

TESTIMONY TO THE COMMITTEE ON COMMERCE IN SUPPORT OF HB 5460:

AN ACT ESTABLISHING A MODEL PLAN FOR EMERGING BIOSCIENCE AND
PHARMACEUTICAL BUSINESSES IN SOUTHEASTERN CONNECTICUT

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Senator LeBeau, Representative Perone, and members of the Commerce Committee, I am Tom Owen, Principal Investigator, Myometrics, LLC 216 Howard St, New London, CT 06320 and I am submitting this written testimony in support of HB 5460: AN ACT ESTABLISHING A MODEL PLAN FOR EMERGING BIOSCIENCE AND PHARMACEUTICAL BUSINESSES IN SOUTHEASTERN CONNECTICUT.

I am a bone biologist with a Ph.D. from Temple University School of Medicine (1989). Following completion of my doctorate, I was a post-doctoral fellow at the University of Massachusetts Medical Center and subsequently worked for three years at Alliance Pharmaceuticals, a small company located just outside of New York City. In 1995, I was fortunate enough to find an opportunity to join the Osteoporosis therapeutic group at Pfizer in Groton, starting what I hoped would be a lifetime career working for a company committed to having a strong research arm supporting the development of new medicines. During the 12 years in which I was employed by Pfizer, our group moved several new therapies into clinical trials and I learned a great deal about how larger pharmaceutical companies function as compared to my previous experience in a small company. However, in early 2007 following a failure in development of an anti-cholesterol therapy on which the future success Pfizer had been staked, many units including the osteoporosis group were shut down. When I talk with the few of my former colleagues who still work there and ask about others, it is clear that at least 75% of those who were in Groton during my time there are no longer employed with Pfizer.

Following my departure from Pfizer and with rather unattractive job prospects in a shrinking pharmaceutical industry, I spent a year teaching as an adjunct faculty member at Eastern CT State University, the University of Hartford, and at Manchester Community College in order to refresh my experience with teaching. Due to family constraints, I applied for faculty positions from Massachusetts down through the Carolinas and out through Ohio and landed a tenure-track faculty position as Ramapo College of New Jersey, a state college similar to Eastern. Even before I began teaching there, Dr. Jim O'Malley, an ex-Pfizer colleague who at one time shared lab space with me, approached me with the offer to partner with him in Myometrics, his new company in New London. I agreed, as I was still quite interested in research as it is applied to human health and we began to work on developing a new therapy for bone repair. As this project developed, Myometrics formed a strategic alliance with Cayman Chemical in Ann Arbor Michigan who interestingly had hired a large number of chemists after Pfizer closed its Ann Arbor facility in 2007. In our agreement, Cayman performs the chemistry and Myometrics the biology, each for an equal share in the eventual product. For the first two years

of our association, my family still lived in East Lyme until we could sell our house and our son graduated from high school. Since then, we have lived in New Jersey and I have commuted to New London one or two days a week to work in the lab in addition to teaching full time in New Jersey. My family is looking to returning to the region shortly, as it is a wonderful place to live.

Myometrics has moved from its original lab space in Montville to New London where a larger lab facility was constructed in the Fort Trumbull area and we have gone all the way from very basic research to the point where we were now positioned to advance to human clinical trials. The next year will be focused on preparing the scientific and administrative package to present to the FDA for filing an Investigative New Drug (IND) application, the first step in starting human trials. To date the project has cost the Myometrics-Cayman consortium \$4 million. During this time we have received very little help from the State. Recently Myometrics was informed that it will be awarded a \$96k Small Business Express grant which along with a \$15k SBIR matching grant won last year constitutes in total a 2.8% match of our investment from Connecticut.

Pfizer layoff: Impact on the local community

Pfizer Layoffs

At its height, the Pfizer Groton site employed over 5000 professionals with extensive experience in pharmaceutical research and development. Just in absolute numbers, this is more scientists than on the faculties of Yale, UConn, and small universities combined. The headcount in Groton remained steady even in the face of our layoffs, since at the same time, Pfizer was closing other sites, which came with its various mergers, and transferring some of those scientists into Groton. Unfortunately for them, many of these scientists were only employed in Groton for a year or two before themselves being laid off.

Many of my former colleagues have remained in southeastern Connecticut, either unemployed or underemployed waiting until their children complete school. Many have changed careers completely, taking their skills and years of experience in the pharmaceutical industry out of play. Alternatively, some have remained in the pharmaceutical industry, finding positions with other companies, but having to commute to Boston on a daily basis. Some are even working as far away as Washington State. I ran into a former colleague of mine last week after work at a store where he had stopped on his way home from the train station returning from his daily trip to Boston. He said that the commute (4 hrs a day if there are no snags) was incredibly tiring and he certainly was not the animated, always happy person who I had known for years. In addition to the personal impacts on individuals and their families, all the layoffs have resulted in falling property prices with a large number of for-sale properties as well as a stubbornly persistent high level of unemployment in the Southeast region. Many of those who are working outside the region but doing long commutes are still hoping that their situation is temporary and are waiting for a re-emergence of a pharmaceutical industry in this region. Unfortunately, for many families, as their children complete school, there

will be no reason to remain in the area and they will go wherever a more stable employment situation presents itself, taking their skills and experience with them. This is another primary driver for taking positive action very quickly to support the re-emergence of the bioscience and pharmaceutical industry in the Southeast region.

Why have the Pfizer layoffs gone essentially unnoticed?

