

## Renovo Group plc

### COMPANY FACTFILE

- > Established in October 2000 and floated on the main market of the London Stock Exchange in 2006
- > Spin-out company from the Faculty of Life Sciences (FLS)
- > Founded by Professor Mark Ferguson, CEO and Dr Sharon O' Kane, Executive Director, Research & Development
- > Scar reduction products
- > [www.renovo.com](http://www.renovo.com)



**“Ultimately we wanted to, and still want to, make a difference and improve patients’ quality of life.”**

Dr Sharon O' Kane, Executive Director, Research & Development

In just over six years, scar reduction specialist, Renovo, has expanded from being just two people in a lab to employing almost 200 staff. Currently based in UMIC's Manchester Incubator Building, the company will shortly be moving into the Core Technology Facility (CTF) as part of their expansion plans.

Renovo has experienced rapid growth thanks to its exciting technology and major successes, including an exclusive licensing agreement with drug-making giant Shire plc to develop and commercialise Juvista, its lead product in scar reduction. As part of this agreement, Renovo have retained all rights to Juvista in the European Union.

**How did it all begin and did you know from the outset the scale of the commercial potential of your work?**

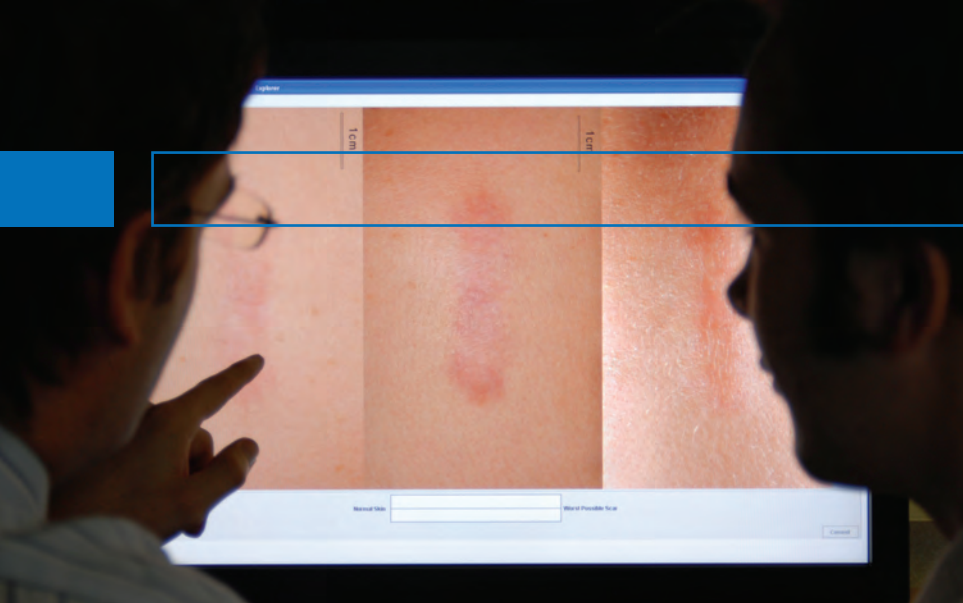
“I was involved in research into wound healing and scar reduction during my pre-Renovo days at the University of Ulster and then at Manchester with Mark's group. Our academic groups were aware of the unmet patient need for drugs in this therapeutic area, having worked on identifying potential treatments for many years. There are no drugs on the market to prevent scarring in the skin, and we aim to be first to the market with one of our products. The commercial potential is huge, and market research we have since had carried out in Renovo estimate this market as a multi-billion dollar opportunity.

Renovo is developing drugs to prevent and reduce scarring at multiple sites on the body and to accelerate healing. Although initially focused on the skin, Renovo also has the potential to develop its drug candidates to prevent and reduce scarring at other body sites, such as, tendons and nerves.

Renovo was admitted to the main market of the London Stock Exchange on 12 April 2006 and raised £57.5 million of capital from new investors and £10 million from the existing VCs.

We met up with co-founder, Dr Sharon O'Kane, to find out the secrets behind one of the University's most well-known and respected spin-outs.

