

Dow adding 10,000sf in Petaluma

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PETALUMA—Topical product development company Dow Pharmaceutical Sciences is adding 40% to the size of its facility, an expansion that, along with its recent acquisition of Solano Clinical Research, will allow the company to offer clients a full array of drug development services.

Dow operates in the topical product niche, developing drugs under contract with pharmaceutical companies to be applied to external areas of the body. Dow now has the capability to take products from early research through clinical trials and Food and Drug Administration approval for marketing.

"We do topical formulations, analytical services, clinical supply manufacturing, regulatory consulting, and the testing and research for clinical trials," says COO Frank Pallas. "We have the capabilities to bring a product from A to Z: from early preclinical testing all the way through FDA approval."

Dow is adding 10,000sf to its existing 25,000sf facility at 1330 Redwood Way. To be completed in September, the addition will cost \$250,000 to build plus \$200,000 for new equipment. The

expansion will include additional formulation and analytical laboratories and the company's first skin biology lab, where scientists test drugs' penetration into the skin. Upon completion, the Petaluma facility will have doubled its total laboratory space to more than 8,000sf.

Strategic positioning

A second part of Dow's strategic expansion into full-service drug development is its acquisition of Solano Clinical Research in May for cash and Dow stock for an undisclosed value. Headed by Karl Beautner, MD, PhD, the 13-employee group in Davis and Vallejo will

handle clinical research services, so Dow will no longer have to outsource that portion of the business.

"The acquisition of Solano Clinical Research and having our own skin biology lab means that we can now do the entire drug development process for our clients by ourselves," says Founder Gordon Dow, PharmD. "Before, we had to outsource these services to other companies. Now, we offer clients the full scope of services."

Dow expects revenues to jump about 80% from 2000 to approximately \$9.5 million in 2001. The 90-employee company anticipates hiring 25 more people by the end of the year.

Niche program in dermatology

Dr. Dow started Dow Pharmaceutical Sciences in 1977 in his garage, where he did topical drug formulation development for Neutrogena and other companies. In 1993, he moved the company to Petaluma to a 5,000sf office and relocated it again in 1998 to its current location.

Mr. Pallas attributes part of the company's growth to its specific market niche.

"There aren't any other companies that focus specifically on topical products," he says. "It is a very small percentage of the entire pharmaceuticals market – 95% of the market is tablets, capsules, and injections. We are very much a niche player."

In addition to developing drugs for its 30 customers, Dow is selectively developing drugs on its own that it then licenses to clients.

"We have seven outlicensed products under development right now," says Dr. Dow. "We are not competing with our customers, however. Five years from now, I expect this part of the business to be 30% of our revenues. It is a small part of the business. Our main focus is in our scientific expertise and customer service, which we provide to small and large clients alike."

For more information, call 707-793-2600.

