

State boosts expansion of once-failing company: Rising from bankruptcy, Organogenesis to move, double its work force

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CANTON - Deeply debt-ridden and forced to declare bankruptcy just a few years ago, a Canton-based life science company has re-emerged as a symbol of the local life science industry's bright promise.

Organogenesis Inc. will more than double its work force to about 600 people and move to a larger new headquarters in the area, company executives announced yesterday. The \$75 million expansion will be augmented by up to \$12.9 million in state grants and other support and up to \$5 million in low-interest loans.

The company had scouted other sites in Rhode Island and Connecticut, but preferred to remain in Massachusetts because of its sturdy life sciences industry, CEO Geoff MacKay said.

"There is not a more condensed pool of scientific talent than in the Boston area," MacKay said.

The incentive package offered by state economic development officials tipped the scales in the Bay State's favor, MacKay said.

Since emerging from bankruptcy in 2003, Organogenesis has regained its footing through fast-rising sales of its flagship product, Apligraf.

Made of living cells harvested from infants' foreskins and bovine collagen, the skin patches are used to heal diabetic foot ulcers and venous leg ulcers. The company's revenues are on a pace to rise 40 percent this year from last year, and recently topped \$1 million a week, MacKay said.

Organogenesis' customers include John Kane, a retired teacher at Galvin Middle School in Canton who was diagnosed with diabetes in 1985 and lost his right leg to amputation. Another infection forced the amputation of the toes of his left foot, and Kane's doctors suggested Apligraf to help close the gaping wound caused by poor circulation.

"If it had not been for the Apligraf, another infection would have been inevitable and I most certainly would have lost my leg," said Kane, who attended yesterday's announcement at Organogenesis' headquarters in a wheelchair.

Gov. Deval Patrick said the state's investment will pay tangible rewards in the form of the 300 new jobs and longer-term benefits by bolstering the prestige of the Massachusetts life science industry.

"The investment is worth it," Patrick said.

Organogenesis stands to receive up to \$12.9 million as part of the incentive package, said Robert Coughlin, the state's undersecretary of economic development. Components could include research-and-development tax credits, property tax breaks and grants.

Organogenesis has narrowed its search for a new headquarters to a handful of sites within 15 miles, MacKay said. The company is looking for 250,000 square feet of flexible space for research and development, offices and manufacturing. It's seeking funding from private equity companies and other sources to pay for the \$75 million project, MacKay said.

Organogenesis had a peak work force of 270 in 2001, but ran into financial hardship because of an unprofitable marketing agreement with distributor Novartis, company officials said at the time. The company wiped out \$32 million in debt by filing for bankruptcy in 2002 and emerged with 60 employees in 2003.

The 300 new jobs will be almost evenly divided among research, manufacturing and marketing jobs, MacKay said. The new headquarters is estimated to open in three years.