The Growing Role of Innovation Intermediaries in Regional Innovation Based Economic Development (IBED)

PEI BioAlliance Board Dinner

Presented by:
Rich Bendis, President & CEO
Innovation America
Publisher, innovationDaily
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Prince Edward Island, Canada

Rich Bendis BIO

- ✧Founder & CEO Innovation America
- ✧Editor and Publisher innovationDAILY
- ✧Active Venture Capitalist & Angel Investor
- ✧Founder & President of Innovation Philadelphia
- ✧Founder & President of Kansas Technology Enterprise Corp
- ✧Int'l Speaker & Consultant to over 20 countries & 25 states/regions
- ✧Board member TechnoPolicy Network, The Hauge
- ✧Consultant to the United Nations & NATO on IBED
- ✧Founding Board Member of SSTI and NASVF
- ✧Former member of the U.S. Innovation Partnership Advisory Board
- ✧U.S. member National Academy of Sciences (SBIR Review Committee)
- ✧Member Eisenhower Fellowship Selection Committee
- ✧Board Member of University City Science Center – Philadelphia
- ✧Chairman & CEO of Continental Healthcare Systems (NASDAQ IPO)
- ✧Former Executive with Quaker Oaks, Texas Instruments, Polaroid & Marion Laboratories

How Leading Nations Respond to the Innovation Imperative?

They are providing four things:

- High-level Focus
- Sustained Support for R&D: Leveraging Public and Private Funds
- Support for Innovative SMEs
- New Innovation Partnerships to bring new products and services to market

Global Innovation Index

Rank	Country	Score
1	**Switzerland**	63.82
2	Sweden	62.12
3	Singapore	59.64
4	Hong Kong (SAR), China	58.8
5	Finland	57.5
6	Denmark	56.96
7	United States of America	56.57
8	Canada	56.33
9	Netherlands	56.31
10	United Kingdom	55.96
11	Iceland	55.1
12	Germany	54.89
13	Ireland	54.1
14	Israel	54.03
15	New Zealand	53.79
16	Korea (Republic of)	53.68
17	Luxembourg	52.65
18	Norway	52.6
19	Austria	50.75
20	Japan	50.32

Source: INSEAD's 2011 Global Innovation Index

Defining Innovation

INNOVATION is the creation and transformation of knowledge into new products, processes, and services that meet market need…….and interactions, entertainment forms, and ways of communicating and collaborating

Why Is Innovation Essential?

"INNOVATION DISTINGUISHES BETWEEN A LEADER AND A FOLLOWER."

-STEVE JOBS

Open Innovation Defined

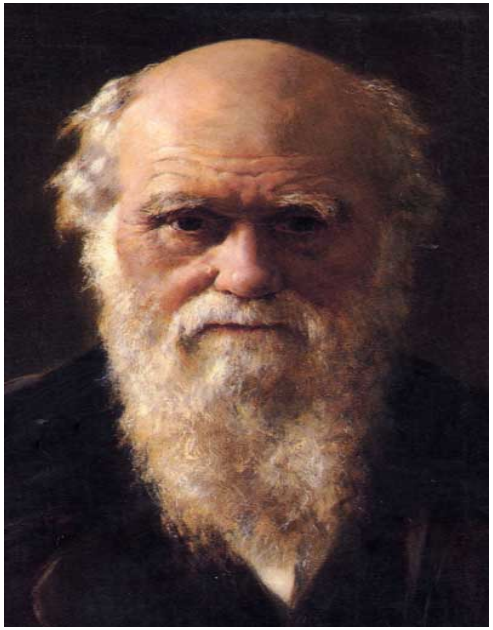
"Open innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology."

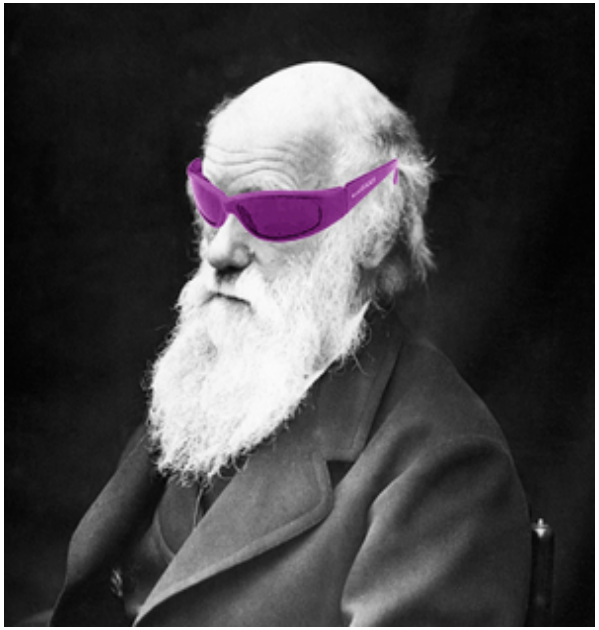
Henry Chesbrough

Change Is Inevitable

“ It is not the strongest of species that survive, nor the most intelligent, but the ones most responsive to change.”

–Charles Darwin





The Six Driving Forces of Change

- Commoditization
- The Digital Revolution
- Social Mediaization throughout society
- Global Open Innovation
- The Turbulent World
- Acceleration (or running faster to stay in the same place)

Implementing a New Innovation Paradigm

- Deviate from traditional perspectives
- Encourage public investment and risk taking
- Develop trust through collaboration
- Ensuring responsiveness to partners' missions
- Build consensus of all constituents through education, participation, and positive outcomes
- Move from Tech-Based Economic Development (TBED) to…..

Innovation-Based Economic Development (IBED)

Innovation Paradigm Shift

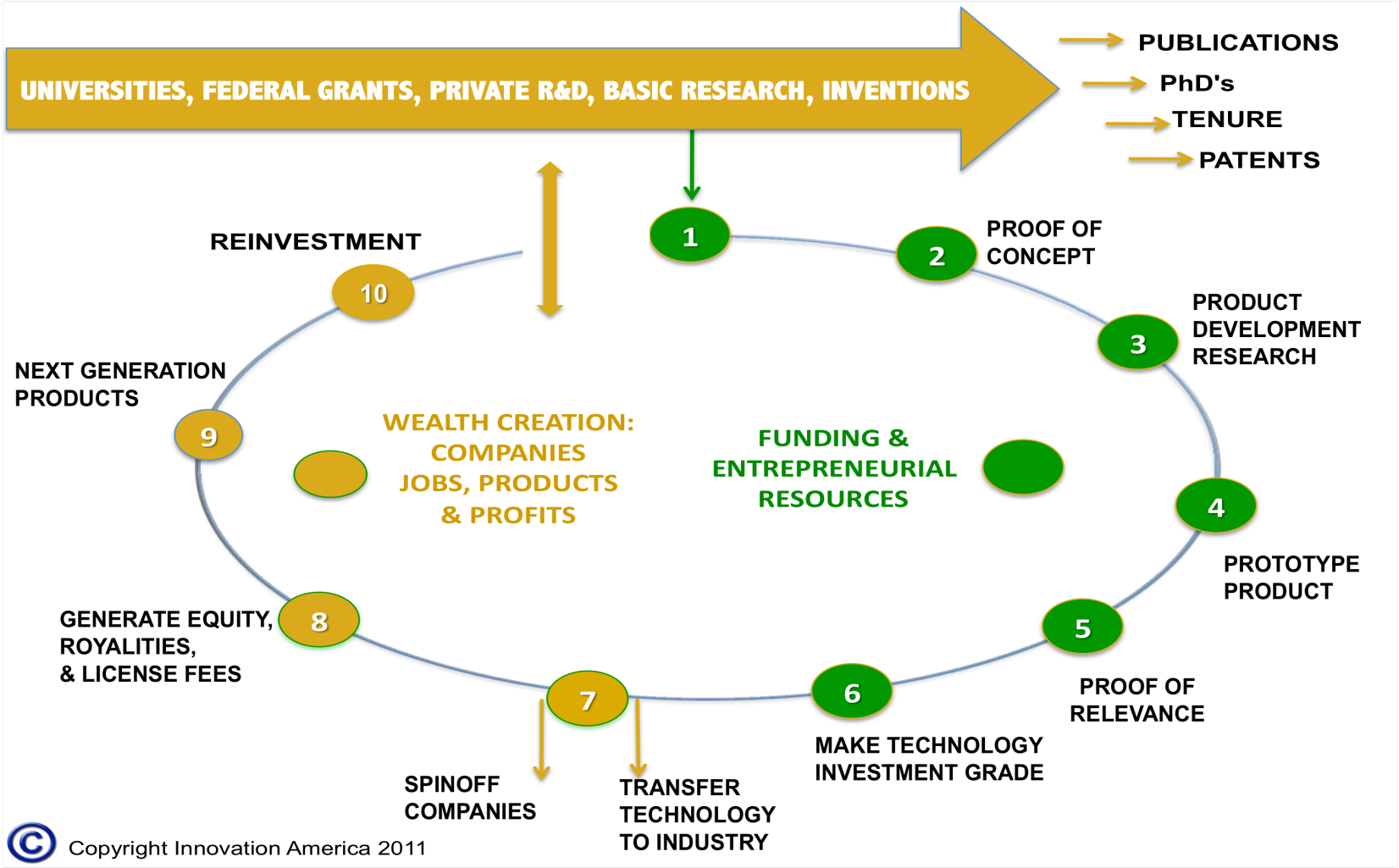
PROOF OF CONCEPT
(Technological Feasibility)
"It Works!"

The Historic hp invent Garage

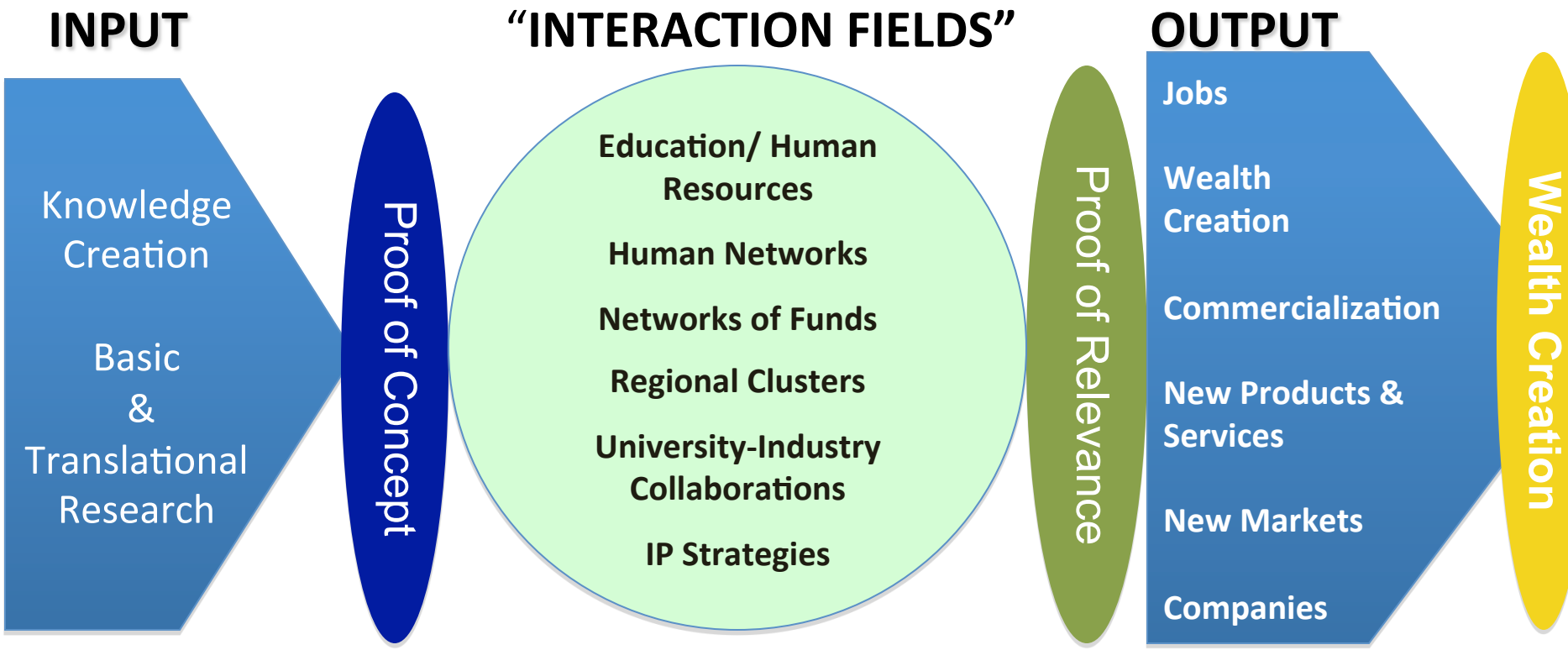
PROOF OF COMMERCIAL RELEVANCE
(Market Pull)
"I'll Buy It!"

CASH IS KING!

