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High-tech jobs, headquarters coming to Greenville

Clemson professor's work, government investments lead to Lab 21 deal

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A discovery by a Clemson University professor 4½ years ago has led to a new corporate headquarters for Greenville and the promise of 65 good-paying jobs.

It's the latest sign that South Carolina's push into technology-based economic development is beginning to bear fruit after many years.

Selah Technologies LLC, a startup company formed to commercialize nanotechnology discovered by chemistry professor Ya-Ping Sun, was acquired Thursday by Lab21 Ltd., a medical diagnostics firm based in Cambridge, England, executives with both companies said.

The eight-employee Selah now becomes Lab21's new U.S. subsidiary, which plans a headquarters and laboratory in downtown Greenville and a distribution center somewhere in the Upstate.

All told, the British company plans to create 57 new jobs in Greenville over five years, said Michael Bolick, who founded Selah in 2006 and is now president of Lab21 Inc. in the United States.

Numerous organizations that are part of a growing network in South Carolina for fostering technology-based development helped nurture Selah and facilitate its sale to the fast-growing U.K. firm.

Ben Haskew, president of the Greenville Chamber, called the cooperative effort a "remarkable example of entrepreneurship and 21st century collaborative economic development."

Bill Mahoney, chief executive officer of the South Carolina Research Authority, which provided funding for the company through its SC Launch affiliate, said the deal "demonstrates exactly how the knowledge economy development playbook works."

"These are going to be happening with more frequency over the next year or so," Mahoney said.

Lab21, which sells laboratory services and kits for medical diagnosis, will use its Greenville presence as a beachhead for penetrating the U.S. market. Founded in 2005, the privately held company employs 85 people at five sites in the United Kingdom.

Graham Mullis, chief executive officer, told *The Greenville News* via e-mail that Lab21's revenues have tripled in recent months through a combination of organic growth and the acquisition of three diagnostics businesses. Terms of its purchase of Selah, its fourth acquisition this year, were not disclosed.

Playing a key role in the deal was Nexus Medical Partners, a Boston-area private equity firm that received \$20 million to invest in South Carolina through the state's venture capital program.

Nexus, which invested in Lab21 last year, introduced the two companies and provided additional money to establish the new operation in Greenville, said Ed Snapes and Gregory Zaic, partners with the Massachusetts firm. They wouldn't disclose Nexus' contribution but said it was the firm's biggest investment in South Carolina to date.

Bolick said Lab21 intends to put its U.S. headquarters and diagnostics lab inside 8,000 square feet of office space at the Next Innovation Center downtown.

Developer Bob Hughes turned the former warehouse at the corner of Church Street and University Ridge into office space to house members of the Greenville Chamber's Next organization for technology entrepreneurs. Selah has been a member of Next for several years.

Bolick said the 57 new jobs will include executives, scientists, engineers and lab technicians. He said Lab21 would maintain Selah's research office inside a Clemson business incubator in Pendleton.

Also playing a key role was the University of South Carolina, whose Nanocenter guided Selah's decision to focus on cancer detection — at least initially — instead of trying to apply the nanotechnology in other potential markets such as cosmetics or lighting.

The carbon-based nanoparticles glow when exposed to light and can be programmed to attach to cancer cells, potentially helping doctors locate the disease. That could add value to Lab21's diagnostic products, Mullis said.

Both Clemson and USC would collect royalties from the sale of any products that employ the nanotechnology for diagnosis, Bolick said. USC could also benefit from an equity stake in Lab21, he said.

Bolick said Greenville Hospital System is helping Lab21 with product development as part of ongoing clinical trials with cancer patients. In addition, he said, Lab21 is negotiating to do business with the Hospital System and other members of Health Services South Carolina, a consortium of hospitals and universities across the state.

The city of Greenville contributed \$150,000 to the deal through its Greenville Local Development Corp., a vehicle for doing private development deals, said Nancy Whitworth, economic development director. She said city officials wanted to ensure Lab21 came to Greenville.

Tony Smith, a project manager with the Greenville Area Development Corp., Greenville County's economic development organization, said Lab21 also considered putting its U.S. subsidiary in Ohio, Florida or Massachusetts.

"This is a classic case where the Greenville community and the South Carolina community made the deal happen," Smith said. "I think everybody's role was critically important for success."

SC Launch provided \$400,000 in seed capital for Selah over the years and an additional, undisclosed amount for Lab21 Inc., Bolick said. The Upstate Carolina Angel Network, a local investment group, also provided funding for Selah, he said, and the state Commerce Department provided an incentives package.
