

EP.104 - Marty Rosendale FINAL

Narrator: You're listening to *BioTalk* with Rich Bendis, the only podcast focused on the BioHealth Capital Region. Each episode, we'll talk to leaders in the industry to break down the biggest topics happening today in BioHealth.

Rich Bendis: Hi, this is Rich Bendis, your host for *BioTalk*. And we have a treat today. We have one of the primary supporters for technology and entrepreneurship in both the technology sector and the BioHealth sector in Maryland and the BioHealth Capital Region, Marty Rosendale, who's the CEO of the Maryland Tech Council joining us for *BioTalk* today. Marty, welcome to *BioTalk*.

Marty Rosendale: Thank you, Rich. I'm happy to be here.

Rich Bendis: It's been a while since we've had a chance to do something like this, and I'm really looking forward to it because there are lots of topics we probably can cover that are of interest to both of our constituents. But before we start, I know everybody knows Marty, but there are probably a few listeners who have not met Marty yet, even though you're prolific and all over the place at every event.

0:01:05 Why don't you do a little brief introduction of Marty Rosendale, CEO of the Maryland Tech Council for the listeners?

Marty Rosendale: Sure, I'd be happy to, Rich. As you pointed out, I am currently the CEO of the Maryland Tech Council. If we go way back in my history, I started out actually a tool design engineer. I had the good fortune of having an entrepreneurial father who was in injection molding, and he taught me tool design when I was still in high school. The first company I ever started was a company out in California called Tri-Tek Engineering that was focused on tool design engineering, but my passion was always biology. I used that skill and trade to put myself through college. A little bit nontraditional, I got married and had a daughter before I went to college. But nonetheless, I studied microbiology, got out of college, and went straight into biotechnology. Came up on the commercial side of the biotechnology industry.

0:02:02 I actually spent ten years with the American Red Cross because they had a biologics division where they were manufacturing pharmaceuticals from human plasma, helped them build and launch a sales organization,

and then left there and got into the for-profit sector. I've been CEO of five companies, two of which I've founded. Three of them were biotechnology companies I was recruited to. A few years ago, I decided that I loved working with company leaders and CEOs, so I left my last CEO position, started doing CEO advisory work, and not long after that, the Maryland Tech Council board approached me and asked me if I would take on this role and responsibility.

Rich Bendis: Congratulations on that. I think you're making a big difference in the region. But talk a little bit about the history. Even though you're new, and when I say new, a couple years to the Tech Council. It's gone through many different iterations in Maryland.

0:03:00 Talk a little bit about a focus today versus where the focus was before.

Marty Rosendale: Sure. The organization started out 39 years ago as the Montgomery County High-Tech Society. It was Montgomery County-based, and it was focused on tech. Today, we are the largest industry trade association in the state of Maryland representing the technology and life sciences industries. We represent both industries and across the entire state. Since the inception of the organization 39 years ago, I believe it was about 20 years ago now, the organization merged with MD Bio, which was the bio association at the time. That's when the Maryland Tech Council, or at the time, the Tech Council of Maryland, was formed and began working with both industry groups, the life sciences and the technology groups. The organization continued to grow and expand beyond that. Of course, by that time, it was a statewide organization. Then, I think the actual merger date was January 1, 2017.

0:04:08 The Tech Council of Maryland merged with the Chesapeake Region Tech Council, forming what is now called the Maryland Tech Council, and that's the organization today. Today, we have 525 members, again, across both industry sectors, technology and life sciences, as well as solution-provider members, government members, academic members, and otherwise.

Rich Bendis: Thank you for that historical perspective. But I think it's really found its space now. Sometimes you go through many different iterations, and really, when you look at different leaders, they all have their philosophies on different organizations. I think it's really found a good space right now

where it supports the ecosystem. A lot of people probably don't understand all of the different programs or services the Tech Council has. If you don't mind, go through some of those, and also talk a little bit about your advocacy you do on behalf of your members at the state level in Annapolis.

