

Biotech firms plant roots in Tucson area to lure top talent

by **Ken Alltucker** - Aug. 31, 2008 12:00 AM
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A key goal among Phoenix bioscience interests is to create a cluster of research companies that offer high-wage jobs and discover important breakthroughs.

That idea is that a critical mass of companies located near one another would draw batches of smart, talented workers who seek out those employers for challenging and lucrative careers. Such an achievement would spur the type of wealth and innovation that could drive the region's economy.

But some biotech observers believe such a cluster may be emerging in Arizona, just 90 miles south of the Valley in the growing southern Arizona bedroom community of Oro Valley.

The freshest evidence of that is Ventana Medical Systems' recent purchase of a 17-acre site next to its existing campus. About six months after Swiss drug giant Roche plunked down \$3.4 billion to purchase Ventana, the company acquired a large chunk with an eye toward a major expansion of its tissue-diagnostics business.

Ventana isn't the only company that has planted its biotech roots in the Tucson suburb. French drugmaker sanofi-aventis is building a new research lab in the same technology park where Ventana is headquartered, and the small-but-growing tech firm Integrated Biomolecule Corp. also is expanding its workforce.

All companies have ties to the University of Arizona, and all the companies have big growth plans.

"This is a good model of what you want to happen in Phoenix and Flagstaff," Walt Plosila, a senior adviser to Ohio-based Battelle Technology Partnership Practice, said of the emerging Oro Valley cluster.

Science Foundation Arizona President and Chief Executive Officer William Harris also has taken note. The foundation's charge is to improve the state's science and technology initiatives through strategic investments in companies and education.

"It shows how you can diversify the economy," Harris said.

Similar efforts are under way to foster such bioscience growth in the Phoenix area.

The state of Arizona and city of Phoenix has invested tens of millions on a downtown biomedical hub anchored by the

Translational Genomics Research Institute and a new medical school. And Arizona State University's five-year-old Biodesign Institute is beginning to churn out companies in research areas as alternative energy.

But Plosila and others believe that the Phoenix-area's growing biotech scene has not reached a critical mass of private bioscience companies yet that rivals such clusters as San Diego, San Francisco or Boston.

Phoenix and Flagstaff have made some biotech niches, particularly in medical-device manufacturing. The keys to attracting more research jobs and company clusters are sustained, targeted investment to nurture good ideas and attract private capital.

"It is sort of the entrepreneurial hotbed of Arizona in terms of research and development," Plosila said of Oro Valley.

University of Arizona roots

Ventana, in particular, shows the potential for one idea to have a major impact on the community, Harris said.

Dr. Thomas Grogan, a UA pathology professor, started the company in the mid-1980s over his frustration with the accuracy of cancer tests. He developed his own testing

methods, arranged findings and built a company that went public in 1996 until its purchase by Roche this year.

"It's the genius of one person who created an idea that has been purchased by Roche and has created a lot of wealth," Harris said.

Today, Ventana employs about 900. About 600 research and development, executive, administrative and manufacturing positions are at the company's headquarters, and the company has 165 positions it plans to fill, spokeswoman Alana Bolton said.

The company has not laid out detailed plans for its expansion other than to say Roche's global business and international ties are expected to generate more jobs in Oro Valley.

"We will be the hub and center for tissue-based diagnostics for cancer," Bolton said. "We will grow and get bigger."

Among the major pharmaceutical companies, Roche has been the most aggressive in pursuing the personalized drugs based on a person's genetic makeup.

"The reason why Roche bought Ventana is because they recognize personalized medicine will only come from having the expertise that Ventana has," said Ray Woosley, president and chief executive

officer of the Tucson-based Critical Path Institute, a non-profit group that works with federal regulators and biotech companies to speed the approval process for pharmaceuticals and medical devices.

On the heels of its Ventana acquisition, Roche is seeking to further bolster its biotech business with an attempt to purchase South San Francisco-based Genentech. Genentech has rebuffed Roche's initial offer of \$89 per share but has appointed a special committee that will consider subsequent offers.

Roche largely plans to keep Ventana's operations and culture in tact. One sign of that is that Ventana CEO Christopher Gleeson has retained his position. Bolton declined to say how many people left the company after the merger.

More expansion

Sanofi-aventis is another pharmaceutical company that is **investing** millions in Oro Valley. The drugmaker is building a \$60 million research lab slated to open in June. The company now employs 60 chemists, biologists and other staff. The new facility has the capacity for 108 workers, but the company has no firm timeline on when those positions will be filled, spokeswoman Janet Metz said.

Sanofi-aventis has recruited scientists from UA as well as attracted talent from out of state. "They (Oro Valley) seem to be building the new biotech hub, and that's where we wanted to be," Metz said.

Robert Green has seen the growth of Oro Valley's biotech sector since relocating his company to the town in 2004. His company, Integrated Biomolecule Corp., provides services such as analytical testing and product development for pharmaceutical companies.

"It was a town that clearly said they would like us to be here and like us to help build a biotech cluster," said Green, who founded the company in his garage and later worked from UA's science and technology park before locating to Oro Valley.

He said Oro Valley has a wide range of housing prices and quality schools, two factors that help draw employees.

"For years, we were an outpost in Oro Valley with clients out of state," Green said. "Now that is switching. We have a lot of support with companies in the state. All of this clustering activity contributes to that."

Representatives of the region's main economic development group, Tucson Regional Economic Opportunities, said years of investment in UA is beginning to pay off

for Southern Arizona.

TREO counts more 100 biotech companies employing more than 2,000 non-hospital workers in the Tucson-Oro valley region.

"The investment in the university system is paying huge economic dividends for us now," said David Welsh, TREO's senior vice president for strategic partnerships.

Oro Valley Mayor Paul Loomis said large employers such as Ventana benefit the town more than just economically. The company supports a half marathon and cultural groups such as the Greater Oro Valley Arts Council.

"They are the flagship of our biotech community," Loomis said.