

Asterand Becoming World Class Life Sciences Asset For Michigan

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DETROIT – It's not often that a Michigan life sciences company gets mentioned as one of the best in the world. But such kudos increasingly are going to Asterand, a human tissue and blood bank for commercial and academic research.

The company was co-founded five years ago by Randal Charlton, the current chairman of MichBio, the Michigan life sciences trade association. Asterand collects material from a worldwide network of donor sites and has an extensive collection of data covering more than 150 major diseases. This includes many types of cancer, cardiovascular disease, rheumatoid arthritis as well as Alzheimer's and bipolar disease.

Today Asterand is working with 13 of the top 20 drug discovery companies in the world. In 2004, Asterand posted revenues of \$8 million, some \$2 million over projections. When the annual audit is done, Charlton said he expects his company to post a profit of close to \$200,000.

It's this kind of market and financial success that caught the attention and an investment from Apjohn Ventures, a Kalamazoo Venture Capital company. Apjohn General Partner Mina Patel Sooch calls Asterand the premier tissue company in the world.

"Detroit gives Asterand a low-cost advantage to be sure," Sooch said. "But Asterand is truly an exciting company. In October 2003 we co-invested with Arboretum Ventures (of Ann Arbor). At the heart of it all, Asterand embraces venture capitalists as partners in their company. We spend more time helping them for free than any other portfolio company. We haven't been happier about any investment."

MichBio Executive Director Michael Witt described Asterand's achievements as the Michigan way to do business – solid product, solidly funded by a combination of private equity finance, and state-backed grants, tied tightly with a major state university, Wayne State in Detroit, what Charlton describes as the real secret to Asterand's success.

"Our collaboration with WSU was critical to achieving our goals," Charlton said. "We're a poster child for why life sciences and technology companies should come to Michigan. We got the support of WSU that gave us lab space at the Karmanos Cancer Institute. Wayne State built us a \$12 million headquarters at the Tech One building. That has been enormous help in allowing us to use venture funds as efficiently as possible."

A \$500,000 initial private equity investment in 2000 has since grown to \$11.5 million, including \$2.3 million from the Michigan Life Sciences Corridor fund.

"The Life Sciences corridor funds grant we will repay to the state over 10 years as a royalty on any technology that results from the research they supported," Charlton said. "The State has the right to buy shares in Asterand as does Wayne State."

Short term, Asterand's strategy is to continue growing as rapidly as possible, and establish itself as the world's most important resource for human tissue and blood based research, a goal others say has been accomplished. Long term, Charlton wants Asterand to be recognized as an important part of Michigan's life sciences resources.

Charlton's list of goals also includes adding one new job for every month of the company's existence - high paying technical job in the center of Detroit. The company now has 53 employees on the payroll with a dozen more new hires called for in its business plan.

Asterand also wants to open a sales office in Japan and another in Europe. The company is very close to announcing a major collaboration with a large Japanese company to explore the Japanese market.

"Five years out, we want to be generating \$50 million to \$100 million in revenues," Charlton said. "Secondly, we want to do an IPO. Third, we want to be so well known we're an important part of the WSU landscape. We want people to say, 'Asterand, aren't they at Wayne State in Detroit?' I want us to be known as the World Bank for biological materials in Detroit."