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Marty Rosendale: I'd be happy to. Essentially, as a trade association like the Maryland Tech Council, our mission fundamentally is to help our members succeed. One of the reasons I like that and fit in well here is because I made the decision decades ago that as an entrepreneur and industry leader, my role has always been to help others succeed. Coming into the Tech Council, it fit well, and that remains our focus. In order to accomplish that, we have six pillars of value that we provide. One, we're a connecting and convening organization. We do a lot of meetings, we put on about 50 events and meetings every year. Five of them are signature events, which include our Bio Innovation Conference, which is coming up October 3 and 4. We have our industry awards celebration, our annual leadership dinner.

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We have a Digital Transformation Summit. Then, we have a new event this year, which is our ID&E, Inclusivity, Diversity, and Equity In Action Big Ideas Summit, which will be coming up in a couple months as well. Those are our signature events. We do a lot of connecting and networking at those events, but we also do a lot of one-on-one connecting, again, keeping in mind that our mission is to help our members succeed. I often utilize my network and the networks of people I know to help our members make connections. We will attend the JP Morgan conference, for instance, help our members make connections with investors, with investment bankers, and others. We do a lot of that on a personal, one-on-one basis as well. We have an educational component to what we do. Many of our events include roundtable discussions, educational opportunities, subject-matter experts. We have a tremendous cost-savings program. Most of it is provided to us by the National Biotechnology Industry Association.

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We have added some vendors of our own to that program. But we estimate through the cost-savings program that we save our members annually anywhere between \$12 and \$15 million per year, so it's a

significant cost-savings program that we provide. We also make an effort to amplify our members' messages, so when they have press releases or announcements they want to get out, we utilize our social media tools, and we go to associations like yours and help them publish their press releases, get their information out, and amplify their messages. More recently, we've gotten very involved in talent and workforce. That has become one of the most critical issues our members face. We now provide the voice of industry to academia to help with curriculum, we work with our members to identify what the retention and recruitment challenges are and help them work through that. Then, finally, you mentioned advocacy. A big part of what we do is advocate on behalf of our members.

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We advocate at the state level and the federal level, and occasionally, we advocate at the city-municipality level as well. There are obviously a lot of counties and cities, and it's a little bit harder for us to accommodate that reach. But we spend a lot of time with our state and federal legislators. We advocate on behalf of our members with respect to things like tax bills that may affect them, the investor and entrepreneurial tax credits that the state has, making sure that they're retained and managed well, provided enough of an incentive. Things like privacy with respect to biometrics and technologies, 5G deployment, broadband, those kinds of things. Typically, over the course of a general session in the state of Maryland, we will monitor anywhere from 75 to 115 bills, and about half of those, we will take a position on, provide testimony, get involved with our legislators on those bills.

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The other half, we just monitor to make sure they're going in a direction that supports industry. But we've developed a really good reputation with our legislators. They now typically contact us when they're drafting tax bills and other pieces of legislation that might impact our industries, and that gives us an opportunity to weigh in on those bills and help ensure that they're supportive of industry.

Rich Bendis:

Congratulations. There's been growth in the programs and services to where you're actually a full-service trade association right now.

Marty Rosendale:

Yeah, absolutely.

Rich Bendis: And covering most of the areas that your members would have an interest in, either in further education or strengthening, especially when it gets to talent and workforce, which is one of the biggest needs of our region right now. For those listeners who would like to become a member but aren't a member, how do they become a member of the Maryland Tech Council?

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Marty Rosendale: The easiest way is to go to our website, MDTechCouncil.com. Under membership, there's a spot where you can go in and register to become a member. If you'd like, you can contact us. Pam Lubel is our Vice President of Membership. She'd be happy to talk with you about the benefits that are provided. We are currently standing up two additional regions within the state, the Baltimore Regional Tech Council and the Prince George's County Tech Council. There are landing pages there as well, so if you're in one of those regions, you can go to that landing page, and it will also direct you to the membership page. There are a number of ways you can get the membership. You can show up to one of our events and talk to one of the staff as well to become a member.

Rich Bendis: I think there are many opportunities, and it's well worthwhile for people to join. With all of the things you do, I know the priorities change from year to year based on what's going on in our region and nationally as well. You mentioned inclusivity and adversity, which is something new for this year. But what are your primary goals for 2022 for the Tech Council?

