



**Wealth Management**

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**SMALL BUSINESS****Ocean State is growing 'new economy'**

By Natalie Myers, PBN Staff Writer

Jason Harry started the Afferent Corp. in Providence in 2000 after acquiring technology from a personal contact at Boston University. Since then, the medical device company has attracted \$5 million in venture capital and \$2.5 million in federal research grants.

With eight full-time employees and plans to grow, Afferent is just the kind of company that Rhode Island has worked to attract to the state in an effort to establish itself as a significant player in the "new economy," one built on innovation and high-skill, high-wage jobs.

Harry said the two things that make Rhode Island a great location for biotechnology companies such as his are its access to the nation's second-largest pool of venture capital, in Boston, and its access to the "great swath" of talent south of Massachusetts' Route 128.

Rhode Island companies and the state itself are learning how to better capitalize on its proximity to Boston as a resource and as a model for building a more innovative economy. And that might be one factor contributing to Rhode Island's recent climb in rank from No. 29 in 1999 to No. 15 this year in the State New Economy Index, released Feb. 27 by the Ewing Marion Kauffman Foundation and the Information Technology and Innovation Foundation.

Massachusetts has topped the index, which ranks each state based on 26 indicators, each time the index has been released – in 1999, 2002 and 2007. This year, Rhode Island was recognized as one of the five states making the greatest strides.

Robert Atkinson, president of the Information Technology and Innovation Foundation, said he thinks it could be a result of the state "getting more linked to the Mass. 128 economy." Having the country's most generous research and development tax credit also helps.

Atkinson, who was executive director of the R.I. Economic Policy Council from 1996 to 1997, said the state's No. 2 placement on the sub-index measuring industry investment in R&D might be a direct reflection of its R&D tax credit, which was instituted in the late 1990s.

The state's intense focus on making the "innovation economy" a central theme of economic development efforts during the past three years also might have been a factor.



PBN PHOTO BY STEPHANIE EWENS

**JASON HARRY** founded Afferent Corp. in Providence in 2000, with technology developed at Brown University.

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Rhode Island has moved in rank from No. 43 in 1999 to No. 22 in 2002 to No. 12 this year on the sub-index that measures venture capital invested as a percentage of worker earnings.

For Afferent, Harry said, Slater not only provided \$325,000 in seed money, but it helped the company raise venture capital from other sources.

"Entrepreneurs go where they can get money," he said. "There are no two ways about it. And seed money is sometimes the hardest to get ... so if Rhode Island has a credible source of early-stage capital, they will see business formation and ultimately the long-range goal of successful companies hiring and economic development."

Kaplan called Rhode Island's rank on the venture capital sub-index "a really positive indicator of the progress that we're making in creating an innovative economy."

He said Rhode Island's No. 5 rank on the sub-index that measured the number of scientists and engineers as a percentage of the state's work force stems from "living in the knowledge corridor between New York and Boston, and having the greatest concentration of colleges and universities."

Kaplan added: "It gives us a concentration of knowledge assets that we're getting far better at connecting to and learning how to harness. ... That's what the future of our economy needs to be about."

Institutions such as the Naval Undersea Warfare Center, Brown University and Rhode Island Hospital might add to the state's ranking in the scientist/engineer indicator, Atkinson said.

"In my view Rhode Island has strong resources to be a new economy leader," he said.

"We're going to continue to move up these ranks," Kaplan added. "To me, the most exciting thing about this report is [that it shows] we're getting the conditions right. Now we need to stay focused so we start to get the real payoff, which is better jobs for Rhode Islanders."

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