stem Cell Summit in Baltimore, slated for September. O'Malley also met with Eli Oppen, chief scientist in the Ministry of Industry, Trade and Labor of Israel, to discuss investment and joint biotech research between Maryland and Israel.

Having co-headquarters of the one-stop biotech center in the state's two strongest bioscience regions will work to Maryland's advantage, O'Malley said during his visit to Aeras Global TB Vaccine Foundation in Rockville on Monday.

"We need to be able to nurture both areas," he said.

O'Malley unveiled a plan for the bio center about a year ago. The headquarters are expected to open within the next two months in the Shady Grove biopark in Montgomery and the World Trade Center in Baltimore, said David Tillman, a spokesman for the state Department of Business and Economic Development. The Montgomery office will be in an existing building, not one built from scratch, he said.

Legislators approved \$4.7 million for the center in fiscal 2010, which starts July 1. Montgomery County Executive Isiah Leggett (D), economic development director Steven A. Silverman and other county officials welcomed the inclusion of the new center headquarters.

"Governor O'Malley understands that a key part of the future of the state is in the life sciences industry," Leggett said. "We currently have over 350 life sciences companies in the county, and this new center, along with ongoing local initiatives, will provide the support and infrastructure needed to propel the county's and state's biotech and advanced technology industries forward."

O'Malley and other officials on Monday toured the offices of Aeras, including its new tuberculosis vaccine manufacturing plant. The \$12 million facility will greatly expand the capacity of the nonprofit to manufacture vaccines, said president and CEO Jerald Sadoff. The company chose Rockville for the plant because of its "excellent environment for us to recruit talented staff and engage in cutting-edge research to stop the global tuberculosis epidemic," he said.

Aeras, which started with a handful of employees in 2003, now has 150 workers and expects to add 25 more in the next year, Sadoff said.

Rep. Christopher Van Hollen Jr. (D-Dist. 8) of Kensington, who also attended the Aeras conference, said it was important that the state "not stand still" in this industry. He noted that the federal stimulus plan boosts funding for the National Institutes of Health and other agencies in Maryland.

BioMaryland 2020

The Maryland Life Sciences Advisory Board this week released a more detailed plan for the BioMaryland 2020 initiative, a \$1.3 billion program to expand Maryland's life sciences industry over the next decade.

Besides establishing the biotech center, key recommendations include improving biotech companies' access to capital through a state life sciences venture capital trust, forming an entrepreneur resource program to provide specific assistance to biotech entrepreneurs, upgrading bioscience infrastructure, expanding tax credit programs and increasing support to college bioscience programs.

"What remains striking about Maryland is its still enormous untapped potential in the biosciences," said H. Thomas Watkins, chairman of the state board and president and CEO of Human Genome Sciences of Rockville, in a statement. "Maryland must continue to maintain and strengthen its historic leadership in bioscience research, but must also work harder and smarter to accelerate the rate at which its research strengths translate into viable start-ups, commercialized products and more mature bioscience companies that are able to grow and sustain themselves profitably over the long term."

Board members also come from NIH, Annapolis biotech PharmAthene, Havre de Grace biotech CCL Biomedical and state universities.

While O'Malley had pledged to boost the popular \$6 million biotechnology tax credit program next year, his fiscal 2010 budget did not include an increase. Biotech executives had to lobby legislators hard to maintain funding for fiscal 2010.

Reports: Picture for biotech mixed

The Washington, D.C., region, which includes suburban Maryland, did not fare well in a report released this week in conjunction with BIO 2009.

The study, by the Santa Monica, Calif., research group Milken Institute, ranked the region 10th among 11 metro areas nationally in life sciences employment, research and development capacity, investment and other measures.

The top five were Boston, Philadelphia, San Francisco, New York and Raleigh-Durham, N.C. Washington ranked third for health-care services.

Another report by convention organizer BIO — the Biotechnology Industry Organization of Washington — along with the Biotechnology Institute of Arlington, Va., and Columbus, Ohio, research group Battelle put Maryland in the second tier of states in preparing students to pursue bioscience in higher education. Maryland ranked behind Connecticut, Massachusetts, Minnesota and New Jersey.

A report released last year by Milken that rated states for their ability to foster science and technology industries placed Maryland second in the nation, behind only Massachusetts.

The state life sciences board report cast a rosier picture of Maryland's life sciences research capacity and employment than the new Milken report did for the Washington region. The state's bioscience research complexes receive some \$8 billion in expenditures annually, behind only California and New Jersey, according to the report.

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From 2001 to 2006, Maryland's bioscience industry grew by 14.5 percent, adding 3,200 jobs to reach some 25,000, the report says. That was greater than the national bioscience employment growth of 5.7 percent and more than most benchmark states.

But the state board report also was critical of venture capital investment in Maryland bioscience companies, saying that has declined "consistently" since 2006, while the nation and benchmark states saw increases.

Moreover, the state needs to do more to speed commercialization of products to the market, and the report called for increasing biotech employment in Maryland to at least 20 percent more than the national average, up from the current level of 7 percent more than the national average.

Donald C. Fry, president of the Greater Baltimore Committee, applauded the report's recommendations, while praising O'Malley "leadership" on bioscience issues. Access to capital is a particularly critical issue, Fry said.

"Without a strong commitment from the state to help our emerging companies bridge the jump from discovery to product, known as the Valley of Death to industry insiders, we could see as many as a third go out of business this year," Fry said in a statement. "It will be important to stay in close touch with the industry during the implementation phase of the report to ensure that the state closely matches resources to industry needs."

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