

The Business Perspective



ECONOMIC DEVELOPMENT IN CONNECTICUT FROM THE UNITED ILLUMINATING COMPANY

Connecticut Innovations Makes \$1 Million Investment in MiraDax Inc.

September 2010

Connecticut Innovations (CI), the state's quasi-public authority responsible for technology investing and innovation development announced on July 1, 2010, that it has made an investment of \$1 million in MiraDax Inc. (MiraDx) of New Haven, Connecticut through its Eli Whitney Fund.

MiraDx is a genomics company founded on pioneering research from Yale University around microRNA and is dedicated to the development and commercialization of novel microRNA-based tests for cancer risk and companion diagnostics.

MiraDx is applying microRNA (miRNA) discoveries from Yale University to develop gene-based laboratory tests that will provide individualized information on the likelihood of disease occurrence and response to certain types of therapy. MiRNAs are small genetic regulators that control cell development, cell cycle, cell differentiation and cell death; they have also been linked to certain cancers and other disease states. The goal of MiraDx is to provide information that can help clinicians better understand cancer and, ultimately, to higher cure rates. MiraDx has established its own CLIA-certified lab and will conduct diagnostic testing on

behalf of its clients, which will include physicians, hospitals and medical centers.

The company will initially launch the PreOvar test, a test that will screen a woman for the KRAS-variant, a genetic marker associated with ovarian cancer risk. Ovarian cancer is the second most common gynecologic cancer and fourth leading cause of cancer death among women in the United States.

"In the past year, we have invested in several companies that are licensing technology from Yale," Governor M. Jodi Rell stated. "MiraDx is one of those companies. We are proud to provide this company with the early-stage support it needs to thrive and bring these home-grown technologies into the marketplace."



Companies in Greater New Haven Among Top Tech Firms

11 of the fastest-growing technology companies in Connecticut are located in the Greater New Haven area according to the 2010 Marcum Tech Top 40 list released on September 14th, 2010.

Companies are named to the list based on their revenue growth over the past four years. To be considered, businesses need to have at least \$3 million in revenue.

The 40 fastest-growing tech companies statewide were grouped into six categories: software information technology services; life sciences; advanced manufacturing; new media, internet and telecommunications; and energy and environmental technologies.

Area companies that made the list are: Precision Combustion Inc. in North Haven in the advanced manufacturing category; Cervalis in Shelton and Perimeter eSecurity in Milford in the IT services category.

Also, Health Plan One in Shelton and TranSwitch

Corp. in Shelton ranked in the new media, internet and telecom category; and Higher One Holdings Inc. in New Haven and Tangoe Inc. in Orange made the list among software companies.

The list is compiled annually by the Connecticut Technology Council and accounting firm Marcum, along with other sponsors.

The Connecticut Technology Council also has released its list of 2010 Tech Companies to Watch, which includes some Greater New Haven businesses.



Highlights

SIKORSKY POWERS UP ITS 1ST SOLAR PANELS

HIGH WAGES, LOW COSTS: A CONNECTICUT PARADOX?

2010 CONNECTICUT'S CENTRAL COAST FAMILIARIZATION TOUR A SUCCESS

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Sikorsky powers up its 1st solar panels

In August, on one of the state's recording-breaking days of heat, officials and guests at Sikorsky Aircraft Corp. celebrated the activation of the company's first solar panel array, a sprawling 450 panels mounted on a rooftop.

The panels, technically known as a solar photovoltaic system, are part of the manufacturer's clean energy program.

Mounted on the roof of a new engineering building at Sikorsky's campus, the panels are expected to generate 106,250 kilowatt-hours of renewable energy annually, according to the company.

Each year, according to Sikorsky officials, the panels will produce environmental benefits that equate to removing more than 72,000 pounds of carbon dioxide, 53 pounds of nitrogen oxide and 31 pounds of sulfur

dioxide from the environment.

The solar panel array was built, and is owned and operated by Soltage, a New Jersey-based renewable energy company.

The project was paid for in part by a \$253,515 grant from the Connecticut Clean Energy Fund, which covered 40 percent of Soltage's equipment costs.

Sikorsky plans to work with Soltage on its other facilities. This will enable Sikorsky to lock in competitive rates for their facility and stabilize costs while supporting renewable energy.



High Wages, Low Costs: A Connecticut Paradox?

Connecticut's high-cost reputation is bolstered by several studies that rank states by the "cost of doing business" (CODB). A 2007 report by the Milken Institute, based on 2006 data, ranked Connecticut as the 5th most expensive state for business.