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Marty Rosendale: There are a lot. I don't know that we'll be able to get into all of them for this conversation, but I'll get into some of the biggest ones. I'll try to stay focused on biotechnology, since this is *BioTalk*, after all. We have a couple of key initiatives that we've started. You mentioned the ID&E initiative. When the conversation in the US around inclusivity, diversity, and equity really began to escalate about 18 months ago, I wasn't really sure what a trade association ought to do in that space. After talking with members, board directors, and others, I began to realize that one of the big problems with socioeconomic equity has been technology or lack of access to technology. We've put together a team of amazing business leaders across the state who have come together to take a look at how to

use technology to improve the socioeconomic environment, and we've created the T12 program, which is Technology Inclusivity Initiative.

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We've already got some excellent content on our website. We spent some time in the webinar basically discussing the terms, what they mean, how they're being used. The second webinar we put on was about the application of technology in that space. Then, coming back to your question about goals, that's going to culminate in a large conference coming up in a couple of months, where we're going to bring together key individuals and really talk about why it's important, not just at a high level, but also what you as a business-owner, founder, or entrepreneur can actually do because we feel strongly that inclusivity, diversity, and equity will improve your competitive advantage. Not only that, but given the workforce challenges that we've seen, ID&E in past years has been a moral imperative, certainly, but today, it's an economic imperative.

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In order to get the workforce that we need, in order to build up our young people as students in K-12 and let them know these amazing positions exist. We have an economic imperative to make this happen. That's what the Big Idea Summit will be about coming up in a couple months. We're really working hard to get that message out, that this is a competitive advantage that we need to take advantage of here in the state. In addition to that, of course, we talked about advocacy. The general session is in session right now, so making sure that the bills that are introduced and passed all support industry and help build the economy. That's a big part of what we're doing. Then, you may have seen some reference to some work we've done around the Maryland BioHub. We formed a workforce working group about 18 months ago or so. We merged the Maryland Life Sciences Workforce Working Group with the Life Science Advisory Board, so it's now the LSAV/MDLS Workforce Working Group.

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A lot of initials, I know. That group came together and did a tremendous job identifying what the workforce challenges in retention and recruitment they were having look like and what we can do about it. Then, we've always kept an eye on other programs and other industry clusters like the BTEC program in North Carolina, the programs that are taking place at the Jefferson Institute in Pennsylvania, programs in Massachusetts, and one of the things that we lack here in Maryland is

this focus on the industry and an organization like what we're calling the BioHub that can focus on workforce development, leadership team development, access to capital, a number of things, again, intended to support our mission, which is to help our members succeed. At BioHub, we've been fortunate, and we have a very strong relationship with Senator Van Hollen.

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He has put some congressionally directed spending in the Financial Services Appropriations Bill. Assuming our federal legislators can come together across the aisle and pass a budget, we'll have some funding that will come from that. Then, we've got a number of grant requests and other things out there that will help fund it. That said, the program's already been initiated. You can go to our website, and from there, you can go to the BioHub. There are some pretty amazing tools in there that are job force-oriented. And we're about to launch another tool on that website, which will actually provide people looking to change their career or young people looking to identify what their career should be—they'll be able to go in and put in some key words with respect to what they're interested in, and it will pull up jobs. It will tell them what the average pay scales are in those positions, their promotion opportunities, the requirements to be in those jobs. It'll be a really nice tool for people to use to take a look at these jobs, particularly in biomanufacturing and other areas that are growing so rapidly in the state.

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Rich Bendis: You have a full platform for 2022, I'm sure.

Marty Rosendale: [Laugh] Yes, we do.

Rich Bendis: Good luck with all of that, and if we can support you in any way, let us know. Workforce is not one of our primary areas of responsibility at BioHealth Innovation, but I had a chance to interview all of my board members one-on-one before the end of the year to talk about or plan for 2022, and it's amazing how many of them talked about the challenges in workforce that we have within this region. A lot of that's attributed to the growth that we're experiencing right now, and also a lot of the federal funding that's come in to this region around COVID and the pandemic. When you bring in about \$8 billion into the state of Maryland, all of those milestones and grants that they receive in that federal funding need to be

achieved, and it takes people to achieve them. I think the challenge right now is, there's so much growth that has been experienced here that we didn't have all of the entry-level and mid-level workforce that we needed in the region, and I see that as a big gap.

