

**BIOQuébec-Deloitte Study Results Unveiled**

**BIOTECHS IN QUÉBEC: 135 ORGANISATIONS, NEARLY 2 000 DIRECT JOBS, AND A \$468 MILLION CONTRIBUTION TO THE GDP**

**BROMONT (Québec) October 18, 2016** – BIOQuébec’s Executive Manager, Anie Perrault, and Denis Bourrest, economist-in-residence at Deloitte, have unveiled the complete results of the first characterization study of biotechs in Québec: ‘Several Profiles, A Single Objective: Improving Quality of Life, One Innovation at a Time’. The study provides a portrait of a sector with multiple realities and highlights how local discoveries that go from the lab to the marketplace can benefit the province.

*“Biotechs are one of the first links in Québec’s innovation chain,”* states Ms. Perrault. *“In collaboration with the ministry of Economy, Science, and Innovation, Pharmabio Développement, and the Commission des partenaires du marché du travail, we mandated Deloitte to characterize the role and importance of these organizations within Québec’s vital life sciences ecosystem.”*

**Observations**

Québec’s biotech sector can capitalize on strategic assets such as a qualified workforce and a strong research and innovation environment.

**Workforce:** 65% of employees have graduate degrees, with nearly half of them even holding doctorates. In 2016, biotechs invested \$2.6 million in continuing education. The importance of such training is widely recognized: even 46% of biotechs with payrolls of less than \$2 million spent at least 1% of it on education.

**Ecosystem:** From educational institutions to intellectual property protection services, and from contract research firms to biotechs and pharmas, the organizations which are part of the innovation chain in Québec cover all stages from discovery to marketing.

Biotechs provide:

4 896.8 direct, indirect, and induced full time equivalent jobs created and maintained locally  
\$602.9 million in annual operating expenses, 58.5% of which are incurred in Québec  
\$468 million contributed annually to the GDP, 77% of which is directly paid out in salaries  
\$155 million combined annual federal and provincial tax revenues

## **Biotechnology in Québec: A Sector with Multiple Realities**

This study established that biotechs can be divided into three main groups based on the year they were founded, namely the start-ups (less than 5 years old), the intermediates (between 5 and 9 years old), and the seasoned (10 or more years old).

### *Start-Ups*

Forty-nine percent of the companies studied are start-ups. They have, on average, fewer than three full time equivalent employees. Most do not generate any revenue at this stage. External financing, mainly from venture capital (54%) and private loans (25%) for an average total of \$600 400, is used for research and development, which is also their main expenditure.

### *The Intermediates*

Intermediates make up 22% of the companies polled. They have, on average, 11.5 employees working equivalent to full time. They show average revenues of \$600 000, with most of it (75%) from within Canada but excluding Québec. Venture capital financing (97.4%) provides an average of \$9.4 million and is mainly put towards research and development. Clinical trials are typically done at this stage.

### *Seasoned*

Seasoned companies make up 30% of respondents. These biotechs have an average of 20 full time equivalent employees and an average of \$3.9 million in revenues, 56% of which originates from Québec. These companies are funded by venture capital (44.3%) and angel investors (24.9%); such financing represents an average of \$3.8 million, which is mainly used as working capital.

## **Harnessing the Potential of Biotechs in Québec**

Québec is teeming with new biotechs: 49% are less than 4 years old. It can take more than a decade for a biotech to go from discovery to marketing. Several million dollars are invested before any initial revenues are generated.

*“What I see in the field is small biotechs that work hard to find financing to complete their clinical trials and market their innovations. The role of pharmas has transformed over the years: they now invest in these biotechs to feed their product pipelines, and sometimes even buy them out”.*

- Pierre Falardeau, President and CEO of Verlyx Pharma inc.

A biotech that reaches its 10<sup>th</sup> anniversary generates, on average, 62 times more sales revenues and 11 times more expenses than a start-up in the same sector. The education of its workforce is diversified and the average salary offered is higher than other companies in its sector. For these experienced businesses, the future is bright: they expect to increase both their capital needs and their number of employees.

It is possible to multiply these benefits by helping new biotechs go from the lab to the marketplace, from discovery to marketing. To this end, BIOQuébec has issued several recommendations which can be viewed in the results report [available here](#).

### **Methodology**

BIOQuébec and Pharmabio Développement mandated Deloitte to conduct this study, which was divided into four stages: defining the sector, creating a database of companies, questioning the targeted organizations, and supplementing the data through research and analysis.

### **BIOQuébec, A Dynamic Network**

BIOQuébec is committed to fostering the growth of the province's biotechnology and life sciences industry, which creates wealth and specialized jobs, is focused on innovation and marketing, and is dedicated to improving everyone's health and quality of life. For more information, go to [www.bioquebec.com](http://www.bioquebec.com).

### **Pharmabio Développement**

Pharmabio Développement, the Pharmaceutical and biotechnological products industry workforce's sectoral committee, in a not-for-profit corporation bringing together representatives from employers' associations, companies, unions, and government agencies.

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### **Information**

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