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EDUCATION by Dave Szymanski | Tampa Bay Editor

Economic Booster

While economic development organizations on the Gulf Coast fumble around with financial incentives, branding campaigns and other dubious attempts to help restart their local economies, the USF Research Park at Tampa Bay is one place they might want to look to for salvation.

The research park on the university's Tampa campus was created to attract and help new and established businesses. It is a place designed to harness the university's resources, such as land, office space, specialized lab equipment and especially human capital -- students, graduate students and professors willing to test research.

Last year, this crowd helped the park license 30 products or technologies. In the past two years, three products came out of the park and hit the market.

But this isn't a place for corporate hand-outs. Incubator companies pay market-rate rent to use the office space and labs. So do more established companies. The university is also trying to get companies to build their own facilities on the dozens of open acres it leases.

And just because the park is located at the University of South Florida doesn't mean it's stuck on Planet Academia, where real-world challenges seem far removed. Rod Casto, the man who runs the park, is not an academic. Neither is one of his key lieutenants, Valerie McDevitt. If they were, they probably wouldn't be as successful.

Casto is a former entrepreneur and chief executive who ran a successful medical device company. McDevitt, the director of the park's division of patents and licensing, is a corporate patent attorney.

Big demand

The economic downturn hasn't damped the entrepreneurial spirit. For every startup company that comes to the incubator, 10 don't make it in because there isn't enough space. Twenty startups, which employ 95 people and generate \$3 million in annual revenue, call the incubator home. University faculty started eight of them.

Casto and McDevitt are not academics, but they are successful. Casto and McDevitt are part of the University of South Florida's effort to create a more effective way to boost economic development in a new way.



Rod Casto, executive director of the USF Research Park at Tampa Bay, and **Valerie McDevitt**, directors of patents and licensing, help new and more experienced companies grow at the business incubator.

"Companies come to us because of the university's reputation," Casto says. "We do have an active recruitment program."

One of the veteran companies that came was Draper Laboratories, a biotechnology company, which has leased space and will start construction in a few weeks on a 20,000-square-foot building that will employ 100. Draper develops such technology as tiny machines implanted in the body that can deliver drugs continuously to ailing organs

In 2004, USF used a former blood bank building and Department of Health lab to house businesses on campus. It broke ground that same year on two other buildings, totaling more than 240,000 square feet. Those are now finished and provide more office and lab space.

The nonprofit USF Research Foundation has financed much of the research park with a \$34.9 million bond issue in August 2004. The university owns the land and leases it to the foundation.

Although USF President Judy Genshaft has stressed life sciences and biotechnology as the naturals for the park, it is a misconception that that is its sole focus. For example, one of the companies is a graphics studio.

"The university has a broad range of research going on," Casto says. "Our broad range of work supports all those missions."

Graduation goals

The idea is that companies enter the incubator, graduate and stay in the area, possibility in the research park.

"It's a research park, and they are welcome here, but we'd like them to build their own facility when they outgrow their current infrastructure," Casto says. "We want them to do their own thing. That's why the county views this park as a real economic development piece."

Other than Draper Labs, no tenants have built any freestanding buildings.

The park staff provides offices, lab space and help finding capital. A venture capital executive is on the board. Two park tenants are heading to a venture capital conference in Miami, with help from the park staff, which preps companies for investor presentations.

When companies come to the park, the staff identifies what they are looking for. It sets out to help them in some way.

"Even though we are based on a real estate model, were not in the real estate business," Casto says. "All the companies are looking for something different. Some want graduate students."

So the park has set up partnerships with the USF College of Business for students to work in the park as interns for companies.

But not every tenant or startup makes it. In fact, only about one in 10 biotech startups succeed in the country, Casto says. In a

formal incubator, that increases the odds to three in 10.

"As you try to groom these companies, they are pretty much exposed or rejected early on," Casto says. "It is obviously a frustrating and emotional experience for startups without experienced management in place."

That's why the research park recommends that each startup bring in an experienced executive. "We want someone who's been around the block once," Casto says.

Other models

There are about 150 other business research parks at other major U.S. universities, but they are set up and operate differently. USF will get a chance soon to showcase its park.

On Dec. 21, USF and the Vinoy Hotel in St. Petersburg will host the national annual conference of the Association of University Research Parks.

Governments fund these programs through a state or university regional bonding authority. USF is mostly self-funded, but it does get some money from Hillsborough County and Tampa for incubator costs. The majority of its \$4 million annual operating expenses and its \$2 million land lease have to be covered through office and lab rental fees and other revenues. It made \$2 million in licensing fees last year, collecting a percentage of tenants' sales.

The park cooperates with its counterpart across Tampa Bay, the STAR Center in Largo. Casto sits on the STAR Center board.

But the missions of the two facilities are different. USF is focused mainly on early stage startup companies. The STAR Center helps more manufacturing-based mid-stage companies that need a facility.

"We're not competitors at all," Casto says.

Sometimes companies move from one university business park to another. USF has a tenant from the research park in Gainesville because the company wanted access to a larger market.

Despite their different tenants and struc-

tures, Florida university research parks share one thing: a lack of space. The softened economy has not dampened efforts of entrepreneurs. Casto gets a lot of calls. He turns most of the inquiries down.

"There are more startups here than any of our incubators can serve," Casto says.

Vision and communication

Casto has been relatively happy with the park's progress, but with ample land around the facilities, and the need for venture capital constant, his future vision includes a \$28 million manufacturing facility.

"As biotech startups mature, their needs change," Casto says. "They need to manufacture, under good manufacturing practices, as they begin clinical trials. That's the growing need as companies get more and more mature."

That may also loosen up venture capital as the companies become more attractive.

"The companies need the ability to manufacture products and undergo clinical-trial testing," he says. "It will require multimillion-dollar facilities."

The biggest challenge for the park, and one that will continue, will be working with the university to make sure it is comfortable in what the park staff is doing. Because of the economy, budget cuts have been common at USF.

Genshaft has made economic development a goal of the university, as well as research and academics. McDevitt says the park's efforts, which involve students and faculty interacting with businesses, have complemented the university's academic mission.

"This is something relatively new for USF," Casto says. "It requires a lot of hand holding."

That's why Casto has to keep talking with the university, park tenants, the city and the county and even the Florida High Tech Corridor, an industry group, to make sure everyone's expectations are considered.

"It takes a lot of work to educate stakeholders," he says.

Take me to the park

The USF Research Park is on the southwest side of the campus of the University of South Florida. It is mainly open land near the Embassy Suites Hotel on Fowler Avenue.

The history of the land as a business park goes back about 40 years.

Tampa established a regional development authority that had an interest in a business park at USF. They called it the University Technology Park.

As USF and the community grew

around it, hotels started coming in around the park. Eventually Tampa dissolved the development authority and the nonprofit USF Research Foundation leased the land north and south of Fowler Avenue. The south parcel measures 28 acres and the northern one, 87. That means the land can support 500,000 square feet of office or lab space, or enough to fill nearly nine football fields.