

business

Cintas Corp. spins off shredding

By Lance Lambert
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Mason-based Cintas Corp. is merging its document shredding business with Shred-it International Inc. to create a new company with more than \$600 million in annual sales.

The new company will operate under the Shred-it name. It will maintain a Toronto headquarters and U.S. base in Cincinnati.

Current Shred-it chief executive Vince DePalma will become president and CEO of the new company. Karen Carnahan, currently president and chief operating officer of Cintas' Document Management Division, will become COO.

Cintas will have 42 percent ownership and will receive \$180 million in cash when the deal closes, expected by the end of May.



Carnahan

"We are confident that this transaction is the best path forward for our Document Shredding customers, our workforce and our shareholders," said Scott D. Farmer, Cintas' chief executive. "To-

gether, we expect that Cintas Document Shredding and Shred-it will be the industry leader, benefiting from increased scale, resources and strong cash flow."

Shred-it already has operations in 17 countries. It says it serves more than 180,000 businesses, 8,500 bank branches, 1,500 hospitals, 1,200 universities and colleges and 500 police forces.

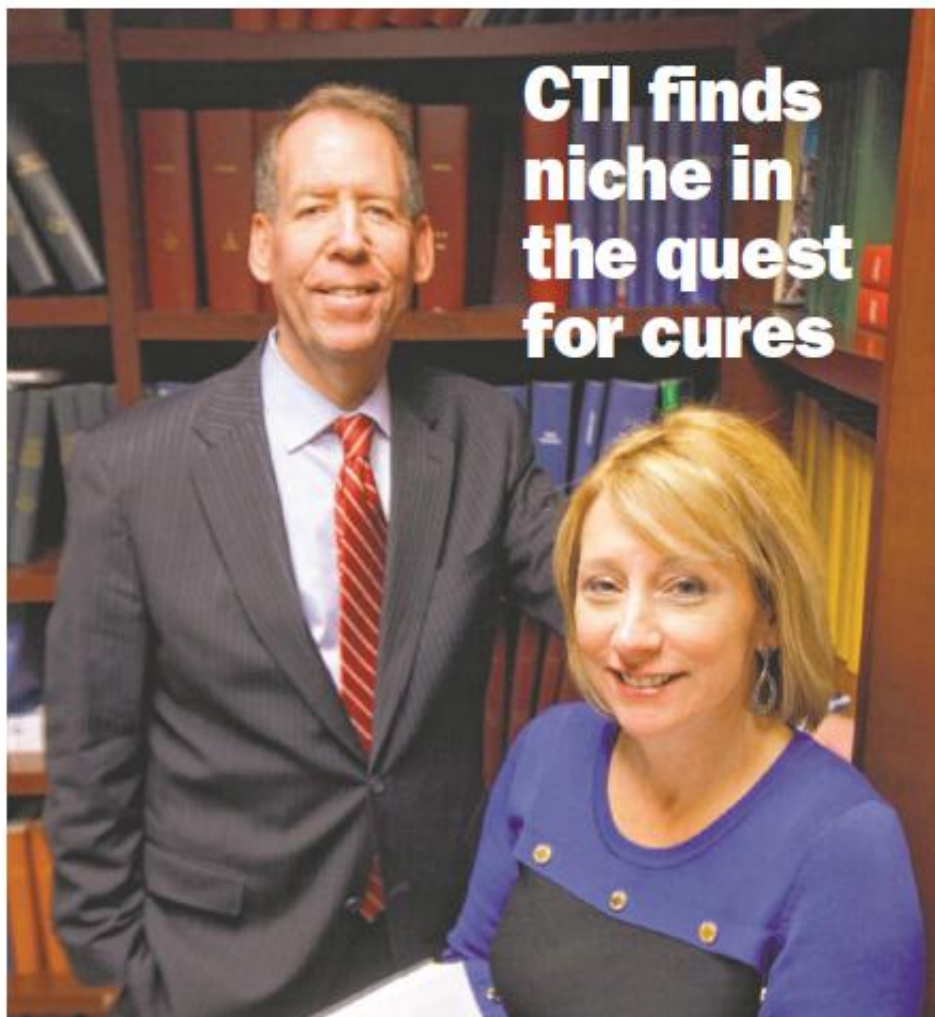
Cintas, meanwhile, reported third-quarter profits of \$84.6 million, a 13.2 percent increase over the same quarter last year.