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Hopefully, some of these new programs you're talking about around BioHealth will help address that because that's one of the limiting factors for the BioHealth Capital Region in our rankings. We basically do well in many of the different indicators, but workforce is still one of the areas we can improve upon.

Marty Rosendale:

Yeah. Historically, we've always had a tremendous workforce with advanced degrees, PhDs. But in these biomanufacturing jobs, that's not what we need any longer. We need high school graduates, two-year degrees, four-year degrees, and we need certificate programs to help prepare people for those jobs. It's interesting, Rich, you talk about the impact of the pandemic and all the funding that has come into the state. We started to see this issue cropping up before the pandemic, and we were thinking, "We can address it. We've got a couple of years, so we've got time."

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Then, the pandemic hit, and that time went away. All of a sudden, overnight, we needed that workforce. That's been a real challenge.

Rich Bendis:

Yeah, I think that's something we all need to focus on. And the ID&E initiative complements that as well, so I think that and your BioHub initiatives can be complementary to each other as we go forward. One thing you and I talked about in advance of this *BioTalk*, and I'm talking with Marty Rosendale, the CEO of the Maryland Tech Council, was capital. Everybody says, "We need more capital in the region, we especially need early-stage, pre-seed, seed capital for the companies," and you have that in two sectors, the technology sector and the bio sector. But to be honest with you, both of them are converging. The tech companies, there are a lot of tech companies that are also into the healthcare space, a lot of bio companies that need technology to help advance their companies grow.

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Tell me a little bit about your perspective on how our region in the state of Maryland does at providing capital to our emerging growth companies.

Marty Rosendale: Sure. And of course, I'm going to ask you about your perspective on this as well.

Rich Bendis: Yeah, that's fair play.

Marty Rosendale: Right. I have a bit of a unique perspective, I think. Maybe not. But having been the CEO of three biotech companies, two of them here in Maryland, I raised about \$120 million. Through that, I can tell you, of that \$120 million, precisely \$500,000 came from within the state. The rest of it came from Boston, New York, San Francisco, San Diego, Geneva, and other areas around the world. I know there's been a lot of talk about attracting investors to Maryland, and we definitely need to attract investors to Maryland businesses. I don't know that we need to focus a lot of time on trying to attract them physically to this region.

0:20:03 My belief there is because I have a strong belief that the capital markets are international. I need to take a step back because I'm talking about later-stage capital at this point. Typically, friends and family, seed money, that's going to come from your region, your backyard. And frankly, we need to do a better job retaining our CEOs that have exited and keeping them and the capital that they've generated in the state for that early-stage seed investment. But when it comes to venture capital, private equity, larger investments, that's an international market. And we need to focus significant time and attention on helping our business leadership teams understand that it's a market, understand how to access that market, how to sell themselves and their companies within that market in order to bring that capital to them and, therefore, to the state.

0:21:04 My focus, and our focus at the Tech Council, is more on that aspect. We've developed our venture mentoring service. Through that program, we now have about 150 trained executive mentors. All have high-level, seed-level backgrounds. The ventures in that program since inception have raised somewhere around \$120 million. Now, we're not broker dealers. We can't promote them in the capital market. But we can help them prepare for the capital markets. We can get their capital stack in order, help them understand what needs to go in the data room for due diligence and help them with all those pieces. And we do. And that's where I believe we need to spend a lot of time and focus.

