

Governor Phil Murphy

ICYMI: NJBiz's Matthew Fazelpoor on How the Murphy Administration Nurtures the 'Innovation Economy'

Posted on - 10/7/2024

Deploying dollars: How the state nurtures the 'innovation economy'

NJBIZ – Matthew Fazelpoor

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A number of Strategic Innovation Centers are designed to support R&D, innovation or entrepreneurship

One of the recurring themes throughout Gov. Phil Murphy's time in office has been an emphasis on building out what he calls the innovation economy with programs overseen by the New Jersey Economic Development Authority. At the core of that strategy has been a focus on assembling public-private partners from industry, academia and other stakeholders to collaborate and help catalyze economic growth.

That effort has taken shape in a number of Strategic Innovation Centers, facilities that either directly support research and development, innovation or entrepreneurship. They can also help solve specific problems in new and innovative ways through a combination of services such as mentorship, networking opportunities, hands-on training, business support services, education opportunities and/or access to testing, fabrication, or manufacturing facilities and equipment.

According to the NJEDA, the SICs can be accelerators, incubators or research centers – stressing that having a physical location where entrepreneurs can collaborate will help support new, diverse innovators as well as help drive long-term economic growth.

A June report analyzed the impact of innovation centers and incubators, finding that the New Jersey BioScience Center Incubator – the largest incubator in the state dedicated to life sciences and biotechnology companies – supported companies that created an average of 2,744 jobs per year. In 2023, resident companies generated \$32 million in state and local tax revenue.

Situated on Route 1, that North Brunswick incubator is part of the 50-acre research park known as the New Jersey Bioscience Center, offering lab space and much more. "Located alongside New Jersey's Route 1 Research Corridor, the Incubator at the New Jersey Bioscience Center leverages its close proximity to leading universities and corporations to attract, retain, and grow companies of the future that fuel our highly talented workforce," said NJEDA Chief Executive Officer Tim Sullivan. "Since taking office, Gov. Phil Murphy has been committed to creating resources for biotech startups to help bring life-saving products to market, and further New Jersey's legacy as a leader in innovation, especially within the life sciences sector."

"The BCI is one of many ways the NJEDA is supporting biotech and life sciences businesses and startups by providing them with the space and resources to grow their companies, while encouraging collaboration among like-minded entrepreneurs," said NJEDA Chief Economic Transformation Officer Kathleen Coviello. "This report shows that New Jersey has what it takes to remain at the forefront of innovation."

Some examples of recent and impending SICs NJEDA has partnered or invested in include HAX, a Newark hard tech startup accelerator; the New Jersey Health & Life Science Exchange (HELIX) in New Brunswick; the NJ Fintech Accelerator at Stevens Institute of Technology (NJ FAST) in Hoboken; SciTech Scity on the Liberty Science campus in Jersey City; and the recently announced Aerospace Innovation Center in Egg Harbor Township.

'We've got a lot to do'

NJBIZ recently spoke with Coviello, who joined the agency in 2005 and is central to the state's innovation economy efforts and ambitions. "Usually, a governor this late in his term, we start to soften the pace a little bit," she said. "But that's not the case here. It's rush, rush – we've got a lot to do, before the end of the term."

Coviello noted that she has worked under several different administrations, stressing that there is a lot happening at NJEDA in a number of sectors – from the broader innovation efforts to clean energy/offshore wind, manufacturing, film and television, tech, life sciences and more.

“The organization has put together tremendous toolkits – when you look at each of these segments of the economy that we are supporting, in response to really what we’ve heard from the market,” she explained. “I think, in general, most of what we’ve done has been really well-received. And, if and when needed, we’ll go back and tweak it and get it right. So, yeah, lots of activity.”

Through the first six months of the year, New Jersey hit a major milestone in the innovation/startup space with a \$9.8 billion investment in venture capital money, ranking as the No. 3 state in the nation during that stretch, according to PitchBook.