Innovation America Commercialization Model

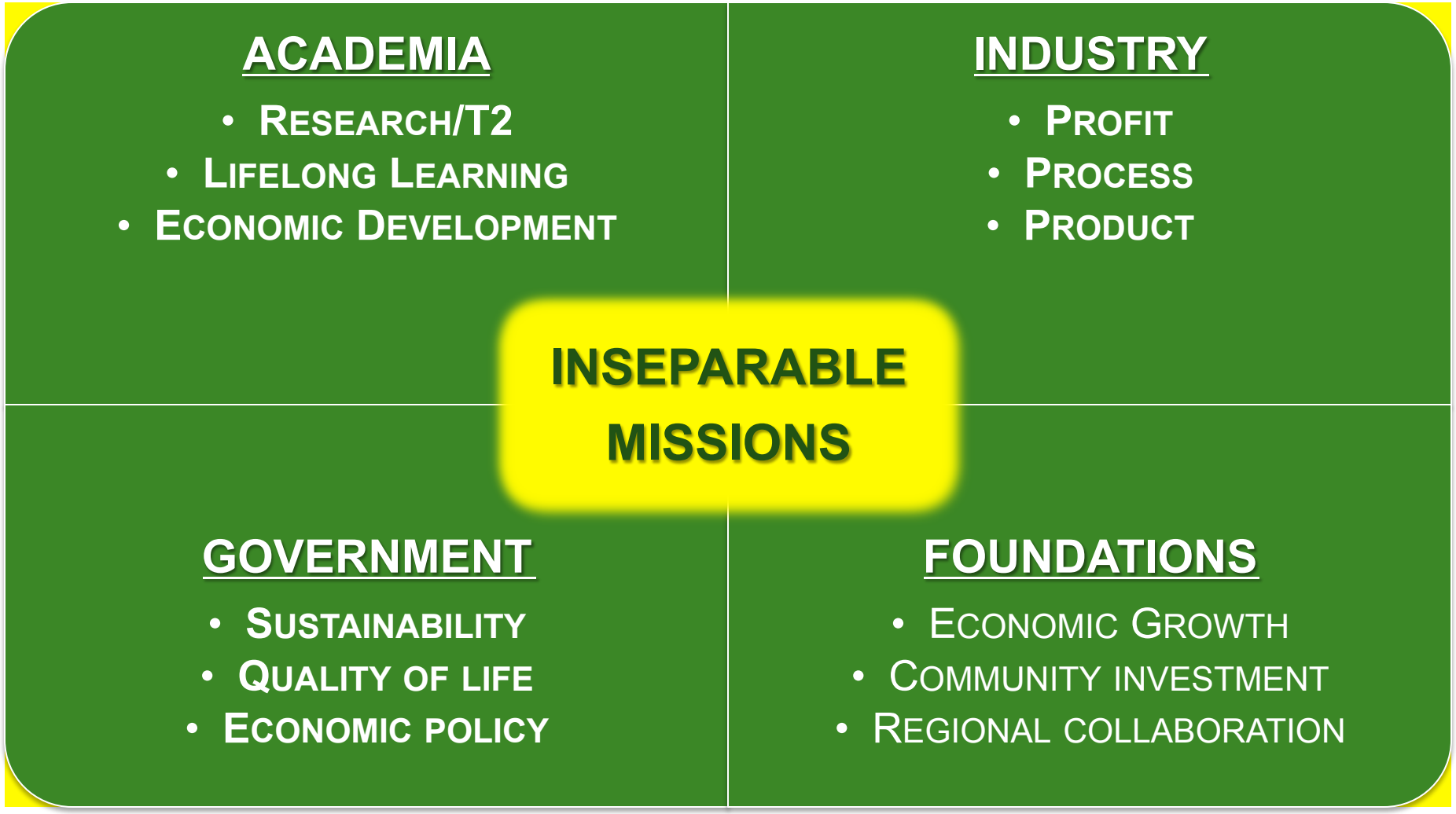


Innovation Ecosystem



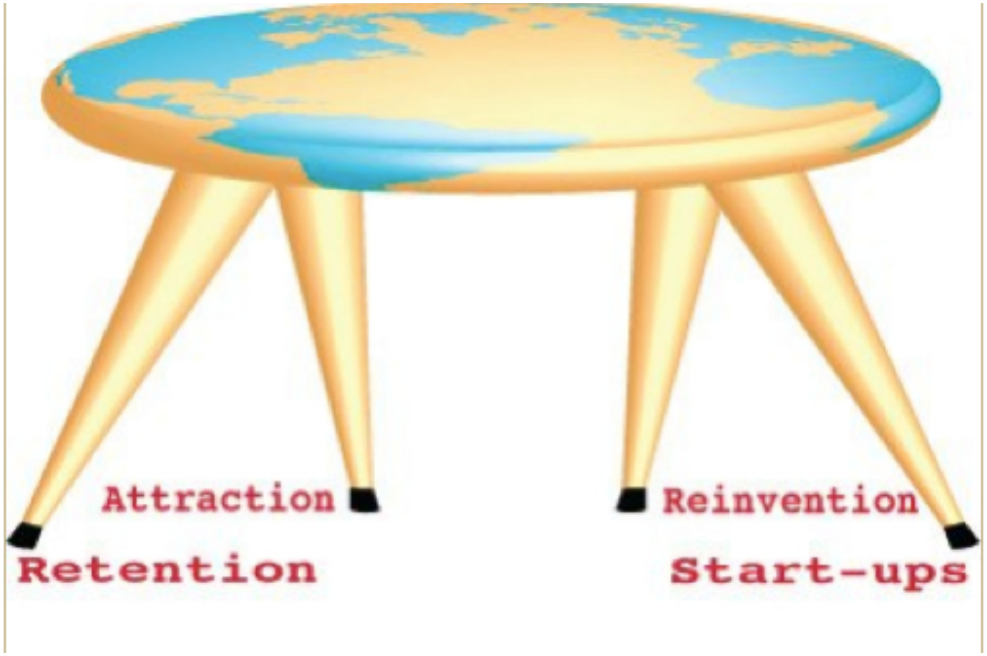
The concept of the **Innovation Ecosystem** stresses that the flow of technology and information among people, enterprises and institutions is key to a vibrant innovation process.

Model Ecosystem



Economic Development

- Economic Development is like a 4 - legged stool:
  - **Attraction**
  - **Retention**
  - **REINVENTION**
  - **Grow Your Own**
- IBED requires patience and persistence, continuity and consistency
- Working with early-stage companies takes time
- A balanced portfolio economic development strategy is best!



Convergence of Traditional Eco Devo & IBED

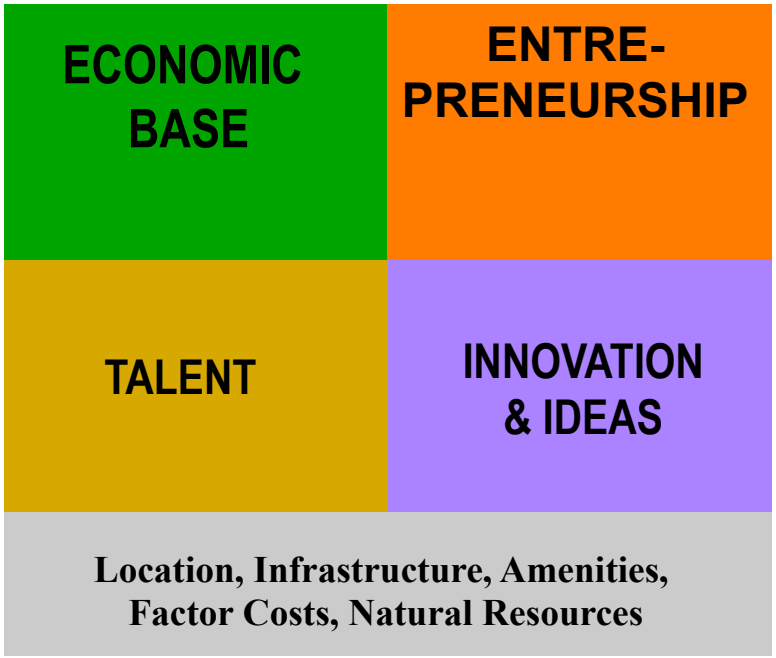
	Traditional		Innovation
Assets:	PHYSICAL		KNOWLEDGE
Competitive Basis:	Natural resources Highways / Rail Proximity Costs	→	Specialized talent Networks, Clusters, University research, Commercialization, Market Positioning Globalization
Key values/offerings:	Business parks Incentives	→	Access to research Workforce competencies Lifestyle
Lead Organization:	Chambers / EDCs	→	Economic developers **INNOVATION INTERMEDIARIES**

Regional Innovation Clusters

Five Key Components to Consider When Defining Unique Regional Assets

What you make, including your existing & prospective industry clusters

What you do: your workforce skills & human capital base



Your capacity to create companies wholly new or from existing firms

Your capacity to innovate and generate new ideas

The basic conditions defining the economic milieu of the region

Best Practices in RIC Management

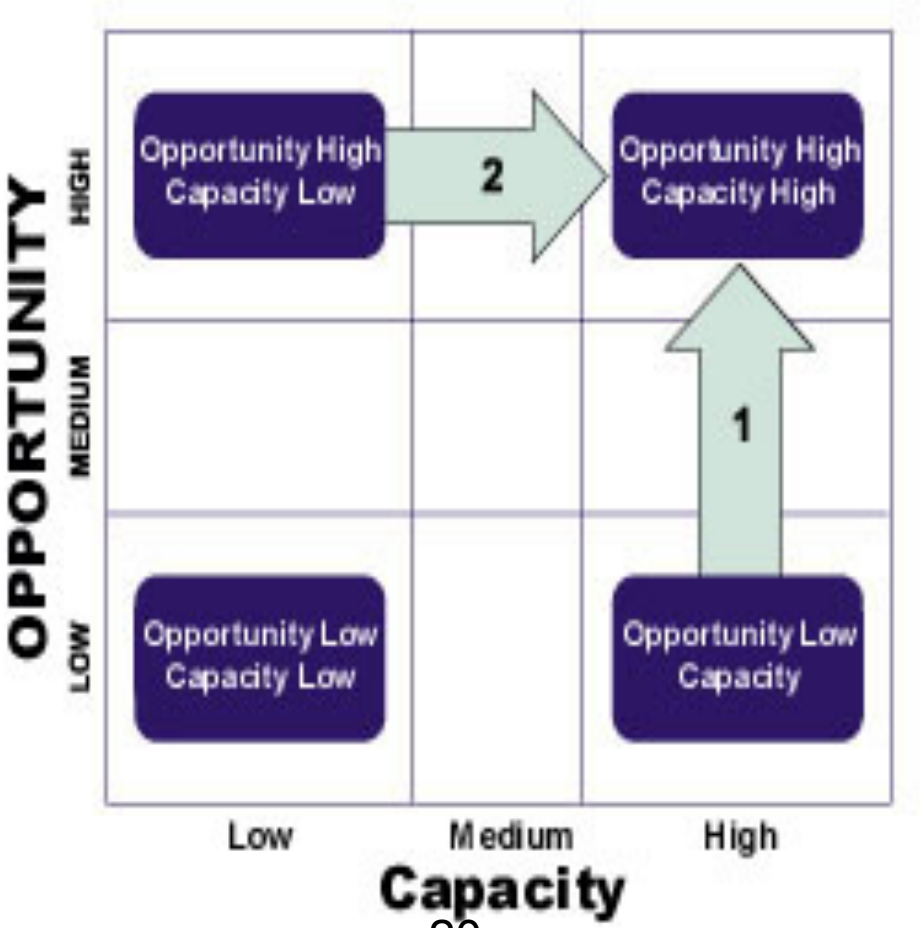
- **Regionally-Led** from existing networks & assets – bottom-up approach
- **Involve partnerships between private and public** at all levels (i.e. local, regional, state, and Federal)
- Unique **strengths of region are built upon** rather than trying to copy other regions (i.e. everyone can't support a biotech cluster)
- **Different strategies are developed for different clusters**
- **Balanced mix of private and public** leveraged funding
- **Linked with relevant external efforts**, including regional economic development partnerships and cluster initiatives in other locations

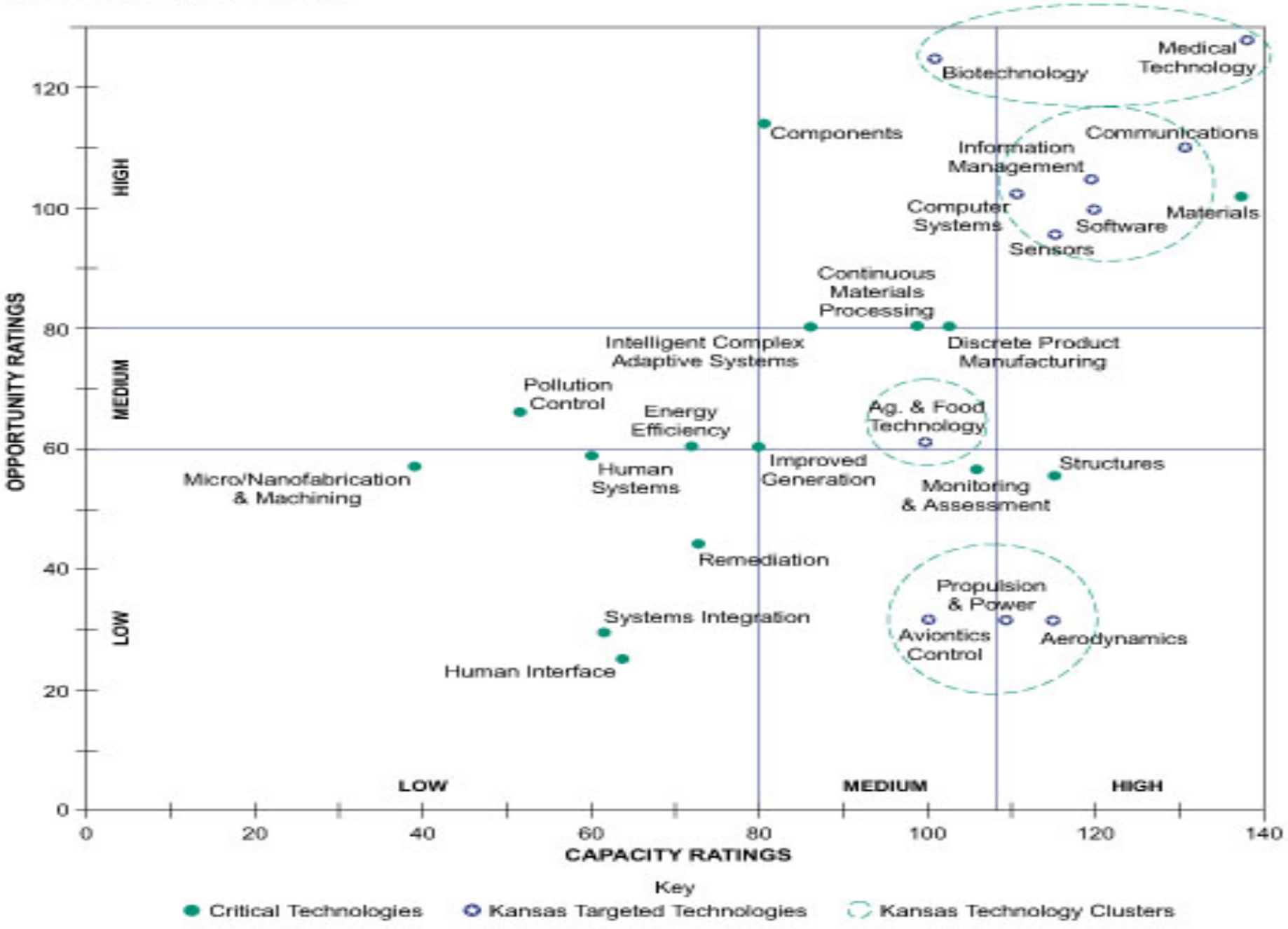
Kansas Strategic Technology Cluster Assessment and a Plan for the 21st Century

Published by The Kansas Technology Enterprise Corporation

Linking Opportunity With Capacity

Figure 1-2
Linking Opportunity & Capacity:
An Assessment Model





The technology areas with high levels in both categories represent logical targets for investment activity. Other technologies which may not have scored as well may be so important to Kansas' economy as to also warrant consideration.

