



Massachusetts: A Healthy Choice for Innovative Life Sciences Companies

Why Massachusetts Has Emerged as the Priority Headquarters for International Life Sciences Companies Considering Expansion into the U.S. Market

By Jos Scheffelaar and Susan Windham-Bannister, Ph.D.

There is no shortage in the number of complexities associated with owning and managing an international life sciences company. Research and development expenditures, legal and regulatory hurdles, talent acquisition and training, intellectual property constraints, funding and commercialization—the list goes on. But no matter how daunting it can be to develop and maintain the momentum necessary to achieve both business and clinical objectives, these challenges pale in comparison to the inevitable bumps in the road that emerge when a company decides to expand into a completely new market. This particularly holds true if the market happens to be as highly regulated and competitive as the United States.

Fortunately, for an increasing number of life science companies seeking to bring their innovative technologies and products to the U.S., a global leader in life sciences research, innovation and employment is ready and willing to welcome these companies with open arms. That leader is Massachusetts -- home to world-renowned research

universities and hospitals, a talented workforce, industry leaders in pharmaceuticals, biotech, medical diagnostics and medical devices, an active venture capital community and a growing level of investment in life sciences by the state. With this unique combination of attributes, it's no surprise that Massachusetts is firmly positioned as the priority destination for life sciences companies looking to expand into the U.S.

Let's take a closer look at how Massachusetts has become the global life sciences powerhouse, and why international companies would be wise to explore what Massachusetts has to offer.

Regional Pride

Massachusetts' leadership in the life sciences is far from coincidental. The state boasts some of the most influential and respected medical research universities and hospitals in the world, including MIT, Harvard, the University of Massachusetts and Massachusetts General Hospital, all of which attract -- as well as train -- a large pool of medical, science

and technology students and professionals. The state is known for an exceptionally skilled work force at all levels. Likewise, Massachusetts is home to revered research institutes such as the Dana-Farber Cancer Institute, the Broad Institute, the Wyss Institute, the Schepens Eye Research Institute and the Marine Biological Laboratory. Not surprisingly, this cluster of innovative research, discovery and practice has given rise to a thriving business ecosystem that already includes leading international companies such as Sanofi, Genzyme, Medtronic, Biogen Idec, Vertex, Boston Scientific, Shire, Novartis, Pfizer, Millipore, Millenium, and Acceleron, to name just a few. Finally, Massachusetts, and in particular the Boston area, is well noted for its transportation infrastructure and easy access to transatlantic trade. Not surprisingly, medical devices have emerged as the state's leading export.

Serious Investment

While the Massachusetts life sciences cluster is bolstered by the partnerships, collaborations and talent availability afforded by the state's clinical and research community, the emerging combination of public and private financial support, including government-backed programs and incentives and a dedicated life sciences venture capital community also is critical to the cluster's growth. State government is committed to further cultivating its innovation economy sectors, including the life sciences. In June, 2008 Governor Deval Patrick signed into law the Massachusetts Life Sciences Initiative—a ten-year, \$1 billion investment package to strengthen the state's global leadership in the life sciences. The program melds all of the state's key resources in an effort to spur research, investment,

innovation and commercialization, while creating jobs and attracting new businesses to further sustain and strengthen the state's ecosystem and leadership position.

Specific components of the Massachusetts Life Sciences Initiative include: financing support for early stage companies, grants for translational research, tax incentives, workforce development programs, funding for infrastructure projects, and grants for collaborative research between industry and the state's world-class academic institutions. The Massachusetts Life Sciences Center, the agency tasked with implementing these programs, has played a key role in spearheading recent scientific and economic development endeavors. To date, the Center has invested \$216 million in public funds, including \$131 million invested in infrastructure projects, \$13.6 million in scientific research matching grants and \$8.9 million in an international stem cell bank and registry. With the additional aid of more than \$700 million secured through outside investment, the MLSC already has helped create a projected 7,000 new jobs.

