

Illinois Startup Executives Discuss PROPEL Impact

June 20, 2009 marked the two-year anniversary of PROPEL, a joint partnership of iBIO and the iBIO Institute. PROPEL comprises a series of programs aimed at increasing the number of life sciences startups in Illinois and boosting the success rates of existing companies. (See accompanying sidebar story.)

Recently BQ sat down with executives of three Illinois startups to capture their impressions of the PROPEL initiative. David Schlesinger (Kim Laboratories, Champaign), Jodi Soriano (Ohmx Corporation, Evanston), and Ben Stone (Stone Medical, Moline), offered their personal perspectives on the value of PROPEL and of the iBIO Entrepreneurship Center (iBIO EC),

PROPEL's "partner" on many programs. The iBIO EC provides formation-stage and early-stage life sciences companies with technical assistance and access to matching grants and innovation challenge grants funded by the Illinois Department of Commerce and Economic Opportunity (DCEO). Launched in early 2008, the iBIO EC represents the State of Illinois' second industry-focused entrepreneurship program. The iBIO EC is a proud member of the Illinois Entrepreneurship Network (IEN).

For more information, please visit www.ibiopropel.org or contact Barbara Goodman, iBIO's executive director and the general manager of PROPEL and the iBIO EC, at bgoodman@ibio.org.

What PROPEL services have you and your colleagues used during the past two years?

Jodi Soriano, Ohmx: There are three main services we've used thus far, though I'm definitely not done being involved with PROPEL. First, we were introduced to Jim Koziarz, a very key mentor who has helped guide us to the next direction for Ohmx. Today he's a venture capitalist (VC), but he spent more than 30 years at Abbott. We're an in vitro diagnostic company; Abbott is huge in diagnostics, so this was a great fit for us. Quite frankly, startups in Illinois can't always access big biotech companies, so why not tap into what we do have? Barbara Goodman of PROPEL made the introduction, and I think it will grow into a bigger relationship beyond PROPEL.

Second, we've attended PROPEL conferences and seminars, which have been great from information gathering and networking points of view.

Sr. Research Scientist David Schlesinger and his Kim Laboratories colleagues have found developed new concepts for growing their business following every iBIO PROPEL event they have attended.



Third, and very near and dear to a small company's heart, are the matching funds we've accessed through the iBIO EC. We received a significant matching fund grant that went directly to legal services for our intellectual property protection. But we're definitely not done using PROPEL.

Ben Stone, Stone Medical: We were introduced to Bob Zieserl, who has been our coach and mentor. Working with him makes me feel that we're plugged into some of Illinois' best expertise in this area. This has been an important contact for us. Barbara (Goodman) has also connected us with other experts in medical device manufacturing, distribution, and legal services. Through the iBIO EC, we were also approved for a matching grant award that will help us in our final phase of clinical trials.

David Schlesinger, Kim Laboratories: PROPEL put us in touch with an attorney who does pro bono work, and he helped us with questions about the EPA (U.S. Environmental Protection Agency). The meetings on writing SBIR (Small Business Research and Innovation) grants have been helpful, as have courses on marketing and managing small business issues.

We wouldn't have known about the "2008 Innovate Illinois" competition if it weren't for the iBIO EC, and all the coaching assistance Barbara gave us for the Fast Pitch contest was just absolutely invaluable. And through the iBIO EC we've received some matching grants that have been quite helpful.

We haven't used any coaches yet, but listening to both of you convinces me that we should take advantage of that. Using a PROPEL coach isn't something we have thought about yet. (Kim Laboratories Founder and CEO) Dr. Myung Kim is very cautious about what he shares about the company, but after hearing Jodi and Ben, I'm going to talk to Dr. Kim about it.

How do you describe PROPEL to other entrepreneurs?

Enhancing Education Through Entrepreneurial Partnerships



KIM LABORATORIES, INC.

Kim Laboratories – In today's global market, borders no longer define commercial and food safety regulations. Food and beverage products move so rapidly across country lines that their safety is not guaranteed by policy alone. Kim Laboratories is the emerging technological leader, ensuring that international and national food products are safer to consume.



Ohmx Corporation is

a diagnostics company developing fully-integrated instruments and assays to enable rapid, one-step, low-cost testing for proteins, organisms, and biomarkers. Ohmx is focusing on applications where minimal handling, speed and portability are particularly important, such as identifying infectious disease and cancer in the clinical market, assuring food safety in the industrial market, and detection of select agents in the bioterrorism market.



Stone Medical Corporation offers the Clean Collect™ Blood Collection System. Clean Collect™ is a patented system that prevents contamination of blood cultures, a problem that costs hospitals over \$10 billion each year.

