

Success Stories: Ideas for Potential Players

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Stem Cell Sciences KK

Bio-industry venture taking full advantage of Kobe's medical industry infrastructure



SCSKK's laboratories are situated in the Translational Research Informatics Center, a special medical zone that should help to accelerate SCSKK's regenerative therapy research.

Port Island in Kobe, where Stem Cell Sciences K.K.(SCSKK) is located, has been home of a medical industry development project since 2000. The site, which serves as a hub for research and development of advanced medical technology, is a massive complex of biotechnology and pharmaceutical companies and research labs. Its central facilities are the Institute of Biomedical Research and

Innovation (IBRI), which boasts state-of-the-art equipment for basic and clinical research, and the Center for Developmental Biology (CDB), a research facility for regenerative therapy run by RIKEN.

SCSKK is a joint venture between two bio-industry venture companies: Stem Cell Sciences Ltd., (SCS) of Australia, and Sosei Co., Ltd., of Japan. SCS chose Kobe because it has superior infrastructure for every-thing from basic to clinical research. Moreover, SCS jumped at the opportunity to work with the talented researchers of RIKEN.

"There are very able researchers in Singapore and Shanghai, too," says Kenzo Nakajima, president and CEO of SCSKK, "but many, many more of them are here in Japan. The Kobe municipal gov-

ernment offered us its total support as far as facilities and funding are concerned, making it highly attractive."

- Apr. 2002 SCS merges with Sosei Co. Ltd., a Japanese pharmaceutical development venture business, to establish SCSKK in Kobe.
- Nov. 2002 SCSKK research selected for joint industry-academic project at Translational Research Informatic Center wet lab in Kobe.
- Dec. 2002 Receives license from RIKEN for embryonic stem serum-free and feder cell-free media for ES cells.
- Jul. 2003 Opens laboratory in TRI
- Aug. 2003 Differentiation-induces ES cells in mice containing human amyloid precursor protein (APP) genes, and creates functional cells with high-level APP expression.



Stem Cell Sciences

President and CEO Kenzo Nakajima says, "I want to make a major regenerative therapy center right here in Kobe, where patients will come from not only Japan, but throughout Asia."

SCSKK specializes in research and development of embryonic stem (ES) cells differentiated into organs and tissue, and has strong ties with the Edinburgh University's stem cell research unit, a global authority in the field. SCSKK holds the exclusive licenses in Asia

Results such as these, achieved in a very short time, have cast a favorable light on SCSKK in the eyes of venture capital companies. The company was able to increase capital through third-party allocations of shares in October 2002 and August 2003, raising a total of 250 million yen.



SCSKK has been able to pour all its resources into research, backed by two years' of free administrative services from Sosei, its Japanese partner.

Says Nakajima, "The success of a biotech venture depends on a business model that enables the company to secure capital early on, and Japan is the place where that kind of capital is available."

He continues, "Our research in Japan is independent of SCS in Australia; we act as equal partners rather than parent and subsidiary. The day when our sales exceed those of the head office may not be far off. We might even end up licensing our research results to them once day. In the

for 14 key intellectual properties of its parent. The company is now forging ahead with joint research with RIKEN, as well as Kyoto and Osaka universities, and is conducting research into regenerative therapy using functional cells differentiation-induced from human ES and somatic stem cells.

meantime, however, SCS covers the European market and we handle Asia." Nakajima's dreams, however, go ever farther: "Based on the results of our research in Japan, Australia and Europe, we intend to break into the U.S. market and become a truly global player in the cell therapy industry."

Bio-research takes massive amounts of funding and manpower, and the results are slow to appear. For this reason alone, bio-related venture companies are often unable to get off the ground. SCSKK, however, has secured revenue through existing products on the market, as well as by developing an embryonic stem (ES) serum-free and feeder cell-free media for ES cells and screening cells for the development of new drugs for neurological diseases. SCSKK is also conducting basic research into two kinds of functional cells to combat diabetes and Parkinson's disease, with plans to commence clinical tests in 2005.

Japanese Operation

- Established :** April 2002
- Capital :** Approximately 180 million yen (August 2003)
- Employees :** 11
- Business :** Regenerative therapy research based on intellectual property owned by Stem Cell Sciences Ltd.
- Location :** 6th floor, Kobe International Business Center (KIBC), 5-5-2 Minatojima Minami-machi, Chuo-ku, Kobe, Hyogo
- URL :** <http://www.scskk.com>
- Parent company :** Stem Cell Sciences Ltd. (Australia; 15 employees)

