

UT News

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**** Dallas Biomedical Corporation
plans to commercialize UTHSCD research

DALLAS -- A new, private corporation hopes to turn biomedical research into profits by funding the commercialization of research projects at The University of Texas Health Science Center at Dallas.

Dallas Biomedical Corporation, which is seeking \$10 million in start-up funding, will create a structure to attract and retain outstanding researchers for the health science center by providing both financial and marketing support for their efforts, says Vin Prothro, a Dallas-area venture capitalist who headed a biotechnology task force appointed by Dallas Mayor Starke Taylor.

The task force was created last year to investigate ways of commercializing biotechnical research conducted at local universities and attracting biotechnical industries to Dallas. In its report to the mayor, the task force cited UTHSCD as "one of the outstanding biomedical research universities in the world."

UTHSCD ranks among the top 10 medical universities in the nation by a number of criteria, and its faculty members rank fifth nationally among the most-cited authors in the life sciences literature.

"Because successful biotechnology initiatives require the collaboration of industry with university-based research and graduate education," the report says, "our existing strength can serve as the basis for a viable and dynamic biotechnology strategy for Dallas."

Prothro stresses this opportunity is an investment, not a contribution. "We will fund ideas where the basic science has been demonstrated and needs just a little more work to come to the commercial sector. The corporation's purpose is to fund not research, but development," he says.

Current projects at UTHSCD with potential for commercialization include diagnostic gene probes that would allow early diagnosis of heart disease, diabetes, arthritis and other medical problems; blood-compatible surface coatings for medical plastics used in artificial implants; and medical electronic technology that provides a safer, less expensive and more effective method of looking into the body than the traditional methods of X-rays and CAT scans.

All projects under consideration are related to costly health problems of national and global interest, says Dr. William Neaves, dean of the Southwestern Graduate School of Biomedical Sciences at the health science center.

According to Neaves, the university received competitive outside funding of \$40 million for medical research on more than 700 different projects last year. He estimates that funding will total more than \$50 million in the coming year.

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However, very few research projects actually result in commercial success. Of the 700 projects in progress, only 10 have attracted commercial contracts with for-profit corporations, Neaves says. But those 10 projects provided the university with \$2 million in research funds.

The corporation should fill the funding gap between basic research and commercial development of university-developed technology, Neaves says.

Dallas Biomedical Corporation will be independent of the UT system and the health science center and will seek to carry projects from the research stage through development into commercial exploitation, says Prothro. Commercialization includes licensing ideas, selling ideas to other companies or starting companies that could be headquartered in Dallas.

Task force officials estimate that the corporation will spend from \$500,000 to \$700,000 on three to five projects each year. Neaves estimates there are at least 15 to 20 projects currently in the works at UTHSCD with potential for commercial success in the next five years.

Fund-raising efforts are under way, and the corporation intends to raise \$10 million from venture capital partnerships, biotechnology firms, drug companies, foundations, Dallas-area corporations and individual investors. Investments of \$1 million are being sought from corporations with commercial interest in specific projects and \$500,000 from individuals.

Interest income from the investment principal will be used to fund the commercial development of research, and profits will be split 50-50 by Dallas Biomedical Corporation and UTHSCD.

Several corporations have already made "unfunded commitments" to the new firm, and Prothro says his venture capital firm, Southwest Enterprise Associates, would be among the investors.

Neaves estimates that it will take from seven to 10 years for investors to realize a significant pay-off. While there may not be "real profits" within the first five years, Neaves says, "It will be possible for investors to see if the results achieved are sufficient to justify keeping money in the corporation."

What makes this corporation unique, Neaves says, is its ability to fund projects earlier in their development than previously has been possible.

"Existing pharmaceutical and medical products companies normally contract for the continuation of a project only after its commercial potential is very clear," he says. "The benefit of Dallas Biomedical is that it will identify these projects earlier in their development and accelerate the process of commercialization so that the public doesn't have to wait so long for the results of basic medical research."

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