“Timing is right for New Jersey. Some of the major hubs that you think of for innovation are struggling a bit more,” said Coviello. “We’ve got the talent. Certainly, when we talk about those Strategic Innovation Centers, we have the locations. When we think about life science, a lot is location-based. Particularly, we saw it during COVID and coming out of COVID. You can’t do genome predicting and drug discovery in your basement. So having all that lab space and all the talent in New Jersey is critical to that industry. We’re seeing it in film as a new resurgence of another innovation economy in the State of New Jersey. I think that the data around venture capital in New Jersey shows that we’re a good value for investors.”

She said that some of the markets, such as the West Coast, Boston and New York, have “very frothy” deal terms that are overpriced. “But what we find traditionally in New Jersey is you get good value for your investment,” said Coviello. “And we have a lot of investors starting to see that. Of course, the Evergreen Fund, has attracted a lot of national attention. We have investors from California, New York. We just approved an investor from Mexico. Folks are saying – this is a tremendous opportunity to partner with the state and put more capital to work in New Jersey. The Angel Investor Tax Credit program continues to break all kinds of records. Lots and lots of great things going on anywhere you look in the state.”

Growing life science companies

Discussing the SICs, Coviello cited the Bioscience Center Incubator, which she described as the NJEDA’s first SCI – before that term was coined – and almost a proof of concept for the current efforts and projects.

Since 2002, BCI companies have generated over \$9 billion in total output and \$4 billion in total labor income in the state, according to the recent study. “We’ve had the ability to really prove it out. And that facility came about because the life science industry in the state couldn’t invest in real estate,” she explained. “What I think we’ve proven out there – is the collision that happens when you bring like-minded, innovation-focused, smart people under one roof is really important.

“We kind of took that and said – that’s a great anchor in the state to point to of where and how we grow life science companies in the state,” said Coviello.

She reflected on when Murphy first ran for governor and noted that the state sits between two major metropolitan areas. “It’s the great thing about New Jersey – you have access to New York and the investors, and you have access to Philadelphia and D.C.,” she recounted. “But sometimes we get carved out as suburbs of those locations. And if we want to have our own identity, we need to put these pins in a map where we point to: This is where innovation happens in this part of our economy. What we have found as we have built these out is we really want to make sure we have an academic partner, a corporate partner and we have government. So, it’s all about this public-private partnership. And then part of the sauce, as well, is bringing in an activator – someone who’s going to pull all these pieces together; make sure that folks aren’t working in silos; make sure that there is collaboration.”

Each of the SICs takes on their own identity, Coviello emphasized. “We’ve been very mindful about making sure we play to the strengths of that region,” she added.

Coviello stressed there has been a deliberate process and focus behind the SICs and their different components and partners. “And that’s the only way it’s going to work. Each one has a very unique structure,” she explained. “Each one has very unique purposely articulated and curated partners – each one has a different focus.”

Partners on these ventures include heavy hitters such as Nokia Bell Labs, Rutgers University, Hackensack Meridian Health, DEVCO, Plug and Play, Prudential Financial, Stevens, SOSV, RWJBarnabas Health, Bristol Myers Squibb, EY, Sheba Medical Center and others.

She spoke about the power of partnerships – especially for ventures and initiatives such as these.

“First off, we don’t have big enough pockets in government to do it alone – and it just wouldn’t be smart to do it alone,” said Coviello. “We don’t do everything. And adding that value in experience of the private sector is critical.”

Recently, the first phase of HELIX reached a milestone with a topping off ceremony and NJ FAST held a launch event.

As for other areas of emphasis and focus for Coviello and NJEDA, she pointed to life sciences continuing to be one of the leading sectors as well as technology, especially with Bell Labs at HELIX, and the resurgence of manufacturing. “I think the sky’s the limit. But again, playing to our strengths – fintech, aviation, life sciences, manufacturing,” she said. “And you’ll certainly hear announcements in the next six months about a few more of these centers. We’ve got, I think, 15 months left in the Murphy administration. The total funding pool for innovation centers was \$250 million with all of the different appropriations over the years.”

"We're working hard to deploy all those dollars."

Governor Phil Murphy

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