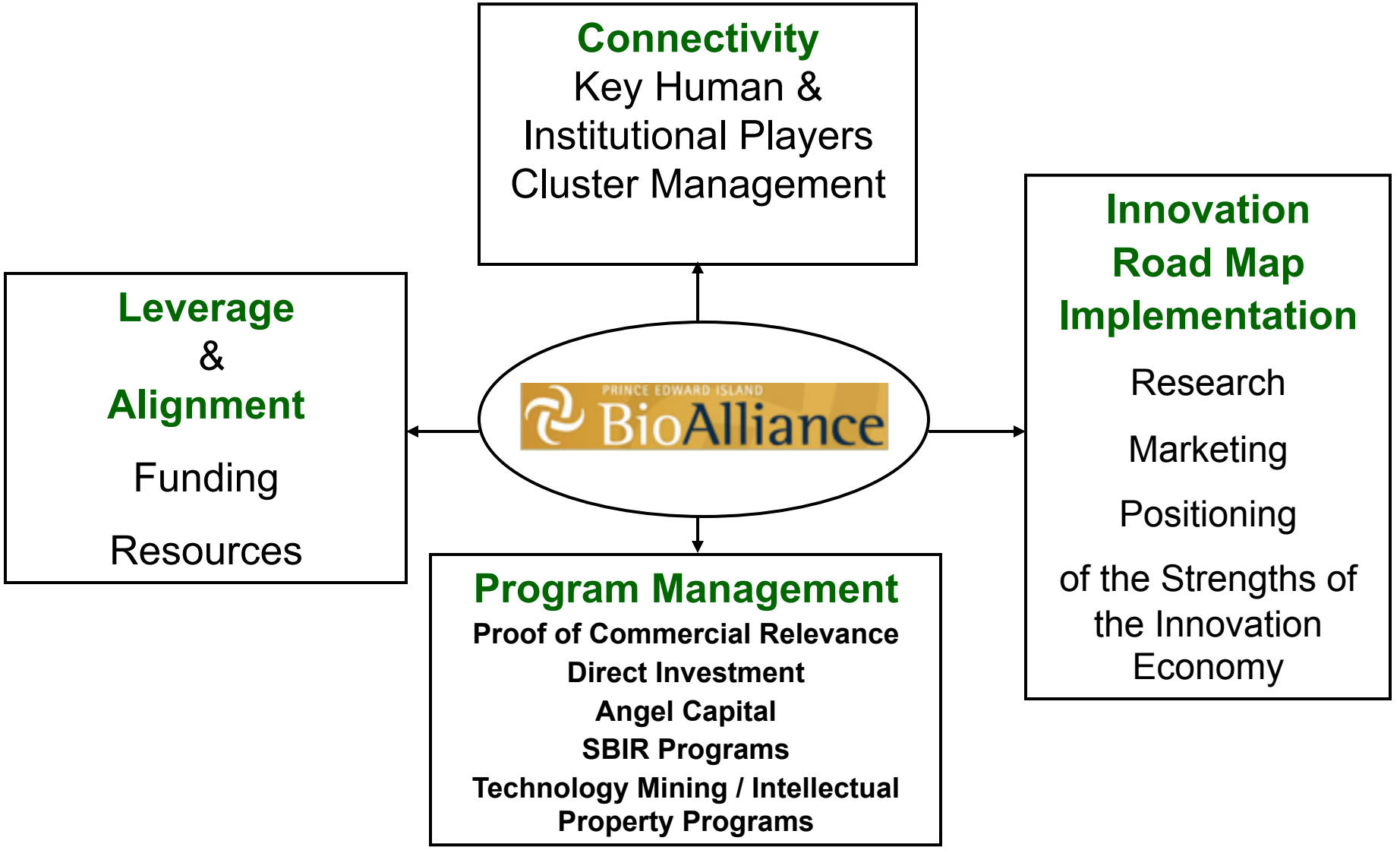
The Kansas Cluster Experience - 2010

CLUSTER	ORGANIZATION	OUTCOMES
Human BioSciences	**Kansas BioScience Authority (KBA)** www.kansasbioauthority.org	•$581m Fund •Build world-class research capacity, growth of bioscience startups, expansion of the state's bioscience clusters and facilitate industrial expansion and attraction.
Value-added Agriculture and Ag Bio	**National Agricultural Biosecurity Center (NABC)** http://nabc.ksu.edu/content	•$500m Research Center •Focused on protecting America's agricultural infrastructure and economy from endemic and emerging biological threats.
Aviation	**National Institute for Aviation Research (NIAR)** www.niar.wichita.edu	24 year-old research and tech-transfer center established to advance the nation's aviation industries that may benefit from aviation-related technologies.
Information and Telecommunications & Computing	**Software and Technology Association of Kansas (SITAKS)** www.sitaks.com	Advocate for Kansas' software and information technology sector to help Kansas' software and IT companies grow and succeed.

What is a Innovation Intermediary?

An Organization at the Center of the region's, state's or country's efforts to align local technologies, assets and resources to work together on advancing Innovation.

21st Century Innovation Intermediary



Intermediary Best Practices

- Longevity
- Bipartisan Support & Champions
- Independent Organizations
- Continuous Reinvention
- PRIVATE SECTOR LEADERSHIP
- Understand Return On Investment
- Sustainability In Funding
- Accountable
- Innovative
- Effective Leadership

Innovation Intermediary Commercialization Services

Investigation	Technical	Market	Business
Proof of Concept	Technology Concept Analysis	Market Needs Assessment	Venture Assessment
Development Phase			
Feasibility	Technology Feasibility	Market Study	Economic Feasibility
Planning	Engineering Prototype	Strategic Marketing	Strategic Business Plan
Introduction	Pre-Production Prototype	Market Validation	Business Start-Up
Commercial Phase – Proof of Commercial Relevance			
Full Scale Production	Production	Sales and Distribution	Business Growth
Maturity	Production Support	Market Diversification	Business Maturity

U.S. State Innovation Programs

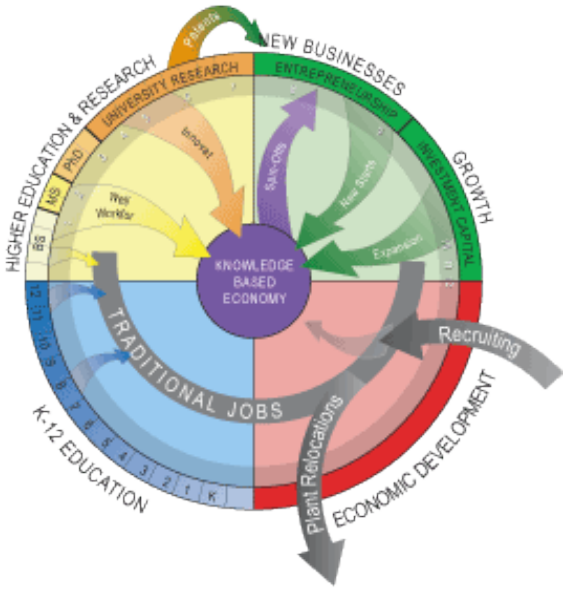
KANSAS BIOSCIENCE AUTHORITY

Population: 2,800,000 Kansas Bioscience Authority

- $581 million state-funded independent bioscience TBED organization
  - $75.5 million program budget; $3.5 million operating budget
  - 18 employees (8 “deal” people)

- Investment priorities
  - Expand the quantity and quality of bioscience research
  - Focus on the commercialization of bioscience discoveries
  - Foster formation and growth of bioscience companies
  - Position Kansas for international leadership in key clusters

KANSAS BIOSCIENCE AUTHORITY

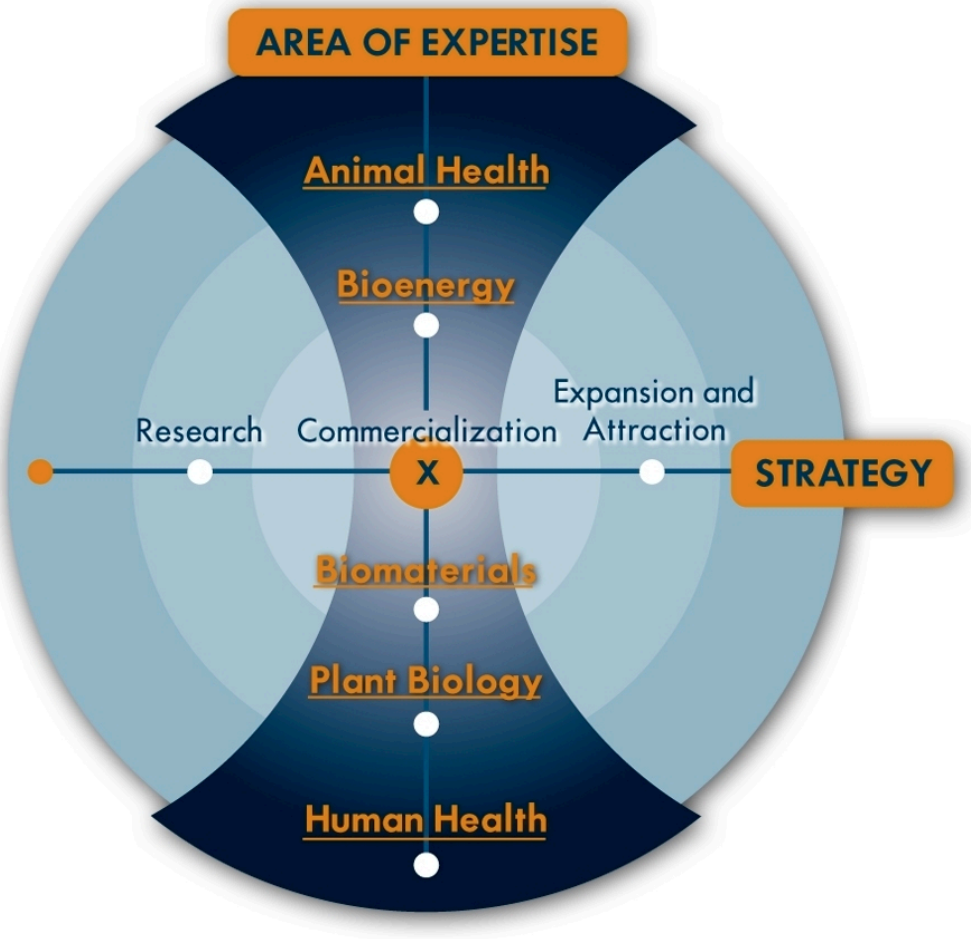


PRINCE EDWARD ISLAND BioAlliance

KANSAS BIOSCIENCE AUTHORITY

First Principles

- Highly focused
- Diversified
- Game-changing potential
- Evaluative process
- Partnership approach
- Outcome oriented



KBA's Investment Tools

- Kansas Bioscience Eminent Scholars
- Kansas Bioscience Rising Stars
- Kansas Bioscience Matching Fund
- Bioscience Centers of Innovation
- Heartland BioVentures
- Kansas Bioscience Growth Fund
- Kansas Bioscience R&D Vouchers
- Kansas Bioscience Attraction and Retention

Kansas Bioscience Authority – Economic Impact

Through June 2010, KBA investments have helped generate:

- **1,195** new **jobs**
- **$212.6 million in capital expenditures**
- **$86.6 million in new research funding**
- **$48.3 million in equity investments**
- ***Including estimated wages of jobs, that represents a $9.41 return to the state's economy for each $1 invested by the KBA***

Regional IBED Intermediaries

Northeast Ohio IBED Intermediaries

NorTech, (the Northeast Ohio Technology Coalition) is a nonprofit Technology-Based Economic Development (TBED) organization that champions growth in Northeast Ohio's 21 county region. Foundation funded.

JumpStart is creating economic transformation in Northeast Ohio by providing resources to entrepreneurs to grow their high potential, early stage companies.

BioEnterprise is a business formation, recruitment, and acceleration initiative designed to grow health care companies and commercialize bioscience technologies

Team NEO advances Northeast Ohio's economy by attracting businesses worldwide to the 16-county Cleveland Plus region.

Cleveland Clinic Innovations advances commercial oriented innovation and transforms promising therapies, devices and diagnostics into products by creating spin-off companies, licensing to established companies and enabling equity partnerships.

Population 2,000,000 BioEnterprise Initiative - Cleveland

Vision

Make region a **nationally recognized** center for **health care innovation and commercialization** (e.g., Minneapolis, Research Triangle)

Mission

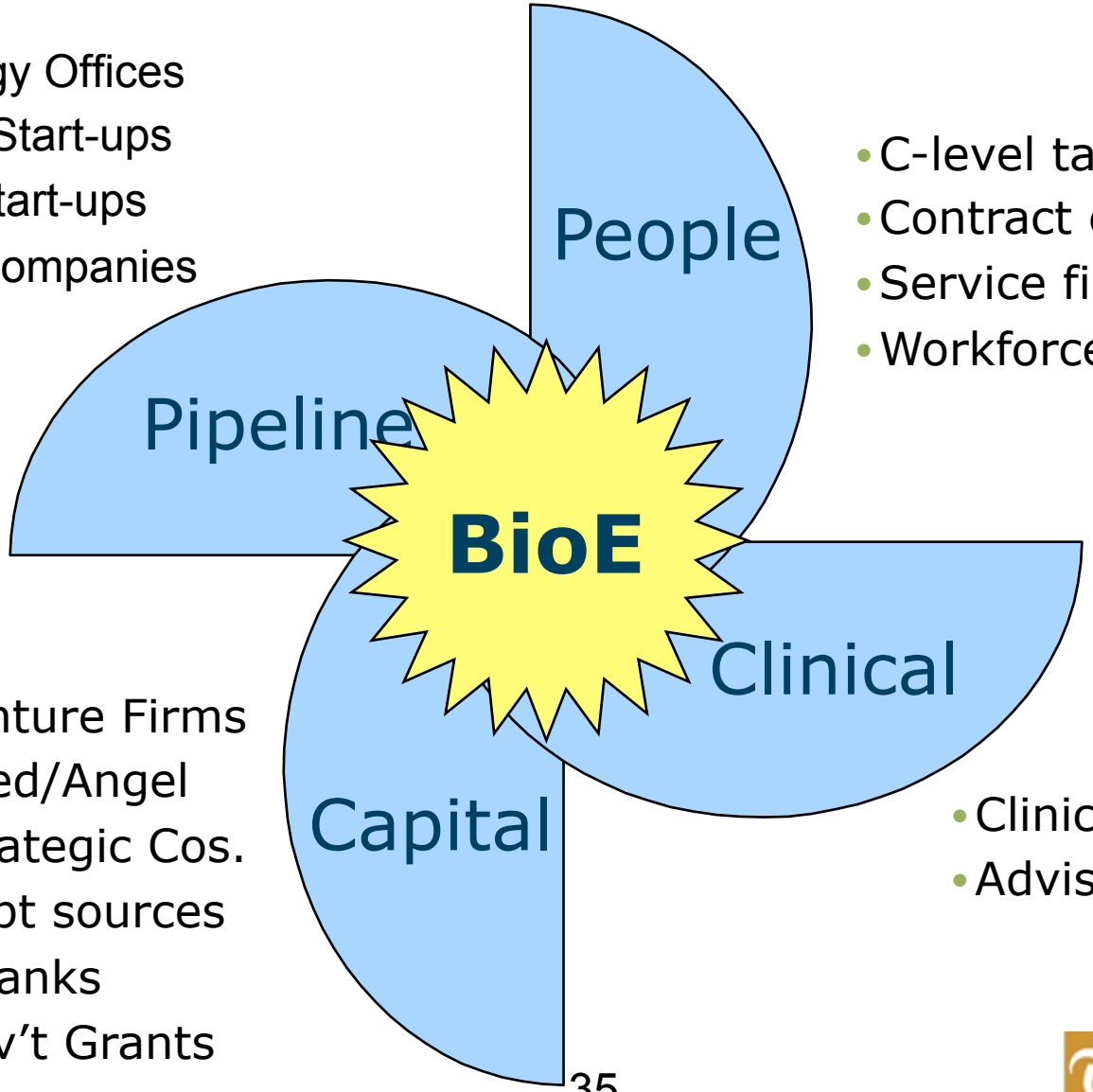
Be the leader in biosciences industry growth focused on recruiting and attracting entrepreneurs, **creating, accelerating, and retaining start-ups**, and **nurturing and promoting a vibrant business environment**