We were very aware of protection of ideas through filing IP and held a large IP portfolio before we founded the company. The IP was assigned to us by the University in return for a small equity interest. Because we had worked with large pharmaceutical companies, we thought we had a pretty good idea what was needed to commercialise our technology so we decided to set up a spin-out company. We felt this was the best option, rather than try to go down the traditional licensing route where we felt we'd be competing with licensors' own research and development programmes. Also, because this was a new market, no other company had the experience of developing a drug to prevent scarring. ”



**So, how did you find the road to becoming a spin-out? Any bumps along the way?**

“The setting-up of the company went relatively smoothly. We received some great advice from the University’s finance department and also from Marks & Clerk who remain our patent attorneys. UMIP’s forerunner, Vuman Ltd, were helpful with some of the legal/IP aspects. The main hurdle was when we initially went out to raise finance in 1999. This was at the start of the internet ‘dot-com’ era where VCs could get a very high return on their investment in a short time, compared to pharmaceuticals which take longer to develop. It probably took longer than we had hoped, but we had patience and secured excellent blue-chip investors, Atlas Venture and JP Morgan, raising £8m in our first round financing.”

**Any surprises?**

“I think that one of things that surprised me the most was the fact that venture capitalists (VCs) are sceptical of academics running companies. I also quickly realised

that they have a completely different way of thinking. They think in terms of Return on Investment (ROI) and ‘Exit’. One piece of advice that I would give with regard to dealing with investors is to be really clear on what you are going to do and do it. Don’t miss milestones – deliver what you say you will when you say you will. If you manage to do this then you have more chance of continuing to receive funding.”

**Where did you get the funds to set up Renovo?**

“At the time, in 1998-9, when we were setting up the company, there were no internal funds available, such as UMIP’s Proof of Principle fund. In the early days, we ended up paying for freedom to operate patent searches with our own money. We were determined to get the best investors we could for our first round financing, and succeeded with Atlas and JP Morgan, and they were joined by other excellent VCs in the second round (Healthcap, Care Capital, Temasek and Bioveda) when we raised £23m in 2003. “

**What were your aspirations for getting involved in the commercialisation process?**

“Ultimately we wanted to, and still want to, make a difference and improve patients’ quality of life.”

**The differences between the academic and commercial worlds are seen by many as vast. How did you find the transition?**

“The transition for me personally was pretty smooth really. We’d been dealing with companies whilst working in our research group within the University so we were used to dealing with things like IP, Gantt charts and deadlines.”

**Has your role changed from inception of the spin-out to now?**

“Well, I’ve been R&D director from the start but I now have around 85 people reporting through to me so my role has obviously changed as we’ve grown. I’ve had to take on responsibilities outside of my key areas of expertise but I’ve really enjoyed the challenges this has created and have learnt many things I would otherwise have not.”

**What factors do you feel are essential in starting and nurturing a young spin-out company?**

“You have to work really hard and be prepared to put everything into it. You need to be committed and dedicated particularly when involved with investors because they’ll put their trust in you based on that.

Keep a tight control over your finances – look after your money, you’ll gain respect from your VCs. Get the very best investors you can. Be clear about your IP and make sure you have freedom to operate. You can’t do everything yourself and you need to identify where the gaps are and bring the appropriate resource in. Identify experts in your field and get them on your scientific advisory board.”

**What do you feel are the benefits to the University in engaging in spin-outs?**

“Apart from providing good publicity, universities which actively promote technology transfer are seen as being more commercially savvy than those who do not take an active role. This attracts investors looking for new technologies which continues the positive cycle. Successful spin-out company generation also illustrates to academics how to apply research to the real world.”

**And finally, do you have any advice for other academics thinking of going down this route?**

“My advice would be to talk to academics who have already done it - their experience will be invaluable. Be realistic about what you can and can’t do. Seek advice early, there are lots of people around to help, for example UMIP, patent agents, etc. For me, it has been a very enjoyable learning curve and I would recommend it to anyone! “