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Edge

Destiny's edge

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Steven E. Schaefer needs cash to take CSA Medical to the next level.

Like many Greater Baltimore firms who trace whose roots trace back to local research and development, CSA Medical is having a difficult time finding more capital for expansion. The Baltimore company made it through a lot of the hurdles faced by tech companies — it has landed \$27 million in investment, received FDA approval for its device that treats esophageal and other gastrointestinal cancers, and it has sold 7,000 of those devices to 77 customers.

Schaefer said an infusion of cash is needed to propel the company to the next level of rapid growth. Some things are easy, like finding highly qualified employees, he said.

But others, such as finding more capital for expansion, is a challenge from Baltimore, which has seen its community of venture capital investors atrophy over the years.

The story is similar in any area striving for tech dominance — there could always be more money, more entrepreneurship, more research that can be turned into a product. While Baltimore may be strong in one area, it can lack in another that prevents the perfect storm needed to churn out the next big thing. In some of those areas, it's lagging behind biotech hubs like Boston and Silicon Valley.

"It really doesn't ever change, and I've been doing this since 1985," said **Aris Melissaratos**, Johns Hopkins University senior advisor to the president for enterprise development. Melissaratos is in charge of encouraging research developed in Hopkins labs to be commercialized into viable companies. He said there is always more that could be done to help that process along.

The Baltimore region has its strengths, to be sure. Research going on at Hopkins and the University of Maryland, Baltimore, is an industry in itself that fuels millions into the local economy, Melissaratos said. And there are various resources in place to help it move a step further, such as university entrepreneurship programs and business incubators.

But taking an idea and infusing it with cash to spur a company is a stumbling block, Schaefer said. CSA has been selling one product, CryoSpray Ablation, which uses a camera on the end of a tube and liquid nitrogen to freeze off cancerous tissue in the GI tract. But it is developing another that can be used to treat cancers all over the body. Even with the success the company has shown so far, pulling together the resources to launch that product is a challenge, he said.

The state has various funding programs to help provide a spark and lure further investment for local startups. The Maryland Technology Development Corp., a quasi-state agency that offers state-funded grants, continues to rank as the nation's top early-stage startup investor, according to Entrepreneur Magazine. But after years of budget cuts, it's hard for many entrepreneurs to tell which other programs are actually being offered. The state has invested \$25 million in the history of its Maryland Venture Fund, which puts state money into startups alongside private venture capital investments, and received returns of \$61 million, according to state Business and Economic Development Secretary **Christian Johansson**. But the program's funding has dwindled and had a balance of \$3 million in June.

"I have to go through this long, Byzantine process to find out what programs are active and which have funds," Schaefer said. Other programs simply aren't the right fit, he said. Some grants available act more like loans and have to be paid back, he said.

And one popular program among biotech, investors and politicians, the state Biotechnology Investment Tax Credit, can be helpful but only if a company already has an investor lined up, usually on the inside of the company. That program gives investors a tax credit worth half of an investment they make in a biotech startup. The fundraising process can be long and unpredictable, so it's difficult to coordinate coincidence with the program's July 1 application date.

"It really didn't fit well with the normal investment process that a company might have," Schaefer said. "It just subsidizes things that were going to happen anyway."

Aside from eyeing funding coming in, biotechs also struggle to keep costs in check as they grow. And one of the top budget items is space. For those technology companies in between true startup stage and the ability to stand on their own, it is hard to find affordable lab space in Baltimore, said **Patricia Larrabee**, president of Facility Logix, a Burtonsville consulting firm that works with the biotech industry on real estate and strategic planning. That is what has driven many promising young biotechs from Baltimore to Montgomery County, where there has been a glut of cheap flexible lab and office space.

Other states help companies save money in other ways as well — in the Boston area, industry group MassBio offers its members access to a pooled buying consortium to help save on purchase of lab supplies and equipment, travel, shipping and waste management, said **Pete Abair**, MassBio director of economic development.