Performance Metric and Target

Capital raised by health care companies in region
>$150 million invested in region annually

Business Acceleration

- Technology Offices
- Regional Start-ups
- Foreign Start-ups
- Existing Companies



- C-level talent
- Contract executives
- Service firms
- Workforce programs

- Venture Firms
- Seed/Angel
- Strategic Cos.
- Debt sources
- I-banks
- Gov't Grants

- Clinical champions
- Advisory boards

Market-Driven Approach

Choose/create opportunities that are fundable…

- Regional entrepreneurs
- Institutions
- Foreign recruitment
- Company creation

BioEnterprise

to raise capital…

–Experienced management support

–Clinical and research collaborations

–Business development

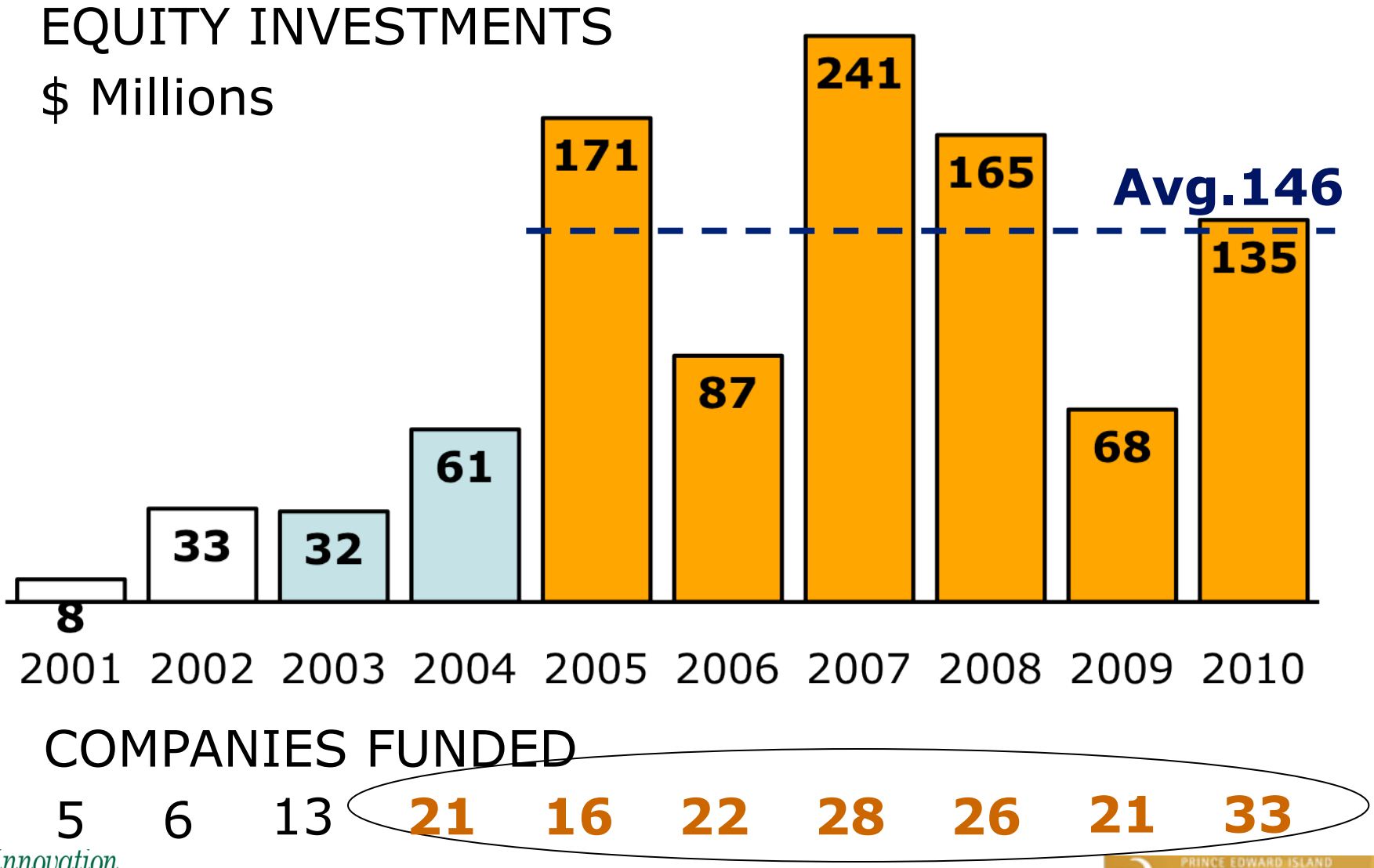
–Network of bioscience capabilities

…from targeted, interested investors

- Access to capital
  - Venture/equity
  - Strategic
  - Debt
  - Grant

Market-back Approach

Growth in Innovation



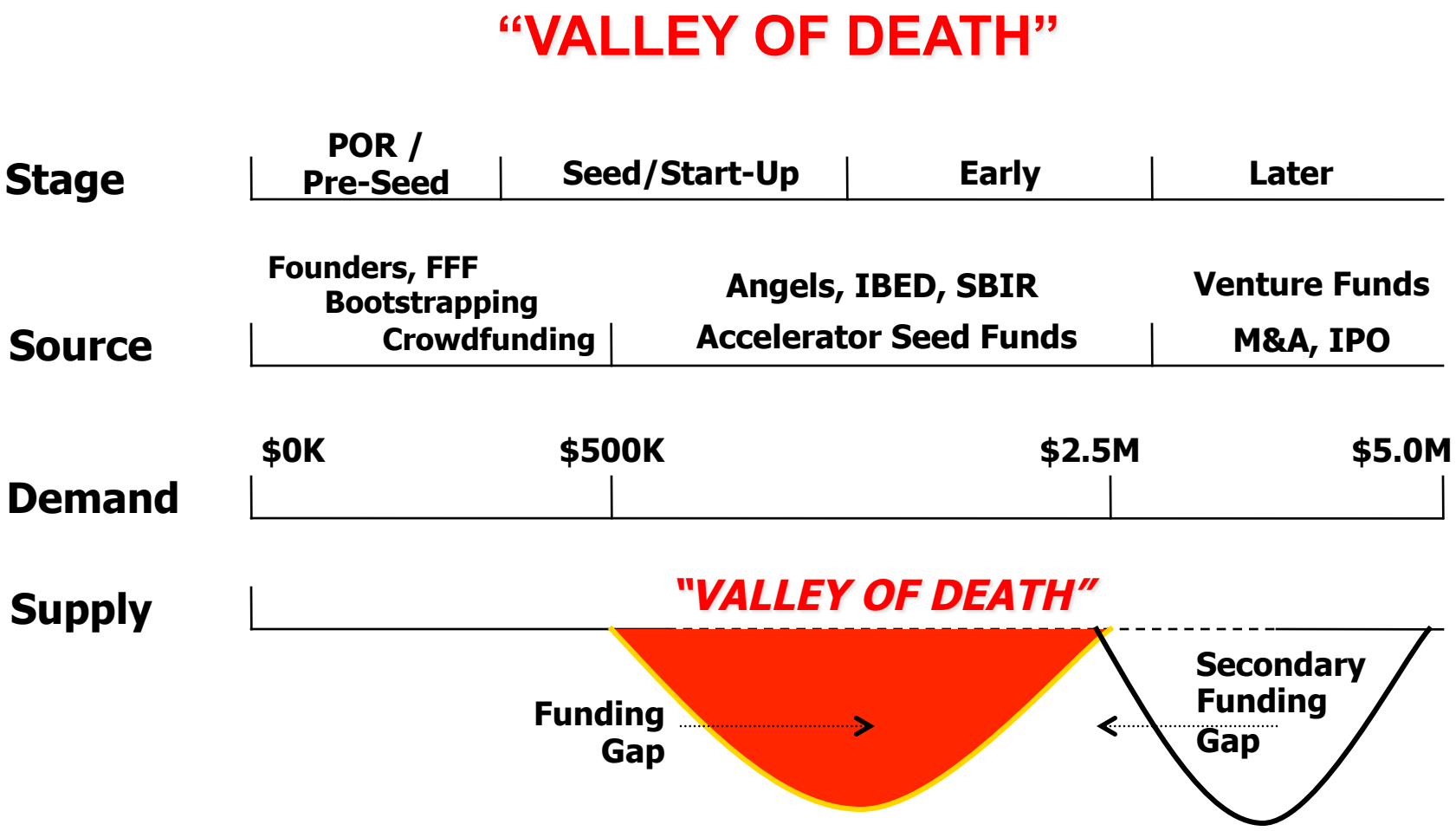
Results

- Health Care Venture ~ Research Triangle
  - ~$150 million per year over last 6 years
  - 45 Healthcare Funding Sources in Ohio
  - 80% of funding from outside region

- Industry Growth
  - Now at 600 companies
  - Several dozen firms started/attracted each year
  - Over 20,000 employed in industry
  - 29 “Exits”

- National Recognition

Innovation Capital Valley of Death



Does Seed Investing REALLY Create Jobs?

Public Investment In Job Creation

Category	CDVCA*	State of PA	State of MI	State of UTAH	Stimulus Bill
Funds Invested	$26M	$90M	$291M	$60M	$800B
Jobs Created	3.700	8,150	28,854	2,047	1,000,000 To 4,000,000
$ Per Job Invested	$7,100	$11,000	$11,728	$29,300	$800,000 To $200,000

*Community Development Venture Capital Association

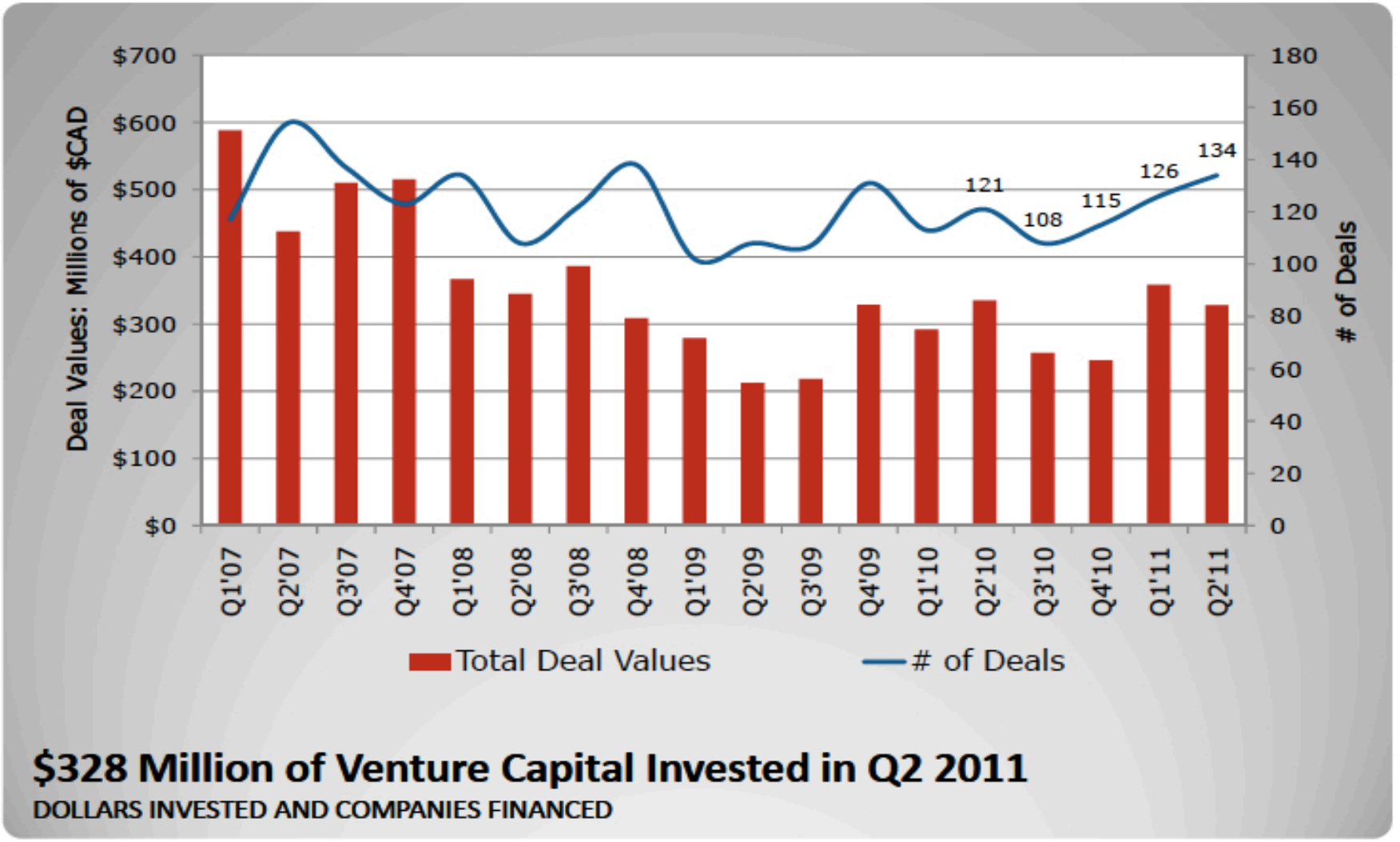
Top 10 States for Venture Capital

State	2010 VC Raised	1970-2010 VC Invested/Companies	Public Co's VC Backed # of Jobs/ U.S. Revenues	Cost of 1 Job Created per VC $ invested
CA	$11.6B	$215.7B / 9,827	2,822,345/$846B	$74,846
MA	$2.5B	$53.6B / 2,860	775,151/$190B	$69,324
TX	$981M	$27.7B / 1,743	1,129,551/$243B	$24,525
NY	$1.4B	$25.2B / 1,799	656,632/$188B	$38,384
WA	$634M	$15.B / 837	778,579/$256B	$20,293
CO	$483M	$15.1B / 793	162,720/$45B	$92,812
NJ	$469M	$14.6B / 788	328,429/$66B	$44,464
PA	$559M	$13.3B / 1,130	783,527/$238B	$16,930
IL	$732M	$9.8B / 726	256,750/$63B	$38,693
NC	$529M	$8B / 475	195,973/$42B	$40,835