- Rich Bendis:** You're going to ask me my perspective, which I'm sure was next. We share similar philosophies, I think, but our focus tends to be earlier-stage rather than later-stage.
- 0:22:04 To be honest, if you've gotten to a later stage, it's easier to attract capital than it is generally in the early stages, where you're still in the proof-of-concept stage, and you really haven't determined that you're commercially relevant yet. That's where I think our greatest challenge in the state of Maryland still resides because I believe if you have determined that your product is scalable, you can make it profitable in the bio space, you can get reimbursement or payment for your product, then you've prove that you actually have something that might be market-ready, and definitely if you've gotten to a stage where you're into the manufacturing or distribution of your product, it's easier to raise capital. I do believe, though, that we have made major in-roads. Unfortunately, we're still not getting a lot of internal capital within Maryland and the BioHealth Capital Region. I just looked at the JLL annual report that they produced, and we had 20 major venture capital financings in this region, over \$20 million last year.
- 0:23:10 That doesn't go into all of the smaller rounds that were raised, but 71% of that money came from outside of Maryland into those companies, which agrees with what you're saying. I agree, we don't need to have everybody residing in this state. If you've got a quality company and a quality CEO and team, you're going to be able to attract that capital into your business within the state. The other thing we had was eight bio-related IPOs last year, so we did participate in the IPO market, which relates to your later-stage capital. But last year, 2021, they were financing publicly a lot of things that normally would be financed privately just because there was so much capital available in the market last year. I don't think we're there yet. I think your focus on the later stage and our focus on the early stage are very complementary to one another.
- 0:24:05 One of the things we should do, and we're going to explore this maybe later in this chat, is figure out what we can do to bring the investors from both of those sectors together in some way because the early-stage companies ultimately want to strive to become a later-stage company, but sometimes there's that long bridge or canyon you have to get across to that stage. I don't think our perspective differ dramatically, it's just

where the focuses of our organizations are. The other thing I would say is non-dilutive funding. I think that's an area of focus that's one of our primary areas. We've worked with about 200 companies in their pre-proposals for SBIR grants, primarily with NIH, NSF, DOD, and we have a 52% success rate of the companies we work with in that application process versus a national percentage of 20% who win for those who go it alone and don't understand how to get a grant.

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Of course, the equity players love non-dilutive funding because it's the greatest form of seed capital that exists in America with a \$5 billion SBIR fund where you don't have to pay it back, you don't have to give up equity in your company. But we can do a better job in giving a greater share of that money into Maryland small businesses than we have in the past, and that's one of the areas we try to focus on.

Marty Rosendale:

Yeah. I agree with you, Rich. I think our approaches are complementary, and you guys do focus on the earlier stage. But I want to come back to accessing those larger sums of money. In the biotech space, seed capital and early-stage capital doesn't get you very far. It gets you probably to proof-of-concept. But when you need to start doing preclinical and clinical testing, the amount of investment you need goes up dramatically, and you really have to start looking outside that seed capital and early stage capital at a pretty early stage.

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I had the misfortune, you could say, to run an early-stage company that had already gone public. The reason the biotech companies go public before they're commercial is because they need to access the public capital markets. It's a tough place to be because I estimate it was costing my little company something on the order of a million dollars a year just for being public in the form of the lawyers we needed to have, managing the investors, the reporting that was required. It's a big undertaking, and it's difficult for a company to do. But probably more importantly, it's a complex market. You need to understand deal structure, you need to understand a lot of things, otherwise you can get yourself into a lot of trouble.

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The thing I hear most often when I'm talking to companies that are beyond the friends and family, beyond the seed stage, looking at that next level of capital, is some spin on the statement, "If the rest of the world only knew what I know, the investors would be lined up at my

door." That's an acknowledgement, I think, that they don't understand the market nature of the capital markets, that there's a sales process they have to go through. It's not just an educational process. The more that we can train people, help them understand that, help them accomplish that, the more capital we will attract to Maryland. And as you know, because I know you've been really focused on this, the more successes we have, the more investors will look at us.

Rich Bendis:

I agree with you. And I think one of the big things important to that stage company, whether it's the pre-series A, getting ready for an IPO, or looking for strategic, it's that sometimes, they don't know what they think they know.