Ben: The iBIO PROPEL initiative is probably the most valuable single resource in the state for new biotechnology companies. If I were building a brand new company again, there's no other single source that I would want to start with for advice in pretty much every area – legal, manufacturing, distribution, fundraising, marketing. PROPEL would be the first source for me.

David: I say how amazing it is that there are all these resources to help small business and

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Stone Medical
President Ben
Stone and Ohmx
Corporation
Director of
Business
Development Jodi
Soriano both credit
iBIO PROPEL for
accelerating their
success in the
marketplace.



...PROPEL
provides
specialized
services tied
to the specific
needs of each
participating
company.

it's just there for people to take advantage of, it's there for the taking. I share that after every educational or networking event we attend in Chicago, we're always talking on the way home about all that we just learned and how we can apply it to our company. I also tell them that I can always call PROPEL and say, "Here's a problem we're having; can you give me some guidance or can you refer me to somebody?" Just having someone there to assist you makes you feel like you're not all by yourself.

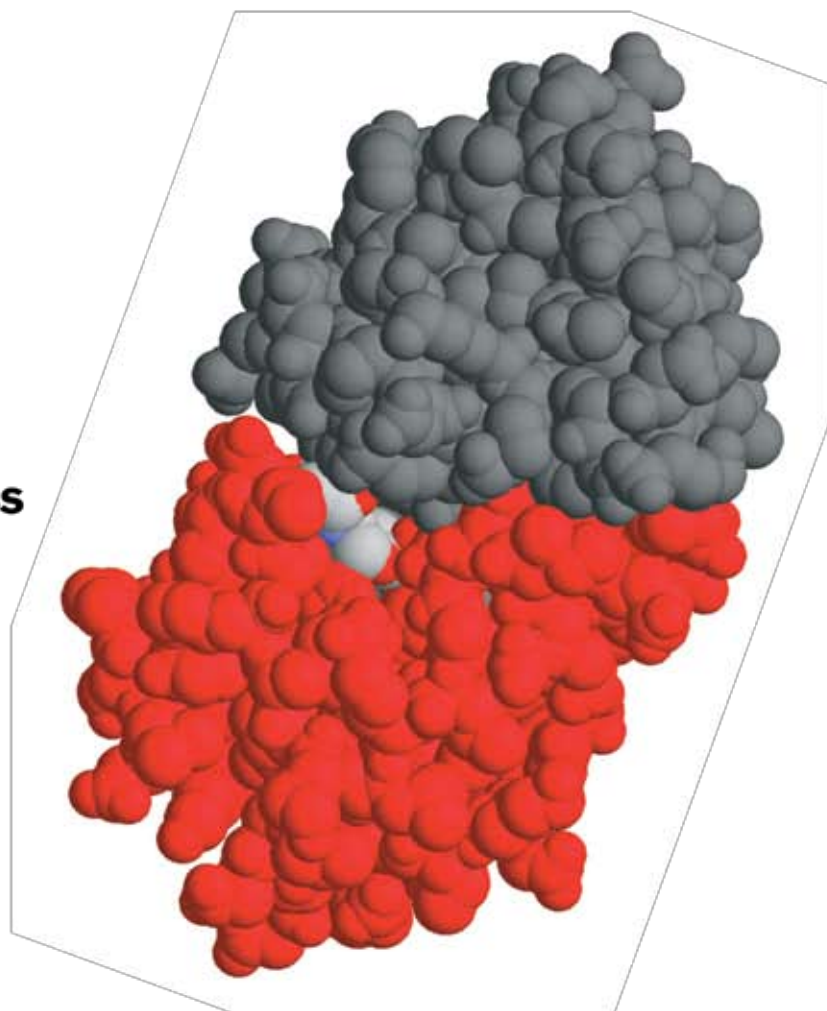
Jodi: I tell people that PROPEL provides specialized services tied to the specific needs of each participating company. There are a lot of people in Illinois who talk a lot, but they don't really do a lot. It's been very frustrating for small companies to weed through all that and find the gems. Then PROPEL comes along, and I feel as though they're legitimate and they're attached to real outcomes. Some groups are tied to one metric, but that's not always the best way to measure its success in helping small companies. I'm not sure if there are other organizations that have been as successful in honing in on the needs of a small company.

How does PROPEL compare to what you know other states are doing to support high-tech startups?

David: When I became exposed to the iBIO EC and all the Entrepreneurship Centers around Illinois, I was amazed at how much support the state gives to small businesses, particularly biotech startups. I've worked in other states and I haven't seen anything that compares to PROPEL to make companies want to come to Illinois. And yet it would be great if it were expanded, to attract more entrepreneurs to consider Illinois because of the opportunities that the state offers to small businesses.

