

## FROM THE FRONT

**INCUBATOR:** *Need for startup biotech facilities is being recognized throughout Triad***From page 1**

The 850-square-foot facility is in the Piedmont Triad Research Center building, and was formerly a lab facility for Wake Forest's medical school of physiology and pharmacology. Upfitting of the space has begun and the first tenants are already making use of the space.

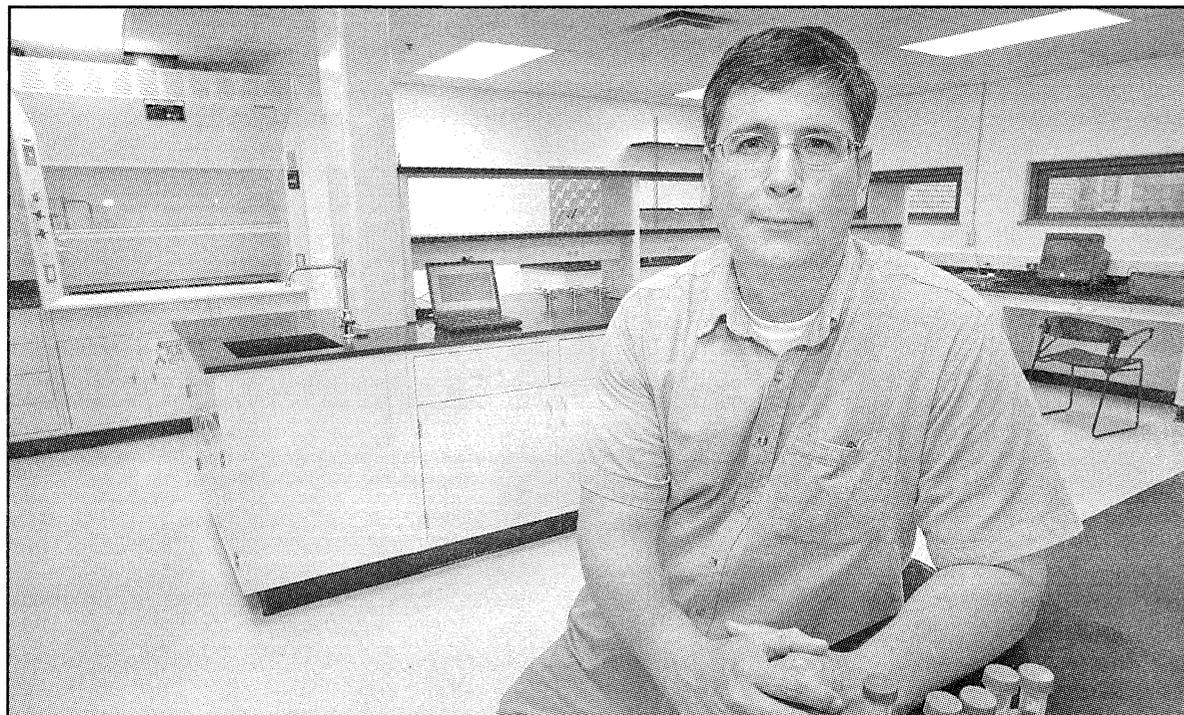
The Babcock Demon Incubator will keep its existing facility on University Parkway and also continue to support startup companies ranging from software to food processing. But Clarkson said the incubator needs to do more to build high-tech success stories.

"What we haven't been able to support as much as we've wanted is biotechnology and nanotechnology," Clarkson said, primarily because of lack of proper lab facilities. "We think it's very important we do that because that's where a lot of good ideas will come from over time."

Clarkson said startup costs for the facility are coming from a multi-year grant from the DataMax Foundation in 2007. He said the Piedmont Triad Research Park is providing the space at reduced rates, allowing the incubator to charge those tenants who will use the facility only the usual \$395 per month incubator fee, the same rate other clients pay. (Wake Forest also negotiates a minor equity stake in each incubator client, Clarkson said.)

The incubator's move is important for the Triad because it fills in a key missing piece of infrastructure, according to Gwyn Riddick, director of the Piedmont Triad office of the N.C. Biotechnology Center. The Biotech Center identified creating affordable wet lab space as a priority for the regional economy in 2005, spurring the volunteer effort to build the Wet Lab LaunchPad, also in the research park, last year.

"This is different from the LaunchPad" and something that didn't exist in the



**William Gmeiner, president of Salzburg Therapeutics and professor of cancer biology at Wake Forest University School of Medicine, sits in new incubator space at the Piedmont Triad Research Park. Salzburg Therapeutics will start operating out of the incubator within the next month.**

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outside the university itself, and the company needs to develop its own (intellectual property) portfolio," Gmeiner said.

Gmeiner said the incubator's fees and terms are very fair for a startup company like his, including the small ownership stake that he'll give up to the university. Clarkson, the incubator director, said that stake purposely does not involve any claims on intellectual property, which helps encourage later investment, he said.

