

Biotech firm bags a R10m cash outlay

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CAPE TOWN Bioventures, SA's sole biotechnology venture capital fund, announced yesterday that it had made a R10m investment in Electric Genetics, a bio-informatics company from the University of the Western Cape (UWC).

This is Bioventures' fourth major biotech investment, bringing its total investment in the competitive sector to R38m.

The R80m Bioventures fund is jointly managed by Gensec Bank and Real Africa Holdings, both of which are investors in the fund. Other investors include the Industrial Development Corporation (IDC) and the International Finance Corporation.

Electric Genetics makes software that enables pharmaceutical and biotechnology companies to accelerate DNA research, by effectively allowing them to conduct experiments on computers instead of in the laboratory.

This technology, or "bio-informatics", aims to speed up the drug discovery process, reducing the risks and costs associated with the research and development of new products.

Electric Genetics CEO Tania Broveak-Hide said that Bioventures' R10m cash injection was the first commercial investment in the company.

She said that the money would be used to expand the company's sales and marketing efforts, which included establishing a sales office in the US.

Electric Genetics previously received a R4,74m grant from the Innovation Fund.

Broveak-Hide said the company had an international client base, including leading gene chip manufacturer Affymetrix, Japanese pharmaceutical giant Takeda and Nestle.

Key competitors include Nasdaq-listed company Compugen, Paracel and in-house developments at pharmaceutical companies, she said.

The company has also forged strong links with biotechnology researchers at universities such as Harvard, Stanford and Oxford.

Bioventures manager Heather Sherwin said Electric Genetics had attracted the fund's attention because it had a quality management team with both scientific and business experience.

"They have world-class products and are an ideal investment vehicle for Bioventures. We believe there is tremendous potential for other such spin-outs from a number of other SA universities," Sherwin said.

Broveak-Hide said that UWC was a 1% shareholder in Electric Genetics, and received royalties for products developed in partnership between the company and the SA National Bioinformatics Institute (Sanbi) at UWC.

So far UWC has received close to R1,5m from Electric Genetics.