

CASE STUDIES

MEDICAL

A world leader in diagnostic testing of Alzheimer's disease, Cambridge.

Introduction from YFM Group, Leeds and David Blair Associates, Cambridge.

This is a unique company considered a world leader in the diagnostic testing for the assessment and management of Alzheimer's and similar diseases by cognitive tests using touch screen methods. Existing funding had come from venture capital equity and management.

The Problem.

Current sales covered various market sectors from worldwide academic researchers to clinical trials by major pharmaceutical companies developing new drugs mainly in the USA, Europe and Japan. Sales to the academics market was reasonably straight forward, based on a 'plug and play' concept and on 60 day terms of credit. However, clinical trials involve large contracts of up to £500K in value and up to 2 years in length with milestone payments built into the contracts. Providing product and installation of software, consulting and training people to do the testing of patients and finally cleaning up the data to be analysed. This aspect of their business alone could prove to be a step too far for any potential lender. Fortunately, the market recognised that without these worldwide accepted benchmark tests, the drugs would not be approved by any regulatory authority. Business in this sector was growing strongly and cash flow forecasts showed a need for additional working capital over the next 2 years. With large company concentrations on the ledger, lumpy and unpredictable milestone payments triggered by customer test results, it was clear a facility was needed. Also the company was starting the expensive process of attaining FDA approval in the USA for the 'worried well' market.

The Solution.

Whilst it was clear the business with academics was straight forward, there was possible issues with performance matters during clinical trials. However, it became clear the pharmaceutical company themselves performed the tests and CCL provided the support and data cleansing at the end of the trials. The lender felt comfortable with the quality of management, gold standard product which was worldwide approved and accepted, forecasted profitability and background support from the equity investors. Clearly a difficult deal, outside the normal parameters, but a unique product with huge potential in the USA and western world in a market governments fear to tread.