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Entrepreneur's newest start-up is a quick profit

By Paul Jacobs
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Bala S. Manian is an India-born engineer and entrepreneur who has helped launch a number of successful Bay Area biomedical companies, including Molecular Dynamics, QuantumDot, Lumisys and Surromed. Several of his companies have been swallowed up whole into larger firms for big money.

Sweden-based Amersham Pharmacia Biotech, for example, acquired Molecular Dynamics for \$256 million in 1998.

An inventor, Manian helped to develop the digital technology that makes it possible to transport X-rays over phone lines. And he was part of a team that won an Academy Award -- not an Oscar statuette, but a certificate for technical achievement -- for inventing a way to put digitalized special effects onto film.

There is a common thread running through several of his companies and inventions -- the use of light to capture information.

His latest passion is a start-up called ReaMetrix, a company that develops tools for pharmaceutical companies to measure the effects of experimental drugs on cells as part of the development of new medications.

ReaMetrix has seven employees in San Carlos and 12 in India, where most of the future growth is likely to be.

Manian says this is "not in a true sense outsourcing. It's not taking a job that otherwise would be done here."

This is work, he says, that only makes economic sense to do in India. The elaborate testing kits from ReaMetrix will help the start-up's customers free up money to get experimental drugs to patients quicker. And his company will get a share of the revenues for helping in the effort.

Manian has raised about \$3 million for his year-old company, including \$1.5 million from Mobius Venture Capital earlier this year. He says he tells his investors that building a company "is like sculpting fog." You can get away with statements like that if you've proven you can deliver. Manian has.

Perhaps, the most extraordinary thing about ReaMetrix is that after a year it's already making money and expanding, mostly in India. A year from now, he says, ReaMetrix could be seeing \$5 million to \$10 million a year in "real revenues, not bogus revenues."

And unlike many other biotech companies, Manian has no plans to turn his new venture into a drug company in its own right or to sell out to a larger firm. Instead he wants to build a sustainable company.

"Basically I'm trying to reinvent the entrepreneurial environment that's been in the valley," he said.

The driving force behind the continued rise of biotech is America's aging population, according to Manian. "There are 65,000 centenarians in the U.S. today," he said. There could be as many as 1 million by 2050, many of them sustained by drugs that don't treat illnesses but, like cholesterol-lowering medications, are for "the maintenance of wellness."

"If they start taking your product at 65, you'll have customers tied to you for the next 35 years," Manian said. "What other business can provide you that? Not cell phones, not phone lines, not even PG&E can provide you that."

Incubator's first tenants:

San Jose's bioscience business incubator, which opened for business this summer, has signed up its first two tenants, start-ups Cytolution and Manoa Medical.

Cytolution, which is moving here from Virginia, is developing a new device for diagnosing cervical cancer. Manoa Medical, which is relocating from Redwood City, is working on improvements to breast cancer surgery.

The aim of the incubator is to lure biotechnology and medical device companies to San Jose, which already has about 30 such companies. The city's redevelopment agency is spending about \$6.5 million on the project, including building improvements at the incubator site in the Edenvale Technology Park. The incubator, which is operated by the San Jose State University Foundation, provides office and laboratory space, along with specialized equipment and a variety of services intended to help young companies take off.

The facility has room for as many as 20 start-ups. And the hope is that they'll prosper and settle nearby.