

# HOW I DID IT



## How Vancouver company built B.C. biotech's new French connection

**HOWARD VERRICO** | Emergency room experience parlayed into a biotech company success

*Business in Vancouver's* "How I Did It" feature asks business leaders to explain in their own words how they achieved a business goal in the face of significant entrepreneurial challenges. This week, **Howard Verrico** explains how he formed his own biotech company, **Sirona Biochem** (TSX-V:SBM), and found a partner in France by drawing on his experience as an investor and an emergency room physician.

**I**n addition to working in the emergency department at **Ridge Meadows Hospital** in Maple Ridge, I had been involved in venture capital. I had invested in a multitude of startup resource companies.

"With my experience in sciences and medicine, I thought a biotech project would be very interesting. So I took on this challenge

of founding this company with a number of other individuals – **High Rider Capital**.

"[It] was a fund that had no project, but it was publicly trading at that stage. The aim was to find a biotech project. Biotech was having challenges in raising capital, so we had a selection of excellent projects to choose from.

"Eventually we formed a licensing deal with a scientist based out of France, who was the founder of a private company called **TFChem**. She was developing ways to stabilize carbohydrate molecules.

"The project developed a medication to treat diabetes. We chose her project because we saw enormous potential in the technology. Carbohydrate chemistry specializes in molecules that have a carbohydrate component. These molecules can develop new forms

of drugs. ... [but] they tend to be unstable, and your body rapidly metabolizes them, making them ineffective. If you can stabilize these molecules, you open up a whole new group of potential candidates for new drugs.

"In 2007, we acquired **TFChem**, and we proceeded on this project for the development of a new diabetic drug. We've always looked at how do we mitigate the risks but still maintain the enormous reward potential of the development of our technology, and part of that is diversification. Carbohydrate molecules have a vast range of potential applications. In our current pipeline, we're looking at the diabetic drug, cosmetic agents, anti-aging dermatological applications.

"By having multiple projects, if one project doesn't seem to be

performing as anticipated, we can downscale that project and focus on projects that seem to be having greater success. Many of the cosmetic products require little to no regulatory approval, so it's a much quicker process to commercialization, much less costly. We anticipate that our entire skin whitener project will cost \$3.5 million to commercialize, and we have a \$1.9 million grant from the French government.

"This will take us to a product – our goal is three years – to commercialize, and we're entering a \$10 billion market. We don't require a large pharmaceutical company to help us take it to that phase. This is something we can do as a company. We can license a fully developed product, which means it has enormous value for **Sirona BioChem**. ■

### Q&A


**Q: When you were casting about for companies to invest in, why did you focus on France?**

**A:** We found outstanding technology, and we have enormous support from the French government.

**Q: Investment capital suddenly shrank for the biotech sector in 2008. How did you cope?**

**A:** There are a lot of potential projects that have been orphaned, due to a lack of financing. There are a lot of resources you can obtain at a reasonable cost due to the surplus of the expertise that is not being utilized.

### ► FROM EMERGENCY ROOM TO INTERNATIONAL PHARMACEUTICAL DRUG DEVELOPMENT COMPANY

	<p><b>FALL 2006</b></p> <p>Verrico and several investors form High Rider, a capital pool to fund a new biotech company</p>	<p><b>APRIL 2009</b></p> <p>High Rider becomes Sirona Biochem</p>	<p><b>JAN 2012</b></p> <p>Noverra Research puts Sirona on its watch list and predicts its activities in 2012 could put "strong upward pressure" on the company's shares</p>
	<p><b>JULY 2007</b></p> <p>High Rider Capital starts trading on the TSX Venture exchange</p>	<p><b>MAR 2011</b></p> <p>Sirona Biochem acquires TFChem for \$2 million in cash and shares</p>	