Case Study: **Xenith Biomed**

ENTERPRISE IRELAND

COUNTRIES INVOLVED:

Xenith Biomed was set up in 1995. It operates from Tully Industrial Park, Ballynahown, Co. Galway, and currently employs 20 people and has a turnover of €1.2m. It was set up as a subcontract manufacturer making diagnostic kits for other companies but saw the need to have its own products. It set out to find new technology and concluded a licence in 2001.

Its experience with doing its own R&D led it to believe that R&D was expensive and not always successful, so it set out acquire technology from another company. With assistance from Udarás na Gaeltachta a marketing consultant in the USA was engaged who identified a number of companies as possible partners. These were shortlisted and visited and what was initially a subcontract opportunity turned into a licence offer.

The licensor is Quidel Inc. of San Diego, California, a company with an $80m turnover. It was unusual to license from such a large and worldwide company but it transpired that the company was rationalising and wanted to concentrate on women's healthcare test kits so was prepared to transfer its business in allergy testing to Xenith.

An initial agreement was signed so that Xenith could carry out its evaluation of the opportunity. Following a detailed commercial evaluation and use of a technical consultant Xenith agreed to enter into negotiations.

The technology package included patent rights from Quidel and from a few other companies who had licensed to Quidel, so that Xenith would have worldwide manufacturing and marketing rights and immediate access to Quidel's customers for its allergy range. This gave Xenith access to new markets and new customers, some as far away as Japan.

Quidel asked for a substantial downpayment but eventually settled for a much smaller figure in phased payments plus royalties on sales. Xenith raised funds through the Business Expansion Scheme to help partially fund the initial payments for the technology and marketing rights. As well as the licence Xenith Biomed negotiated the purchase of dedicated equipment and stocks of raw materials. It was necessary for the company to invest in additional capital equipment, including the construction of a temperature controlled, low humidity (less than 10%RH) laboratory to manufacture the product.

The technology transfer phase involved visits by staff of both companies. An initial period of three weeks was spent by Xenith staff in California followed by a three week visit later by Quidel when Xenith were ready to begin production. A technical assistance agreement was negotiated which provided ongoing technical assistance for one year and this has continued to operate.

The technology in allergy testing utilises patient's blood or serum to detect raised levels of antibodies to specific allergens. The technology acquisition included two technologies. Firstly, allergy test kits which were already selling worldwide, thus allowing Xenith Biomed access to worldwide customers. Secondly, a new unique technology, which in one test, enables allergic detection of five specific allergens, in one simple step. As a result of obtaining this second technology, and further product development, the company has launched RapidView, a one step allergy test kit which gives a result in fifteen minutes. The company has already launched Indoor and Pollen test panels based on this technology.

Xenith got some help from Quidel in being able to use its marketing literature, but had to gain considerable product knowledge itself to support its own marketing effort.

The company felt that the external acquisition of technology was a very good experience but encountered some technical problems and had to rely on its own resources to solve them. They have embedded the technology in their firm and are going forward to extend range of allergens from 5 to 50.

The project has given the company its own in vitro diagnostic test kits and opened new markets for it.

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