BioSpectrum the business of Bio & Health Sciences

Funds for high-risk, long gestation projects

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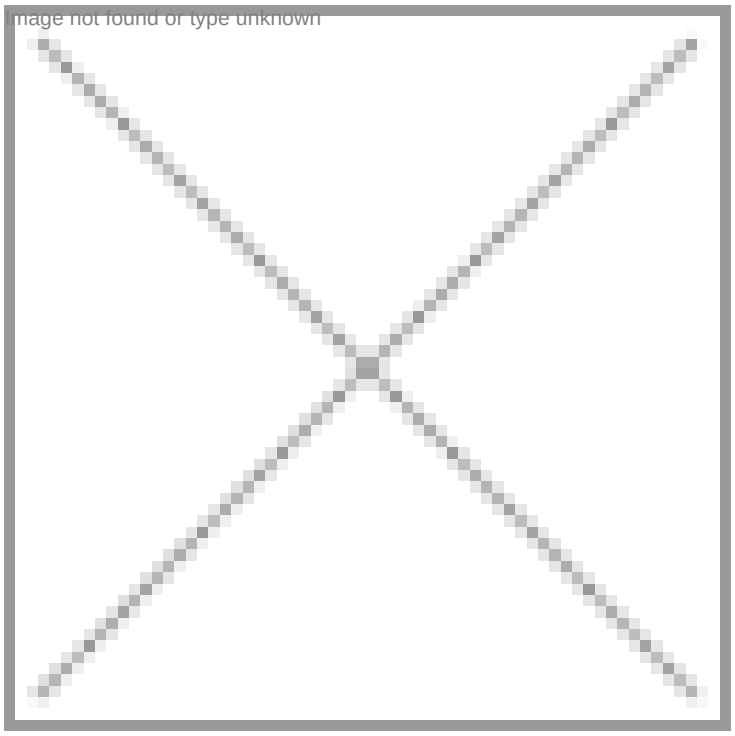

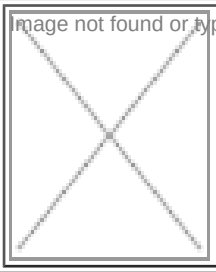

Mr Rajeev Sindhi
CEO & MD, Sandor Proteomics

The author is a first generation technocrat businessman. His career started with setting up a 100 percent export-oriented granite manufacturing plant 21 years ago. He ventured into medical business in 1996 and has since been in the healthcare and life sciences industry. He is presently the CEO and managing director for Sandor Proteomics.

The mission of our start-up biomedical research laboratory was to discover novel biomarkers in the field of transplantation, infectious and immunological diseases. Our chief scientific officer initiated this process in at least one of these therapeutic areas in the US. The laboratory in India would expand research testing to additional subjects, and expedite the development process while validating potential biomarkers in the Indian population.

However, our financial model suggested that, as a small enterprise, we had to have many independent, though synergetic, revenue streams to ensure steady cash flow, while fulfilling our discovery agenda. This prompted us to create a parallel service model. Additional funding was needed to procure the equipment necessary to offer a range of research services. Early opportunities to provide such services included diagnostics for rare genetic disorders and high throughput genomics. Both opportunities guided formulation of our revenue generation strategies for the near to medium term.

To pursue these expanded goals, we began to search for an investor who could partner in a high-risk, long-gestation project.

We were extremely fortunate to have an investor in Mr Shapoorji Pallonji Mistry, who shared our vision. Since inception, we have struggled with a constantly evolving business model focussed largely towards ensuring sustainable revenue streams. The government, though very promising on paper, hardly matched the risk appetite needs of a discovery company. Regular funding applications to various government agencies became a norm even though the success rates were very low and the process painstaking. At least one funding agency, the DBT, did guide us towards success in achieving competitive SBIRI funding to fulfil our discovery research goals. Once awarded, our annual dialogue with the DBT reviewers and scientific auditors has been the one bright spot and a highly anticipated interaction in our ongoing search for governmental support. Their willingness to understand commercial scientific and technical ground realities, and provide suggestions has been very helpful.

