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**New Report on Massachusetts Life Sciences Super Cluster Finds Region is Strong, but Can't Rest on Its Laurels**

*Sector Driving Job Growth, Contributes \$8.8 billion to State's Economy*

**BOSTON, June 12, 2008** – The Massachusetts life sciences “Super Cluster” continues to change the face of medicine by driving research innovation, but it faces increasing competition for talent and funding from other states and countries, according to the 2008 Massachusetts Life Sciences Super Cluster report, released today by PricewaterhouseCoopers, the New England Healthcare Institute, the Massachusetts Life Sciences Center, Xconomy and the Massachusetts Technology Collaborative.

The Massachusetts Biomedical Initiatives organization has estimated that the life sciences sector contributes approximately \$8.8 billion annually to the Massachusetts economy. Behind the related industries of healthcare and education, the life sciences industry is a powerful driver of job growth in Massachusetts, directly employing 77,247 people, according to the Bureau of Labor Statistics Quarterly Census of Employment and Wages and PricewaterhouseCoopers’ analysis. Its workforce grew eight percent in the five-year period between 2001 and 2006 while the entire Massachusetts workforce shrunk by 2.5 percent in the same period.

Massachusetts has a high concentration of life sciences assets in close proximity, including academic medical centers, researchers, entrepreneurs, venture capitalists, and biotechnology, medical device and pharmaceutical companies. While the report highlights the region’s strength, it also says there are signs that industry and government may need to work harder to protect the state’s pipeline of innovation and ensure Massachusetts long-term success in life sciences.

Despite the fact that Massachusetts receives more funding from the National Institutes of Health on a per capita basis than any other state, NIH grants to Massachusetts researchers declined for the first time in 2006, and in 2007 were at their lowest level in three years, according to the report. Nationally, NIH funding has not kept pace with inflation for the past five years, and if this trend continues, the report states, it could hit particularly hard in Massachusetts, whose young researchers have served as a wellspring of ideas and products for the rest of the industry.

The 2008 Massachusetts Super Cluster report includes the personal perspectives of some of life sciences industry leaders from Massachusetts and findings of a survey of 147 industry executives from Massachusetts life sciences organizations. The report also raised some concerns about whether Massachusetts companies will be able to continue to mine its strengths in research and

## Massachusetts Life Sciences Super Cluster Strong But Faces Long-Term Threats/Page 2

commercialize the ideas coming out of the state's laboratories. According to the findings in the survey:

- With federal research funding falling behind the rate of inflation in recent years, nearly half of respondents (44%) said that a lack of funding for collaborative efforts was the factor that had the biggest negative impact on cooperation between institutions.
- Only one in four survey respondents (27%) rated the Commonwealth's venture capital firms as strong in their "willingness to fund radically new ideas."
- Just one in four respondents (28%) from life sciences companies said their own organization is "effective" at spinning off or commercializing new ideas that do not fit its core mission or business lines.

"A key takeaway from the report is that while Massachusetts has world renowned scientists and researchers and is positioned to thrive in an environment that places a premium on innovation, making the jump from pure research to marketable products will require strengthening the partnerships among universities, teaching hospitals, life sciences companies and venture capitalists," said James Connolly, PricewaterhouseCoopers partner and New England life sciences assurance practice leader.

"Massachusetts has a tradition of innovation in the life sciences that has produced a true Super Cluster of talent. However, we must build on the strength of this Super Cluster, because the future of our economy depends on it. That is why the Governor proposed a 10-year, \$1 billion investment package to assist the private sector, academia and the research community in working together to reaffirm the position of the Commonwealth as the international home of the life sciences," said Daniel O'Connell, Massachusetts Secretary of Housing and Economic Development.