Ben: We're doing our clinical trials in another state, and during a trip there a few months ago I made a presentation to some regional angel investors. I described iBIO and PROPEL to the CEO of an oncology company and he was surprised at how much was available here in comparison to his state. He had started with no real help from organizations like this.

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sciences to improve and save
lives, **every detail counts.**



DETAIL

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*I just wish
we knew
about PROPEL
years ago.*

Jodi: When I get into a longer discussion, some people are surprised at how efficiently things get done at PROPEL, especially since some of their funds come from the government. I think the speed and ease at which we see things happening is significant compared to some other groups. The coasts have been doing this a lot longer, but because of that, there's more bureaucracy surrounding their non-profits. People view PROPEL as progressive, and they're waiting to see how this turns out because it could serve as a model for some other states.

Can you share an example of PROPEL's impact on your company?

Ben: Absolutely. Two, actually. Recently we reviewed our product specifications with a law firm recommended by PROPEL. They identified an area where we can define our product, so now we essentially have an exemption from FDA (U.S. Food and Drug Administration) that should allow us to bring our product to market faster. We thought we could probably take this approach, but the review with this law firm helped us understand under what rules we could proceed.

The other example is that Bob helped us create the incentive programs for our product-testing program. We had this conversation the day before meeting with a major university hospital. I had

Over the past two years*, PROPEL (launched June 2007) and the iBIO Entrepreneurship Center (launched February 2008) already have:



- Enrolled 46 companies
- Recruited 13 coaches and mentors
- Recruited 175 subject matter experts
- Recruited seven service firms to provide high level education, guidance and expertise pro bono
- Approved 16 Illinois Innovation Challenge Matching Grants (up to \$5000 each)
- Approved 10 iBIO EC Matching Grants (totaling \$138,431)
- The iBIO EC participated in DCEO's 2008 Innovate Illinois Competition (\$80,000 in awards)
- PROPEL and the iBIO EC conducted the iBIO IndEx business plan competition (\$10,000 in awards)
- Conducted more than 10 educational workshops with over 165 attendees
- Held (in conjunction with iBIO Institute) seven BIR/STTR grant writing workshops
- Developed PROPEL Intel, a monthly e-newsletter sent to more than 1000 life sciences and/or entrepreneurial community members
- Helped PROPEL companies increase funding through private investors and/or federal grants (e.g., SBIR/STTR and other federal programs), move to next phases of commercialization, develop new partnerships/collaborations, form legal entities, increase staff, obtain new patents, and more.

* Statistics compiled through May 31, 2009

some ideas, but he helped me get to a specific offering that will probably help us get them on board, so that was great advice.

Jodi: Our adviser helped us refine our story, helped us enhance how we present our data and technology platform and, perhaps most important, he helped us get away from groupthink. He gave us an outside perspective on important issues in a non-threatening, strategic way. Also, as a small company, you're always concerned about credibility. We're small, we're still developing a product, and so what can you do to be credible? You can present relevant information, you can show that you have partners and customers, and you can show you have a team that's done this before. We have a professor who started four companies and sold one for \$300mm. That's credible. And now, if we can formalize our relationship with Jim, we can say we have someone on our team who has developed multi-billion dollar products at Abbott. That's adding credibility.

Take off your "corporate hats" for a moment. How do you each feel about your personal experiences with PROPEL?

Jodi: It's been one of the highlights of my four and a half years at Ohmx. There's just so much noise out there, and it's really hard when you're running a small company to filter through that noise. I think PROPEL has found ways to effectively filter through it so that we don't have to. Many areas are important, whether it's business strategy, access to vendors, access to matching funds, networking, and they really have been able to filter through the noise and create quality programs offerings and it's been so helpful that I've been hesitant to join other groups because of that. My thoughts have been very very positive. The more the word gets out, and the more money that can be brought in, the better it will become.

Ben: The iBIO PROPEL initiative is probably the most valuable single resource in the state for new biotechnology companies. There is really no other single source that if I were starting a brand new company again that I would want to start with, for advice in pretty much every area – legal, manufacturing, distribution, fundraising. PROPEL would be the first source for me.

In the early stages of the company, we were seriously considering relocation to states on either coast. iBIO PROPEL provided several reasons to stay right here. I've felt that iBIO PROPEL brings people from new enterprises and companies in direct contact with the best people in the industry.

David: I just wish we knew about iBIO and PROPEL years ago. I think we would have been in a better position today, maybe avoiding some mistakes we have made or identifying other areas we could have pursued.

OK, put on a "marketing hat" and give us a single phrase for PROPEL?

Ben: "You'd be surprised at how many resources are available."

David: "It's ridiculously helpful."

Jodi: "It's free, and that's incredible!"

Thank you, and BQ wishes you and your colleagues success and prosperity. One day we hope you will serve others as coaches and mentors. *BQ*