

CeeTox could be harbinger of new Kalamazoo

by James Gemmill
MiBiz Network

KALAMAZOO — The December 3 prediction that a tiny startup company comprised of displaced Pfizer Inc. scientists would be in the black by late January seemed to signal that Kalamazoo County really may be on the road to reinventing itself as an entrepreneurial community.

CeeTox Inc. announced that it has completed customizing 2,500 square feet of wet lab space in the Southwest Michigan Innovation Center (SMIC). Founded by former Pharmacia Corp. employee Jim McKim, it is the first of several Pfizer spinoff companies to become operational in the innovation center. CeeTox provides contract support in the area of *in vitro* technology to predict sub-cell toxicity. In other words, it focuses on understanding the adverse effects of potential new drugs early in the discovery process. "So, while scientists are designing the positive attribute of a drug, they're also understanding the potential adverse effects of it," McKim explained.

In the past when a drug failed due to unforeseen effects, scientists had to go back and work through an entirely new process to come up with a new drug candidate.

McKim and his teams of scientists were among hundreds that found out last spring that they would lose their jobs because of Pfizer's acquisition of Pharmacia.

"That created some interesting opportunities," said McKim, now the president and CEO of CeeTox. "Leaving Kalamazoo, for most of my team, was really not an option. We have family, friends and deep roots in the community, and we really wanted to search for a way to remain here."

That's when the economic



Kalamazoo Mayor Robert Jones said at an early December news conference the fact that bioscience startup company CeeTox Inc. has begun operations in the Southwest Michigan Innovation Center is another sign that the region has become a hotbed of innovation and discovery. Seated are new SMIC CEO Doug Morton (L) and CeeTox CEO Jim McKim.

development agency Southwest Michigan First (SMF), state and local leaders — and even Pfizer — all stepped in to help out. The state had a stake in supporting the startups because the Kalamazoo region accounts for 50 percent of Michigan's life science economy. The life science industry also provides 15 percent of the region's workforce.

SMF began by launching a "Stick Around" promotional campaign designed to retain scientific talent displaced by the merger. Then, the \$13 million innovation center opened on June 30 in WMU's Business Technology & Research (BTR) Park. The SMF-run bioscience incubator provided the necessary wet lab space, equipment and entrepreneurial environment for CeeTox to get off the ground.

"This facility is key to our success," McKim said, "because when we bring in large pharmaceutical companies, it's a professional operation."

Southwest Michigan First CEO/Executive Director Barry Broome provided business

consultants, financial planners, accountants and legal services to ensure CeeTox's success.

On July 14, the Michigan Life Science Corridor (MLSC) steering committee disbursed \$2 million in competitive awards through the MEDC to 10 start-up companies that have a Kalamazoo presence, most of them consisting of former Pfizer-Pharmacia scientists. CeeTox and fellow SMIC tenant ADMETRx each received \$200,000 from the state. At about that time, CeeTox also completed its first round of angel investor funding worth \$275,000.

The state later created a pharmaceutical research and development tax credit of up to \$10 million for companies and a tax-free floating Renaissance Zone for R&D facilities.

The news got even better on September 17, when Pfizer announced it would provide a total of \$30 million in support of three local startup companies: CeeTox, KalExSyn and Jasper Clinical Research & Development (JCRD), all MLSC award winners.

Said McKim, "Even though Pfizer created a considerable amount of anxiety and stress six months ago, they also have supported us. They provided us the freedom to operate, equipment for our laboratory use, and we're currently negotiating a service contract with them."

Kalamazoo City Manager Pat DiGiovanni told *MiBiz*, "It's a wonderful opportunity for the community. We're glad to see Pfizer still engaged in these kinds of spinoff opportunities. It really speaks well for the company in solidifying their presence here in Kalamazoo County in the research and development area, which is really so critical for our local economy."

CeeTox has six employees, and McKim said the company plans to hire two to four more in 2004. Within five years, it hopes to have up to 50 employees.

L. Lee Stryker Center Executive Director Tom Breznau told *MiBiz* that the early success of CeeTox is part of a bigger tale about how the Kalamazoo region is turning what looked like devastating news last spring after the Pfizer-Pharmacia merger into a positive story.

"It's a very small surface visibility of something that is like an iceberg," he said. "Underneath it is this huge infrastructure change and a change in our view of ourselves, looking to the future. That's a huge change from a number of years ago when we could not get ourselves to do this."

Kalamazoo Mayor Robert Jones applauded SMF, WMU and local governments for helping CeeTox get off to a quick start.

"We've been through a challenging time here in Kalamazoo, and challenging times breed opportunities," he said. "It couldn't be better, the things that have come together here."