

### 3 Tips for Scaling Biotech Companies in Montana



The Montana High Tech Business Alliance and the Montana Bioscience Cluster Initiative co-hosted the webinar, “Scaling Biotech Companies in Montana” on Thursday, January 12, 2023, facilitated by Liz Marchi, Head of Engagement for Two Bear Capital and Founder of Frontier Angel Fund. Guest speakers included Choyce LaRue, Financial and Leasing Expert for Thermo Fisher Scientific; Matt Mellott, Commercial Real Estate Advisor with a background in lab space and R&D development for SterlingCRE Missoula; and Cynthia Ekberg Tsai, CEO of Healthquest and advisor for business development in biotechnology and medical technologies. Photo by [Inimmune](#).

By Christina Henderson and Melissa Paulsen

On January 12, 2023, the Montana High Tech Business Alliance and the [Montana Bioscience Cluster Initiative](#) co-hosted the webinar “Scaling Biotech Companies in Montana.” Panelists shared their insights into how companies can effectively plan for growth and how Montana can scale its biotech ecosystem. Speakers included:

- **Liz Marchi (facilitator)**, Head of Community Engagement for [Two Bear Capital](#) in Whitefish and Founder of Frontier Angel Fund
- **Choyce LaRue**, Financial and Leasing Expert, Thermo Fisher Scientific
- **Matt Mellott**, Commercial Real Estate Advisor with a background in lab space and R&D development, [SterlingCRE](#), Missoula

- **Cynthia Ekberg Tsai**, CEO, [Healthquest](#), advisor for business development in biotechnology and medical technologies, Wolf Creek

Continue reading for three key takeaways from the conversation.

## 1. People Matter Most

Whether working with local investors or out of state firms, raising capital can help early-stage and startup biotech companies grow faster by hiring and training more talent and building sufficient R&D lab space.

With her background in the life sciences, Cynthia Tsai works as an advisor for business development in biotechnology and medical technology. Tsai has invested in several Montana biotech companies over the course of her career. Her advice to biotech entrepreneurs is to keep an open mind when looking for funders.

“Don't think there's anybody that's too big or too small that can't be your investor,” Tsai said.

For Tsai, investing in biotech starts with investing in people. “I really want to emphasize that investors invest in people first,” she said. “We want to get to know the scientists. We're going to look at who [the scientists] are, their track record, who they've put on their board, their advisors, what they do for fun, and what they are like as people.”

Similar to Tsai, Liz Marchi has extensive investing experience through Two Bear Capital as well as through her Frontier Angel Fund. She agreed with Tsai and suggested that biotech entrepreneurs should take the time to do their homework on their potential investors to find a good match.

“The point that I would make to anybody raising money is [to] know your investor,” Marchi said. “[You should] know how long the [investor has] been investing [and] what wins they've had. Do they like certain verticals? What's their risk tolerance? Just know your investor and remember the warmer the introduction, the shorter the path.”

Although the bioscience industry is trending toward robotic surgeries and the digital health space, Tsai emphasized that attracting the right talent versus the right product is something that can help Montana's life science hubs grow within the next decade.

“[Montana] has to start first with [attracting] the talent,” Tsai said. “PhDs are very significant, as well as the people that lead these scientists. [Bioscience] is really about the people. If [Montana] can attract the scientists that we've already attracted and build on their relationships to bring other scientists here, I think [Montana] could almost go in any direction.”

## 2. Collaborative Lab Space is Key

Marchi highlighted the cost and difficulty of securing lab space in Montana as an ongoing challenge faced by researchers at universities and fledgling companies. Organizations like the Montana Bioscience Cluster Initiative, Montana Bioscience Alliance, and Two Bear Capital are working on long term solutions for collaborative lab space, but in the near-term founders may need to adjust their expectations and identify creative workarounds.

