

[The National Weather Service has issued a severe weather alert...click for details.](#)

Friday, November 06, 2009

Area biotech firms make pitches for funding

Four area companies are hoping to reap financing from the Mid-Atlantic Bio conference in Washington.

Jeff Sturgeon

A Blacksburg company was scheduled to appear before biotech big hitters gathered at a regional conference in Washington on Thursday in a quest for up to \$800,000 to develop artificial parts for damaged knees.

BC Genesis is one of four Southwest Virginia companies speaking to an investor panel at Mid-Atlantic Bio, a three-day convention about the scientific, financial and policy matters important to biotechnology industries.

R.J. Kirk, a Southwest Virginia business executive and venture capitalist, is scheduled to lecture today at the event, which is being hosted by the Virginia Biotechnology Association, Tech Council of Maryland, the Mid-Atlantic Venture Association.

Other speakers include: Tony Zook, CEO of the North American unit of AstraZeneca, the English drugmaker that produces an inhaled form of the H1N1 flu vaccine; and Tom Watkins, CEO of Human Genome Sciences Inc., a Rockville, Md., drug company that is selling an anthrax treatment to the U.S. government.

The conference hosts awarded several minutes on the podium to 24 companies that survived an evaluation by business experts.

The other Southwest Virginia companies who will pitch investors are the Kirk-led Intrexon Corp., a Blacksburg company developing medical treatments and products based on DNA control systems; Synthonics Inc., a Blacksburg company using metal coordination chemistry to create drugs; and Roanoke-based OcuCure Therapeutics Inc., which is developing drops to treat eye disease including macular degeneration.

The Southwest Virginia biotech community has grown out of Virginia Tech and is concentrated at the Virginia Tech Foundation-owned Corporate Research Center near campus. The center has 140 tenants.

One of the newer tenants is BC Genesis, a year-old company built upon the work of Paul Gatenholm, a professor of material science and engineering at the Virginia Tech-Wake Forest University School of Biomedical Engineering.

He has done work at Tech and at Chalmers University of Technology in his native Sweden on a process for growing a cellulose material with bacteria.

BC Genesis was set up to develop and market the material for orthopedic treatments and recently opened an office and laboratory at 2000 Kraft Drive, said Erik Gatenholm, a 20-year-old business major at Tech who is the company's CEO. He said the company employs one person in the laboratory and the father-son team.

BC Genesis previously won a \$100,000 Small Business Innovation Research grant, which is covering 2009 expenses. It is now looking for \$250,000 to \$800,000 to further develop an implantable knee meniscus, Erik Gatenholm said.

Knee cartilage cushions the place where the bones of the upper and lower leg meet. When injured or torn, pain and loss of function result, requiring removal or a difficult repair.

Under its current plan, BC Genesis would sell doctors a new shock absorber for wounded knees. The market for such an item is considered large because patients spend \$1.2 billion a year on existing knee injury treatments such as meniscus removal and knee replacement, Erik Gatenholm said.

Next week, BC Genesis intends to petition the Virginia Tobacco Indemnification and Community Revitalization Commission for a grant to manufacture the material in one of the state's tobacco-dependent localities -- Floyd County in this case, he said.

The company also intends to apply to the Food and Drug Administration, the gatekeeper that decides which drugs and devices can be sold to the public.

"We have a very aggressive game plan," the younger Gatenholm said.

In 2010, he said the company is "hoping we can open a manufacturing site for BC Genesis in Floyd County ... if everything goes well."

Enthusiasm for biotech may be at an all-time high.

During 2009, 47 of 50 governors mentioned biotech in their state of the state speeches, according to Patrick Kelly, vice president of government relations at the Biotechnology Industry Organization.

In 2006, 1,452 biotech companies, 336 of them publicly held, employed 180,000 people, according to the organization, which defines biotech as "the use of cellular and biomolecular processes to solve problems or make useful products."

Biotechnology drives medicine, but it also touches agricultural, industry and energy.

Recently, Kirk said he believes the biotech industry can do more.

Giving a preview of his conference remarks, he said 600 to 800 companies will fail or be acquired during the next two years because they failed to deliver what consumers need.

"We have been creating too little value. Many of the companies that will disappear were originally created on the foundation of 'me too' logic or the prevailing 'easiest-to-finance' logic that is more akin to a racket than an industry that is dedicated to providing constantly improved value to the consumer," Kirk wrote in a Web editorial at Lifescienceleader.com on Aug. 31.

"Companies should be focusing on adding genuine value to the maturation process of the health care industry by developing technologies that produce a higher quality product at lower cost."

THE ROANOKE TIMES
roanoke.com

Copyright © 2010