

Drug industry tech startup adds to ATI bioscience lineup

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A Kansas company developing an inhalation-based drug delivery system recently moved its headquarters to an Austin incubator with hopes of repeating the success of the CEO's previous incubator-based venture.

Savara Inc., founded last year based on technology developed at the University of Kansas, moved to the Austin Technology Incubator five months after Austin entrepreneur Rob Neville was named the company's chairman and CEO. Neville previously was founder and CEO of another ATI-based company, Evity Inc. That startup was acquired in 2000 by Houston-based BMC Software Inc. for \$100 million about a year after it was founded.

Although Savara operates in a different technology sector than Evity, which developed a Web-based application that enables customers to measure their transaction performances, Neville expects to mirror the success of his previous company — with help from ATI.

"I think business is business," he says. "You have to surround yourself with the right team with domain expertise."

Savara's pulmonary — or via the lungs — drug delivery product, initially developed in 2004, is based on nanotechnology and dry powders rather than conventional propellants. It plans to offer its platform to drug makers seeking alternative delivery methods and to develop its own drugs.

While pulmonary drug delivery is readily accepted for treating lung problems such as asthma, the approach has not been embraced for more general treatments, says Scott Henry, head of pharmaceutical research for Roth Capital Partners LLC, a California-based investment bank.

Drug giant Pfizer Inc. (NYSE: PFE) stopped selling an inhaled insulin treatment for diabetes last year after concerns about its effectiveness were raised during a botched product launch.

But citing a report by research firm Kalorama Information, Neville says pulmonary drug delivery is the fastest-growing approach, reaching \$25.5 billion in 2006.

In August, Savara garnered an undisclosed amount of series A financing from a syndicate of 12 angel investors, most based in Texas, Neville says. Likewise, he declined to disclose the amount of seed capital invested by Savara founders Cory Berkland and George Lawrence.

During 2007, Austin area life sciences companies attracted \$195.1 million in venture capital. This year, such investment declined to \$8.75 million through the third quarter, according to Dow Jones VentureSource.