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## Arizona bioscience businesses weave an international web

By Keren G. Raz, the Flinn Foundation

### InNexus: watching out for its next international move



Jeff Morhet

Last September InNexus Biotechnology made the front pages of Phoenix-area newspapers after the Canada-based company announced plans to open its US headquarters in Scottsdale.

It was all part of a strategic plan, part of the company's next phase of evolution, said Jeff Morhet, chief operations officer for InNexus.

InNexus specializes in unique technology that uses biotechnological engineering to enhance the antibodies that fight infection and disease. InNexus's two primary platforms are referred to as SuperAntibodies™ and TransMAbs™.

"The technology is a very broad-based opportunity for us to penetrate different markets," Morhet said.

But before penetrating the US markets, InNexus executives have had to strategically develop the company, and they have done so by going global in an untraditional way.

InNexus was founded just five years ago in Seattle by Dr. Charles Morgan, a leading authority and pioneer in monoclonal antibody development. Just two years later Morgan took the company public through a reverse takeover of a Canadian company. InNexus had been researching potential options in Canada, hoping to find ones that were smaller and public.

"We found another company that was developing technology and being publicly traded," Morhet said. "So we actually bought it."

InNexus moved out of Seattle and settled into its new international headquarters in British Columbia, Canada.

In the past few years, a number of biotech companies such as InNexus have moved abroad for strategic reasons. Many of the major medical device manufacturers have set up shop in Ireland to capitalize on the country's technical expertise and business incentives. Terry Winters, a venture capitalist, offers an example closer to home.

Winters sits on the board of a company called Epitan. Originally Epitan was spun off melanoma research at UA. When it failed to get funding in Arizona, a friend of Winters took the company to Australia.

But the US is the dream market, particularly for drug development companies. According to

IMS, a consulting firm for the pharmaceutical and healthcare industries, in 2001 the US accounted for 50 percent of global pharma sales.

For that reason, most companies, such as InNexus, eventually look to return to the US to put their products through the trials required by the Food and Drug Administration. And the question Arizona officials ask themselves is how they can recruit international firms to base their US headquarters in the state.

To get those companies to open their US headquarters in Arizona requires carefully developed relationships between the state and the company, Miranda said.

"International companies can go anywhere," he said. "You need to develop relationships with them to gain their trust."

The importance of relationships is illustrated by InNexus's decision to move to Arizona, for it was Morhet's connection to the state that put the Phoenix area on InNexus's radar screen.

"If you look at it from the outside, you don't see Arizona as a biotechnology hub yet," he said. "You don't see it as a town with enough resources to support a biotechnology piece."

Prior to joining InNexus in 2003, Morhet had been doing cancer drug development work in Scottsdale for nine years. He knew exactly what resources the state had to offer with its research institutions and hospitals.

"I had a unique opportunity to see all this and go back to InNexus and say, 'Let's consider this,'" he said.

When Morhet secured a collaborative partnership with Mayo to develop InNexus's technology, the company chose the Valley for its US headquarters.

Now InNexus is mapping out its next strategic moves. On the horizon: partnerships with European firms.

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