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The answer there is, basically, sometimes you have a scientist who's sort of the CEO but should be the Chief Scientific Officer and isn't willing to relinquish the reins of the company yet, and that is going to hold that company back because it doesn't have the kind of leadership that's necessary to go forward. I think one of the things we try to do, we have 12 entrepreneurs-in-residence right now, a lot of them focused at NIH and some other independent ones, and they've all been successful in their own right. We believe it's important, even if they don't have the formal board of directors they to do a public offering, that they have a very sophisticated advisory board to assist them in the growth of their company. Some of the things they really need to focus on are key opinion leaders.

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The KOLs are extremely important to these companies because it adds credibility to the company, and those KOLs also have direct pathways to strategic partners in the bio and pharma industries, to customers, to research partners, to clinical trial partners. And I think it's all about how you build your team. I had the fortune, maybe 30, 35 years ago or longer, of going to a program I was sent to on building a quality organization. And what I was taught was, you're only going to be effective as far as your shadow will reach. That means that you have certain skillsets as the CEO, but you don't know everything that's needed to run that business. You need to surround yourself with team members or advisors who complement what you're trying to build, then your shadow will be able to extend further. I think that's one of the greatest areas—and it doesn't cost

a lot of money—for these CEOs and emerging and growth companies to focus on.

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How do you strengthen the team? How do you strengthen your board and advisors around you? The more you do that, the greater chance you have for success. Also, it's important to understand what the competition's doing. You've heard it a thousand times, "We're so different. There's nothing out there like what we have."

Marty Rosendale: "I have no competitors," right.

Rich Bendis: "There is no competition. We're so unique. There's nothing out there that does what we do." But there's something similar to what you're doing, and you need to find out who those similar players are, how they've grown to where they are, how they're valued, how they've raised capital, and how they're trying to position their company because if you're going to differentiate yourself, you're going to have to know what those qualities are as you're building your company to go forward. Again, I agree with you that we really need to focus on building these teams and getting them more competitive because we just don't have people to invest \$20 or \$50 million in a company like they do in San Francisco or Boston.

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One thing I do credit our region for is that we can go further with our companies on less money in Maryland or our region than most others because we're forced to. You have to be more frugal and resilient with the lack of funding you do have to take you further, and that's why I think complementing non-dilutive funding with the equity funding is very important, and we encourage that for every company we work with.

Marty Rosendale: Yeah. Necessity is the mother of invention, right?

Rich Bendis: Correct.

Marty Rosendale: That definitely applies here. Rich, you covered a lot of areas in that discussion. The importance of the leadership team is so critical. Investors do invest in technologies, they want to know that the technology has a good chance, but more importantly, they want to know that the leadership team is going to be capable of taking it to that next inflection point or investment point.

- 0:32:05 You pointed out the course that you had an opportunity to go to. I actually had the good fortune when I was a director with the American Red Cross in their biologics division, it was a time when Elizabeth Dole was the president. And she had an amazing knack, she was very, very self-aware. She knew what she was good at, and she knew what she wasn't good at. And she was incredible at bringing in people who filled those gaps around her. That was a tremendous lesson for me, to watch her do that and what she was able to accomplish for the American Red Cross at that time. And it starts with that self-awareness. If you're not aware of your strengths and limitations, it becomes more difficult to hire and recruit that management team to fill those gaps and, as you put it, extend your shadow. That's critical. I also agree and liked the advice about advisory boards. But you have to be willing to listen. You can hire an advisory board, and I've seen this, where founders have gone out and hired an advisory board, but it's intended to be something to look good to investors, and they're not really listening to them.
- 0:33:10 They just wanted to have some big names, recognized faces on their website. You need to be willing to listen to that advisory board as well. I think all of these pieces are important. One of the things we were able to do two years ago, Delegate Qi had introduced a bill the prior year to provide technical assistance for SBIR grants, and I sat down and had a conversation with her around, "Why don't you extend that to provide technical support for accessing capital markets?" We were able to get that bill passed I believe two sessions ago, the first pandemic session that we had. We're making progress, but as you point out, we've got a long ways to go. The other aspect, in order to keep that seed funding in Maryland, we've got to do a better job keeping our CEOs here.
- 0:34:05 When one of our founders or entrepreneurs exits a company, they go to a wealth advisor before the exit. The very first advice they get from that wealth advisor is to leave the state just before you sell because of the tax implications. We've got to get better at retaining that talent and retaining that investment capital for those early-stage companies.
- Rich Bendis:** Yeah, I think that's one of the things that's helped spur Boston, San Francisco, and San Diego is the serial entrepreneurs that stay, reinvest, and do additional new companies. We're starting to see more of that. We started with Human Genome Sciences, then MedImmune, and we're

