



THE GLOBE AND MAIL

CANADA'S NATIONAL NEWSPAPER • FOUNDED 1844 • GLOBEANDMAIL.COM

U.S. trio takes reins at Cytochroma

Executives sell own firm to Canadian drug developer in bid to commercialize pipeline

LEONARD ZEHR, Biotechnology Reporter
July 5, 2006

MARKHAM, ONT. -- In a reverse brain drain of sorts, a trio of savvy American biotech executives, fresh from a big marketing coup, have moved in to run upstart drug developer **Cytochroma Inc.** so they can do it all over again.

Last month, Charles Bishop, Keith Crawford and Eric Messner sold their nine-month-old Proventiv Therapeutics LLC of Madison, Wis., to Markham, Ont. - based Cytochroma in a deal that married two developers of vitamin D drugs.

The deal gives closely held Cytochroma access to Proventiv's later-stage drug pipeline and a management team that played key roles in transforming Bone Care International Inc., also of Madison, from a drug developer into an integrated drug company with its own sales force and three formulations of the vitamin D drug Hectorol.

"The idea of putting these two companies together is getting a management team that knows how to commercialize products with its own sales force," said Luc Marengère, managing general partner of **VenGrowth Private Equity Partners Inc.** Its life sciences fund is the largest equity investor in Cytochroma.

Mr. Bishop, a former chief executive officer of Bone Care, who has taken a similar role at Cytochroma, said "Eric and Keith drove sales of Hectorol from zero to nearly \$90-million (U.S.) last year."

That represented a 25-per-cent share of the vitamin D market for patients suffering from chronic kidney disease. Bone Care was acquired by giant Genzyme Corp. for \$600-million in May, 2005.

"I'm here because Cytochroma can do better," Mr. Bishop says matter-of-factly. "The new Cytochroma has products that represent a much better platform than Bone Care had at a similar stage of development."



"Cytochroma Inc. executives Charles Bishop, left, and Martin Petkovich chat at the company's laboratory based in Markham, Ont."

Even though Cytochroma's renal drugs are at the mid-stage of clinical testing, Mr. Bishop said he is a strong proponent of having the commercial side of the business involved all the way through drug development. As a result, Mr. Crawford and Mr. Messner have taken senior roles at Cytochroma to manage strategic planning and commercial operations, respectively, matching their jobs at Bone Care, which Mr. Bishop founded in 1987.

Cytochroma has a pipeline of eight candidates for kidney disease, psoriasis, oncology and vitamin D deficiency but plans to build a sales force only in the renal market, if clinical testing succeeds. Other drugs will be licensed to marketing partners. The company also has its eye on a U.S. initial public offering in 2008, when late-stage clinical testing is set to begin, and hopes to launch three drugs in 2009.

The U.S. National Kidney Foundation estimates that more than nine million people in North America suffer from chronic kidney disease, a condition that can lead to vitamin D deficiency and serious bone diseases, especially in patients undergoing dialysis. New research is also linking renal disease to obesity, hypertension and diabetes. "Chronic kidney disease is the next health care epidemic," Mr. Marengère contends.

North American sales of vitamin D drugs are running at about \$750-million a year and Mr. Bishop predicts the annual market will reach \$2-billion in five years.

Industry leader Abbott Laboratories, with its Zemplar drug, and Bone Care have annual sales of about \$550-million in the dialysis market alone and "there's room for another drug," he said. "We know how to compete against Abbott and Bone Care because we've done it before."

With over \$1 billion in assets under management, VenGrowth is Canada's largest private equity and venture capital firm managing both retail and institutional assets. Since 1982, VenGrowth's accomplished private equity managers have invested over \$1.1 billion in over 180 companies, building a strong track record of successful portfolio transactions. These investments have been made on behalf of over 180,000 individual investors and leading pension funds, banks, insurance companies and family foundations. Portfolio companies benefit from VenGrowth's substantial experience, resources, and hands-on investment style. VenGrowth's offices are located in Toronto (Corporate Headquarters) and Ottawa. "VenGrowth" means VenGrowth Private Equity Partners Inc. and its affiliates and the Funds that they manage as the case requires. For more information, please visit www.vengrowth.com.