

Lifeblood veteran forms Key Biologics

Cellular therapy market could be 'very, very big'

BY Toby Sells

Former Lifeblood CEO Edward Scott has purchased the nonprofit's biological services division, now called Key Biologics LLC, at a time when the cellular therapy market is on the cusp of a possible commercial breakthrough.

Scott bought the assets of Key Biologics for \$188,000 in May when revenues for the previous 12 months were close to \$1.6 million.

The company began at Lifeblood, the Memphis blood center, in 1999. It was spun off into Lifeblood Biological Services LLC, a for-profit subsidiary, in 2005. Since then Scott focused most of his time on the business and began purchase plans when he retired from Lifeblood late last year.

Key Biologics produces nearly 300 products for researchers involved in cellular-based therapies, drugs comprised of living human cells. Key Biologics provides these researchers with products made from human blood collected at its office at 1256 Union. The business processes the blood into customer-specific products like leukocytes, plasma or T-cells and then ships the product directly to its customer. Prices for these services and products range from \$30-\$9,000.

Key Biologics supports researchers at universities across the world, nonprofits like St. Jude Children's Research Hospital and the research arms of powerhouse drug makers like Pfizer, Inc., and Johnson & Johnson Co. However, no cell-based therapies have made it to the market yet. The first, a prostate cancer treatment, is expected early next year from Seattle-based Dendreon Corp., one of Key Biologics' customers. Scott calls this opportunity "huge."

"If these companies get to a licensed product, we have the potential to be the sole-source supplier of that raw material," Scott says. "That's where we think the business will be in the future."

With that, Scott is predicting Key Biologics will make \$1.9 million in its first year and expand to \$9.3 million by year five. To get it off the ground he's seeking a \$300,000 line of credit and asking investors for \$1 million.

But hammering down the size of the cellular-based therapy market is no easy task. It is built with early-stage companies and on ideas that have not made it to the FDA.

"This is one of those things that could be in the fledgling

stage for another four or five years," says Innova president Ken Woody. "Or, all of a sudden, they get one drug approved, it shoots the moon and (Key Biologics) is right in the middle of it."

Companies working on cell-based therapies are focusing on two major areas, Scott says. The largest area seeks to make a drug based on a patient's own white blood cells. A doctor would take those cells, reprogram them to control cancer or immune diseases and inject them back into the patient. This, Scott says, will "reset" a patient's immune system.

Researchers are also looking at using a patient's own cells to regenerate damaged cells or tissues. They are now making therapies that will replace cartilage, cardiac cells and bone.

"This is a whole new way of treating disease that has never been available before," Scott says. "We don't yet know what the potential could be, but it looks like something that could be very, very big."

That "big" thing is the trend to

personalized medicine. Overall that trend is making treatments tailor-made for a particular patient. In the case of cell-based therapies, the treatment is further personalized by using a patient's own cells, highly reducing the risk of rejection.

"People are wanting treatments that work for their genetics, their specific disease or health problem," Woody says. "(Key Biologics) has a service model that facilitates that."



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