starting to see a lot of those executives who used to be with those companies that are involved as CEOs or in senior management positions with other companies. But I want to revert to one other thing you said about Elizabeth Dole. I have a home in Kansas, and the Midwest turns out some pretty good leaders. One of the ones I had a chance to work with was Ewing Marion Kauffman at Marion Laboratories.

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He had a philosophy, which was fantastic, and it's, "Those who produce should share in the rewards." That meant that everybody who joined that company got stock options on day one, no matter whether you were a janitor or a senior vice president. You got stock options and felt like you were part of that company when you joined. I think that's another thing we can do a better job of, a lot of these first-time entrepreneurs don't know what you need to have for incentive plans to incentivize your key management teams, or those people on your boards, or the advisors around you. The more that everybody feels they're working for the same goals and objectives, and that they will be rewarded if they're successful, the better chance that team's going to be successful. I think maybe there's a course that needs to be done on compensation around early-stage bio companies and how you deal with attracting and retaining quality talent on the team, advisors, or board of directors, and that's something maybe we could work on together.

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Marty Rosendale:

I think that's a good idea, and I would extend that a little bit, Rich. I think it is important to help the leadership teams, CEOs, and founders understand how to do that because it isn't always easy, and you have to keep in mind that you are giving a piece of your company when you provide that equity to your employee. You need to keep that in mind and manage that. But the other side of that is, I think we need to help educate the employees and prospective employees on the value of that. Looking back on my own career, again, I studied microbiology, not finance. I can tell you, I left money on the table in some of my early positions when I negotiated my compensation by not paying more attention to the possibility of equity. And I think there are two sides of that. If we help the employees and prospective employees understand that value, they're going to be more inclined to stick with a company that's willing to give them that as a part of their compensation.

0:37:09 There's an educational component to both ends that I think we should spend some time on.

Rich Bendis: Love to do that. But I agree with you, there are a lot of people who are more focused on what their cash compensation is. Some of that is due to need to maintain a family lifestyle that they need to have. But the other thing I love is those people who want to go in and run early-stage companies but be compensated the same way they were at AstraZeneca or GlaxoSmithKline. Guess what? Most of those companies don't have the money to do that, but that also says that person might not be as entrepreneurial as they think they are.

Marty Rosendale: Yeah, exactly.

Rich Bendis: Let's talk about the future a little bit here. When we look at our Maryland entrepreneurial ecosystem, especially in the bio side, where do you think the major challenges are that we need to focus on to make us stronger within this region?

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Marty Rosendale: I think we've already talked about those things. The list includes retaining our CEOs when they exit, retaining those developed and experienced leaders to take on new companies, to advise young entrepreneurs. That's a key component. Retaining that investment capital when there are exits for the early-stage seed investment. From our perspective as an advocacy industry trade association, we need to focus on getting the state more friendly towards these industries and helping us do the things we need to do and know that we need to do in order to support the industry clusters. We've done tremendously here in Maryland, and by comparison to other life science industry clusters around the country, with very little state support.

0:39:02 We need to do more to help our legislators understand how important it is, how tremendous it could be, and I think we have developed our industry along a couple of specific lines, cell and gene therapy, vaccine development, immunotherapies, and have demonstrated through the pandemic how powerful our industry is and can be. I think it was more than 30% of the pandemic funding from the federal government came to Maryland companies because of that expertise and that focus on vaccine development. In the early stage, when we didn't have the diagnostic tests

we needed, the way this industry in Maryland rallied around that development, I think, demonstrated some pretty amazing things. We can take that experience now and publicize it. Take the stories, make them public, and get the state to become more supportive of the industry overall, and that will help take us a long way as well.

