

## Regional Initiatives



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### ▼ Scripps lured to Sunshine State

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#### **Is the opening of a Scripps Research Institute in Florida enough to kick-start the state's biotech sector?**

The US state of Florida has persuaded the Scripps Research Institute (La Jolla, CA, USA) to open a second facility there, with the aims of boosting the local economy and creating over 50,000 new jobs. But industry observers say Florida's biotech sector is unlikely to bloom without additional elements such as local biotech-savvy venture capitalists (VCs), a large recruitment base from which to hire quality company executives, and an increased entrepreneurial spirit among local academic researchers.

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On November 3, Florida governor Jeb Bush signed into law the Biomedical Research Institution Act, providing Scripps with \$369 million dollars to set up shop in Palm Beach County, which will also pony up as much as \$200 million for the center. The funds will provide Scripps with land (up to 500 acres), a building, employee salaries, equipment and other physical assets needed to create a state-of-the-art research facility.

Bush and state legislators who backed the bill believe that bringing Scripps to Florida will create 6,500 jobs in the immediate area surrounding the new institute and an additional 44,000 jobs throughout the state. But according to a press release from the governor's office, these numbers are "based on the 499 biotech businesses in San Diego, 80% of which are within a three-mile radius of the Scripps facility in La Jolla." Although Scripps has received over 150 patents and licensed technology to over 100 firms since 1991, other local high-quality research institutions, such as the Salk Institute and the University of California at San Diego, have undoubtedly helped shape the city's biotech presence.

The governor's office has left out of its equation many other items that are essential to building a successful biotech hub. "You don't just need science to create a biotech industry, you need money," says Cynthia Robbins-Roth, principal of BioVenture Consultants (San Francisco, CA, USA). "And you don't just need money, you need 'smart money.' If a VC has never invested in biotech before, then you will get 'dumb money', which can cause board-level problems and muck up your valuation later when you try to go public," she says.

Gary Margules, assistant provost and director for technology transfer at the University of Miami, agrees that there is a lack of VCs in Florida, and that is a problem because "technologies don't stay in the state; they go elsewhere." But he is optimistic that Scripps will "encourage VCs to pay more attention to the state." He says there is a critical mass of high-quality biotech research in Florida, and the state's large number of hospitals should enable research to be translated more easily into products "from bench to bedside." Kevin Boggs, assistant director of the University of Florida's (Gainesville, FL, USA) office of technology licensing, adds that two venture capital funds, Inflexion Ventures and Emergent Growth Funds LLC, have set up shop in Gainesville since 2002, and Scripps can only bring credibility to the state and attract more VCs.

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But Florida may be too late in jumping on the biotech bandwagon. Data from two recent reports suggest that any new location is unlikely to grow enough to compete with existing hubs, which are getting stronger. Joseph Cortright, principal and economist at Impresa Consulting (Portland, OR, USA) and coauthor of the first report, *Signs of Life: The Growth of Biotechnology Centers in the US*, says "the US biotechnology industry is concentrated within 9 of the nation's 51 largest metropolitan areas" and

these nine regions are leaders because they have both "strong research capacity and the ability to convert research into successful commercial activity"<sup>1</sup>. Cortright points out that Palm Beach County has neither of these (see [Table 1](#)).

And Florida, which is a popular locale for retirees, could have recruitment troubles. "You need management who have run companies before, not just retired pharma executives to sit on your board. And this just doesn't exist outside of the nine leading regions," says Cortright.

Once these elements—strong research, local VCs and skilled management—are in place, bioentrepreneurs tend to gravitate toward existing biotech hotspots, whereas researchers with no interest in commercialization will go elsewhere. "It's okay if you want to remain in academia, but if you're a young scientist looking to commercialize your research, will you try it in an existing hub or a place with no history?" asks Cortright. He cites a recent study by the US Department of Commerce<sup>2</sup> suggesting that as the industry grows, it becomes more concentrated, giving existing hubs a huge advantage (see [Table 2](#)). "Florida needed to start 30 years ago," he says.

Although Florida's biomedical research community will certainly receive a boost from the addition of Scripps, it is unlikely to lift the state's economy by increasing the number of biotech startups there to the extent that Governor Bush expects. But "even if we fall short of our goal, it will still be good for Florida," says Margules.

**Table 1: Biotech research and commercialization data for nine leading US biotech hubs and five Florida cities**

Metropolitan area	Number of biological science PhDs granted in 1999	Share of NIH funding for medical schools and research institutions in 2000	Biotechnology related patents granted by the US Patent and Trademark Office, 1990–1999	Share of venture capital investments, 1995–2001	Highly active venture capital firms, 1995–2001	Biotechnology companies
Boston, MA	355	6.60%	3,007	19.70%	10	141
San Francisco, CA	215	6.20%	3,991	31.10%	21	152
San Diego, CA	82	5.00%	1,632	15.40%	4	94
Raleigh, NC	166	4.80%	796	3.90%	2	72
Seattle, WA	68	5.00%	770	4.30%	1	30
New York, NY	519	10.10%	6,800	6.60%	5	127
Philadelphia, PA	139	5.70%	3,214	4.70%	3	46
Los Angeles, CA	218	5.70%	1,399	1.90%	1	47
Washington, DC	241	8.90%	2,162	0.90%	0	83
Miami, FL	43	0.90%	229	0.00%	0	13
Tampa, FL	0	0.30%	103	0.00%	0	7
Jacksonville, FL	0	0.00%	25	0.10%	0	0
Orlando, FL	0	0.00%	19	0.00%	0	0
West Palm Beach, FL	1	0.00%	37	0.00%	0	0

Source: Ref 1.

**Table 2: State share of new US biotechnology companies for states that report 20 or more firms, 1987–2001**

State	1987–1991	1992–1996	1997–2001
California	27%	27%	37%
North Carolina	2.50%	5%	10%
Maryland	7%	7.50%	8%
Massachusetts	12%	10%	5.50%
New Jersey	4%	4%	5%
Pennsylvania	4%	4%	4%
Colorado	3%	4%	2.50%
Washington	1%	4%	2.50%
New York	5%	2%	2.50%
Michigan	2.50%	2%	2.50%
Texas	6.50%	5%	2%
Connecticut	2%	3%	1%
Wisconsin	2%	2.50%	1%
Illinois	1.50%	1%	0.50%

Source: Ref 2.

## References

- Cortright, J. & Mayer, H. Signs of Life: The Growth of Biotechnology Centers in the US. . The Brookings Institution (Washington, DC, 2002).
- Laney-Cummings, K. *et al.* A Survey of the Use of Biotechnology in US Industry. USDepartment of Commerce (Washington, DC, 2003).

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