42

Source: PWC/NVCA 2011

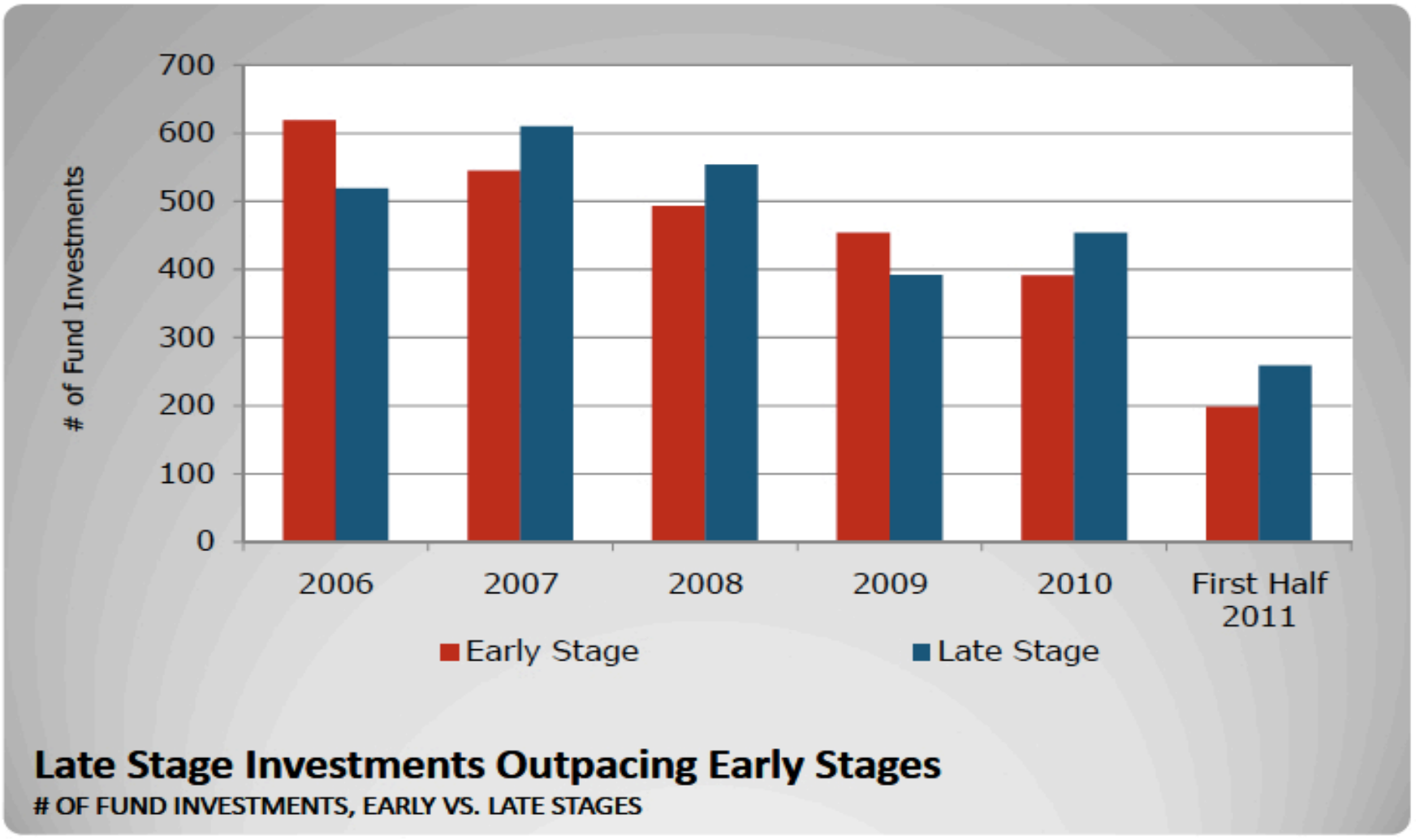
Canadian VC Invested Q2 2011



$328 Million of Venture Capital Invested in Q2 2011

DOLLARS INVESTED AND COMPANIES FINANCED

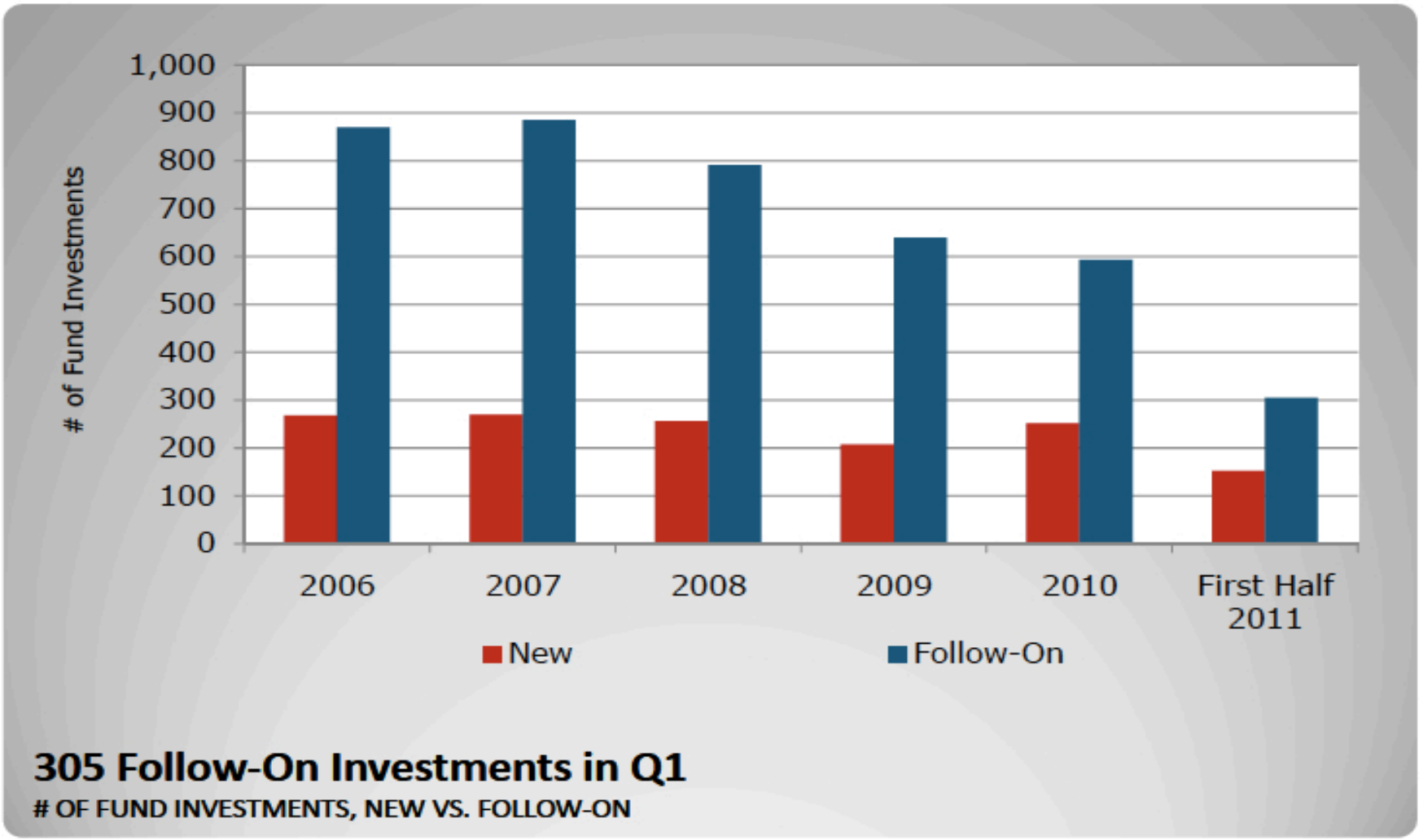
Investments By Stage Jan – Jun 2011



Late Stage Investments Outpacing Early Stages

OF FUND INVESTMENTS, EARLY VS. LATE STAGES

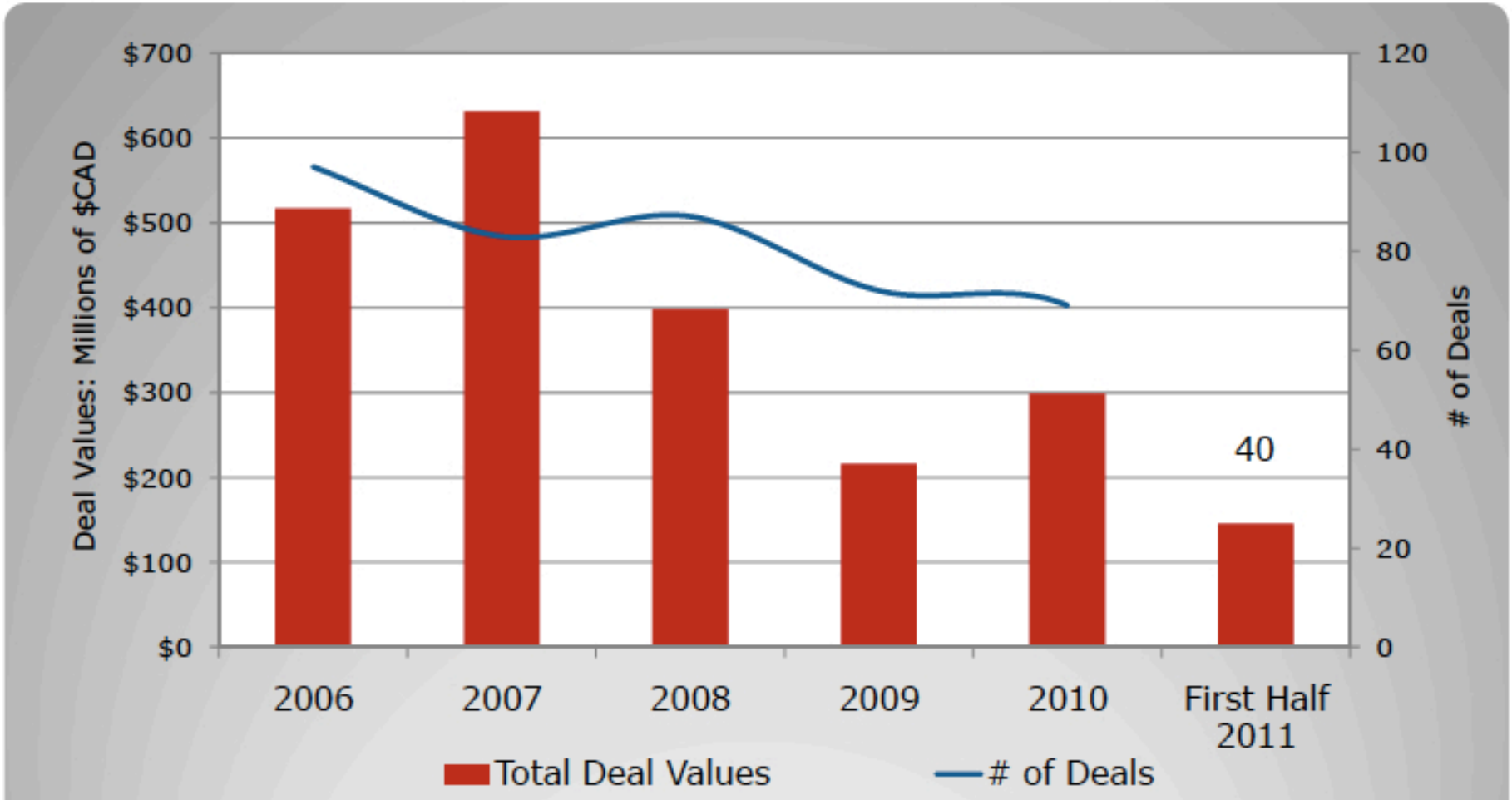
Follow-On Investments in Q1



305 Follow-On Investments in Q1

OF FUND INVESTMENTS, NEW VS. FOLLOW-ON

Canadian Life Science Investments Jan-Jun 2011

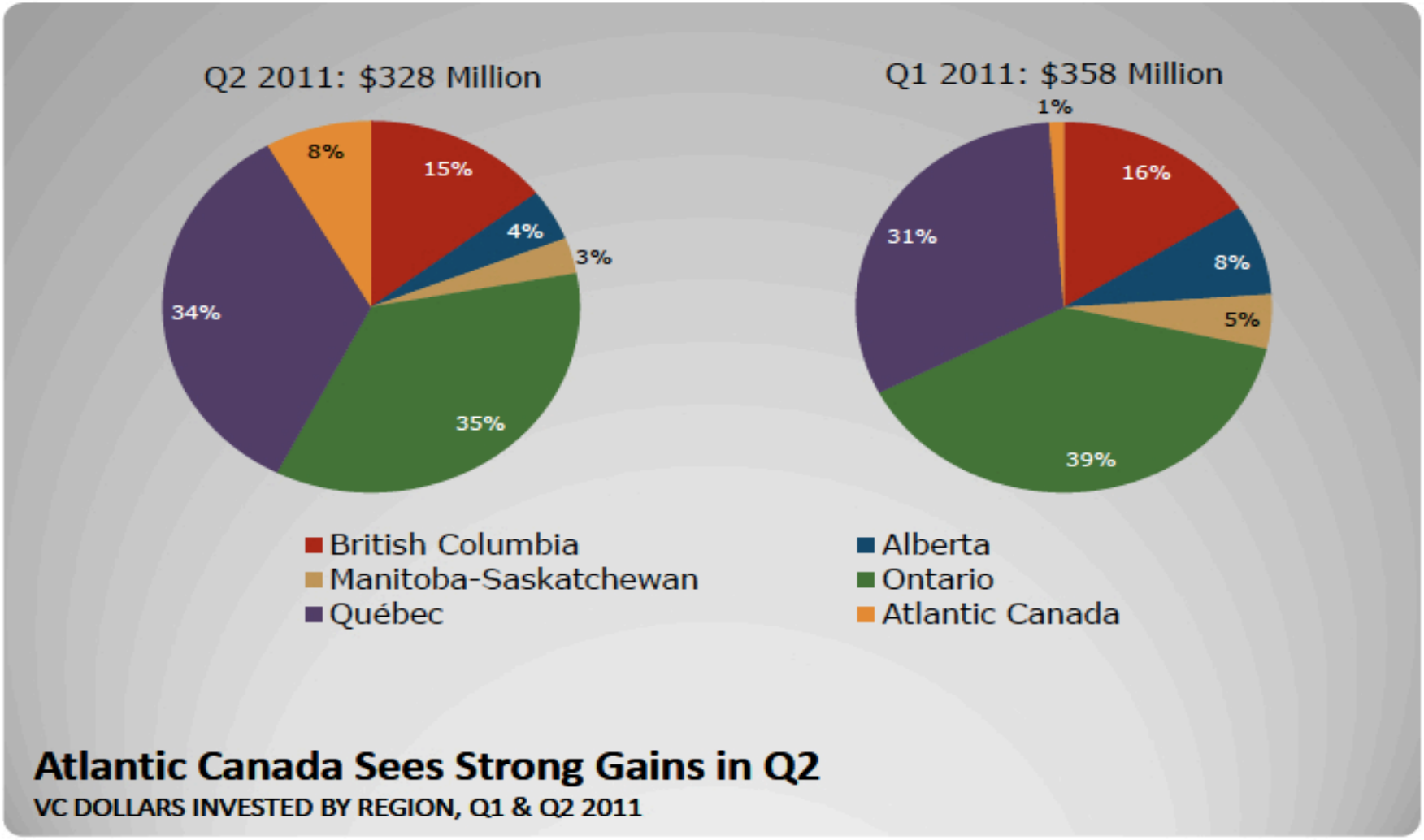


40 Life Sciences Companies Attract $145 MM In First Half

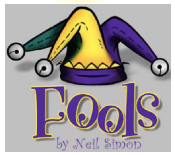
LIFE SCIENCES SECTOR

DOLLARS INVESTED AND NUMBER OF FINANCINGS

Atlantic Canada Sees Strong Gains in VC for Q2



Innovation Funding Continuum

DREAM	CONCEPT	APPLIED	COMMERCIAL RELEVANCE	STARTUP	ROLL OUT	GROWTH
FoundersFFF Bootstrapping Crowdfunding	Seed	Incubators/ Accelerators	IBED	Federal	ANGEL	VC
	MaRS	EXTREME VENTURE PARTNERS	Tekes	NRC-CNRC Canada NRC Industrial Research Assistance Program	National Angel Capital Organization	CVCA Canada's Venture Capital & Private Equity Association Association canadienne du capital de risque et d'investissement
	FLOW	yearonelabs	VINNOVA	PCP	YORK ANGEL INVESTORS	PEI FUNDS
Friends & Family SERIES	500 STARTUPS	startup bootcamp	cotec Portugal Associação Empresarial para a Inovação	SBIR & STTR	MAPLE LEAF ANGELS	BDC
	BioEnterprise A Leader in Growing BioScience Companies	techstars	Ohio Third Frontier Innovation Creating Opportunity		MAG Mid-Atlantic Angel Group	
crowdfund		seedcamp	Ben Franklin Technology PArtners	TIP Technology Innovation Program	JumpStart New Jersey Angel Network	TRICOLOUR VENTURE FUND
KICKSTARTER	jumpstart	DREAMIT VENTURES	i2E INNOVATION TO ENTERPRISE		LORE ASSOCIATES	
	First Round CAPITAL	Y Combinator	MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	SBA U.S. Small Business Administration	New York ANGELS	32° CAPITAL
RocketHub			Maryland TEDCO Technology Development Corporation			

Six Distinct Organizational Paths for Entrepreneurs

- Lifestyle business
- Small business
- Scalable startup
- Buyable startup,
- Large company,
- Social entrepreneur

Incubators & Accelerators

Incubators - incubators allow for slower growth, although they typically have some requirements as to how long companies can remain in the incubators before they graduate.

Accelerators - as their name implies, focus on an intense, boot-camp-like experience to get new businesses up and running in a matter of months.

What Is A Road Map…..Why Is It Needed?

- A roadmap answers the ***question "Where do we want to be and how to we get there?"***
- A cluster roadmap ***provides strategies and action*** plans to best ***achieve a vision of the future shared by a critical mass*** of industry-related organizations.
- The strategies and action plans are developed according to the unique strengths of the cluster and region as compared to a global market opportunity.

Innovation America: Innovation Road Map Process

1. Literature Review of Comparables
2. Key Stakeholder Interviews/Recommendations
3. Asset & GIS Mapping/Cluster Analysis
4. Innovation Benchmarking/Index (Peer 2 Peer)
5. Innovation & Entrepreneurship Resource Guide
6. Innovation Economic Development Organizational Analysis
7. Innovation & Commercialization Program Gap Analysis
8. Innovation Ecosystem Public Policy Recommendations
9. Innovation Strategic and Organization Plan
10. Operations & Implementation Plan
11. Branding & Marketing Strategy
12. Economic Impact Analysis - Celebrate Your Success

IOWA Innovation Road Map Leadership

Population: 3,000,000

Iowa Department of Economic Development

IOWA ASSOCIATION OF BUSINESS AND INDUSTRY

