



Eyeing Reward Era for Array-Based Pharma R&D Services, ShanghaiBio Preps for US IPO

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By Justin Petrone

ShanghaiBio, a Chinese microarray company with offices in Shanghai and New Brunswick, NJ, is looking to file an initial public offering in the United States sometime next year, according to a company official.

Jason Gang Jin, the firm's executive vice president for global technology and business, told *BioArray News* in an e-mail this week that SBC will use the proceeds from the offering to support its transformation from an array services provider to a contract research organization for global pharmaceutical R&D efforts. Jin did not discuss the timing of the IPO.

ShanghaiBio was founded in 2001 with \$45 million in investments from several Chinese venture capital groups and universities, including Shanghai Venture Capital, Shanghai Zhangjiang Group, and the Shanghai Institutes of Biological Science. The company currently offers preclinical research, array manufacturing, clinical trials, clinical data management, and other services.

The firm's core expertise lies in arrays. In addition to offering internally developed cell, tissue, and protein arrays, SBC is also a certified provider for Illumina, Affymetrix, Agilent Technologies, and Bio-Rad Laboratories in China.

Two years ago SBC established a US subsidiary in New Jersey called MaxyBio, which acts as a sales and marketing hub for the pharmaceutical industry in the country.

Jin said the specific details of the firm's IPO plans will remain undisclosed for now. SBC has reported \$3 million in sales for 2007 so far, but Jin said it anticipates total revenues of \$10 million in 2008 and \$20 million in 2009.

The IPO should raise the profile of the firm, allowing it to better secure business in the North American market and grow its business, Jin said.

"Due to the increasing demands of pharma R&D projects using array technologies in recent years, ShanghaiBio turned its main business selling chips to biotechnology services," he wrote.

The company is focused on offering a broad range of offerings, from custom tissue collections to good laboratory practices-compliant biomarker discovery and validation at its seven-building, 220,000-square-foot facility in Shanghai's Zhangjiang Hi-Tech Park.

Jin said his company is optimistic about its chances for an IPO because the market for array-based preclinical and clinical research services — including pharmacogenomics, proteomics, toxicogenomics, biomarker analysis, and translational medicine studies — will likely grow.

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Jin added that over that same period, growth in the use of array applications in pharma R&D will outpace the use of arrays in academic research projects. He noted that the US Food and Drug Administration is “encouraging pharmacogenomics and biomarker assays to be included in multi-center global clinical trials” that could in turn “promote array analysis and array data to be the part of the data submissions to FDA.”

Supporting this notion is the assumption that pharmas will be spending more R&D dollars on CROs that offer array services — a segment the company said is about to enter a “reward era” — rather than on academic researchers.

A Shift to Pharma

Jin said that after its IPO, SBC will broaden its offerings beyond microarray services to include “capacities for pharma R&D services from biology to clinical studies,” and to recruit “talented scientific and management teams in both US and China.”

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Pharma R&D has become an attractive market for a number of array companies in recent years from smaller protein array shops like GenTel Biosciences, which purchased a number of assays from GlaxoSmithKline earlier this year, to Affymetrix, which opened its clinical service laboratory last year to support clinical trials services as well as diagnostic development with partner companies (see [BAN 3/13/2007](#), [BAN 4/24/2007](#)).

Doug Farrell, head of investor relations at Affymetrix, said last month that the company now has the capacity to run large sample volumes for pharmaceutical clinical trials and expects this business to grow on the shoulders of pharma outsourcing.

“These studies tend to be fairly lumpy and a lot of pharmaceutical companies have been looking to outsource them,” Farrell said. “There are many ebbs and flows in the workflow, and pharma has found it more efficient to outsource. This is an area that we have decided to capitalize on” (see [BAN 12/4/2007](#)).

Jin said that SBC offers several advantages over other array players targeting pharma R&D, including lower costs due to its location in China. He also cited the company’s platform agnosticism, which enables it to offer its internally developed tissue, cell, oligo, protein, and miRNA arrays as well as technologies offered by third-party vendors.

In this way, the firm more closely resembles Hyderabad, India-based Ocimum Biosolutions, which has been trying to carve out a similar niche as an array services firm.

In October, soon after his company purchased the genomics arm of Gene Logic, Ocimum CEO Anuradha Acharya told *BioArray News* via e-mail that the company has ambitions to serve the pharma R&D sector (see [BAN 10/23/2007](#)).

Acharya wrote at the time that Ocimum is now entering a “partner phase” where it “can create long-term relationships with our customers to outsource genomics R&D” and “provide more specific services to the pharma and biotech industry.”

Like ShanghaiBio, which has 10 acres in Shanghai, Ocimum maintains a campus in India to “provide large-scale outsourcing options for companies doing high-throughput work.”

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