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Maryland tax credit fuels biotech BioMarker's fundraising

Baltimore Business Journal - by [Julekha Dash](#) Staff



Photo by Nicholas Griner, Staff

BioMarker's Kären Olson.

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BioMarker Strategies has raised \$1.7 million in private funding and could nab another \$2.3 million in federal money this year — cash that is crucial to the biotech's ability to create new products.

BioMarker will use the money to create a prototype of a diagnostic device that would determine which drugs are most effective in treating breast, lung and pancreatic cancer. Those early-stage devices would then be tested in a clinical trial at **Johns Hopkins University**.

CEO Kären Olson credits the Maryland biotech tax credit for the company's ability to raise money from individuals and the **Abell Foundation**. The biotech tax credit has become a more crucial source of funding for startup life sciences companies as venture capital dries up during the downturn. About one-third of U.S. biotech companies have enough cash to operate less than six months, according to the Biotechnology Industry Organization.

"Our bank account is sitting a little heavy at this point, so that's great," Olson said. "We can sleep at night a little bit."

BioMarker could triple in size with the new funding by hiring product development scientists, biomedical engineers and research scientists, Olson said. It could also expand the size of its 1,000-square-foot office, located at the East Baltimore biotech park near **Johns Hopkins Hospital**.

Biotech executives camped for five days in July hoping to grab a slice of the state's \$6 million biotech tax credit program, which is awarded on a first-come, first-served basis. The program is also a critical component of Gov. Martin O'Malley's Bio 2020 initiative, a 10-year, \$1.3 billion plan to boost the state's biotech industry.

Though called a tax credit, the state policy is really an incentive program. Investors can contribute anywhere from \$25,000 to \$500,000 in a startup biotech firm. In return for their investment, they receive half of their money from the state.

To raise the money, BioMarker turned to high net-worth individuals as venture capital funding has dried up during the recession, Olson said.

Its \$1.7 million comes from investors in 10 states. The slowdown in capital forced it to look beyond their backyard, Olson said.

"There are still people out there who didn't have their wealth in real estate or the stock market," Olson said. "It's a matter of finding people who still have the money to invest."

Olson and the Abell Foundation declined to say how much the foundation gave.

Turning to foundations is one way biotech companies have tried to secure new ways of funding as venture capital dries up during the recession, said Richard Zakour, executive director of industry advocacy group **MdBio**.

"People are looking for money wherever they can," he said.

By early October, BioMarker will know whether it receives a \$2.3 million grant from the **National Institutes of Health**.