Our plan to enter the long-gestation business of diagnostics for rare metabolic disorders was finalised, while associating with paediatric geneticists in India. All of these practitioners were being supplied with life saving enzyme therapies by Genzyme Corporation, US, under Genzyme's charitable access program. Our sister company, Sandor Medicaids, was the distribution conduit for these supplies. It was the urgent need identified by these physicians that prompted us to initiate a technology transfer and training contract with Erasmus Medical Center, Holland. A diagnostic lab for metabolic disorders was established. With support from Erasmus and geneticists who believed in the quality systems' implemented in our laboratory, we began testing patient samples that had historically been shipped out for overseas testing.

At about this time, the company also took a bold step to install the first-ever high throughput genomics platform from Illumina, US, in the private sector. Although extremely expensive for a start-up, this platform gave us a unique edge as the first private sector high-throughput genotyping service provider in India. As a result, one of the largest genome-wide association study (GWAS) in India was outsourced to us by a government institute. Subsequently, we started offering next generation sequencing. We were fortunate to get the first large contract for de novo sequencing of the Indian buffalo along with early contracts for transcriptome analysis from an Indian Council of Agriculture Research (ICAR). Today, our company is the sole certified service provider for Illumina for their genotyping and gene expression services in India. As the first private sector service provider of this technology, we would not have succeeded without the excellent and continuous technical and scientific support of Premas Biotech, who represented Illumina in India.

Our association with the animal genetic institutes of the ICAR prompted us to look at opportunities in animal sciences. We established a separate laboratory for animal genetics for diagnosis and research. In a country like India, where animal husbandry has a major role in agriculture, we believe that there is sufficient promise in this business.

Another opportunity presented itself when the head of a government institute decided to experiment with a public-private partnership (PPP) model to run their central instrumentation facility (CIF). We competed successfully for an open tender to accomplish this objective. A successful PPP model has been developed. Management of a well-equipped central facility gives us access to some of the latest and more expensive biotech research instrumentation at a reasonable access price. The government institute has gained trained manpower to operate their instruments and recover instrument costs.

Today, in our fourth year of existence, we have created a niche for our company in the field of animal genetics, created a bio repository for biological samples, and successfully run a PPP model of handling CIF for government-owned central laboratories. We offer high throughput genomic and proteomic services to scientists. In this process, our company has become a well-respected and sought after referral lab for paediatric geneticists across India. We have fully accepted that our business model will keep evolving in order to capture changing opportunities. Viable revenue streams, in our opinion, will be the basis for sustaining operations. A significant component of these operations is our long-standing in-house discovery programs. We expect these discovery efforts to be complemented by generation and commercialization of shared IPR as a result of collaborative research with various government or private organizations.

Although extremely demanding and challenging, our experience has been very educational and satisfying. As a start-up company, attracting talented manpower can be a constant challenge. Ongoing financial and logistical support from our investor-mentor, Mr Shapoorji Pallonji Mistry helped us negotiate these challenges. This ongoing support and access is crucial for any start-up during difficult business cycles. Most importantly, a shared vision with talented staff has been our sustenance. Long hours are required to stay competitive, meet contract deadlines, bid on tenders, or develop novel approaches to organize workflow. None would have been possible without colleagues who undertook every business challenge selflessly for the success of our team. Our sister company, Sandor Medicaids, which distributes and markets high-end niche biotech drugs, devices and equipment for the healthcare industry, has also supported our research and diagnostic initiatives by providing cold chain logistic support throughout India.

We are certain that the search for newer business models will continue and result in parallel additions to our research goals. These business models will be driven by unmet market needs both in agriculture and life sciences. Hard work with a lot of

good luck will remain the cornerstones of any success in the future.