BioSpectrum the business of Bio & Health Sciences

Market creation for sustainable business

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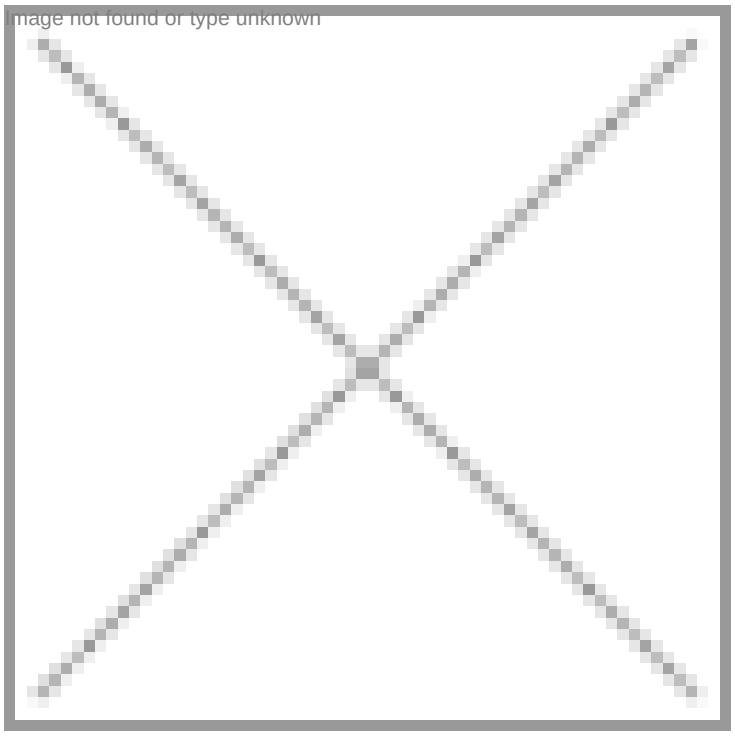

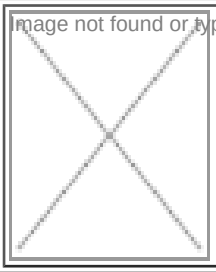

Mr Naveen Kulkarni
Founder and CEO, Polyclone Bioservices

The author did his masters from Queensland University of Technology, Brisbane, Australia. He founded Polyclone Bioservices and led the company to successfully forge drug discovery alliances. He served as the director of business development at Philips Research, where he was associated with a portfolio of opportunities for new business creation in healthcare and energy.

Traditionally, from a marketing standpoint, there are only two types of companies. Product-based companies and services-based companies. The typical perception of a biotechnology company is that it is a technology company. The question is how that technology is packaged? If it is packaged as a product, then does it have enough target market numbers to generate a sustainable business opportunity?

Alternatively, if that technology is a service, then it almost inadvertently falls into the realm of knowledge-based services creating a niche domain, but with a limited market size.

With both the above scenarios, a biotech company is typically faced with the same challenge of market creation. A large company works on systematically building an ecosystem by supplementing with research publications, clinical data and endorsements from key opinion leaders. A small company does not have all the resources to accelerate and influence the adoption rate and has to intelligently balance its financial and manpower resources to achieve an optimum success rate to keep the business afloat. More often than not, the success depends on the company's ability to raise finance to maintain

sustained marketing activity. Eventually, the value capture happens when a larger company decides to ‘spin-in’ this technology or product, if they see a strategic fit in their portfolio. In most cases, it results in complete acquisition, since investors see it as a faster route to return investment.

The on-ground challenges before the biotechnology industry as a whole, varies widely from company to company,depending on what vertical it focuses on.
At Polyclone, we started as a services company and, predominantly, focused on solving critical problems of genomics platform companies, mainly by applying bioinformatics algorithms. Today, we are proud to see that some of our customers’ products are available in the market and well-accepted by world-class scientific teams. Eventually, we started our first lab-based genomics services and the value addition was that we could offer end-to-end solutions. As a services company, and a small one at that, we had to scale up our offerings in an incremental manner with each customer project giving us scientific validation and financial muscle to add the next part of our solution. Although this wasn’t the ideal situation, it helped us come up with creative solutions for solving capital requirements and marketing challenges.

One of the challenges we faced during our early days was convincing customers based only on a set of capabilities without the right infrastructure or success stories? Here, we were well-supported by academic groups at IISc and, eventually, we set up our first molecular biology lab at UAS Dharwad.

Although we started mostly with service projects funded by customers, we had the ambition to pool our knowledge gained over the years into a product that met the needs of the customers. We decided to build products that create value to research and enable accelerated discovery. Our initial customers, mostly from the US and Europe, trusted us even though we did not have a fully working prototype and supported us in validating the product.

We released our first product, eprime, together with Eppendorf India and are currently set to launch an enzyme engineering framework that addresses the critical need for optimizing a protein to meet the requirements of industrial processes to function in non-physiological conditions and on non-natural substrates without losing their activity or stability. Similarly, we developed a range of solutions for peptide sequence analysis and validated it with the help of our customers and, soon, we envision having a suite of never-before products to support and accelerate research in proteomics.

In molecular biology, we helped design and validate novel diagnostic assays for infectious diseases that are prevalent in India. Not stopping at the molecular level, we added cell biology capabilities. We set up a stem cell biology facility with a partner and are focused on innovations to accelerate stem cell therapy in several areas of medical science. While majority of the companies are focused on mainstream therapy opportunities, our strategy is to develop peripheral technologies that enable faster and more efficient access to such therapies across many disease areas.

Over the last five years, we have grown from a small computational biology outfit to an integrated biology research services provider with products, frameworks and services in computational, molecular and cell biology. This is a natural culmination of scientific and business success we have had over the years and fits in perfectly with how our customers and their requirements have evolved.