Business news channel CNBC also gave Connecticut a lackluster overall rating of 35th in its 2009 list of "America's Top States for Business" There's no denying the popular perception that Connecticut is an unattractive business location. But is this supported by sound analyses of available economic data?

Many reports, such as those of the Milken Institute and CNBC, confuse input prices (wages, rents, energy prices, etc.) with production costs.

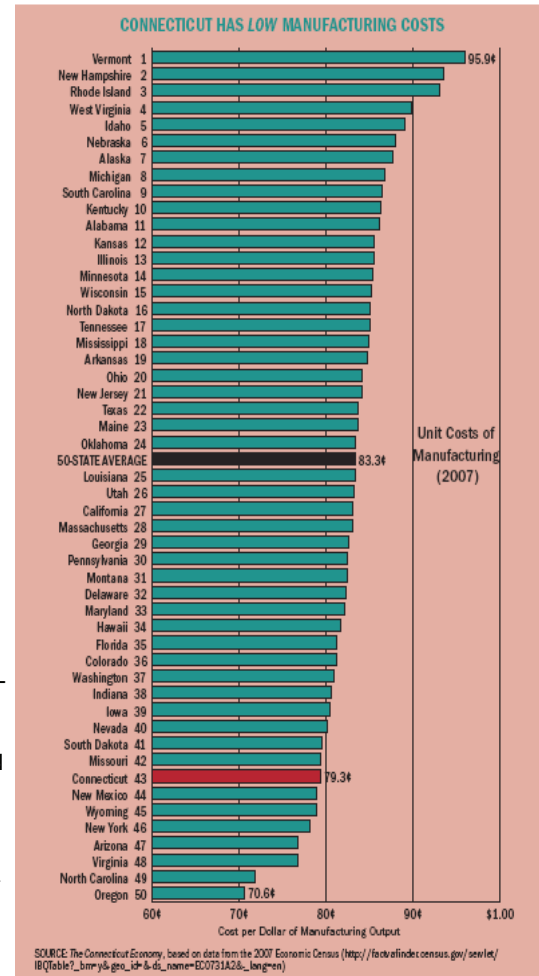
Focusing only on input prices, and especially the price of just one input such as labor, ignores basic economic principles and says little about the overall cost per unit of output.

Production costs are not solely determined by wages. Costs also depend on the prices of other inputs, as well as the ability of firms to find the most efficient input mix, given local input prices and available technologies. The Economic Census data report for 2007 can be used to calculate the overall unit cost of producing a dollar's worth of manufacturing goods in each state. Using the same definitions and data from the same source, we calculated the cost of producing a dollar of manufacturing output for each state. The bar graph shows results for the 50 states, as well as

the 50-state average (83.3¢). The analysis makes it quite clear that a high average wage does not necessarily imply high production costs. This illustrates the point that overall unit cost, not the price of a single input, determines a state's manufacturing competitiveness. It also might explain why, despite frequent complaints about workers' high wages, we haven't seen a mass exodus of Connecticut manufacturers to other states. Why does Connecticut fare well in this more complete assessment of unit manufacturing costs? First, much to their credit, Connecticut firms have likely made sensible adjustments to the prevailing structure of input prices by economizing on more expensive inputs, making fuller use of relatively cheaper inputs, and developing more efficient production methods. In addition, Connecticut enjoys a prime location. Sandwiched between two major metropolitan areas, one of which also serves as a world financial center, this favorable site inevitably brings higher rents. But those rents buy ready access to markets for materials, various types of skilled labor, and the highly specialized inputs that modern manufacturing requires.

Excerpts from High Wages, Low Costs: A Connecticut Paradox? By Subhash Ray, Lei Chen, and Dennis Heffley

Source: The Connecticut Economy



Connecticut's Central Coast Familiarization 2010 Tour a Success

On August 24th & 25th, 14 site selectors from across the United States were given a tour of Connecticut's Central Coast. As part of the tour, the site selectors were flown by helicopter over 11 prime locations: Steelpointe Harbor and Lake Success Business Park in Bridgeport; Fairfield Metro Center; 60 Commerce Drive & 35 Nutmeg Drive in Trumbull; 801 Bridgeport Avenue & Water-view Corporate Center in Shelton; Division Street in Derby; Acorn Tech Park Properties & Marsh Hill Road in West Haven; Bic Drive in Milford; Fountain Lake Road in Ansonia; Washington Avenue & 297 State Street in North Haven; the Route 34 Corridor and the New Haven Harbor.

The site selectors also toured the Smilow Cancer Center and Yale University followed by an evening at the Pilot Pen.



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