Properly structuring terms is just one of the complexities the incubator is encountering as it sharpens its focus on high-tech bio and nano-related companies, according to Mike Holzbaur, a medical device engineer and volunteer consultant to the incubator who is assisting in the expansion

secured at this point.

Meanwhile, back in Winston-Salem, the Babcock Demon Incubator is taking other steps to improve its services to biotech and nanotech firms, Clarkson said, including expanding its board of advisers to include more experienced professionals willing to mentor startups and network on their behalf.

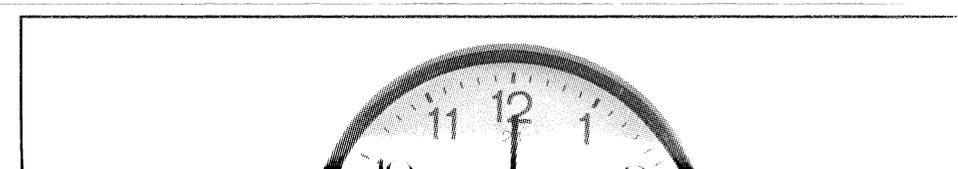
He's also working with Wake Forest academic departments to open up more advanced laboratory equipment to incubator tenants. Wake's Center for Nanotechnology

is already on board, and others, such as the Chemistry Department, also want to be helpful, he said.

The ultimate goal, Clarkson said, is simply to provide as many of the resources that promising young tech companies need as possible.

"What we'll see over time is people recognizing these capabilities, and start to want to open up here rather than some other location," Clarkson said.

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"This is different from the LaunchPad" and something that doesn't exist in the Triad now, Riddick said of the new incubator space. "The LaunchPad is for companies that already have some revenues or some way to pay for some space. The incubator is for companies that can pay little or even nothing at all."

Such companies are important because those that can prove their idea has merit may attract some angel funding, then move up in the LaunchPad and later out into the research park or elsewhere in the Triad, hopefully generating jobs and other economic opportunities along the way.

### The starting team

Two such companies are taking up residence in the wet lab incubator immediately, both with ties to Wake Forest. Creative Bioreactor Design is a startup collaboration with Dr. Anthony Atala's Institute for Regenerative Medicine that plans to design and sell equipment to be used in the manufacture of human tissue and organs.

The other initial tenant is Salzburg Therapeutics, which was founded in 2003 by William Gmeiner, a professor of cancer biology, to pursue methods of targeting cancer treatments to reduce toxicity and improve results. Salzburg was a recent grand prize winner in the Piedmont Triad Entrepreneurial Network's business plan competition.

Gmeiner said to date he's had to contract lab time at Wake Forest or do work at his home for Salzburg, but at this point he needs the kind of space that grant-makers and investors want to see before they'll commit funds. He simply couldn't afford such space before, he said.

"There are some activities that are better suited to being done in a commercial setting

that take purposely does not involve any claims on intellectual property, which helps encourage later investment, he said.

Properly structuring terms is just one of the complexities the incubator is encountering as it sharpens its focus on high-tech bio and nano-related companies, according to Mike Holzbaur, a medical device engineer and volunteer consultant to the incubator who is assisting in the expansion.

Another challenge is maximizing the use of the limited available space by sharing facilities between clients. Much of the equipment being installed is expensive, but some things, like cell culture hoods, can be used by more than one researcher at once. Other equipment, like microcentrifuges, may need to be dedicated to one scientist at a time.

"You have to work out what you can share and what you can't to avoid issues like cross-contamination," Holzbaur said. "If something goes wrong in an experiment, you have to know exactly what factors went into it. That's a challenge as we move forward, but those are things we'll be able to talk through."

### More to come?

The need for more startup biotech facilities has also been recognized elsewhere in the Triad, according to Sam Funchess, president of the Nussbaum Center for Entrepreneurship incubator in Greensboro.

Funchess said both his organization and the Gateway University Research Park led jointly by UNC-Greensboro and N.C. A&T State University are looking at the potential to add wet lab research space for startups. He sees the earlier-stage firms starting out in the Nussbaum Center.

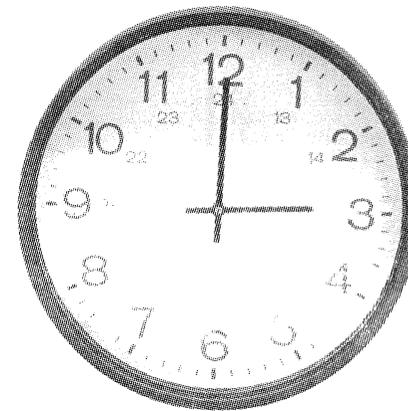
"Our vision is that it would be more of a 'hotel' style, where they would rent it for a day or a week rather than occupy it for an extended time," Funchess said. Those that succeeded could later move on to larger space at Gateway.

Funchess said he is talking to consultants about converting up to three office spaces in the Nussbaum Center to wet labs, but he said there are no firm plans and no funding

hall. He's also working with Wake Forest academic departments to open up more advanced laboratory equipment to incubator tenants. Wake's Center for Nanotechnology

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