WARN statute

The Worker Adjustment and Training Notification (WARN) Act is a federal law that relates to mass layoffs. If a company lays off either 500 workers or more than 33% of its workforce over a period of 30 days it is required to report a mass layoff. It is also required to give workers notice of the layoffs. While Pfizer has fulfilled its WARN obligations with regard to warning workers and has paid out generous severance packages, it has never reported a mass layoff. This has been accomplished by laying off the Groton work force in waves that are separated by 30 days or more which do not exceed 500 workers or 33% of the total workforce. For example in 2007 when I was laid off, two waves of layoffs within a three month period cost the local economy approximately \$60 million in lost salaries from these 600 workers (600 people x ~\$100k/job).

The total number of people who have been laid off since 2007 has been massive. Unlike the site closure in Ann Arbor, MI where several thousand people lost their jobs at once and the entire community rallied around the people and got a new biosciences sector started almost immediately, Pfizer's lack of public acknowledgment of the number of job losses in our area has led to a slow bleeding of people and resources that otherwise could have been used to jumpstart a new biosciences / pharmaceutical industry here. I understand that there is federal assistance available to states which have been hit by large numbers of job layoffs, but by not acknowledging the total numbers of layoffs, this assistance which would be of tremendous economic help to our region is not available.

NAICS code

The NAICS code is used by the Census Bureau for establishing statistical data related to the U.S. business economy. Pfizer's NAICS code is the standard code used by large pharmaceutical companies (Pharmaceutical Preparation and Manufacturing). However because it is read by analysts as manufacturing jobs being lost, it likely results in the typically more highly skilled and paid R&D jobs associated with drug discovery and development that are being lost in this region are not being properly accounted into any analyses of regional economics.

No initial change in head count and outside voices

As I stated above, over the first several years of layoffs from Groton, there was essentially no change in the total headcount on the site. As we were being let go, scientists from other Pfizer sites, those being closed themselves or significantly downsized, were transferred into Groton. However, the last several years have told a different story and now well over half of the buildings on the site are closed with

some slated for demolition, massive amounts of equipment are put up for public auction nearly every week, and the overall headcount is being dramatically reduced.

The exit of Pfizer from the region seems obvious to all the scientists and local people to whom I have spoken, including those still employed there. The few people who I know and who are still with Pfizer are all keeping their eyes open for other employment opportunities since they have seen what has happened and is happening all around them. Unfortunately, a couple of organizations, CURE and the SE Chamber of Commerce in particular, have taken the side of Pfizer over the years. They have publically stated that Pfizer is committed to the region and in essence, that there really is no need to worry about its place as the pharmaceutical presence for the region. Also through their actions, they seem to imply that there is no reason to do anything to help to start any alternative companies so that all the laid off scientists would have the opportunity to use their ideas, skills, and vast amount of experience to bring economic diversity to the region.

What can be done?

I would strongly encourage the Governor and legislature to consider making a First Five-style investment in the form of a \$10 million grant to seCTer (Southeast CT Enterprise Region) for them to administer to companies in this region as a series of returnable grants. In our company's experience over the past 5 years, seCTer stands out as an agency which is completely committed to our region and which has the necessary internal skills to perform local economic development. The output of the program could be overseen by DECD, since a relationship between DECD and seCTer already exists and appears to be very functional. This way there is Hartford oversight with New London County local knowledge.

The return on such an investment by the state in our region would be the creation of at least 200 jobs within the next five years. Myometrics alone can be counted on to produce at least 50 jobs during that period. This would be smaller cost than all the other First Five initiatives with a return on the investment targeted directly to the companies that need it for growth. By such an investment, the Governor can continue to push a new technology economy for Connecticut, but for our region, push it from the perspective of restarting an existing engine made up of the currently unemployed scientists in the region, whose vast knowledge that comes with extensive experience in the pharmaceutical industry, coupled with new technologies, would lead to the creation of new medicines while also responding to the Pfizer crisis. By doing an investment in this way, the vision of Bioscience Connecticut is not altered and the two can exist side by side.

Having been in academia for many years both at the undergraduate and medical school levels and having been in the pharmaceutical industry in both small and large companies, it is very clear to me that the skill sets and mindsets of academic scientists are somewhat similar but have their own distinct characteristics. When looking at the development of new medicines, what a university scientist or

administrator might view as important or the path they might envision going forward is very different from those envisioned by scientists with significant pharmaceutical experience. In my experience in the pharmaceutical industry, the best examples of true synergy for drug discovery between these two groups of scientists came when pharmaceutical scientists partnered with their academic colleagues to build reagents or tools or to gain a more in-depth knowledge of some aspect of the underlying science which truly complemented the progress of the potential drug through preclinical development and then clinical trials. Allowing the direction of the industry to be determined by high-level academic scientists or by certain companies funded solely by venture capital seeking only rapid high return on its investment is not going to be a viable basis on which a solid, long-term return of the pharmaceutical industry to our region or to the state as a whole can be built.

By supporting the re-emergence of a pharmaceutical industry alternative to Pfizer in the region in support of the many scientists still in the area, the state would see a great return on its investment through the creation of a diverse set of companies with a long-term commitment to the Southeast region. Myometrics and the other small science and technology companies who are already involved in starting or growing in Southeastern CT are committed to remaining in the area. Support from the state which would allow other highly skilled workers in the area to also start companies based on their ideas and experience would lead to a dynamic set of related but diverse companies which would in turn create employment opportunities for other and contribute substantially to the revitalization of the area following the Pfizer layoffs.