

Growth of other foreign pharmas and biotechs rivals Novartis'

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While Basel, Switzerland-based Novartis AG is looking to add hundreds of jobs to the local economy in the coming year, its fellow foreign-owned life sciences companies have quietly attained a critical mass that well outweighs Novartis and continues to grow.

Novartis wasn't the first and likely won't be the last to drop anchor here, as European pharmaceutical companies grow more dependent on biotechnology companies to fuel their languishing research programs.

"What better way to outsource research than to establish a beachhead where there are so many biotechs?" said Michael Lytton, general partner with Boston's Oxford Bioscience Partners, a biotech-only venture capital firm.

Though most foreign-owned firms didn't begin with as large a presence as Novartis', they have grown well beyond that.

London-based Smith & Nephew PLC's Endoscopy Division employs 1,000 in Massachusetts alone, across three sites. The company already hired 145 people this past year here, and plans to hire up to 300 more over the next three to five years.

Geneva-based Serono SA established its North American headquarters in Cambridge nearly 30 years ago and recently moved to a new 200,000-square-foot facility in Rockland. However, Thomas Lang, president of the company's U.S. subsidiary, Serono Pharmaceuticals Inc., said Serono is almost at capacity, and they plan to grow at the same 15 percent annual growth rate through next year, which may include adding real estate.

And Sweden's AstraZeneca is adding 80,000 square feet to its 190,000-square-foot facility in

Waltham and expects to add to its staff of 375 when it is completed next year.

German chemicals giant BASF AG made waves several years ago when it established a 370,000-square-foot research center in Worcester and hired more than 350 people. The operation was acquired in March 2001 by Chicago-based Abbott Laboratories Inc., which added close to 200 employees in the last year for a total of 550 employees. Abbott expects to hire at the same rate in the coming year.

"This corridor from Boston to New Jersey is a haven for recruiting," said Gary Segal, director of human resources at the Worcester facility, which is known as the Abbott Bioresearch Center. "But on the flip side, our competition is looking at us, so we have to stay competitive to retain employees."

European pharmaceutical and biotech companies settled in the United States over the last decade for its less complex regulatory process and the abundance of employee talent. Often, those U.S. operations were created either by acquisitions or by starting with small sales offices.

Munich-based GPC Biotech AG acquired Cambridge-based Mytotix Inc. in 2001 and recently moved the operation to Waltham. However, GPC Biotech president and CEO Bernd Seizinger was quite familiar with the area already - he did his postdoctoral work at Harvard University.

Now, half of the company's 200 employees reside in the United States. And he persuaded his corporate partner, German-owned Altana, to build their joint genomics center next to his leased space in Waltham - even though he said his Waltham facility costs three times more to run than his Munich headquarters, inch for inch.

"It's a great retention tool for us because it gives the company an international flair," he said. "A lot of our pharmaceutical customers are international, so we can support them on both sides."

Another German company, Lion Bioscience AG, persuaded its corporate partner, Bayer AG, to establish their joint bioinformatics operations in

Cambridge. In fact, Lion is now consolidating its San Diego operations here in Cambridge as well, a decision that Novartis recent arrival may have solidified.

"Novartis confirmed it," said Sven Reithmueller, general counsel and site executive for U.S. subsidiary Lion Bioscience Inc. "For what we do, this is where we have to be."