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CONNECT Innovation Report Reveals Rate of Startups and Grants Hold Steady in San Diego Despite Economy

CONNECT's First Quarter Data Shows New Company Start-up Creation Increased Versus Same Period of 2008; Grant Funding Jumps 70%

SAN DIEGO – CONNECT, the San Diego region's non-profit technology and life sciences accelerator, released its 2009 first quarter CONNECT Innovation Report (CIR) on June 15. The report, developed in partnership with the National University System Institute for Policy Research, University of California, San Diego Extension, PricewaterhouseCoopers, and Procopio, tracks and measures the state of San Diego's and California's innovation economy. The data reports federal research funding to San Diego has sharply increased and start-ups were up over the same period in 2008. Venture capital investment in San Diego fell to its lowest level in twelve years.

First quarter data indicate that despite the nation's financial turmoil and widening credit crunch, new technology company creation in San Diego is up seventy percent over the same period last year and down eighteen percent from the previous quarter. Software accounted for the largest portion of new businesses, with 21 new companies created, followed closely by pharma/biotech/medical devices, with 19 new companies

“Slowdowns can actually spur innovation and business creation as talented workers, unable to find other employment, start their own businesses.”

CIR Q1 2009 report highlights include:

- 66 new technology companies were created in San Diego in Q1 – 43 percent more than one year ago during the same quarter of 2008, and only slightly less than the 72 started the previous 4th quarter of 2008.
- Technology startups for all of California fell 18 percent during Q1 2009 compared to the previous quarter, and were down 56 percent from Q1 2008.
- San Diego generated 19 new pharma/biotech/medical businesses in Q1 – 23 percent of all companies in the category across California, the most of any county across the state.
- National Institute of Health (NIH) grants jumped 70 percent compared to last quarter. National Science Foundation (NSF) funding in San Diego was up 35 percent.

- Patent applications and patents granted saw little change compared to the last quarter of 2008.
- Venture capital investment during Q1 2009 fell in San Diego to the lowest level in 12 years. Fifteen local companies received a total of \$87 million in venture capital – a decrease of 57 percent from the last quarter of 2008.

The full report, including all data, is available at [CONNECT Innovation Report](#).

About CONNECT

CONNECT is a non-profit organization dedicated to creating and sustaining the growth of innovative technology and life science businesses in San Diego. Since 1985, CONNECT has assisted in the formation and development of over 1,200 companies, and is widely regarded as the nation's most successful regional program linking inventors and entrepreneurs with the resources they need for success. Its programs include: Springboard, Venture Round Table, Frontiers in Science and Technology, FrameWorks, CEO Strategy Forum and Connect with CONNECT, CONNECT Sports Innovators; affiliate programs with The Center for Commercialization of Advanced Technology (CCAT), Tech Coast Angels (TCA), Wireless-Life Sciences Alliance (WLSA), and MIT Enterprise Forum (MITEF); and its awards and recognition programs, Hall of Fame, and The Most Innovative Products (MIP) Awards. For more information, please visit www.connect.org.

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