The Voice of Iowa Business Since 1903.

Iowa Innovation Index - Indicators

Iowa Innovation Index

Special thanks to our sponsors:

IOWA INNOVATION INDEX
KEY INNOVATION INDICATOR SCORECARD

National Ranking	Regional Ranking	Indicator Number	Indicator Subject Rankings Key: +: National/Regional Indicator Ranking – Strength O: National/Regional Indicator Ranking – Neutral —: National/Regional Indicator Ranking - Weakness
			Economic Impact
—	—	1	Industry Cluster Employment & Wage
N/A	N/A	2	Occupations & Wages
—	—	3	Household Income
O	—	4	Productivity
—	—	5	Corporate Sales and Manufacturing Value-added
—	+	6	Manufacturing Exports
—	—	7	Wages & Wage Growth (In Key Industry Clusters & Overall)
			Innovation Research & Commercialization
O	O	8	Royalty and Licensing Income to Universities
—	—	9	Start-up Companies Formed from University Research
—	—	10	Federal Investment in University & Engineering Research
—	+	11	State and Local Investment in University Science & Engineering Research
O	—	12	Industry & Other Support in University Science & Engineering Research
—	O	13	Size of College and University Endowments
—	O	14	Patenting
++	++	15	Academic Article Output
—	—	16	Research & Development Performed
			Innovation Capital
—	+	17	Sum of all investments – all stages
—	—	18	Targeted Industries Innovation Capital Investments
—	—	19	SBIR/STTR Awards
—	—	20	Number of Public Traded Companies
TBD	TBD	21	R&D Tax Credits
TBD	TBD	22	Angel Tax Credits
			Innovation Workforce
+	O	23	Education Level of the Workforce
—	—	24	Public Investment in K-16 Education
—	—	25	Science and Engineering Degrees
N/A	O	26	Talent Flow and Migration (Int'l and domestic)
			Innovation Location and Environment
N/A	++	27	State-based Innovation Intermediary (Public/Private Partnership)
—	O	28	Broadband Internet Availability
N/A	—	29	E-Government Programs
—	—	30	Arts and Cultural Endowment

NOTE: Regional strengths are based on Iowa's performance as a comparison to Illinois, Kansas, Minnesota, Missouri, Nebraska, South Dakota and Wisconsin.

Summary of State Performance in Selected Bioscience-related Metrics

Metrics	Iowa	United States	Rank*
Bioscience Industry, 2008			
Total Bioscience Industry Employment, 2008	16,574	1,420,324	III
Bioscience Industry Location Quotient, 2008	1.06	n/a	II
Biosciences Industry Establishments, 2008	525	47,593	III
Academic R&D Expenditures, FY 2008			
Bioscience R&D ($ thousands)	$350,804	$31,818,810	28
Bioscience Share of Total R&D	66.5%	61.3%	16
Bioscience R&D Per Capita	$117.17	$104.54	16
Change in Bioscience R&D, FY 2004–08	-1.6%	22.3%	48
NIH Funding, FY 2009			
Total, Including ARRA Funds ($ thousands)	$230,236	$25,837,590	25
Per Capita Funding	$76.54	$84.16	18
Change in Baseline Funding, FY 2004–09**	-1.6%	-4.7%	26
Change in Total Funding, FY 2004–09	17.2%	14.6%	28
Clinical Trials, Initiated 2009	174	5,299	35
Higher Education Degrees in Bioscience Fields, AY 2008	2,085	161,811	25
Employment in Bioscience-related Occupations, 2008	8,960	717,510	26
Bioscience Venture Capital Investments, 2004–09 ($ millions)	$278.6	$60,099	25
Bioscience and Related Patents, 2004–09	1,365	75,593	21

*State ranking figures for bioscience industry employment metrics are calculated as quintiles (I=Top Quintile; V=Bottom Quintile). All other metrics are ranked 1-52.

**Baseline Funding does not include American Recovery and Reinvestment Act (ARRA) funds for 2009.

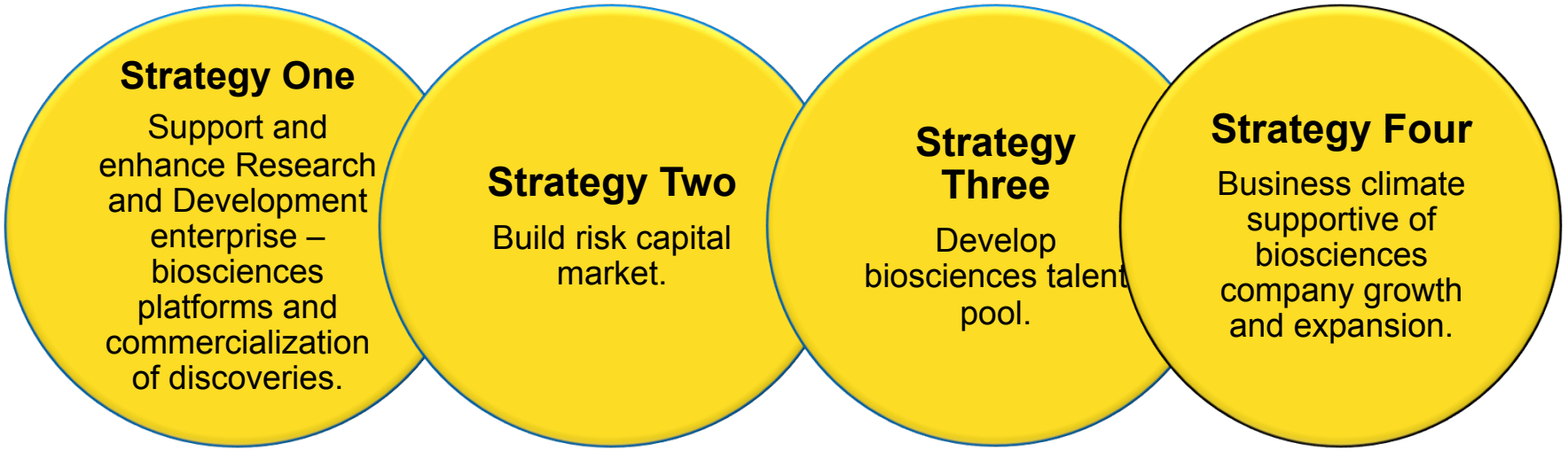
State of Iowa Bioscience Strategy

Battelle Technology Partnership Practice

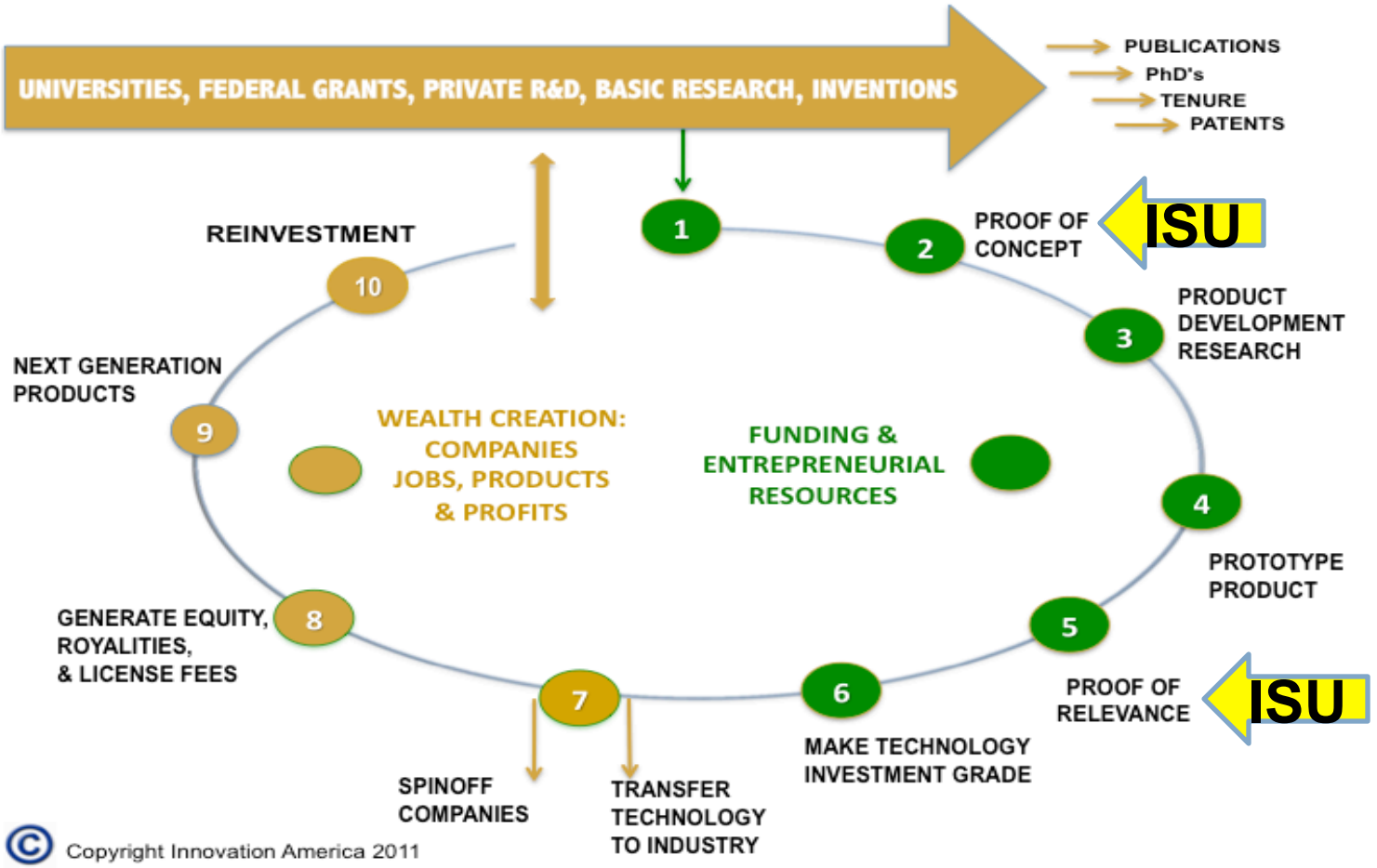
Iowa's Bioscience Technology Platforms

- *"One Health" Infectious Disease*
- Bioeconomy
- Advanced Foods
- Personalized Medicine

"By 2020, the biosciences industry is the key driver of the state's economy."

