



Friday, February 20, 2009

## Downsizing leads to incubator growth, new startups

By Marc Songini

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Biotech executive [Steven Henck](#) harbored ideas about building his own biofuels tech company. But it wasn't until 2007 — when he was laid off in a downsizing at Branford, Conn.-based [CuraGen Corp.](#) — that he decided to do something about it.

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"You're a little scared to go out on your own," said Henck, a former senior vice president of operations who is now founder and CEO of [Arbor Fuel Inc.](#), whose company is based in Farmington, part of [University of Connecticut's](#) Technology Incubation Program.

Henck is just one among dozens of corporate professionals taking new ideas and dreams of entrepreneurship to regional technology incubators, which are seeing an explosion in demand.

"Perhaps you're comfortable in a large environment, and so you're not motivated," said Henck. "Being part of a downsizing is the kind of kick in the pants you need to do this."

In Vermont, for example, the [Vermont Center for Emerging Technologies Inc.](#) in Burlington is seeing an unprecedented level of activity and quality among applicants.

"Our incubator program is at an all-time high," said [David Bradbury](#), president of VCET, referring not only to occupancy rate but also to the quality of the entrepreneurial ideas coming in the door, which range from biotech and medical devices to software and instrumentation.

Today there are nine active companies in VCET's program. Bradbury said he's planning to add up to 10 new firms in the next 10 months, many of them hatched from the University of Vermont.

Other incubators are being launched or expanded in Massachusetts. At the University of Massachusetts Boston campus, the school's Venture Development Center is expanding into a 18,000-square-foot former cafeteria to create four wet labs and two software labs, as well as conference and meeting space. The school is also creating relationships with venture capital firms and their portfolio companies.

At [Pioneer Valley Life Sciences Institute](#), a Springfield nonprofit research organization, more entrepreneurs are asking for space in a proposed incubator facility, said [Paul Friedmann](#), PVLSI's executive director.

"The costs of building the new incubator facility are estimated at \$7 million," he said. The state has committed \$5.5 million through the 2008 Life Sciences Act, he noted. "We plan to make up the rest from other sources but will need the state funding in order to start the project." Its opening "depends on our ability to raise a source of money."

Incubator managers in the life sciences say large pharmaceutical and biotech companies are backing away from heavily specialized research. This allows "the little guys" to create boutique research startups. It also allows contract researchers to fill in those gaps cheaper and more efficiently, said Kevin O'Sullivan, president and CEO of the nonprofit incubator [Massachusetts Biomedical Initiatives](#), based in Worcester.

Last year, 81 qualified prospects sought to lease space at MBI, and the facility added nine

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new life sciences startups through 2008 — up from an average of four to five companies per year before that.

Additionally, entrepreneurs are bypassing traditional venture capital money and using their own, or their friends' or family's funds.

"Today, their own skin is in the game," O'Sullivan said. That means they keep at it longer, unwilling to give up on their idea, he added.

Overall, for the past 16 months, corporate layoffs have been having a small but steady effect at the [University of Connecticut's](#) TIP, said [Rita Zangari](#), its executive director, based in Storrs. Arbor Fuel is just one example.

"Folks are coming to me out of biotech and pharmaceutical companies with a business perspective, a business approach, and are good candidates," she said. "I would say there are a lot of good ideas." Currently, the TIP is nearly at full occupancy at its three facilities, in Avery Point, Farmington and Storrs.

After his layoff, Henck's big-company expertise with large-scale fermentation helped him launch Arbor Fuel, which uses microbial strains and processes to produce butanol from biomass. "I took a few guys I had worked with and started working in a garage," he said. The company formally launched last October, using money from friends, family and angels. It has raised \$2 million so far and met its proof-of-concept goals in the fall.

Being an entrepreneur has many different challenges, however. He has to make decisions, form policy, do the accounting, pay the bills and pay the taxes. "At some level, it's quite liberating," Henck said. "Here if we need a rule, I can generate the rule. Every day is different, and I can't be afraid of doing what I've never done before. It's great. I'm having a blast."

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