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There are a number of priorities we need to focus on, most of which we've already discussed on this podcast.

Rich Bendis:

One of the things I always do with *BioTalk* is give the guest an open mic, and I think you just had your open mic to talk about priorities and the future. [Laugh] Lastly, before we close, sometimes people look at BHI and MTC not knowing exactly the difference between the two organizations. One is, BHI's not a trade association. We can't do advocacy in the same way that the Tech Council can. And we tend to have a focus in some different areas that could be complementary but not competitive to the Tech Council. The question is, as we look to the future, what areas do you believe would be low-hanging fruit for areas for collaboration between BHI and the Tech Council that we could work on together that would strengthen both the entrepreneurial ecosystem and the BioHealth Capital Region?

0:41:05

Marty Rosendale:

I think you mentioned one just a few minutes ago, and that is for us to come together in the educational process of the young leadership teams, the young entrepreneurs and company founders, and help them understand the markets they're addressing as well as the employees. I realize that BHI is not a workforce-development organization. But there is a role to help those young employees and prospects understand what the life sciences market has to offer and how to access it. I think there's an opportunity for us to work together on that. And I agree with you, our missions are similar but don't overlap other than a couple of places. We're focused on helping our members succeed. Our approach to early stage life science companies is that we offer a lot of things that would benefit them. But frankly, the really early-stage companies need everything we can offer and bring to them.

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But they shouldn't be spending money on a trade association like ours. What we've done is, in the area of incubators and accelerators, if a

company is early-stage, they're in an incubator and accelerator, if that incubator's a member of the Tech Council, and most incubators are, then all of the portfolio companies in that incubator are complimentary members of the Tech Council and can access all the benefits as a member. We're doing a lot to support that early stage. And I think you're doing a lot with your assistance with SBIR, STTR grants, and getting that non-dilutive funding. Just co-promoting. When we get a member who calls us and says, "Hey, I've never applied for an SBIR grant. Who can help me?" Well, we send them to BHI. That co-promoting and letting the industry players know what each of us are doing in the space.

0:43:00

Then, I think we have an interesting opportunity. You mentioned, kind of with a little smile on your face, that I was new. I like to think that I'm still new, even though it's been a little over three years now. Probably should've stopped calling myself new to the role about a year and a half ago. Nonetheless, my point is, there's a lot of new leadership in associations throughout this region. We've got a new CEO at the Northern Virginia Tech Council, we've got Troy at TEDCO, we've got a number of new leaders out there that frankly don't carry the baggage of the past.

Rich Bendis:

That's a good thing.

Marty Rosendale:

That is a good thing. There's an opportunity for more collaboration. I think that together, we ought to focus on that. John Newby at Virginia Bio is as new as I am. We can call him new as well. There's a lot of new leadership in the space that, because we don't share that historic baggage, we ought to be able to come together and collaborate more than we have before.

0:44:01

Rich Bendis:

Maybe that's something we can do, get some of the leaders together on a short Zoom call, talk about what their priorities are, see where the overlap is, and figure out how we can work together more effectively than we have been. We have artificial boundaries, whether they be city, county, rivers, bridges, state lines that really get in the way, and they shouldn't, especially if we're trying to serve our companies the best we can. This has been a very good conversation, Marty. I think I've learned more about the Maryland Tech Council, and I'm sure the listeners have as

well. It's something we should do on a more regular basis rather than once every three years. [Laugh]

Marty Rosendale: I agree.

Rich Bendis: I want to thank you for being on *BioTalk*. We'll do a follow-up, and we have a couple of action items we can continue on in additional discussion. I thank you for appearing and hope it's been enjoyable for you.

Marty Rosendale: Thank you, Rich. I appreciate the invitation. And I have had fun. I always enjoy these conversations, so it's great.

0:45:00

Rich Bendis: Thank you. Marty Rosendale, CEO of Maryland Tech Council. Tune in next time, when we'll give an update on this discussion to see if we actually did anything we talked about.

Marty Rosendale: Very good.

Narrator: Thanks for listening to *BioTalk*, with Rich Bendis.

End of recording