

Lucy Crespo - CEO, Puerto Rico Science, Technology & Research Trust (PRSTRT)



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Lucy Crespo, CEO of the Puerto Rico Science, Technology & Research Trust, takes stock of the Trust's main achievements since outlining its strategic plan in 2015. She also highlights her future ambitions of strengthening the Puerto Rican entrepreneurship and research ecosystem, through start-up acceleration programs and grants, with the ultimate goal to make the island an attractive investment destination.

When we met you in 2015, you had only been in position for three months. Looking back, what has been your main achievement in the first four years of working for the Trust?

In 2015, we have adopted our strategic plan, which has been the base of all our activities in the last four years. In the healthcare space, we have reached a great achievement by establishing the Puerto Rico Consortium for Clinical Research (PRCCI), which is working to improve the environment for clinical trials in Puerto Rico. We are not only attracting more clinical trials to the island but also improve outcomes for Puerto Rican patients. The Consortium has been collaborating with more than 20 patient advocacy groups since we established this project. Additionally, we are supported by the industry in promoting patient rights in clinical trials, so this really shows how well the consortium is already integrated into the island's life sciences ecosystem, only three years since

establishment. Puerto Ricans are very open to participating in clinical trials and we have excellent retention rates throughout all stages of clinical trials, from phase 1 to phase 4. The PRCCI has also extended the clinical trial hubs beyond San Juan, with locations in Fajardo, Arecibo, Mayaguez and Rincon, to ensure patients can easily access these facilities.

What other projects besides the PRCCI have you been prioritizing?

We also serve as start-up accelerator, building the entrepreneurship ecosystem on the island. More than 200 companies are currently part of our program for which we received more than 2500 applications from Puerto Rico and all over the world. The most important accomplishment here was creating an investment ecosystem, which did not exist in 2015. In total, we have raised more than USD 38 million in capital since starting our accelerator program in 2016, with more than half of it sourced in Puerto Rico. Two of our companies have already raised more than USD1 Million and we are very proud of this. Our two flagship initiatives are P18 and Colmena66. P18 is a global accelerator program that offers a unique gateway for startups to scale from Puerto Rico. It is providing equity-free funding, office space and support in an effort to jump-start the island as an innovation hub. Colmena66 is a resource network for entrepreneurs and business owners that brings business-building resources into an ecosystem that supports and sustains entrepreneurship in all phases of their business development.

An important fact to mention is, that we mainly help companies in the life sciences field, which of course is one of Puerto Rico's strongest sectors. An example of this is the company Cinco Engineering, that enables paperless traceability and risk management of a drug or medical device manufacturing to enable transparent and quality-driven decision making. It is a home-grown start-up, founded by two engineers, which is now selling this software as a service.

We have a clear mission to invest, facilitate and build capacity to continually advance Puerto Rico's economy and its citizens' well-being through innovation-driven enterprises, science and technology and its industrial base with the vision of becoming a global hub for innovation aiming to develop and retain local talent.

The Trust is also active in the research space. What main themes have you seen in this field in Puerto Rico recently?

An issue we faced in 2017 and 2018 was the Zika virus crisis, with more than 41,000 people infected. Besides the medical impact, the outbreak had also a negative economic impact with more than USD255 Million damage, due to lack of tourism and the baseball season cancelled. As a science and technology hub, the Trust has brought together scientists to establish a vector control unit, which has not been existing in Puerto Rico before. This program was established with nearly 90 employees to support this effort, doing surveillance with a dedicated technology-based GIS space and a chemical lab testing resistance to pesticides.

Can you highlight some of the grants you have in place to foster and facilitate research?

The Trust's Research Grants Program, which empowers scientists and researchers to take Puerto Rico's knowledge economy to a higher level of excellence. The initiatives seek to impact researchers in the academia, nonprofit research organizations and at the private sector. Here we have two main programs, firstly the Advanced Research Grants Program, which is a solicited proposal mechanism with the goal of providing proof-of-concept funding to advance locally developed science and technology projects, to a point where these will be able to be further developed through alternate sources of funding. Puerto Rico's first biotech MBQ Pharma is our poster child for this type of grant and apart from funding our technology transfer office played a significant role in facilitating the patenting process, in collaboration with the University of Puerto Rico. The progress we have achieved at MBQ Pharma is remarkable, as the company only started to look for external investors in 2018 and now is almost ready to start phase one studies, due to very encouraging results we have seen in preclinical studies.

The second grant called the Catalyzer Research Grant Program aims to help local researchers increase their probabilities of success in securing federal funding for their research and development activities. Overall investment in the program has been USD6 Million so far, with USD8 Million in incremental funding achieved. We want to attract more research and higher quality of research but most importantly to create companies, that do research in Puerto Rico. So far, the Trust has created six companies and supported more than 40 small businesses and research projects in the last 24 months with these two grants. This makes up around 25 percent of what we have achieved in the last 25 years. The Trust encourages the commercialization of intellectual property to create wealth for Puerto Rico. Building a real start-up scene is a long path and it takes years to see significant results, but I really believe we are moving in the right direction.

Do you think the right incentives are in place to attract more research investments to Puerto Rico?

We have great R&D tax credits for companies doing research here on the island, so I truly think that Puerto Rico has great incentives in place to attract more investment in this area. The government also recently changed the law to enable small start-ups that consist of only one or two people to make use of this tax incentive for R&D, which was a great step to strengthen the entrepreneurial ecosystem on the island. Together with the Puerto Rico Manufacturers Association we were lobbying the government, to ensure that it will keep this abstract when drafting the next incentives law, as it is a crucial instrument of attracting more research. The Science City complex has also been finished, which provides great facilities to take on projects of any size and in combination with almost the whole territory of Puerto Rico being a federal opportunity zone, I see Puerto Rico as a very attractive destination for international investment.

What are some of the challenges businesses face in Puerto Rico?

Despite all the great incentives, electricity costs remain very high, but we have learned the lesson from Hurricane Maria and are now significantly investing in power infrastructure and renewable sources of energy. Additionally, we have microgrid plans laid out and approved for many of the business parks on the island, for example at the aerospace cluster in the west of Puerto Rico. We have to be more resilient, efficient and sustainable when it comes to energy and we are working on these issues.

The Trust's vision is that in 2022, Puerto Rico is a globally recognized innovation hub.

How far close are you in achieving this goal, three years out?

We have made good progress, but it still requires substantial efforts to achieve this goal. Hurricane Maria has almost set us one year back, so we need to continue to improve the great life science ecosystem we already have on the island. We can do this by fostering the collaboration between small, local companies and the big pharma companies, to leverage the capabilities of both groups and create synergies. Start-ups are very agile, so we need to find the best way to merge them with the needs of the historic manufacturers on the island. We will also continue our research efforts and look how we can transfer knowledge between industries and create new segments, for example, cosmetics and pharmaceuticals. The Trust is in a great position to connect these

industries to bring a higher value to Puerto Rico. I believe we have all the pieces here on the island, so we just need to make use of them, to do better.

What are your main goals for the next five years?

I would like to see MBQ Pharma on the market, either through their own efforts or an exit strategy in collaboration with another company. The Trust also wants to grow the number of companies that are born from our research efforts, especially in the area of medical devices and health and pharma services. I also expect the number of companies in our P18 accelerator program to be doubled, by supporting more than 400 start-ups by 2024. Our ambition is also to expand our services beyond the borders of Puerto Rico, particular to the Caribbean, as we see great start-up initiatives on our neighbouring islands as well.

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