M. TEMCHINE

has been cut from 160 to 30, saving money and freeing up personnel for other tasks.

These changes are viewed with scepticism by some Bell veterans. "I think start-up firms are much better than large telecom firms at taking chances," says Peter Shor, a mathematician formerly at AT&T, and now at the Massachusetts Institute of Technology. He adds that Kim's plans for creating a competitive environment could discourage researchers from pursuing some interesting lines of inquiry.

Others take the view that Lucent is just too small to use a lab the size of Bell. In recent years, most of its business has come from maintaining the equipment it has already installed, points out John Slack, an equity analyst with Morningstar, a Chicago financial-research firm. "Bell Labs doesn't have a huge impact on Lucent's operating business," he says.

Slack adds that however competitive the lab becomes, its fate ultimately depends on its parent. After several divestments, Lucent's revenues fell from \$34 billion in 2000 to just under \$10 billion last year. Revenues are now growing, but until Lucent gets on a firmer financial footing, Bell is unlikely to see a major rebound, Slack says.

Kim accepts these points, but remains bullish about the lab. This year, it increased its total research staff for the first time in nearly a decade, he points out (see graph). "There are smart people everywhere, but what's so different about us is our breadth and depth," he says. "It's not whether we do great research and development: it's how we do it."

IN BRIEF

VENTER VENTURE Biologist Craig Venter has enlisted a high-profile ally in his quest to build microbes that are specially tailored to solve environmental problems.

Ari Patrinos, who has directed biological and environmental research at the US Department of Energy since 1995, was last month appointed president of Synthetic Genomics, a company that Venter founded last year to create such organisms. "I've known Craig for many years and we have always worked very well together," says Patrinos, adding that Venter approached him about the job — based in Rockville, Maryland — several months ago. "I'm going to be 59 this year," says Patrinos. "I felt I wanted to do one other, different thing."

STRONG PRESCRIPTION A US physicians' group has called for special government incentives to push companies into developing antibiotics for drug-resistant hospital nasties such as *Staphylococcus aureus*, better known as staph. In an article in the March issue of *Clinical Infectious Diseases*, the Infectious Diseases Society of America argues that few antibiotics are being developed because they are used for only a short time and do not fetch the prices that give manufacturers a decent return. The society calls for tax breaks and other incentives to get things going.

BOTANIC YIELD A UK biotechnology firm whose drug candidates are based on Chinese plants has launched itself successfully on London's Alternative Investment Market (AIM). Oxford-based Phynova raised about £4 million (US\$7 million) in its share offering on 27 February: two days later its shares were selling for £1.20 — 50% above the offer price. Phynova has six drug candidates under development, including potential therapies for hepatitis C and cancer.

MARKET WATCH

NANOTECHNOLOGY STOCKS

Stocks in companies with a stake in nanotechnology started the year with a bang — although prices fell back a little in February, along with the rest of the market.

The Lux Research nanotechnology index tracks a mixture of companies that sell nanotechnology equipment and products based on nanotechnology, as well as some larger corporations that expect to make use of the technology.

Peter Hebert, president of Lux Research, says that companies performing well so far this year include Nanophase Technologies, an Illinois-based company that makes nanocrystalline materials. Nanophase is one of the oldest companies in the sector, having originally listed on the Nasdaq in 1997, and it has had a turbulent history. But this year its stock rose from \$5 to about \$7 after news

that it is finally managing to sell to customers in the chemicals industry, including BASF.

Other strong performers so far in 2006 include Altairano, a Nevada materials firm whose stock price has almost doubled since the beginning of January, and Arrowhead Research of Pasadena, California, which invests in start-up companies.

It has been a less happy couple of months for Accelrys, a San Diego-based computer-modelling company whose shares lost about a quarter of their value after the Securities and Exchange Commission asked it to revisit its 2005 accounts.

But Hebert says that, overall, interest in the nascent industry sector is strong: "Industrial corporations are getting more and more active" in nanotech, he says.

Colin Macilwain