The survey respondents see Massachusetts researchers excelling in several of the most promising areas in the life sciences during the coming decade. More than a quarter (27%) cited convergent technologies, such as drug-device combinations, as being the area in which the Commonwealth is most likely to excel, followed by biologic products (21%) and personalized medicine (19%). Other highlights of the 2008 Massachusetts Life Sciences Super Cluster Survey:

- While nearly three in five respondents (58%) are based in the Boston-Cambridge area, notable concentrations of life sciences researchers and companies are emerging in the Lowell, Lexington-Waltham and Framingham-Marlborough areas.
- Seven in 10 respondents (71%) said it was important for them to be in the Massachusetts Super Cluster, in close proximity to other life sciences firms.
- More than half (51%) said that the ability to just "run into" people has resulted in a business opportunity or research collaboration.

"Talent attracts talent, and success breeds success," said Dr. Wendy Everett, president of the New England Health Care Institute. "This clustering brings enormous benefits to the organizations and communities involved, such as ease of collaboration. That is why it is so important to maintain the momentum that the Massachusetts Super Cluster has made possible."

When asked what would cause them to consider leaving Massachusetts, surprisingly, fewer than eight percent cited the commute to work. One-quarter of respondents cited “pay” and four in 10 said “lifestyle.” Each of these factors has been raised as a concern by employers attempting to recruit and retain workers in Massachusetts.

In spite of their concerns about the life sciences industry, the survey respondents looked to the future optimistically:

- More than half (55.1%) said that job opportunities in the Massachusetts Super Cluster would strengthen during the next decade, and an additional 35.9% said they would stay the same. Only nine percent thought that the life sciences job market would weaken.
- Seven in 10 (69.6%) were confident that, if they lost their job today, they could find an opportunity in Massachusetts at an equivalent or higher level.
- Two-thirds of respondents (66.2%) consider themselves to be entrepreneurs, and an even larger number (68.8%) expect their next position to be in a start-up company.

The “Super Cluster: Volume 2,” report was issued in advance of the 2008 BIO International Convention, to be held in San Diego, California on June 17-20, 2008. Data from the report will be discussed at the BIO International Convention.

### **Methodology**

The 2008 Massachusetts Super Cluster 2 report was conducted in the spring of 2008 by PricewaterhouseCoopers and Xconomy, a Boston-area based technology and life sciences news and events organization, with support from the New England Healthcare Institute, Massachusetts Technology Collaborative, Massachusetts Biotechnology Council and Massachusetts Medical Device Industry Council. There were 147 individuals from Massachusetts life sciences organizations, including academic medical centers and biotechnology, medical device and pharmaceutical companies, who responded to the confidential, Web-enabled survey.

### **About the Massachusetts Technology Collaborative**

The Massachusetts Technology Collaborative is the state’s development agency for renewable energy and the innovation economy. It works to stimulate economic activity in communities throughout the Commonwealth by bringing together leaders from industry, academia, and government to advance technology-based solutions that lead to economic growth and a cleaner environment in Massachusetts. [www.masstech.org](http://www.masstech.org)

### **About the New England Healthcare Institute**

The New England Healthcare Institute (NEHI) is a nonprofit, health policy institute focused on enabling innovation that will improve health care quality and lower health care costs. Working in partnership with members from across the health care system, NEHI brings an objective, collaborative and fresh voice to health policy. We combine the collective vision of our diverse membership and our independent, evidence-based research to move ideas into action.

### **About the Massachusetts Life Sciences Center**

The Massachusetts Life Sciences Center is a quasi-public entity created by the Legislature in 2006 to promote the life sciences within Massachusetts. The Center is at the heart of the state’s

\$1 billion life sciences initiative. The Center is fast becoming the hub for connecting all sectors of the life sciences community - encouraging unprecedented public-private collaboration among industry, research, academia and government. The Center is making strategic investments in our life sciences workforce and in translational research at critical stages of the development cycle. These investments will foster and grow the Massachusetts life sciences enterprise, cultivating innovation at institutions whose research, development and commercialization of therapies, products and cures hold great promise for improving and saving lives.

**About PricewaterhouseCoopers LLP**

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 146,000 people in 150 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

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