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Michigan seeks biotech future

As the auto industry stalls, officials revved about life sciences

NATHAN HURST / THE DETROIT NEWS

Atlanta -- Nebraska offered plates of grilled steak; Australia handed out glasses of wine.

But, sandwiched in between was the big, bright green map of Michigan's two peninsulas, chock full of symbols touting the state's biotechnology businesses and research institutions, that kept drawing the geeky crowd's attention.

Michigan's presence at the 2009 BIO International Convention -- the world's largest gathering of biotech leaders, where roughly 15,000 of the industry's best and brightest gathered this week -- wasn't the biggest or flashiest.

Its giveaways for passers-by were simple: pens, pins and pamphlets. If it weren't for the eye-catching colors and location next to the convention floor taco stand (a hot spot for the droves of hungry scientists roaming around), the state's booth might have been lost behind India's behemoth display.

But the dozen or so officials manning the Michigan Pavilion, in its bold blues and greens with backlit scenes of peninsular vistas and the familiar "Upper Hand" sales pitch, said the state is finally starting to get what it needs the most: attention from outside investors and researchers, the kinds of men and women state leaders hope will keep Michigan's burgeoning biotech sector on an upswing.

"It's been going very well," said Dr. Stephen Rapundalo, president and chief executive of MichBio, the state's primary biotechnology industry organization, which maintained a major presence at the convention.

"We're showing people that Michigan is serious about this kind of research, and they're listening."

Sowing biotech seeds

The state's pitch to researchers and investors is that Michigan is ready to do serious biotech business. And while it's too early to know how much business may have been landed during the BIO convention -- deals resulting from contacts at such events may not be consummated for months or even years -- leaders did court hundreds of potential investors and researchers this week.

Their overtures come as the fortunes of the state's stalwart industries have been falling fast. With automakers and their suppliers teetering on the brink of collapse, the Great Lakes state's reputation in the international business arena isn't the best.

But the organizations that are making a pitch for the state -- and many of the businesses that already are established here -- say the job is getting easier.

For one, newcomers have access to a well-established biotechnology community. Already, more than 550 biotech and life sciences firms have set up shop in the state, such as Ann Arbor's Velesco Pharmaceutical Services, which helps develop new drugs, and Kalamazoo's zuSyn, which focuses on the development of anti-infection and anti-cancer medicines.

Most are clustered in the state's southeast and southwest corners.

Those companies directly employ more than 40,000 Michiganders. Average salaries -- more than \$73,000 last year, according to MichBio -- are well above the state average.

The passage by Michigan voters of Proposal 2 last fall opened the door for embryonic stem cell research after a nearly decade-long ban.

It also means biotech leaders such as Dr. Sean Morrison, director of the Center for Stem Cell Biology at the University of Michigan's Life Science Institute, aren't running into the walls they once were.

"The stem cell ban had a chilling effect on the life sciences sector," Morrison said. "People couldn't depend on Michigan as a place to do the research."

Lifting the ban on embryonic stem cell research allows scientists to begin working with cells culled from human embryos, joining 46 other states that already allowed such research. Until the ban was lifted, stem cell scientists working here were restricted to using adult stem cell lines or those from animals.

For years, the restrictions made Morrison's yearly search for new faculty at the U-M institute much more difficult. Before the proposition passed, he said, "people were passing us by. ... There was the threat of jail time for doing research that was legal elsewhere. ... Now U-M can compete for the best faculty."

Much of Michigan's existing cache in the biotech realm centers around the state's combination of academic and institutional research prowess. Leaders tout the close proximity of top-tier research institutions like the University of Michigan, Michigan State and Wayne State -- all well-recognized for their biomedical research.

"Many Michigan researchers are looking for places to put their businesses so their ideas can start making money," said Christine Turner, executive director for business development at Ann Arbor SPARK, a group that touted Washtenaw County's biotech sector at the BIO convention.

"And Prop 2 has allowed us to start seriously talking to people about expanding that kind of research here. Before, we couldn't even talk about it as a possibility."

From the lab to the bank

Translating research into money-making ideas is considered especially important to growing Michigan's already strong biotech industry into a formidable competitor with states that have been more aggressive in courting the industry, including major players like California and Massachusetts.

Proposal 2's passage brought on new commitments for potential start-ups such as the Wayne County Stem Cell Commercialization Center, a partnership between County Executive Robert Ficano's office, Wayne State and TechTown, the start-up business incubator just south of Detroit's New Center neighborhood. The center seeks to help science-minded researchers at institutions such as Wayne State take their findings and turn them into profitable ventures.

With at least \$4.4 million committed from the county and Wayne State, the 2,500-square-foot laboratory slated for space in TechTown's "TechOne" building is expected to help start up dozens of stem cell-related companies in the next few years.

"This is the kind of project that helps show researchers from around the world that Michigan is serious about this industry," said Randal Charlton, TechTown's executive director. "We're moving fast, but we're still doing some catch-up."