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Biotech firm scores \$600,000 venture capital infusion

BioDtech to expand research at Innovation Depot

Birmingham Business Journal - by [Ben Piper](#) Staff

A Birmingham-based biotechnology firm has received a \$600,000 venture capital boost to continue operations and hire at least one more worker.

BioDtech Inc., a biomedical firm that detects and removes biological toxins from researchers' test samples, was lured to Birmingham from Nashville in July 2007 with a \$1 million venture capital infusion from the Birmingham **Technology Fund**.

Since then, BioDtech has operated in an 1,100-square-foot lab at the Innovation Depot, but with the \$600,000 capital offer, the firm now plans to move to a larger 2,500-square-foot space within the business incubator and add at least one more researcher, said Michael Pepe, president and CEO of BioDtech.

“What (the VC deal) does is allows us to further develop new products to satisfy the needs of our current customers,” he said. “We have products currently selling in the marketplace and the potential in the market as well as potential to attract larger partners.”

The Birmingham Technology Fund, which was founded in 2006 and managed by **Greer Capital Advisors** LLC, has raised \$21.9 million and specializes in companies with emerging technologies that have a university or research institution connection within Alabama.

The local technology fund partnered with a multistate venture capital fund, Targeted Technology Fund I, out of San Antonio, Texas, which provided \$250,000 toward the deal. The local fund matched this capital and the remaining \$100,000 was invested by private sources in the San Antonio region.

Pepe said the initial \$1 million investment and some cash flow from clients funded operations and research for the past three years. He said BioDtech has roughly 60 customers internationally. Pepe has extensive research and development experience from the **Scripps Research Institute** and **Stanford University**, as well as industry experience. And he was part of a team that took **CorVas Inc.**, an anticoagulant drug producing company, from startup to initial public offering. The company was eventually purchased by **Dendreon**, a therapeutic vaccine company.

Alan Dean, fund manager at Greer Capital Advisors LLC, said the Birmingham Technology Fund has been involved with BioDtech for several years.

“The **Birmingham Tech Fund** was instrumental in getting this company to move here, and that’s our goal – to increase economic development potential for our city and state,” he said

Dean said the research and development of what BioDtech does – endotoxin detection and removal – is fairly new to the commercial market. And he said biotechnology venture capital funds have not been easy to find.

“Nothing is recession proof, and it’s difficult to raise funds in a recession. It’s difficult to get people



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Michael Pepe of BioDtech holds a horseshoe crab, which the firm uses in its research of endotoxins. BioDtech removes endotoxins for researchers.

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to commit, and people aren't searching for ways to spend new money," he said. "Universities in particular are cutting back, but also larger companies are cutting back."

Paul Castella, Targeted Technology Fund I manager, said the recent funding provides the company with the necessary capital to move to the next level in creating market awareness and sales traction, both domestically and internationally.

Pepe said BioDtech currently has three doctorate-level scientists on staff along with several support personnel. He said the company should be adding at least one more biochemistry doctoral hire due to the capital deal.

"We'd like to also get into the clinical area, and hopefully look at the detection of external infections," he said.

BioDtech is also in the process of acquiring a patent for its research in endotoxin detection and removal. Devon Laney, chief operations officer at Innovation Depot, said business leaders at the incubator spent hours firming up future plans for the biotechnology firm, which led to its success.

"We spent a lot of time working with them on their business plan and helping the business grow and expand here, and it was important in securing those venture capital funds," he said.

The Birmingham Technology Fund has given out \$14.4 million to 11 companies since its founding in 2006 – two in Huntsville, one in Auburn and eight in Birmingham.

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