To no one's surprise, the Massachusetts Life Sciences initiative and the Life Sciences Center have generated a significant amount of international attention and fostered collaboration. Several of the Center's programs are open to international companies for application, including the Cooperative Research Matching Grant program, which provides grants to support research collaborations between life sciences companies and Massachusetts academic institutions. In addition, the Center has invested over \$9 million in supporting promising early-stage companies through an Accelerator Loan

Program. International companies can apply for these loans as long as they have registered as a company doing business in Massachusetts by the time of the loan award. One of the Center's most popular programs is its Internship Challenge Program – an on-line exchange that enables small companies to find talented interns, whose stipends are paid by the Center. Many of the young international companies that have recently located to Massachusetts actively participate in this program.

The Center has entered into a number of innovative partnerships with industry and the venture community to support the Massachusetts pipeline of promising drugs and technology. In 2010, France's Sanofi joined Johnson & Johnson as members of the Center's Corporate Consortium Program. Members of the Consortium contribute \$250,000 per year in return for access to the innovative ideas and technologies constantly in development across the state's life sciences pipeline. The Consortium Program cross-leverages state and private investment in the state's innovation pipeline and directly supports the needs of large biopharma companies that are expanding in Massachusetts to take advantage of the opportunities for external innovation.

International Life Sciences Companies in Massachusetts: No Shortage of Examples

Massachusetts continues to invest in its commitment to the life sciences, and the state has certainly received a significant return — as evidenced by the number of international companies now doing business in the Commonwealth.

For example:

- In 2009, Italian amniotic stem cell company Biocell Center opened its North American headquarters in Medford, Massachusetts;
- That same year, UK-based medical device company Systagenix opened its U.S. headquarters in Quincy, Massachusetts;
- In 2010, Neostem, an international biopharmaceutical company with operations in the U.S. and China, launched a new facility in Cambridge;
- Integragen, a French biotech company, recently opened a U.S. subsidiary in Cambridge through a collaboration with the MLSC and the Massachusetts International Trade Office.
- Sagentia, a UK-based product development firm with a focus on health technologies, announced plans to relocate their US headquarters to Cambridge, Massachusetts; and
- EarlySense, an Israeli medical device company, announced in April of 2011 their decision to locate their US headquarters in Massachusetts.

CYTOO Cell Architects, a French biotechnology company focused on applications in cell based assays, high content analysis and cell screening for life sciences research, is another company that made the decision to move its global marketing and North American subsidiary operations to Massachusetts. According to Bill Sharp, former President and CEO, the decision was "driven by the Commonwealth's demonstrated commitment to attracting and supporting the life sciences." In addition, Sharp states, that "along with the fact that Massachusetts is a great place to live, our proximity to world-renowned research institutions and a highly qualified pool of both scientific and business



resources will enable us to attract and retain the talent required to support our business growth.”

These companies join major global players such as Sanofi, Pfizer, Novartis and Shire, all of which are significantly expanding their presence in Massachusetts. Pfizer, for example, just announced that it will invest \$100M in a Center for Therapeutic Innovation (CTI) in Boston, only the third of these Centers that Pfizer has started, and that they will be moving two R&D divisions from Connecticut to Massachusetts.

The tax incentives awarded by the Life Sciences Center – up to \$25M each year -- play an important role in bringing international companies to Massachusetts. Shire’s Human Genetic Therapies division has received more than \$12 million in tax incentives from the Center to support expansion of its facilities in Lexington, Massachusetts.. In exchange for its tax incentives the state, through the Life Sciences Center, requires a commitment for job creation in order to ensure a mutually beneficial relationship that fosters a win-win across both government and industry.

“The Life Sciences Initiative has proven successful in attracting both national and international life sciences companies to consider locating and creating jobs in Massachusetts,” said Governor Deval Patrick. “We enthusiastically welcome their expansion, which translates into new jobs and further strengthens our innovation economy.”

As research and development dollars continue to be spent on the life sciences around the globe, Massachusetts continues to emerge as an attractive and potentially lucrative headquarters and operations center. To learn more about what Massachusetts has to offer visit www.masslifesciences.com.

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