

**EMBARGOED UNTIL FRIDAY, FEBRUARY 27, 2009**

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**LOCAL INDUSTRY, UNIVERSITY, RESEARCH LEADERS  
CALL FOR CONFIDENCE IN THE STATE'S INNOVATION ECONOMY**

*Index report benchmarks Massachusetts against nine leading technology states*

WESTBOROUGH, MA (February 27, 2009) – Seven leaders from industry and research institutions in the Commonwealth have called for confidence in the state's innovation economy, according to the *2008 Index of the Massachusetts Innovation Economy*, released today by MTC's John Adams Innovation Institute. The *Index*, published annually since 1997, is the premier fact-based benchmark for measuring the performance of the innovation economy in Massachusetts.

"The *Index* further underscores how technology and innovation are crucial to the performance of the Massachusetts economy," said Secretary of Housing and Economic Development Greg Bialecki. "The Commonwealth's extraordinary strengths in research, academia, and innovation are the very foundation of the state's economy," Bialecki said, citing the Patrick Administration's flagship commitments to the life sciences, clean energy and the tech economy.

This year's *Index* asked prominent industry and academic leaders to reflect on the impact of the economic downturn on the state's innovation economy. "An innovation strategy designed for the downturn should focus on sustaining the flows of capital, knowledge, and people that are so central to the successful functioning of innovative regions" says Richard Lester, Founding Director of the MIT Industrial Performance Center, in the feature article.

The other contributors to the 2008 *Index* are Susan Avery, President and Director of the Woods Hole Oceanographic Institution; Paul Bosco, Vice President and Site Executive of Cisco System's New England Development Center; Robert Higgins, Founder and General Partner at Highland Capital Partners; Henri Termeer, Chairman, President, and CEO of Genzyme; Mitch Tyson, CEO of Advanced Electron Beams and Co-Founder of the New England Clean Energy Council; and Jack Wilson, President of the University of Massachusetts. Together, they highlight how collaboration and keeping sight of the long-term will help maintain the critical role of innovation in the state's economic future.

"The rapidly changing economic environment posed a challenge to the 2008 *Index*, since the data collection and analysis for the *Index* was concluding as the economic meltdown was heating up," said Patricia Flynn, Trustee Professor of Economics and Management at Bentley University and Chair of the Index Advisory Committee. "As much of the data for the ten states included in the report reflect conditions in 2007 or early 2008, we felt it important this year to supplement the benchmarking statistics with perspectives from leaders in industry and academia to reflect on the implications of the current tough times for the Massachusetts Innovation Economy," Flynn added.

The *Index* analyzes eleven key industries and twenty economic indicators benchmarking Massachusetts against nine leading technology states – California, Connecticut, Illinois, Minnesota, New Jersey, New York, North Carolina, Pennsylvania, and Virginia. Compared with all of them, Massachusetts emerges as one of the most R&D intensive economies. For example:

- Massachusetts small businesses continue to rank #1 per capita in winning federal Small Business Innovation Research awards receiving \$241 million to support innovation research and prototype development in the Commonwealth;
- Massachusetts ranks #1 per capita in patents, National Institutes of Health funding, and federal R&D funding for universities and hospitals;
- Massachusetts is #1 in educational attainment and engineering degrees granted per capita having experienced a significant increase in four-year college degree attainment in 2007 and 2008.

“Massachusetts went into the downturn better prepared than many other states,” said MTC Executive Director Mitchell Adams. “Our high rates of educational attainment and influx of federal funding for research will continue to bolster the knowledge-based economy.”

While small businesses in Massachusetts receive a disproportionate amount of available Small Business Innovation Research funding, data show that the Massachusetts share of the total continues to decline. Other areas of concern identified in the *Index* include:

- Real median household income did not grow over the period of 2003-2007. While not unique to Massachusetts, there was significant erosion in real wages, especially for the bottom 40% of households.
- Massachusetts continues to have fewer adults with a two-year college degrees compared to most benchmark states, which is a gap in the workforce making it more difficult to compete against other states for economic expansion by companies manufacturing new products.

As Michael Goodman, Director of Economic and Public Policy Research at the University of Massachusetts Donahue Institute noted, “This year’s *Index* also highlights the need for a renewed commitment to extending the economic development opportunities presented by our innovation economy to regions and residents located outside of Greater Boston. Successfully doing both will provide more of the Commonwealth’s working families with opportunities to earn higher incomes and open up new opportunities for our most innovative firms to grow and expand here in Massachusetts,” Goodman added.

“For over a decade this *Index* has highlighted the importance of investing in our people and innovation infrastructure – in good times and in bad,” added Flynn. “If we stick to this mantra, we will be fine in the long-term, and continue to be a state that excels in research and innovation.”

The *Index* was developed by the John Adams Innovation Institute, the economic development arm of the Massachusetts Technology Collaborative. For a copy of the report, please visit [www.masstech.org](http://www.masstech.org).

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