

## Jasper Clinic blossoming

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*Jasper Clinic President and CEO Dean Knuth the Pfizer spin-off is on track with growth projections and officials expect to turn a single-digit profit this year.*

By Jessica English

MiBiz Network

KALAMAZOO—Mid-way through its second year of independence from Pfizer, Jasper Clinical Research and Development Inc. is making inroads with a host of new clients. And it is working its way toward profitability.

The clinic was founded in 1984 as one of two phase I drug discovery units operated by the Upjohn Co. Jasper survived the company's 1995 merger with Pharmacia. However, shortly after Pfizer acquired Pharmacia in 2003, the corporate giant announced the end of clinical research in Kalamazoo.

"Within two weeks of that announcement, we'd put in a proposal to spin the clinic off," Jasper President and CEO Dean Knuth told *MiBiz*.

It took about six months to hammer out the details, but Pfizer officials agreed to the spin-off proposed by Knuth and three partners, all of whom were Pfizer employees. More than that, the company committed to using the new clinic's services through at least 2007. With Pfizer as its sole client, the clinic began operations as an independent entity in late December 2003.

"We've been really fortunate to have so much support from Pfizer," said Knuth.

In fact, Pfizer business all but sustained the company in its first year. Knuth said 2004 was about learning the business side of the operation and transitioning from an internal unit to a self-supporting entity. The company broke even in its first year, with around \$6 million in sales.

Jasper is divided into clinical and consulting services. The clinical side involves actual trials with volunteers. Whereas the consulting services traverse the spectrum from study design to writing the reports that must be submitted to the U.S. Food and Drug Administration – in essence, any service that capitalizes on the 20 years of clinic expertise held by the staff of 50 people.

In 2004, Jasper Clinic had just three clinical and two consulting clients. This year, five companies are using the clinic's consulting services and nine are paying it to run clinical trials, with bids out to two or three others. The sponsor companies are located both in the United States and abroad, and run the gamut from small peer firms to pharmaceutical giants, Knuth said.

Although he would not reveal dollar projections for 2005, Knuth remarked that the clinic is on track with growth projections and officials expect to turn a single-digit profit.

In 2003, Jasper Clinic received a \$175,000 award from the Michigan Life Sciences Corridor steering committee.

"I'm really happy to say that we're going to begin paying back that grant this year – on time," said Knuth.

In addition to the standard economic contribution the clinic makes to the region as a locally owned business, Jasper also pays between 600-700 people to participate in its clinical trials each year. Knuth reports that they range from the unemployed and underemployed to retirees and even full-time workers. Volunteers are paid between \$500-\$5,500 to participate in a study, with the average falling around \$1,000-\$1,500.

"One thing that's not mentioned very often is that we paid almost a million dollars to study participants in that first year," said Knuth. "That's an economic benefit to Southwest Michigan as well."

The company is settling into the life sciences niche being carved in Southwest Michigan, developing partners in both the health care community and among other bioscience startups. For example, a biostatistics company located in the Michigan Technical Education Center at Kalamazoo Valley Community College is a frequent consulting partner for Jasper clients who want data analysis. And as has been the case for decades, Jasper Clinic's staff is actually employed by Bronson Healthcare Group, which then leases them back to the clinic.

In the future, Knuth said, he'd like to collaborate more with other companies along Michigan's Life Sciences Corridor.

He also expects the company's services to shift more toward individualized medicine in the coming years. Already, Jasper Clinic is developing a specialty in testing drugs against specific genotypes, for instance.

But as is the case with so many start-ups, much of the long-range planning at Jasper was put off as company leaders struggled to find their footing and now catch their collective breath after the first year and a half in business.

"We know we're not planning to grow it up, spin it out and sell it," said Knuth. "But we don't necessarily have clear goals

about which companies we are targeting and exactly how big we plan to get. We're just now permitting ourselves to start to plan and think about that, and we should have a much better idea by the end of this year."

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