

Case study 9.3.3: The Exploitation of Biotech Innovations: networking for survival and success.

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Abstract The exploitation of an innovation is always difficult – and nowhere more so than in the pharmaceutical industry. This industry is dominated by very large, multinational players and is a harsh environment for small start-up companies, fewer than one percent of which become profitable.

This is the context for this case about a start-up company called Lemniscates Ltd. (*). It all started with a veterinarian, Mr. Garth, with a successful international practice in the treatment of racehorses. While trying a new proprietary gel on lame horses Mr. Garth noticed that in some cases the treatment actually increased inflammation in joints. He had an idea about what might cause this problem and had it researched. It led to a patentable discovery.

Mr. Garth, together with two business partners, set up Lemniscates Ltd to develop the patent and the associated technology to create a new product, 'Garth-gel'. The three entrepreneurs decided to fund the venture themselves. None had experience of the pharmaceutical industry so they developed a network of relationships with established firms. These specialists include research laboratories, manufacturers, marketers and firms dealing with regulatory approvals and clinical trials.

This networking approach offers important benefits. First, it means that Lemniscates can retain ownership of the patent. Second, the company avoids the cost of building skills and facilities from scratch and may defy the very low survival rate of biotech start-ups. Third, the network could also serve to conceal the firm's activities from the gaze of predators.

Lemniscates is now poised to launch Garth-gel for veterinary use. Meanwhile, the network is exploring and developing applications for the patent in the fields of surgery, cosmetics and drug delivery systems for humans.

*Note *: the authors warrant that this case contains a factual account of a real company. However, to protect the commercial interests of the firm, its proprietors and the network, their names are disguised.*