

A cluster of high-tech firms has quietly taken root on Grand Island

BY: Stephen Watson / News Staff Reporter | @buffaloscribe

One of the area's major clusters of life sciences and chemical companies isn't located downtown on the Buffalo Niagara Medical Campus, and it isn't found near the University at Buffalo's Amherst campus.

It's on Grand Island, the Northtowns suburb better known for toll barriers and Fantasy Island is home to a surprising array of high-tech businesses.

Five companies that produce everything from cell cultures to injectable drugs employ nearly 1,400 workers and are located within four miles of each other.

"I think it helps to have the critical mass of companies here," said Richard A. Montagna, whose Innovative Biotechnologies International, located in a Grand Island Boulevard office suite, was taken over by Ithaca-based Rheonix in 2008.

The tech grouping on the island ranges from Rheonix's tiny, two-person shop to the massive 700-worker [APP](#) Pharmaceuticals complex and 582-employee Life Technologies plant, neighbors on Staley Road.

No one set out to build a high-tech cluster. It grew by happenstance, as companies were drawn by the proximity to Niagara Falls and cheap, plentiful land.

They have survived ownership changes, thanks in part to the quality of their workforces, and now are a major part of the regional economy. "I think the Grand Island thing is fascinating and not known by a lot of people," said Marnie LaVigne, UB's associate vice president for economic development.

First plant

The oldest of the life sciences companies on Grand Island is the Life Technologies plant on Staley Road, a facility whose roots date to 1962. That's when Robert Ferguson, a former Roswell Park Cancer Institute employee, started a tissue culture company, Grand Island Biological Co., in his garage.

The GIBCO brand remains a strong one, even as the name on the sprawling, 275,000-square-foot complex has changed from GIBCO, to Life Technologies, to Invitrogen and back to Life Technologies. The Grand Island facility, which celebrated its 50th anniversary [last](#) year, now is part of Life Technologies' network of media manufacturing sites including in Australia, New Zealand and Scotland.

The plant makes cell culture media and reagents, powders and liquids scientists use as nutrients to grow cells.

"There's people with over 40 years' experience," said Scott Baird, leader of the company's media manufacturing network and Grand Island site leader.

The Grand Island plant has seen [employment](#) grow from 520 workers, at the end of 2010, to 582 workers at the end of 2012. It is one of more than 30 Life Technologies manufacturing sites

around the world and is among the five largest in the number of employees.

Life Technologies spends millions of dollars every year on infrastructure and site improvements, and Baird said the same ingredients that have kept the plant going for 50 years position it for future success. “The key is not to be complacent,” said Baird, a native of Scotland who came here 2½ years ago.

The APP Pharmaceuticals plant, owned since 2008 by APP parent company Fresenius Kabi, has about 700 workers, according to Matt Kuhn, a United States-based spokesman for Germany’s Fresenius.

APP makes sterile injectable drugs that are used, primarily in hospitals, to treat patients with infections, cancer and pain, Kuhn said, as well as anesthesia products used in surgeries.

The APP complex sits on 85 acres and consists of three buildings totaling 365,000 square feet. It is one of more than 100 manufacturing centers around the world, and three in this country, operated by Fresenius. The facility, built in 1970, recently underwent a \$38 million expansion that added 90 jobs.

The complex drew unwanted attention last February, when media outlets reported that the U.S. Food and Drug Administration had cited the plant for “significant violations” following a July 2011 inspection, including: insects found in vials of finished product and a failure to follow quality-control procedures. Fresenius officials said at the time they were addressing the FDA’s concerns.

The VIP Pharmaceuticals facility on Grand Island opened in 1991, five years after the drug distribution company was started in Niagara Falls.

The founders moved to the island because they needed room to expand and wanted to a location that would be more convenient for prospective employees in and near Buffalo, said Albert R. Paonessa III, whose father, Albert R. Jr., was a founding partner of VIP.

“Within one, 1½ years, we doubled the size of it,” the younger Paonessa said.

In 2000, VIP was acquired by Andrx Pharmaceuticals, now owned by Watson Pharmaceuticals. Andrx and Watson kept the VIP name until last October, when the Grand Island facility was absorbed into the Anda distribution business, a supplier of generic drugs to pharmacies across the country.

