

Written by Gabriella Gombar  
Wednesday, 10 May 2017 09:58

---

Northeast Ohio has reached — and maybe even passed — a key tipping point in the region's efforts to grow the biomedical industry, said Aram Nerpouni, president and CEO of BioEnterprise.

Not only is the region seeing more acquisition activity, but there's also been an increase in companies staying here and adding to the economy, he said.

"We're no longer just the prey. We're also the predator when it comes to the biomedical space," Nerpouni said.

BioEnterprise, a local nonprofit tasked with helping health care startups, began in 2002, bringing Northeast Ohio institutions around the table to figure out how to grow the region's biomedical sector. That sector grew 59% between 2000 and 2016 to become a \$5.6 billion industry, according to a report from BioEnterprise and Team Northeast Ohio, the regional business attraction nonprofit.

Manufacturing employment has been declining since the early 2000s, but those losses were offset by growth in health care, said Jacob Duritsky, vice president of strategy and research for Team NEO.

Historically strong industries in the region — automotive, steel, manufacturing — help drive a productive biomedical sector, he said.

"If you think about job creation, output, future productivity, it truly is the overlap of those innovations onto these historically really strong industries," Duritsky said.

In roughly the past decade, the region has gone from having institutions, a vision and some capabilities to having companies, infrastructure and an ecosystem around the biomedical industry, said Bill Koehler, Team NEO CEO.

Written by Gabriella Gombar  
Wednesday, 10 May 2017 09:58

---

"They're not just companies that pay people that generate payroll tax," he said. "These are entities and industries and supply chains that are rich and need to be cultivated and nurtured, et cetera, so that we can continue to grow. And that's what we're seeing."

Nerpouni said he was a little worried about a lull in 2015 with only 34 local health care startup companies raising venture capital. But in 2016, that jumped to 46, the second-highest number in the past five years.

In total, those 46 companies raised about \$197.8 million in venture investment, just below the \$200 million threshold the region had been achieving and surpassing.

Nerpouni is focused on the "incredible diversification" in health care, which he said bodes well for future years.

"It's not like we're hanging our hat on one sector and forsaking everything else," Nerpouni said. "It's a really nice mix of things we're good at as a region in medical devices, and things that are broad opportunities in the larger economy that we want to make sure we're riding that wave as well."

BioEnterprise defines biomedical in three categories: medical devices, pharmaceutical and health care technology.

Medical device companies raised 45% of the capital funding in the region, leading as it historically has. Biotech and pharmaceutical companies raised 29%.

And though health care IT and software and services companies accounted for the smallest slice of the pie with 25%, funding in this sector more than doubled between 2015 and 2016.

Written by Gabriella Gombar  
Wednesday, 10 May 2017 09:58

---

The growth is in part driven by the fact that determining the success of a health IT company is cheaper and faster than other areas that require years of clinical trials and a lengthy approval process.

There isn't as much job creation here in pharma, Nerpouni said, but companies like Abeona Therapeutics (which develops gene therapy and plasma-based products for rare diseases) and BioMotiv (focuses on accelerating breakthrough discoveries into therapeutics) are very helpful in shifting that paradigm.

Growth in the biomedical industry also has a horizontal effect that can resonate across the broader economy, Koehler said.

For instance, other industries may look at how they can leverage the growth in technology for their own companies.

"When you look at the opportunity in health care and biomedical, this isn't something where we're hoping it happens. This isn't something where we need a transformational change to really get us on the right track," Nerpouni said. "We're probably 10 years into what is a 20- or 30-year cycle when you look at this cluster development where we've made a tremendous amount of progress."

<http://www.crainscleveland.com/article/20170220/NEWS/170229999>