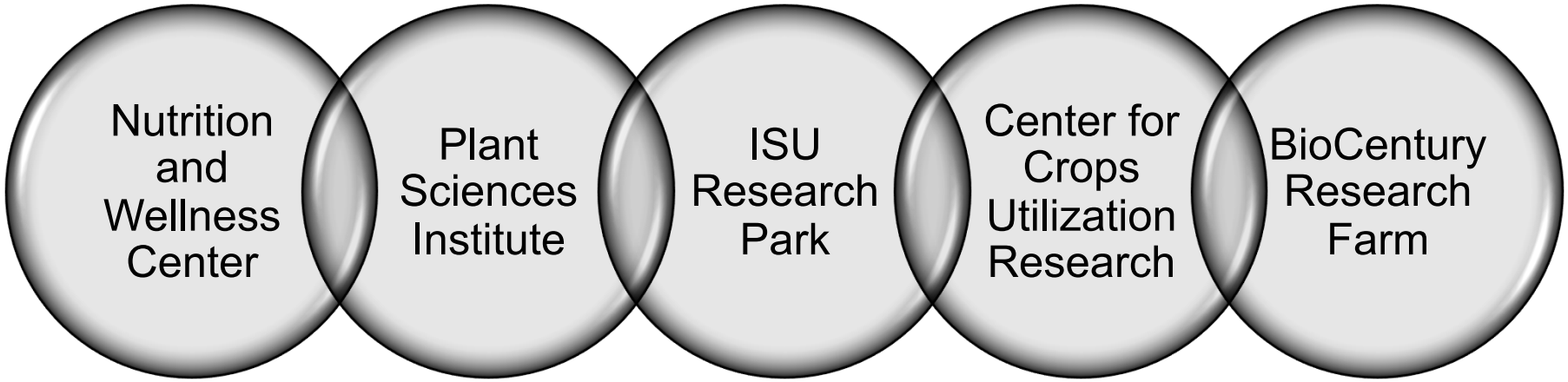


Iowa Innovation and Commercialization Model



Iowa Incubation Network

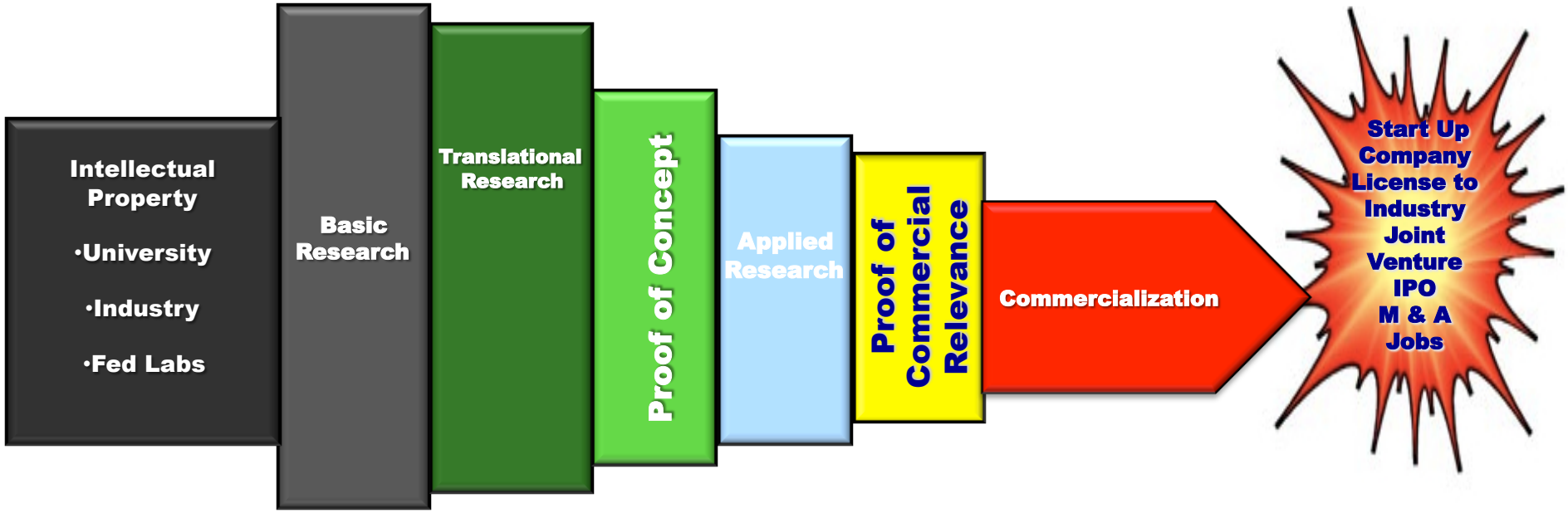
A coordinated network of incubation and pilot scale facilities at
Iowa State University . . .



Iowa Integrated Innovation Commercialization Network ™

Knowledge Infrastructure: Interns → MBA's → PhD's → Post Docs → Univ. Research → IIICN → Mentors/Advisors → Industry

Management



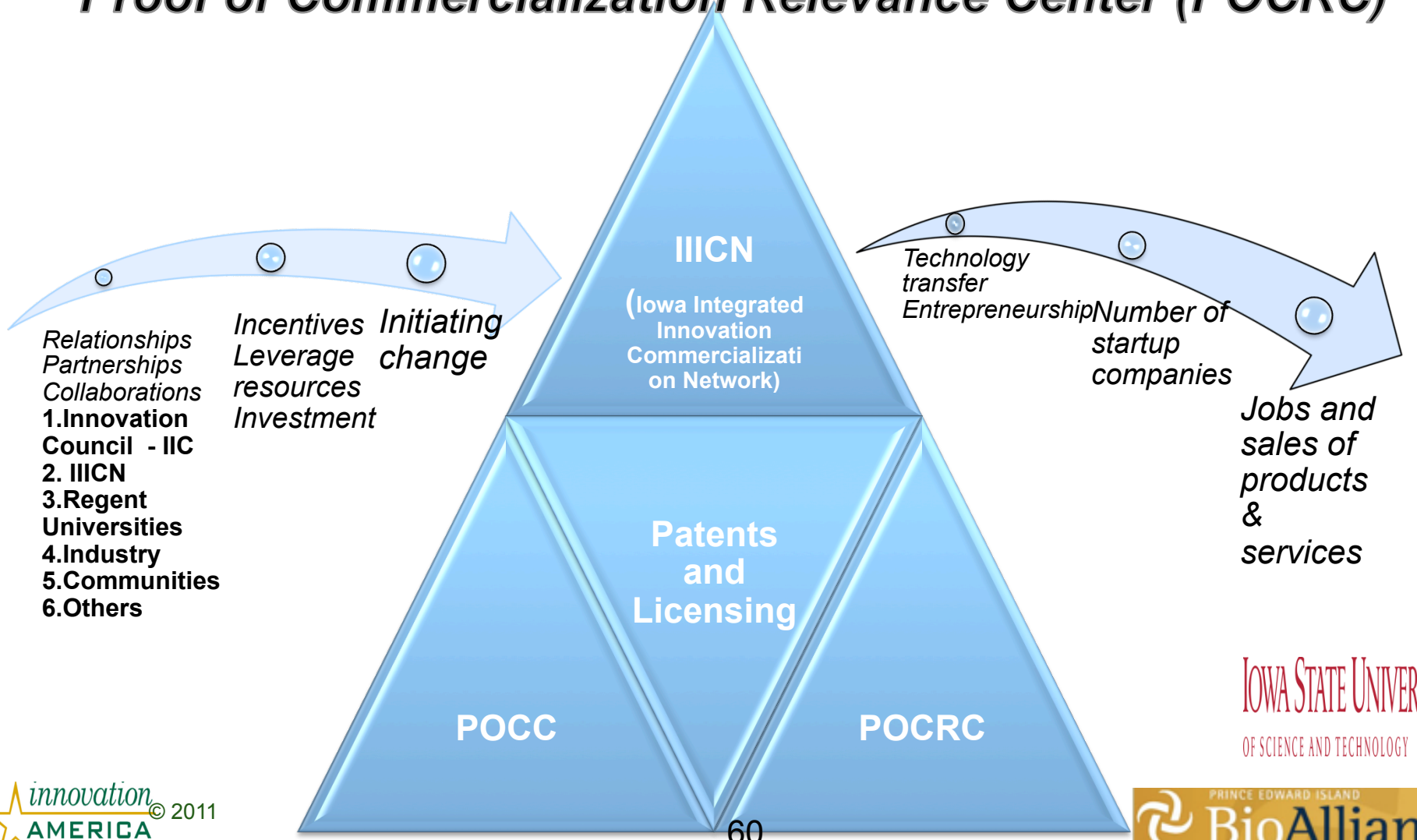
State & University Funding: POCC → Demonstration Fund → POCR → State Funds → Iowa Seed Fund

Federal & Public Funding: SBIR/SSTR Phase I&II → TIP → SBIR 2B → I6 Green → E-RIC → Other Public Funds

Private Funding: Foundation → Angel → Seed → Venture Capital → Mezzanine → Debt → Bank

Technology Transfer From the ISU Research Enterprise

"Proof of Concept Center (POCC) and Proof of Commercialization Relevance Center (POCRC)"



IOWA STATE UNIVERSITY
OF SCIENCE AND TECHNOLOGY

PRINCE EDWARD ISLAND BioAlliance

Road Map Projects – Resource Guide

Appanoose Economic Development Corporation

101 W. Van Buren Street, Suite 1
Centerville, IA 52544

Telephone: 641-856-3388
Website: www.appanoosecounty.org

Programs: Economic Development, Revolving Loan Fund, AIC Financial Assistance, IowaMicroLoan Program Affiliate
Key Staff: Tod Faris, Executive Director; aedcdirector@iowatelecom.net

Overview: AEDC's mission is to facilitate the retention, expansion, attraction, and creation of businesses and jobs, and collaboratively work to enhance the overall business climate of the county.

Program Services: Work Opportunity Tax Credit, Enterprise Zone,HUBZone, Property Tax Abatement, Appanoose Industrial Corporation, Tax Increment Financing

The Revolving Loan Fund is designed to assist small to medium sized businesses, and requires a minimum of 5 jobs be created or retained to access this program. The interest rate is 5% and the maximum repayment term is 5 years. The maximum loan amount is $50,000.

The AIC Financial Assistance Program is designed for medium to large businesses who are expanding or considering moving their business to Appanoose County. AIC may be able to provide at least $1,000 per job created in the form of a forgivable loan.

The IowaMicroLoan was created for those microbusinesses that are considered on the fringe of riskbearing capacity for most traditional financial institutions. Loans are available from $5,000 to $35,000

ARCH Venture Partners

8725 W. Higgins Road, Suite 290
Chicago, IL 60631

Telephone: 73-380-6600
Website: www.archventure.com/entrepreneurs.html

Key Staff: Keith L. Crandell, Co-founder and Managing Director

Overview: ARCH invests primarily in companies co-founded with leading scientists and entrepreneurs, concentrating on bringing to market innovations in life sciences, physical sciences, and information technology. We enjoy special recognition as a leader in the successful commercialization of technologies developed at academic research institutions and national laboratories. If you are an entrepreneur who has identified an opportunity to commercialize an advanced technology and you are working on a business plan or have formed a startup venture to introduce new technology in information technology, life sciences, or physical sciences, please contact us.

Stage of Development for Investment: Seed/Early Stage
Preferred Investment Industry: Micro/Nanotechnologies, specialty materials and semiconductors, biotechnology, interdisciplinary technologies.

Canadian Innovation Intermediaries

Population: 143,000

Prince Edward Island

- An economy in transition: From traditional industries to knowledge economy: Bioscience, Aerospace, ITC, Renewable Energy.
- Access to major markets in Eastern Canada and North Eastern USA and Europe.
- A strategic intent by business, research organizations and governments to invest in Bioscience as a key economic engine.

PEI Bioscience: An Emerging and Dynamic Cluster

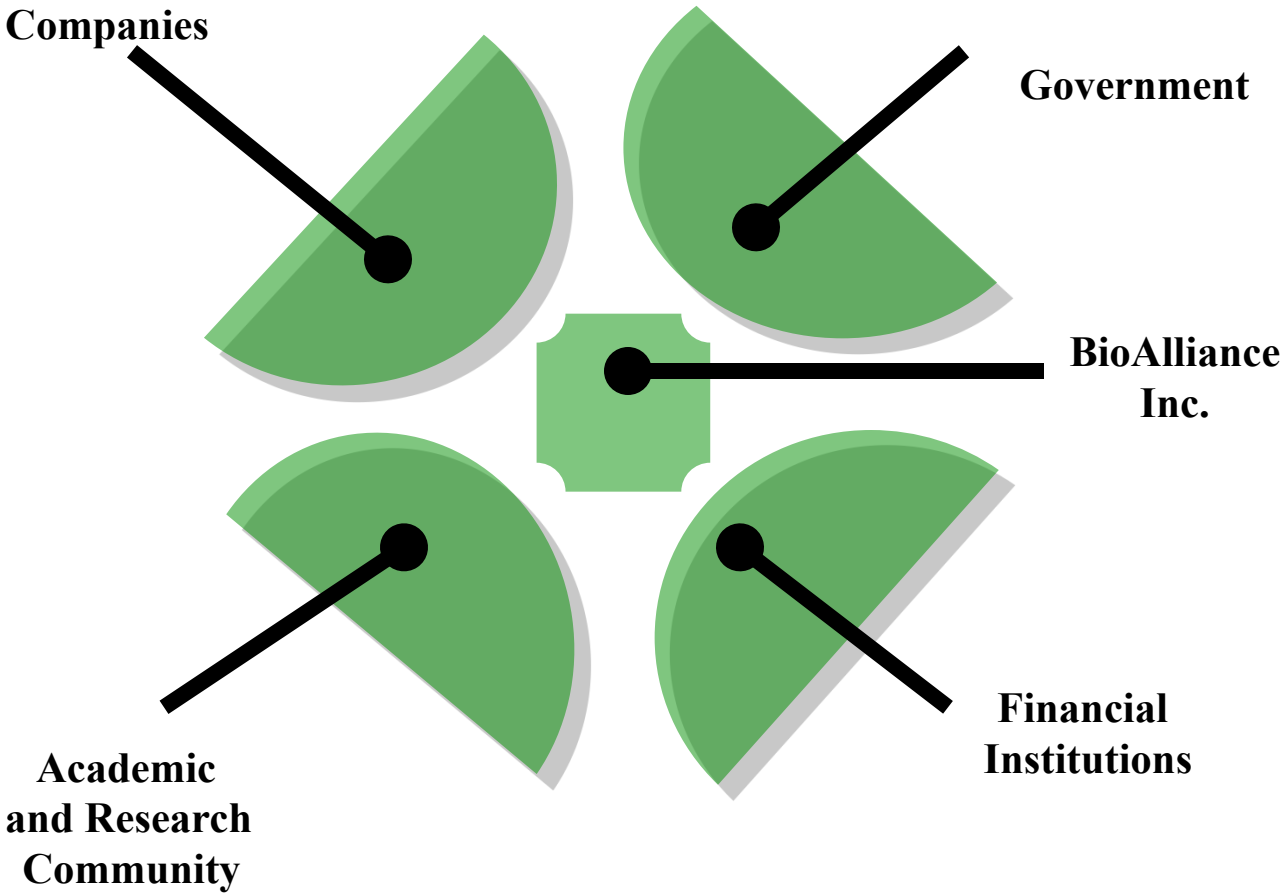
- $150 million investment in infrastructure
- 600% increase in UPEI research expenditures
- $42 million expansion of the Atlantic Veterinary College
- $13 million NRC Institute for Nutriscience and Health
- 30 companies with sales of >$80 million/year
- 1000 employees in Sector
- 29 AIF bioscience projects
- >$130 Million, $65 Million private sector investment
- 7 Research Organizations: 150 PhD's
- Growth targets:

