

# The Oxford Bio-Innovation Story

**O**XFORD BIO-INNOVATION DEVELOPS AND SELLS MEDICAL DIAGNOSTICS IN REPRODUCTIVE ENDOCRINOLOGY. THESE ARE REAGENTS AND ASSAYS FOR INHIBIN AND ACTIVIN, CLINICAL RESEARCH INTO PRENATAL SCREENING, IVF, PRE-ECLAMPSIA, MENSTRUAL CYCLE, INFERTILITY, CANCER AND AGEING. THE COMPANY IS BASED AT THE CHERWELL INNOVATION CENTRE, NORTH OXFORDSHIRE, EMPLOYS 6 MEMBERS OF STAFF AND HAD A TURNOVER OF £¾ MILLION LAST YEAR.

## Origins

The company was incorporated on 7 October 1997 following a long standing commercial relationship between Oxford Brookes University and Serotec. Serotec is a leading supplier of antibodies and immunological and related reagents to the worldwide research community with distributors in over 50 countries and subsidiaries in North American and Scandinavia. Serotec was established in 1982 and the company's headquarters and manufacturing facilities are based in Kidlington, near Oxford. It was the university's first spin-out and formed part of the university's regional strategy which emphasized the importance of developing partnerships with local business and industry.

The joint venture was created to draw upon research led by Professor Nigel Groome in the School of Biological and Molecular Sciences. The aim was to supply kits which indicated the level of a family of reproductive hormones, the inhibins, in blood and other body fluids, which research suggested might be useful indicators of conditions such as infertility, abnormal pregnancy and some forms of cancer.

## Shareholders' interests

Oxford Bio-Innovation's two shareholders, Serotec and Oxford Brookes University, were involved in very different ways in the business but with the common aim of growing Oxford Bio-Innovation into a successful company. Serotec made a commercial arms length distribution agreement with the company in both the USA, and the rest of the world.

As for Oxford Brookes, the relationship was tainted with emotion, since the company was the

first spin-out of the university. For its future ventures, Oxford Bio-Innovation "had to be seen to be successful". The university provided technical support for the company as well as accounting services.

## Opportunities and Threats

At the start of the joint venture, employees were seconded to Oxford Bio-Innovation from Serotec and Oxford Brookes University with Barry Wheatley as Managing Director. However, it became clear after nearly two years that this "virtual operation" was insufficient and the company needed its own identity in order to grow. There was uncertainty as to whether the collaboration would continue. In March 1999, Oxford Bio-Innovation moved into their own premises, which included office and laboratory space, in Cherwell Innovation Centre. The site was attractive due to the characteristics of innovation centres - a flexible short term lease, and the convenient geographical location.

"The infrastructure and not just the short term lease was attractive to give the company a business identity"

Oxford Bio-Innovation was a small company within the diagnostics industry where most players were large companies selling a wide range of products. The very few small and medium sized companies that did exist operated in niche markets. Since the start of the company, Oxford Bio-Innovation had been successfully developing products within the small niche of reproductive endocrinology. However, the growth of the company slowed significantly as their intellectual property portfolio was jeopardised by a legal dispute with patent holders. The estimated

growth of the company had to be restricted and the level of human resources had to be restrained with only 1.5 additional members of staff being appointed. The company became obliged to develop other products. This created a drain on financial and human resources and it meant that senior management time was distracted from the core activities of the business.

### **Main challenges for the future**

The main objective for the next two years is finding new scientific and innovative products in order to move forward within the industry. The company works with universities or companies within the reproductive hormones field, taking novel ideas and developing them into products to be sold to clinics.

At present, Oxford Bio-Innovation is cash generative, making most of its money from sales of the Inhibin B kit which is used in the investigation of infertility and for which a testing service is run in house. However, the company will have to make a decision on how to fund the development of new products in the future, depending mainly on the outcome of the intellectual property difficulties they are facing.

"The timescale has changed which is very frustrating, we should have been able to do all that now."

Should these difficulties come to a satisfactory conclusion, the company would move to more dedicated premises which would give them a stronger market presence. However, this next stage of growth is not feasible without a strong financial basis. Oxford Bio-Innovation's Board of Directors is made of non executive directors bearing both shareholders' interests. It is seen that the company could benefit from having non executive members seasoned in the industry in order to give a more efficient balance of experience, and to take the business forward.



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