

Behind the Deal: How StemBioSys' new acquisition can drive more collaboration

The move by StemBioSys Inc. to acquire stake in Michigan-based biotech Cartox was years in the making and the reaction from others in the industry interested in similar collaboration with the San Antonio company has been almost immediate.

“We’ve been working with these guys for over two years,” StemBioSys CEO [Bob Hutchens](#) said during an exclusive interview.

Hutchens said Cartox President and CEO Todd Herron took an immediate interest in StemBioSys and its work during their first meeting. Herron and Hutchens developed the company’s lead technology at the University of Michigan.

Cartox's patented technology detects potential cardiotoxicity associated with medications, oncology drugs, environmental toxins and genetics.

Hutchens said they had an initial discussion in March and the deal came together over the summer. “We sent him a new version of our product and he had some really interesting findings, which led to a whole set of studies. Ultimately, we got a \$1.3 million grant with them,” Hutchens said.

The two had an initial discussion in March and the deal came together over the summer, Hutchens said.

StemBioSys put together the first formal deal sheet in the fall and the two sides reached an agreement in the fourth quarter of 2019. The transaction officially closed on Jan. 2.

StemBioSys has reached out or visited several companies and universities across the country, talking up its advanced stem cell technologies, their potential application in regenerative medicine and drug development globally.

At one point, StemBioSys leadership contemplated entering into a joint venture with Cartox to help expedite and expand its own commercial strategy.

“It was very clear ... it was going to be hard to have two separate companies,” Hutchens said. “We thought it made more sense to have this under one roof.”

It hasn’t taken long for other companies to take note of the deal. One entity has already reached out to StemBioSys about potential third-party collaboration with the two companies.

“It’s been clear that having us speak with one voice and as one team is so much easier,” Hutchens said.

He believes there will be more deal flow or collaborative opportunities to follow.

Source: <https://www.bizjournals.com/sanantonio/news/2020/01/10/behind-the-deal-how-stembiosys-new-acquisition-can.html>

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