➢ ***Tripling private sector revenue***

➢ ***Doubling private sector employment***

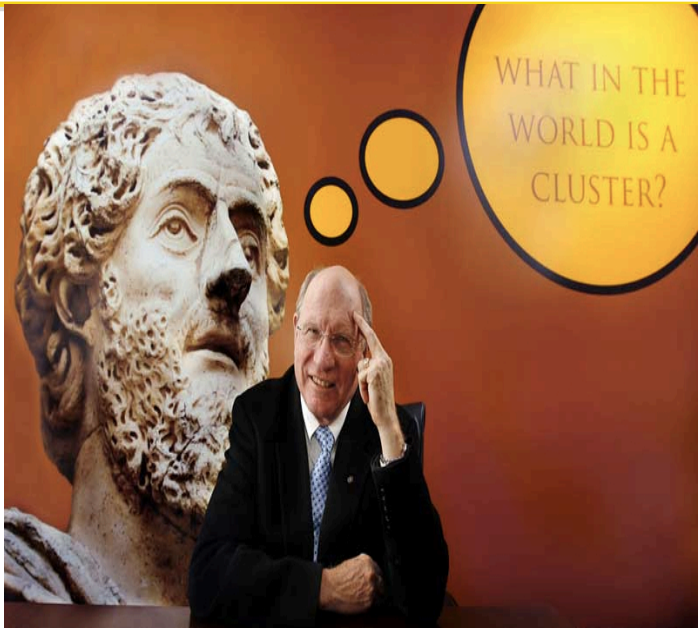
➢ ***Doubling R and D expenditures***

The BioAlliance Model



- Industry, Gov't at all levels, academic/ research community, financial institutions and a “catalytic coordinator”.

PEI Overall Cluster Development



- Proximity to world class research science centres
- Access to talent
- Access to funding
- Quality-of-life factors
- Entrepreneurial environment space
- Availability of support services providers
- Access to patients and markets
- Appropriate, adaptable and affordable lab and office
- Favourable policies, incentives and tax treatment

PEI Cluster Development

3 Stages of Cluster Development

1. Entrepreneurial startups exist within the industry of interest
2. Cluster formation – Critical assets for PEI BioAlliance
   - Proximity to world class research centers
   - Access to talent
   - Access to funding
   - Quality-of-life
   - Appropriate, adaptable and affordable lab & office space
   - Entrepreneurial environment
   - Availability of support services providers
   - Access to patients & markets
   - Favorable policies, incentives & tax treatment
3. Fully functional entrepreneurial environment

Strategies for Cluster Development (2008)

- Expand R & D Capacity
- Support Business- Research Collaboration
- Improve Access to Capital
- Address Human Resource Requirements
- Provide Critical Strategic Infrastructure
- Build the Business Portfolio.
- Move Technology to Marketplace
- Build the Prince Edward Island Bioscience Cluster Brand

PEI Cluster Growth Targets (2005-2010)

- Increased R&D expenditures from $40 million to $80 million
- Increased private sector employment from 400 to 1,000
- Increased private sector revenue from $60 million to $200 million
- Expanded internationally competitive private sector
- New public and private direct investment in infrastructure and research and development
- Increased recognition as a leading international centre for bioactives-based health product development

PEI BioAlliance Goals

It is critical that the PEI BioAlliance partners achieve acceptable results in the following areas:

1. Increased economic impact of the bioscience sector in PEI.

2. Increased bioscience R&D investment in PEI by both the public and private sectors.

3. Improved access to public and private financing for biotech commercialization and new business development.

4. Increased availability of qualified human resources within the bioscience sector of PEI, in the management, technical and scientific knowledge areas.

5. Increased recognition of PEI Bioscience Cluster.

6. Improved public policy environment to support the growth of the PEI Bioscience Cluster.

7. Increased collaboration and communications within PEI Bioscience Cluster, and with other bioscience clusters, both nationally and internationally.

8. Maintained role and operational capabilities of PEI BioAlliance Inc.

PEI Bioscience Gap Analysis - Overview

- PEI is an economy in transition
- Bioscience, Aerospace, ITC, & Renewable energy key clusters
- Bioscience cluster at a critical point – Lacks capacity to be highly competitive in global bioscience arena.
- Infrastructure gaps
  - Limited incubator space
  - No multi-functional scale-up facility on the island
- Cluster needs to attract more companies – all stages of development
- Limited companies today to meet revenue & employment goals of region
- Additional gaps were found in:
  - Personnel
  - Support services
  - Financing of later stage companies

PEI Funding Gap

- ACOA-AIF and BDP
- IPS Innovation Programs
- Provincial Low Interest Loans
- IRAP
- Capital Pool Corporations
- First Angel Network
- Equity Investments/ M & A
- VC Orientation Sessions

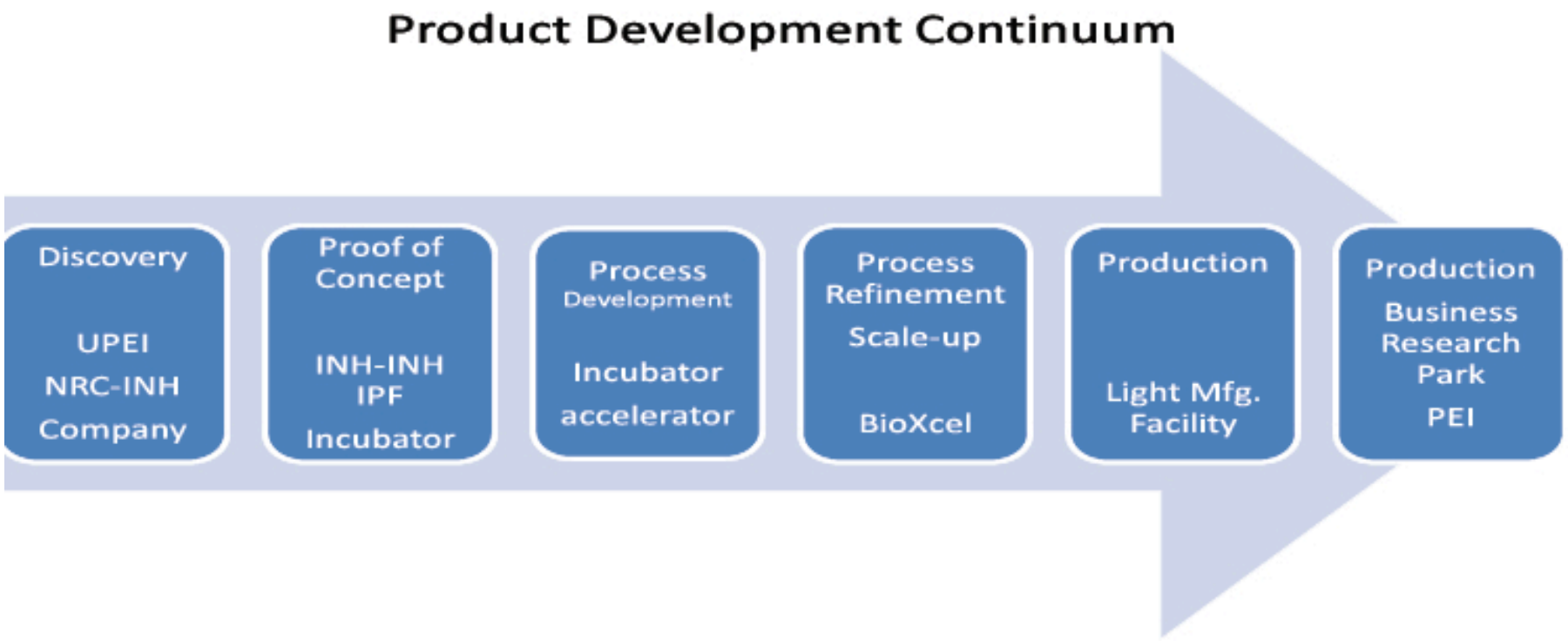
PEI SWOT Analysis

Strengths – Weaknesses – Opportunities – Threats

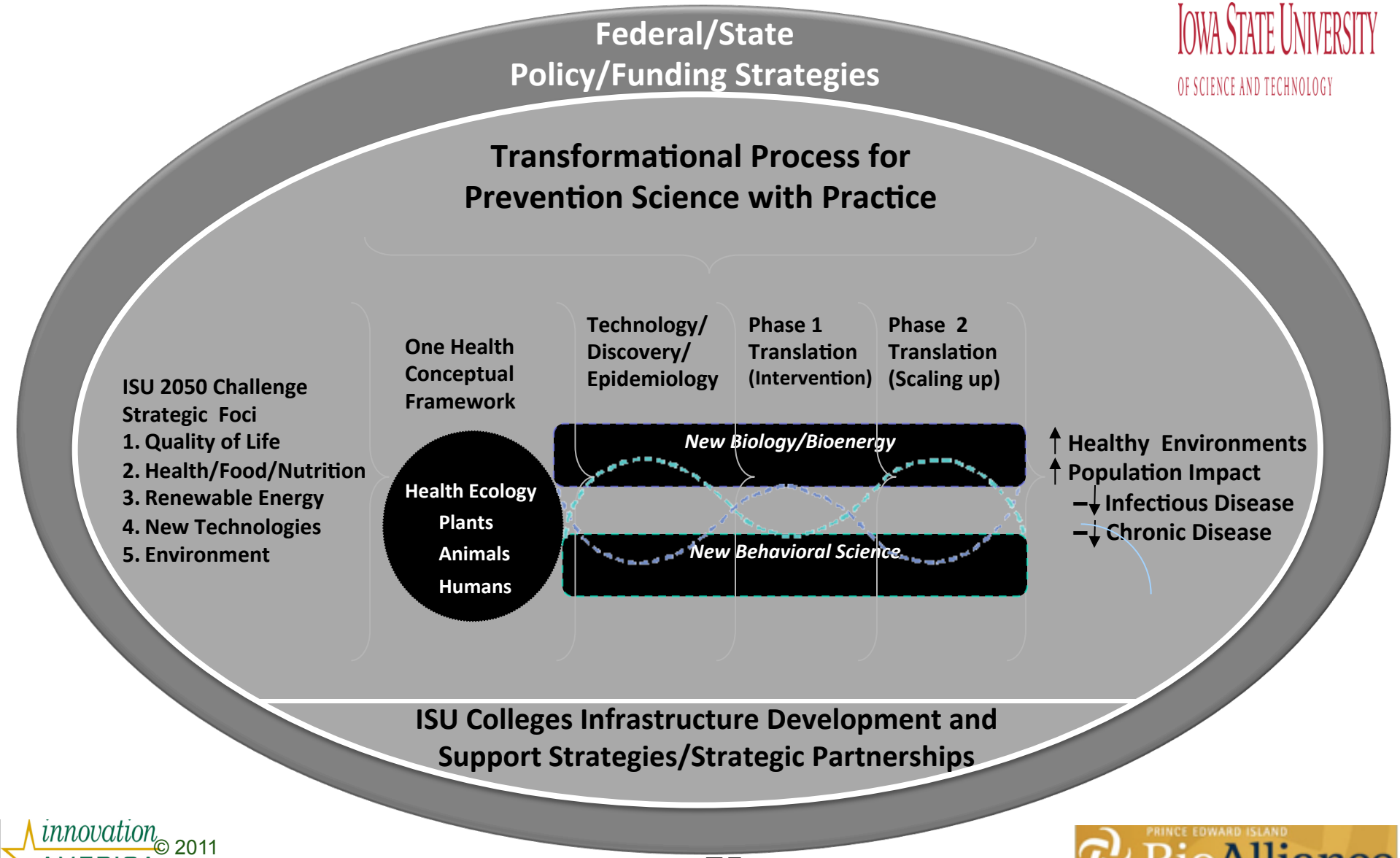
Opportunities:

- Timely start & completion of BioCommons Accelerator/Scale Up Facility
- Greater Synergy with UPEI, AVC & Cluster
- Increase capacity in areas of bioscience, companies & personnel
- Attract new bioscience companies at all stages of development
- Cataloguing & awareness of local & available services , expertise & build relationships
- Establish GLP services within cluster currently not widely available
- Establish “virtual” seamless support services so that member companies know where the best local & external expertise of all aspects of development
- Increase experienced business management & scientist pool
- Seamless regulatory support system
- Refocus FTC to concentrate on strength in microbial analysis, food opportunities & support
- Increase partnering with other clusters in area of focus

PEI BioAlliance Continuum



Iowa's Innovative Health Model for Transformational Translational Research



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Keys To Successful Strategic Planning

- Clear & Comprehensive Grasp of Opportunities & Challenges
- Realistic Comprehensive Assessment of the Organization's Strength's & Limitations
- An Inclusive Approach
- An Empowered Planning Committee
- Involvement of Senior Leadership
- Sharing Responsibility by Board & Staff
- Learning from Best Practices
- Clear Priorities & an Implementation
- Patience
- A commitment to Change

Prince Edward Island BioCluster Initiative

Key Success Factors

- *Shared economic vision.*
- *Strong active leadership.*
- *Broad-based collaboration.*
- *Over-arching organizing structure.*

Bendis Observations about PEI Cluster

•PEI has a well defined cluster, plan and effective innovation intermediary in PEI BioAlliance

•Need to grow industry at all stages ..developmental, existing and mature as well as attract new players

•Continued Public financial support critical to leverage Private capital

•Need greater involvement of UPEI/AVC especially in Translational Research

•Scale Up and Accelerator facilities needed

•"Stick to the knitting" and build Cluster brand and awareness globally

Bill Gates - Microsoft

"Never before in history has innovation offered promise of so much to so many in so short a time."

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innovation AMERICA

Richard A. Bendis
President and CEO
Innovation America
Publisher, innovationDaily
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102
(215) 496-8102
rbendis@bendisig.com
www.innovationamerica.us
www.innovationamerica.us/daily