Matt Mellott of SterlingCRE is a commercial real estate advisor with a background in lab space and R&D development. He noted that Montana's biotech industry is facing an absence of readily available R&D lab space due to Montana's smaller population and lack of demand.

"If you are in Sorrento Valley in San Diego, and you're an investor or developer building spec R&D space, life science space is a smart investment because there's a cluster there, and the demand for that space is high," Mellott said. "In a place like Montana where you don't necessarily have a center of gravity or critical mass, it is very difficult to get spec development of lab space."

Mellott said established bioscience companies like Tonix Pharmaceuticals in Hamilton are building their own facilities from scratch and allowing for long lead times.

"If lab space is going to be built, a lot of it needs to be planned out far in advance in terms of users identifying what their needs are, and then either working on some sort of build to suit arrangement or early engagement on a lease of space," Mellott said. "One of the key [trends] we've seen is people want the lab space right now with all the amenities and [that] doesn't exist currently in Montana."

Montana universities and nonprofits have leveraged public private partnerships to provide lab space for startups. The Montana Technology Enterprise Center (MonTEC) in Missoula, an incubator affiliated with the University of Montana, has pivoted to primarily serve bioscience companies like Inimmune and FYR Diagnostics. MonTEC is currently full and exploring opportunities to expand.

Venture Capital can help confront the shortage of R&D lab space in Montana by assisting high-growth bioscience firms in funding purpose builds for their specific needs. Some investors are also looking to establish life science accelerators similar to [Johnson & Johnson Innovation \(JLABS\)](#). Marchi said Two Bear Capital is building Two Bear Labs on 27 acres in Whitefish in the next few years to serve as a center for collaboration and mentorship.

"[Founder] Mike [Goguen's] vision is that we will have a world class place where the best and the brightest can come together to solve problems with the best equipment, where any number of our portfolio companies would love to relocate from Boston or New York or San Diego to Montana, or certainly they'd love to be here part of the year," Marchi said. "It really is about relationships and talent."

Marchi also noted a trend of distributed companies with multiple locations. In addition to its Montana headquarters, Two Bear Capital has offices in Menlo Park as well as the life science hubs of San Diego and Boston.

“Almost every one of our companies that we’ve invested in is a distributed company,” Marchi said. “It’s not just tech people that are working remotely, it is scientists, and they often collaborate at universities.”

Leveraging remote workers and collaborators can help Montana biotech companies navigate constraints in the local real estate and talent markets. It can also foster idea generation, community building, and fundraising within national and global networks.

### **3. Explore Alternative Financing**

Montana offers several resources to help biotech companies make their limited funds go farther.

In 2018, Montana received one of seven national awards from the Small Business Administration in support of ongoing efforts to enhance our bioscience ecosystem and workforce in the state of Montana. The resulting Montana Bioscience Cluster Initiative is a multidimensional program with seasoned stakeholders who already have boots on the ground providing technical assistance as well as support, training, and mentoring to new and established life science businesses, entrepreneurs, and students.

Stakeholders include the Montana World Trade Center, Montana Technology Enterprise Center, Montana Bioscience Alliance, the University of Montana, Swan Valley Medical, and Missoula Economic Partnership. Resources available through the Montana Bioscience Cluster Initiative include a platform for peer to peer engagement, workforce development programs, and a gap fund called “The 4<sup>th</sup> F Fund.” The fund is designed for maximum flexibility in support of Montana’s bioscience entrepreneurs and provides money for travel to key conferences, small equipment purchases, or temporary staff assistance in relation to proposal development.

[Thermo Fisher Scientific’s Global Financial Solutions team](#) offers multiple financing options at competitive rates for startup or early-stage biotech companies seeking to purchase new or used lab equipment. The Global Financial Solutions team has achieved at least 20 percent year-over-year growth with early-stage and startup bioscience companies.

Choyce LaRue works closely with biotech entrepreneurs as a financial and leasing expert. “[Thermo Fisher] looks to provide payment solutions so [bioscience startups and early-stage companies] don’t [need] 100 percent capital investment upfront,” he said.