The former VIP warehouse on the island closed in 2002, and the 60 employees who remain here include customer-service and tele-sales representatives, Paonessa said.

A good number have been with the company since the 1990s, and the relationships they’ve built with their customers are invaluable, he said.

Two-person office

The smallest of the Grand Island life sciences companies, Rheonix, has just two workers.

It started as Innovative Biotechnologies International, founded in 1994 by Montagna, the former president of Cellular Products, who launched his company on the island because that’s where he lived at the time.

Rheonix, which bought Montagna’s company four years ago, has about 40 employees in Ithaca. It manufactures CARDS — chemistry and reagent devices — which are 3-inch-by-3-inch plastic

platforms that function as a fully automated “lab on a chip,” said Montagna, the senior vice president for corporate business development and scientific affairs for Rheonix.

They are used in molecular diagnostics to test blood, saliva and other samples to determine the best course of treatment for infectious diseases or for personalized medicine. The cards are not yet FDA approved.

The Grand Island facility doesn’t handle manufacturing. “We do business development, FDA regulatory issues and also oversee some federal grants from here,” Montagna said.

Rheonix has worked with scientists at UB and Roswell Park Cancer Institute, locally based Rand Capital is a shareholder and it’s easier for Montagna to fly out of Buffalo than Ithaca. “So there are all kinds of benefits to being here,” he said.

Over on Long Road, IsleChem employs 47 workers at a former Occidental Chemical Corp. technology center.

The research facility dates to 1958, when it was opened by Hooker Chemical, and OxyChem took it over in 1968. Research conducted by OxyChem scientists on Grand Island supported work at 30 of the company’s specialty chemicals plants.

Three former OxyChem employees bought the facility in 2001, when OxyChem announced plans to get out of the specialty chemicals business, and brothers Patrick T. and Daniel L. Canavan bought IsleChem in December 2010.

The company has 34 acres, and an 88,000-square-foot building, though they only use a portion of the building space.

IsleChem employees perform contract research and development, analytical services, manufacturing of small-scale chemicals and “scale-up” work on ideas that start out in a lab.

The company serves clients ranging from startups to major corporations in fields including automotive, pharmaceutical and medical devices.

“There’s hardly an industry we don’t participate in,” said Pat Canavan, who worked for Phillips Electronics for 22 years.

For example, the company produces 400 tons per year of 12 varieties of phosphate esters, a chemical added to paints, adhesives and lubricants to, among other purposes, improve the luster and consistency of the clear coating on a car.

The first two years the brothers owned the business, 2011 and 2012, IsleChem had sales of about \$8 million annually, but they expect to hit \$9 million to \$10 million in sales this year.

“We’re gearing up for big growth next year,” said Dan Canavan, who worked for OxyChem for 13 years before he was downsized in 2001.

Helping each other

The companies do overlap, with Baird saying Life Technologies consults with Fresenius Kabi on certain technical issues that confront both facilities, and Dan Canavan said IsleChem performs some analytical services for Life Technologies.

These companies have geographic options but remain committed to the island.

“Grand Island’s kind of central to the region,” said Eric Fiebelkorn, president of the Grand Island Chamber of Commerce and general manager of Toshiba Business Solutions. “They’ve decided it’s a good place to stay and expand.”

The companies are a source of tax revenue, and their employees rent and buy homes on the island, stabilizing the population and providing an enrollment boost for the school district, he said. Company employees also are active in town affairs and the schools.

“It’s the community effect,” Fiebelkorn added.

Development officials try to leverage the presence of the companies to attract other high-tech firms to the island, and the Grand Island cluster has formed ties to the life sciences cluster forming on the Buffalo Niagara Medical Campus.

The 1,344 employees at these four life-sciences companies on the island make up a good portion of the roughly 6,000 people employed at life-sciences companies across the region, said UB’s LaVigne. She noted the connection between Life Technologies and Empire Genomics, whose CEO, Anthony Johnson, left Life Technologies to join the startup located on the edge of the medical campus.

“That is the dynamic we want to see more of in this region,” LaVigne said.