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State Seventh In Tech Economy Survey, But Challenges Loom

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Special To The Courant

June 26, 2008

Things are good now, but there could be trouble down the road: That's how some of Connecticut's technology industry observers viewed a new report by a prominent think tank that ranks the state seventh-best in the nation for its science and technology economy.

The report by The Milken Institute of Santa Monica, Calif., looks at 120 factors, from students' scores on standardized tests to venture capital investment, and compiles the data for each state into an index.

The group last released the index in 2004, when Connecticut ranked 10th. Massachusetts topped the index this year, as it did in 2004, followed by Maryland, Colorado, California, Washington and Virginia.


Milken economist Kevin Klowden said the goal of the report is "to really look at a lot of the trends and measure the resources of each state."

One might expect that the state's high-technology industry would be pleased with the ranking, yet many involved in advocating high-technology development or working with technology companies say the rankings reveal a clear picture of the challenges that lie ahead for the sector.

"Of course, I'm delighted that Connecticut moved from 10th to seventh; it gives us a chance to call everyone up and say how great we are," said Matthew Nemerson, president of the Connecticut Technology Council. "But when I put on my public policy hat and take a look at the data, it tells an interesting story — that we really need more money when it comes to innovation and education."

One striking fact: A high percentage of Connecticut residents have advanced degrees in science and engineering, but the state's schools produce the smallest percentage of bachelor's degrees in the sciences. Connecticut is sixth in the country in terms of those with advanced science degrees; it ranks last when it comes to granting entry-level science degrees.

That's a problem, Nemerson said.



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"That means if you are a company looking to hire an entry-level worker with a chemical engineering degree, for instance, you can't find one," Nemerson said.

It's not the only figure that industry advocates find troubling. Take, for instance, two other rankings, the number of the state's high-tech industries growing faster than the national average and the formation of new high-tech businesses, categories where Connecticut sits 48th and 46th, respectively.

But there are several bright spots in the report. For instance, Connecticut leads the nation in the amount of industry research and development dollars spent per capita. The state also ranks highly in terms of research and development dollars spent by the federal government (fifth-highest) and academic institutions (seventh-highest). Another major factor behind Connecticut's ranking is the high percentage of graduate students in science and engineering (third-highest).

"Connecticut as a state has a very good workforce — an excellent percentage of people with advanced degrees — and that's a huge asset in terms of what it can do," Klowden said. "One of the main things that stands out to me, however, is that the state ranks 38th in number of business starts, which means opening a new business or a new branch is not as easy as in other states."

Joseph Bronzino, executive director of BEACON, a Hartford-based nonprofit organization that helps medical device companies commercialize their products, said the report bears out many of the trends he sees every day.

"It's good news and bad news," said Bronzino, who is also a science professor at Trinity College. "The good news is that research funding has gone up and increased a lot of those rankings. The state of Connecticut has really invested in strengthening its academic and clinical research."

However, he added, "there has been no change whatsoever to indicate ability of the state to convert that research into new products and services. And that's where a lot of the economic benefits come from."

And making new products is what it's all about, at least when it comes to enticing companies to come to or remain in Connecticut, said Peter Gioia, economist for the Connecticut Business and Industry Association.

"A critical reason why companies are still here is innovation," he said. "Three-quarters of manufacturers and two-thirds of all businesses in the state have made a new product in the last 12 months, so it's intrinsically tied in to companies being here. It's a major piece of why they want to be here. You cannot underestimate the importance of innovation here."

Gioia said that the premium placed on innovation by companies in the state explains Connecticut's high rankings in both research dollars spent and the percentage of highly educated engineers and scientists in the state.

Yet in a state with so much going for it in terms of innovation there is no cohesive force that is helping to guide the state's technology and science economy, a problem that plagues many small technology firms in Connecticut, said Fred Wergeles, a Simsbury-based consultant who works with technology entrepreneurs on their marketing efforts.

"In my view, there is no real unifying energy in the state that captures the whole essence of technology," he said.

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