In addition, Thermo Fisher Scientific’s Global Financial Solutions team provides small business loans to bioscience companies ranging from Series C to Series A investment levels.

“We help customers with cash management through our financing or leasing products so [the customer] can preserve their capital and extend their cash runway out further than just a couple of years,” LaRue said. “We explain to [customers], ‘Don’t invest 100 percent in your laboratory build out. [Instead], finance it or lease the items that you only need for a certain period of time so you can return them and upgrade to new technology when you need it.’”

Watch the full interview below:

<https://www.mthightech.org/scaling-biotech-in-montana>

### Resources:

- [Athena](#) (The only women’s focused biotech organization in the world, sponsored by Two Bear Capital, and located in San Diego, CA)
- [Biotech Companies to Watch: New Frontiers of Science Webinar](#) (MHTBA Webinar featuring three leaders from our 2020 “Biotech Companies to Watch” list)
- [Biotech Companies to Watch - 2020](#) (MHTBA’s list of prominent biotech companies in the state from 2020)
- [Early Stage Montana](#) (helps tech entrepreneurs grow faster and create jobs to diversify and grow Montana's economy)
- [McLaughlin Research Institute](#) (Great Falls-based research institute for biomedical sciences, offers internships to students)
- [Montana Bioscience Alliance](#) (Network of biotechnology businesses, entrepreneurs, laboratories, hospitals, clinics, and universities working together to commercialize, grow, and sustain globally competitive bioscience enterprises.)
- [Montana Bioscience Cluster Initiative](#) (Multidimensional program providing technical assistance as well as support, training, and mentoring to new and established life science businesses, entrepreneurs and students.)
- [Montana Careers in Biotech Webinar](#) (co-hosted by MHTBA and the Montana Bioscience Cluster Initiative)
- [operations@mwtc.org](mailto:operations@mwtc.org) (Cassandra Sunnell’s email - Outreach and Project Director for the Montana World Trade Center and Montana Bioscience Cluster Initiative)
- Panelist emails for further inquiries
  - **Choyce LaRue:** [choyce.larue@thermofisher.com](mailto:choyce.larue@thermofisher.com)

- **Cynthia Tsai:** [cynthiahealthquest@yahoo.com](mailto:cynthiahealthquest@yahoo.com)
  - **Matt Mellott:** [matt@sterlingcreadvisors.com](mailto:matt@sterlingcreadvisors.com)
  - [Small Business Development Center \(SBDC\) Network](#) (provide tools and guidance to help small businesses succeed in Montana)
  - [Sterling CRE](#) (commercial real estate broker in Montana)
  - [Thermo Fisher Scientific Global Solutions](#) (Provides payment solutions for customers looking to buy products or laboratory equipment, and who are looking to extend the payment term over a period instead of paying full cash up front.)
  - [Three Montana Innovators Share Their Tips for Launching a Career in Montana's Biotech Industry](#) (Q&A recap of the "Montana Careers in Biotech Webinar)
  - [Tonix Pharma Signs Agreement with City of Hamilton to Build Vaccine Manufacturing Center, Bring More Bioscience Jobs to the Bitterroot](#) (MHTBA article featuring Tonix Pharmaceuticals in Hamilton)
  - [Two Bear Capital](#) (Venture Capital Firm in Montana)
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**About the Publisher:** Launched in 2014, the Montana High Tech Business Alliance is a nonpartisan nonprofit association of more than 200 high tech and manufacturing companies and affiliates creating high-paying jobs in Montana. For more information, visit [MTHighTech.org](http://MTHighTech.org) or [subscribe to our biweekly newsletter](#).

**About the Authors:** Christina Henderson is the founding executive director of the Montana High Tech Business Alliance. She holds an English Education degree from the University of Iowa and an MBA from the University of Montana.

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