

## Two Michigan biotech companies to share lab, equipment

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Robert Ramey, Jeanne Ohrnberger, James Arthurs, Steven Spindler and Bill Worzel at Genetics Squared. Biotech companies usually guard their intellectual property tightly, considering it more valuable than gold.

But two small life sciences companies, Ann Arbor-based Genetics Squared and Kalamazoo-based Armune BioScience, are spurning that attitude. The companies have moved in together at the Michigan Research Institute in Ann Arbor.

The joint operating agreement allows the two companies to share lab space, expensive equipment and even personnel.

The arrangement is possible because executives from both companies say their businesses don't overlap, even though both are trying to commercialize diagnostic tests to help detect cancer at an early stage.

"None of these tests are in competition with each other," said Bill Worzel, CEO of Genetics Squared.

The working relationship between the companies helps each accelerate their product development. They are sharing a 975-square-foot laboratory at Pittsfield Township wet lab incubator.

"It's sort of like the stars aligned," said James S. Arthurs, vice president of diagnostic development for Genetics Squared. "Both companies needed lab space at the same time."

The companies also obtained biotech equipment from the Michigan Innovation Equipment Depot, which consists of technology donated mostly by pharmaceutical giant Pfizer. The depot, managed by economic development organization Ann Arbor SPARK, provided equipment worth about \$100,000 to the companies, executives estimated.

The space-sharing arrangement played a role in keeping Armune from setting up an operation at San Jose State University's BioCenter, said Eli Thomssen, CEO of Armune. Thomssen's company, whose administrative headquarters remain in Kalamazoo even though its research arm is in Ann Arbor, officially spun out of the University of Michigan this summer.

Thomssen said the space-sharing and talent-sharing agreement was the perfect mix for his startup firm.

"Since the two companies are developing unique and distinct products, there's not a conflict-of-interest issue," he said. "The big advantage is that we're able to employ very talented people and share their skills in two startup companies. And the same thing goes for equipment. A lot of the equipment that you purchase for a startup company is expensive."

Genetics Squared, founded in 2002, received a \$1.6 million award from the Michigan Economic Development Corp.'s 21st Century Jobs Fund in 2006. The company hopes to offer its diagnostic tests by the first half of 2009, Worzel said. He said he expects his four-person company to double in size in 2009 and could be up to 30 to 40 employees within four years.

Thomssen said Armune hopes to begin conducting tests for clients in less than two years. He said the company could have up to 18 employees by 2010.

Genetics Squared's personalized medicine approach to developing diagnostic cancer tests leverages genomic knowledge to deliver customized results. Armune's technology analyzes the immune system to detect cancer.

Worzel said venture capitalists were skeptical of the technology's commercial viability until Redwood City, Calif.-based Genomic Health introduced successful products in this field. Worzel said his company operates mostly on funding from angel investors.

"Until Genomic Health knocked down the door and showed that there was a market for it, we wanted to do it but I couldn't get enough push behind it to show what the benefit was," Worzel said.

*Contact Nathan Bomey at (734) 302-1725 or [nathanb@mbusinessreview.com](mailto:nathanb@mbusinessreview.com).*

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