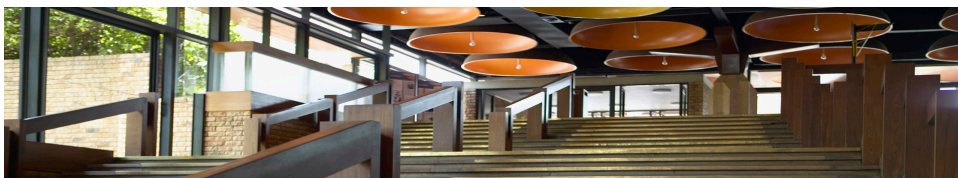


# Spotlight on Madison

April 2011 Issue



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Founder & CEO



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Welcome to this issue of *BiotechProfiles*' **Spotlight on Madison**. You have received this issue due to your role as a senior executive, board member or founder of a Madison life science company. I hope you find this content informative and helpful. And please be sure to add *BiotechProfiles* to your company's press release distribution list so that we are sure to have the latest information on your company.

## Company, Financing and Executive Updates

### COMPANIES ADDED/DELETED/M&A

- ◆ *TomoTherapy Inc.* announced on March 7<sup>th</sup> that it had signed a definitive agreement to be acquired by Accuray, Inc., a publicly traded, California based radiation therapy company. The acquisition price will be \$277 million in cash and stock. The transaction is expected to close in the second quarter. R&D and manufacturing are expected to continue in Madison, among other functions.
- ◆ *Nerites Corporation* announced on January 31 that Kensey Nash Corporation, a publicly traded regenerative medicine company based in Pennsylvania, acquired the assets of the company for \$20 million. Madison operations will continue as an R&D site under the Kensey Nash brand.
- ◆ *Cellectar Inc.* announced April 11<sup>th</sup> that it merged with Novelos Therapeutics Inc., a publicly traded firm. Cellectar shareholders received approximately 85% of the merged company and its three cancer products will be the focus of the merged entity. The company's headquarters will be in Madison, with a secondary office in Boston. Dr. Jamey Weichert will serve as the company's CSO. In conjunction with the merger, Venture Investors LLC led a \$5.1 million financing.
- ◆ *CELLSCRIPT, Inc.*, a former affiliate of EPICENTRE Biotechnologies, has been spun out as an independent company. Led by Gary

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Dahl, PhD, the company focuses on technologies and products for the translation of RNA in cells for clinical research and therapeutics. It is located at 726 Post Road in Madison.

## EQUITY FINANCINGS

- ◆ *Cellular Dynamics International* – CDI closed a \$30 million financing in early April, bringing their life-to-date total equity raised to over \$100 million since 2004. Investors included Tactics II Stem Cell Ventures, Sam Zell's Equity Group Investments, Sixth Floor Investors, and G Force Investments.
- ◆ *Flex Biomedical Inc.* – In January, FlexBio raised \$866,000 in a second round of angel financing. Investing funds included Wisconsin Investment Partners, NEW Capital, Golden Angels and Silicon Pastures.
- ◆ *FluGen Inc.* – FluGen secured a \$7.8 million tranching investment from current investors and Knox LLC, a venture investment fund led by Fred Mancheski.
- ◆ *Mithridion Inc.* – Mithridion completed a \$1.25 million financing round with current investors, including Venture Investors, State of Wisconsin Investment Board, and Rocket Venture Fund.
- ◆ *NeuWave Medical* – The company raised \$5.5 million in venture financing in December 2010, according to regulatory filings.
- ◆ *ProCetus BioPharm* – ProCetus raised \$1.7 million in April from current investors, including Novartis Venture Fund, Venture Investors, and WARF.

## EXECUTIVE & BOARD MEMBERS UPDATE

- ◆ *Gilson, Inc.* – Kevin Barrett has joined Gilson as Sr. Vice President Strategic Business Development.
- ◆ *GWC Technologies* – Stephen C. Weibel has been promoted to President, replacing Timothy Burland who has left the company.
- ◆ *Promega Corp.* – Thomas Livelli has been promoted to VP Life Sciences Products and Services.
- ◆ *Isomark LLC* – Neil Holland has joined the company as CEO. He previously was vice president of global research and development at Hospira.
- ◆ *EraGen Biosciences* – Gregory D. Rodgers has been named VP Manufacturing, replacing Brian Loeffler. Greg was formerly with MonoGen and bioMérieux.
- ◆ *Exact Sciences Corporation* – Jay Schiestle has joined the company as Senior Director, Operations. Jay formerly was VP Manufacturing at Roche NimbleGen.

