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**Biomedical Industry Becomes Increasingly Vital to State's Economic Stability,  
Finds California Healthcare Institute and PricewaterhouseCoopers**

***Report Explores Biomedical Industry in California and Implications for Economy and Public Health***

**LA JOLLA, Calif., January 29, 2009** – In the midst of financial upheaval, the biomedical industry stands out as a bright prospect for stability and growth and one that can play a key role in state and national economic recovery efforts, according to a report released today by the California Healthcare Institute (CHI) and PricewaterhouseCoopers LLP (PwC). The 2009 Report on California's Biomedical Industry provides an overview of employment trends, wages, product development pipeline, opportunities and challenges for the industry in California, home to the largest concentration of biomedical companies in the world.

According to the report, the biomedical industry employs 271,000 Californians, and the number climbs to more than a million with the multiplier effect of people employed in firms that offer goods and services in support of the biomedical industry. California's biomedical companies' revenues for 2007 topped an estimated \$74.5 billion, and there are nearly 900 products in the product pipeline.

California's biomedical industry employees earn an average annual individual salary of \$75,000, up approximately 9 percent from 2006, and 80 percent higher than the state's average income of \$41,580. With nearly 900 biomedical products in development in the state, more than half of which are in the clinical trial phase, California has the largest biomedical industry sector in the country and attracts more venture capital funding than any other state.

Although the numbers are promising, the current global financial crisis will have profound effects for years to come on the biomedical industry, according to the report.

“The global economy enters 2009 under unprecedented pressure, and California's biomedical companies and academic research institutions, which rely heavily upon the capital markets and government grants and philanthropy, are feeling the effects,” said CHI President and CEO David Gollaher, Ph.D. “In this coming year, which is certain to be tough for every industry, legislators need to be sure they are not pursuing policies that will damage innovation that produces treatments and technologies that improve global health.”

Highlights of the 2009 report include:

**Employment**

- The biomedical industry employs 271,000 people in high-wage, diverse careers in California. In 2007, California's biomedical industry continued to add jobs (Figure 4). Between 2003 and 2007, the industry added approximately 23,000 jobs and grew at an annual average rate of 1.76 percent.
- California's biomedical industry employees earn an average annual individual salary that is \$75,000, up approximately 9 percent from 2006, and 80 percent higher than the state's average income of \$41,580.
- Employers in the medical devices, instruments and diagnostics sectors accounted for approximately 112,000 jobs, or about 41 percent of the overall total. Biopharmaceutical companies employed the next-largest segment with nearly 80,000, or about 29 percent. The state's academic research centers employed about 42,000 people in life sciences positions for approximately 15 percent of the total. Wholesale trade accounted for more than 32,000 personnel, or about 12 percent of the state's biomedical employees. The laboratory services sector rounded out the overall industry with approximately 5,200 employees, or about 2 percent.

**Investment**

- California life sciences companies reported revenues of \$74.5 billion.
- The majority of biomedical firms in California are predominantly privately held, smaller companies with products still in development. In contrast to the profitable corporations, emerging and startup biomedical companies derive funding from individual investors, venture capital, debt vehicles and commercial contracts.
- In 2007, venture capital invested in California's life sciences (medical devices and equipment as well as biotechnology) increased to \$4.3 billion from \$3.2 billion in 2006. The number of deals increased to 315 in 2007 from 299 in 2006. Biotechnology deals alone garnered \$2.3 billion in 2007. That figure marks an increase of approximately 21.7 percent over the \$1.9 billion raised in 2006.

**Product Development**

- California continues to produce significant numbers of new therapies and technologies for diseases ranging from cancer and cardiovascular disease to inflammatory disorders and infectious diseases. There are almost 900 new medicines in California's R&D pipeline, with 452 (51 percent) being evaluated in clinical trials. About one-third (282) of the products in California companies' pipelines target cancer.

“The biomedical industry is one of the strongest pillars of California's economy, and it is carrying a heavy burden as one of the only industries that is growing,” said Tracy Lefteroff, national life sciences partner for PricewaterhouseCoopers and co-author of the report. “California's biomedical companies are at the forefront of a new frontier in medicine as the mysteries of the human genome are unlocked and a whole new economy emerges around personalized medicine. The greatest risk for California and the nation is that the innovation and potential of this industry suffocates without critical public and private sector funding and a business, policy and regulatory environment in which it can thrive.”

**A full copy of the 2009 California Biomedical industry report is available at <http://www.chi.org> or at <http://www.pwc.com/pharma>.**

**Methodology**

CHI worked with PricewaterhouseCoopers LLP to collect and administer data for the 2009 CHI/PwC California Biomedical Industry Survey. The survey was conducted in 2008 and targeted approximately 1,500 companies that conduct business in California in the areas of pharmaceuticals, biotechnology, medical devices, diagnostics or medical equipment.

**About the California Healthcare Institute**

The California Healthcare Institute ([www.chi.org](http://www.chi.org)) is a non-profit public policy research organization for California's biomedical R&D industry. CHI represents more than 250 leading medical device, biotechnology, diagnostics and pharmaceutical companies and public and private academic biomedical research organizations. CHI's mission is to advance responsible public policies that foster medical innovation and promote scientific discovery.

**About PricewaterhouseCoopers**

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