

Drug research firm's growth good medicine

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A local contract drug development company has tripled its office space to make room for more than 70 new employees it expects to hire over the next two years.

Camargo Pharmaceutical Services, a contract research organization (CRO) that provides outsourced research services to pharmaceutical companies, has doubled revenue and staff this year, thanks to growth in its niche serving international clients and small and medium-size companies.

President and founder Ken Phelps declined to share revenue or earnings figures. He said the private company has been profitable since its founding in 2003.

This is the company's fourth expansion. It now occupies 26,000 square feet at the Hawthorne Center in Blue Ash, space vacated by Sara Lee earlier this year. Previously, it was in another Blue Ash space.

Camargo will employ 30 by year's end - high-paying jobs reaching into six fig-



Stevens

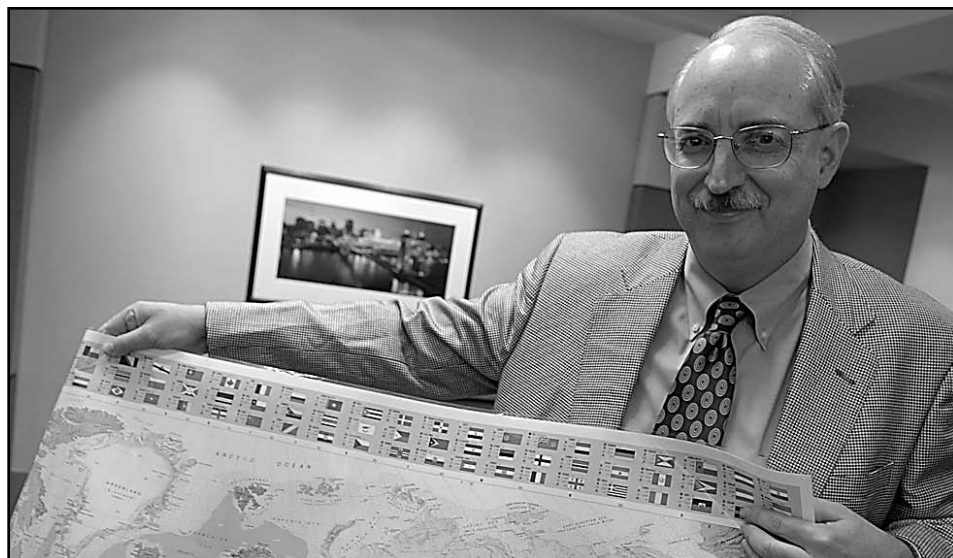
ures. Most employees have a Ph.D. and more than 10 years of experience in drug development.

"We are the best use of capital for companies wanting to get drugs to market," said Phelps. Camargo, he said, can save clients time and money because they don't have to pay the salaries of research and development staff or fund facilities that sit idle most of the time.

Phelps and Ruth Stevens, a colleague of Phelps' when they worked for Duramed Pharmaceuticals Inc. (acquired in 2001 by Barr Pharmaceuticals), started Camargo when industry outsourcing was in its infancy.

Now, many pharmaceutical firms outsource research and development functions to focus internal efforts on sales and distribution. CROs like Camargo have popped up to take a drug from its inception through clinical testing and formulation, all the way to preparing it for Food and Drug Administration approval.

"The big pharma companies are off-loading R&D work because it is time-consuming and expensive," said Jim McGraw, CEO of Keating Muething & Klekamp's consulting practice and



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Ken Phelps, founder and president of Camargo Pharmaceutical Services, said the business is a global one. It has clients in 17 countries and employees who together speak 11 languages.

an adviser to Camargo. "They can shove a lot of that work down to small companies."

Outsourcing also is driven by venture capitalists who want the companies they back to be more efficient. Venture capitalists also see a bigger market for abbreviated new drug application (ANDA), in which drugs are manipulated and improved to achieve FDA approval and go to market more quickly.

An example is UMD Inc., a Blue Ash pharmaceutical development company that has used Camargo's services to test two ANDA drugs - for difficult menstruation and osteoporosis - that are delivered to the patient trans-vaginally.

"We are venture-backed, so they have resources that we can't afford to hire for ourselves," said Rick D'Augustine, UMD's CEO.

Camargo's employees range from microbiologists and pharmacologists to pharmaceuticalists and FDA experts. Combined, they speak 11 languages and hail from many countries, which helps attract and keep international clients. Camargo has clients from 17 countries.

"We're the world's largest pharma market, and foreign companies are trying to get in," Phelps said. "They can find individual consultants that can do one or two things, but our strength is the soup-to-nuts, the one-stop shop."

Camargo has relied on word-of-mouth over-

seas and among small venture capital-based and medium-size companies that might not be able to afford or attract the attention of large CROs like Cincinnati-based Kendle International Inc.

"They can serve as your clinical development team. They can take you from writing the application to the FDA to planning trials. You can pick and choose as you see fit," D'Augustine said. "And they aren't so big that they can only work for the large companies."

Phelps predicted the company will continue to double in size each year. The new office has room for 86 employees, space Camargo's broker, Bill Schneller of CB Richard Ellis, said it will outgrow in a couple years. The company signed a five-year lease but could expand within the building.

And acquisitions could be an option as the company expands.

"They are in a good spot right now and are probably saying, 'At some point we could look at being acquired as a nice exit strategy,'" McGraw said.

But for now, the company will grow organically to serve clients' needs.

"Our growth is driven by the types of projects commissioned by clients," Phelps said. "We provide a very efficient use of people and facilities as well as capital."