

Seno Medical Featured in San Antonio Express-News

San Antonio is getting good at homegrown startup companies in the biotech field, but acquisitions have meant few biomedical corporate headquarters have stayed in town. In recent years, larger companies have bought out at least three companies with promising technology and patents.

"We knew we would lose the headquarters and some decision-making authority, but the jobs are what's important," said Mario Hernandez, head of the private San Antonio Economic Development Foundation. "Growing your own is a proven way to build the biotech industry. The next step is keeping them".

Expect more biotech jobs, if not headquarters, in the future, say industry proponents and entrepreneurs in San Antonio. The new owners of CardioSpectra want to keep most of the San Antonio employees and to increase the number of jobs here. Genzyme kept the majority of Ilex employees and even added jobs as it centralized oncology research in the city. Meanwhile, executives from those startup companies have started new ventures. "You never know which local startup will become another KCI," said Ann Stevens, who leads biomedical industry advocate BioMedSA.

Dr. James Leininger started Kinetic Concepts Inc. in San Antonio and the company headquarters stayed put and created thousands of jobs involving the manufacture and sale of therapeutic beds and wound-care devices. Likewise, DPT Laboratories has maintained headquarters and jobs in San Antonio, making and creating lotions, lubricants and ointments.

But the norm has been for promising companies to be swallowed by bigger fish from another pond, even if many of the San Antonio workers keep their jobs. "The track record of local bioscience acquisitions is marked by the local employees staying intact," Stevens said. "The companies saw enough value to keep them here, and that bodes well for the whole sector." Stevens said the combination of the experienced management that can bring in venture capital and great science from the universities led to a proliferation of local biotech startups.

CardioSpectra was a classic example. "It takes three critical groups to produce the success we had with CardioSpectra," said Kenneth Porter, assistant vice president for technology transfer and director of the Office of Technology Ventures for the University of Texas Health Science Center and the University of Texas at San Antonio. "First, it takes visionary administrators to allow patents to move outside the university system. Second, it takes experienced biotech leaders in the San Antonio business community who have the perseverance to move concepts into products. And third, it takes faculty members whose research generates the initial patent applications that are the starting point for these companies," Porter said in a written statement. Stevens said the city is benefiting even after the sales of companies started by what she calls "serial entrepreneurs."

Chris Banas, former CEO of CardioSpectra, has two startup companies in the works. Former OsteoBiologics chief Fred Dinger has a new company evaluating possible ventures. Alex Weiss, a former executive of Ilex, just took cancer research company OncoVista public. And Mike Dwyer, another former Ilex executive, now heads cancer-drug development company Azaya Therapeutics Inc. "They have a history of people investing in their various companies," Stevens said. "Because this business is high risk, high reward, management credibility is always way at the top."

Janet Campbell said San Antonio has been the perfect spot for her startup, Seno Medical Instruments Inc., and she hopes to keep headquarters here even as the company grows.

"I think San Antonio is beginning to get a critical mass," Campbell said. The company is seeking government approval to sell a breast cancer diagnosis tool that could replace the mammogram. And it just started selling the technology as a research tool to get internal images of lab animals. Seno CEO Campbell has been involved in East Coast startups, and Chief Operating Officer Ron Branstetter is the former president of local Colin Medical Instruments.

Most of the angel investors in the first rounds of financing are from San Antonio or Texas, and the company recently received a \$2 million investment from the state's Texas Emerging Technology Fund. Taking the company public at some point is one way to keep the company growing without being bought, she said.

"We're looking for the capital now that will allow us to stay local," Campbell said. "We need more dedication to the organic growth of companies." tpoling@express-news.net.

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