## COMPANIES ON THE MOVE

- ◆ *Flex Biomedical* relocated in late February from the University Research Park to 555 D'Onofrio Drive, Suite 102 in Madison.



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## Purchasing Consortiums Maximize Operating Efficiencies

By Casey Collins

As many of us in biotechnology know, it has been difficult to secure both private equity capital and working capital in recent years as the economy has gone sour. The slow movement of capital has hit the biotechnology sector harder than most industries, as commercial lenders demand a very high level of certainty when securing debt with collateral. Many biotech companies have little tangible collateral, or the price uncertainty makes collateralization very difficult. As credit standards have tightened, methods previously used to secure financing, such as warrants and guarantees have become less common. Consequently, young companies have invariably needed to find creative ways to allocate resources, preserve capital, and maximize operating efficiencies.

The concept of the consortium, or cooperative, has become increasingly popular as a means of allowing employees to focus on the tasks for which they were hired. Rather than spending valuable time and company resources gathering bids and reviewing purchase orders or sales contracts, employees can focus on essential, value-add tasks.

Although the consortium/cooperative concept is not new, it has enjoyed a rebirth in recent years. This is evidenced by the exponential success of GroupOn and Amazon's LivingSocial, organizations that collectively negotiate discounts with businesses to provide a new flow of customers in exchange for a reduction in the cost of goods or services. These companies have been able to monetize the idea of thrift and make it a hip, emergent concept.

In the Madison biotechnology market, there are at least three consortiums that have an active presence. The *Biotechnology Industry Organization* and *BioForward* both operate consortiums that are open to member companies and have been in operation for over a decade. The third, *PowerBuy 4 You*, a newcomer to the Madison scene and a BiotechProfiles sponsor, is open to all companies without charge and offers its services to companies across a broad spectrum of industries.

Participation in a purchasing consortium offers an opportunity work with experts in the field of purchasing as well as access numerous discounts on a range of items. For member companies this equals substantial savings in both time and capital resources. Since the collective buying power of a consortium allows massive group buying power, small business members are better able to compete and obtain the most competitive prices. The result: A "win-win" value proposition for member

## BiotechProfiles Job Board

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businesses, as they access purchasing experts and receive substantial savings on products through the consortium's growing network of vendor business partners.

Unlike some purchasing consortiums, members of *PowerBuy 4 You* are not tied to any specific vendor, nor are they contractually required to make all purchases from the network of vendor partners. Enrolling in the consortium simply allows opportunities for members to get substantially better pricing. Generally speaking, consortiums make good business sense on a number of fronts as they ensure proper due diligence, keep vendors honest, and provide members with a business partner that seeks the same collective goals.

Potential savings from price discounts will vary by item, but can be significant. In one recent example involving a lab tube product, savings of 75% off list price were achieved. While this is untypical, it demonstrates the buying power leverage that can be achieved by pooling the spend of multiple companies to reduce everyone's costs.

If you are reluctant to consider participating in a group plan due to fear of losing the flexibility inherent in direct purchasing and/or choosing your vendors, that fear is unfounded. In the case of *PowerBuy 4 You*, businesses that already have accounts with any of its contracted vendor partners can simply enroll in the consortium and begin to receive a variety of pre-negotiated prices, top-line percentage discounts, and free shipping. The purchasing transaction is essentially seamless and transparent to the member business, as consortium discounts are applied at the time of order directly from the vendor website.

In times of uncertainty, it's essential for companies to focus on their core business, minimize operational inefficiencies, and obtain the best-price. Having a knowledgeable purchasing partner can favorably impact the bottom line. Unless you've got money to burn, be sure to check out all of your available purchasing options.



About **BIOTECHPROFILES** and its  
**Madison Executive Network**

The Executive Network zone within BiotechProfiles is a private, invitation-only forum available to senior executives, board members and founders of Madison area life science companies. Access is limited to encourage private, peer-to-peer networking without being bombarded by unwanted solicitations. This zone is free to users due to the generous support of our sustaining sponsors.

Please help us keep your own company's profile up-to-date by

monitoring the listing and submitting any corrections or updates as they occur.

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Please consider contributing data, documents, and best practices that would be of interest to your peers, particularly those in early stage companies, so that they can focus on building their companies, not "recreating the wheel". Do you have suggestions for improving the utility of the site? Content and suggestions should be emailed to the adjoining address.