For the fiscal year through the third quarter ending Feb. 28, the company earned \$247.2 million, or \$2.04 per share, up 7.7 percent from the same period in the prior fiscal year.

The uniform and business supplies company's third-quarter sales totaled \$1.1 billion, up 5.1 percent from the same quarter the year before. Through three quarters, sales are up 6.5 percent at \$3.4 billion.

Said Farmer: "Despite the impact of the severe winter weather which affected our customers and our operations, as well as the weaker Canadian dollar, we were able to grow earnings at a double-digit rate." ■

CTI finds niche in the quest for cures



Timothy Schroeder and Lynn Fallon are founders of CTI Clinical Trial and Consulting Services, a Blue Ash business that's growing quickly and now has more than 500 employees, plus offices in several European cities. THE ENQUIRER/TONY JONES

Fast-growing company tests new medicines

By Val Previsch
Enquirer contributor

BLUE ASH — Timothy Schroeder is looking a decade down the road, when medical miracles will allow damaged body tissues and organs to repair themselves without the need for transplants.

Schroeder expects his company, CTI Clinical Trial and Consulting Services, to be leading the way. The Blue Ash company already is a national player in transplant thera-

pies, having been a part of nearly every drug approved to treat transplant rejection in the past 15 years, Schroeder says.

"Ten years down the road, you'll have regenerative medicine therapies in addition to routine medical and surgical approaches," says Schroeder, CTI's founder and chief executive. "Major advances are being made every day in diseases that are currently untreatable."

Since its founding in 1999, CTI has become a top U.S. firm in the competitive field of medical clinical trials. Closer to home, the company last week was named Blue Ash Corporation of the Year by the Cin-

cinnati USA Regional Chamber. Schroeder, a former University of Cincinnati faculty member in pathology and laboratory medicine, founded the company with business partner Lynn Fallon, a former transplant nurse who's now CTI president. Today their company has more than 500 employees spread throughout three offices in the United States and 10 in Europe.

The company doubled revenues in the past two years and has averaged 20 percent revenue growth each year since its start, Schroeder says. He didn't disclose figures.

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Akebia's big IPO is healthy news here

Anemia drug's potential boosts strong first day



JOSH PICHLER
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I will give you a new perspective on local executives and the region's entrepreneurs—and why both matter to you. Find me at LinkedIn, Facebook and jpichler@enquirer.com.

There were a lot of happy investors Thursday as shares of local start-up Akebia Therapeutics Inc. surged past their \$17 offering price and closed at \$26.69 on the first day of trading.

The company, which is working to develop and commercialize small molecules that treat anemia, is now headquartered in Boston, but Cincinnati is deep in its DNA.

Its local investors, which include Triathlon Medical Ventures, Cincy-Tech, Blue Chip Venture Co., the Queen City Angels and Fort Washington Capital Partners Group, stand to profit handsomely and can begin selling stock after a 180-day lockup period expires.

Investors Thursday declined to comment on the IPO, as did Akebia lawyer David Willbrand of Thompson Hine, citing the lockup period. At Akebia's current price, some investors already are looking at returns of three and four times their investments. The hope, of course, is that the stock keeps rising and returns multiply further to fuel future companies.

It's a great story about what's possible in this community, and starts with John Rice, managing partner for



Bob Shalwitz, left, is chief medical officer and Joseph Gardner is co-founder and former CEO of Akebia Therapeutics Inc. ENQUIRER FILE

Triathlon. Procter & Gamble invited Rice to review its drug discovery programs after it decided to exit that business in 2006.

Rice was joined by two executives with significant drug development experience: Bob Shalwitz, a former Abbott Labs executive, and Mike Pape, a partner in Sigvion Capital.

They obtained the exclusive worldwide license for two Procter & Gamble drug programs, including one on anemia, and started operations in 2007. Anemia is a blood disorder that can damage the heart, brain and other organs.

Joseph Gardner, who previously

managed P&G's drug patent portfolio, became Akebia's CEO.

The investors who leaned in along the way are a who's who of the region's entrepreneurial ecosystem: John McIlwraith, Jack Wyant and Rich Kiley of Blue Chip, John Habbert and Tony Shipley of Queen City Angels, Bob Coy and Mike Venerable of CincyTech, Steve Baker of Fort Washington's TriState Growth Fund.

Akebia is currently in Phase 2 testing for its anemia drug, expects to begin Phase 3 trials in 2015 and anticipates submitting by 2018 an application to move its drug onto the market.

If there's anything bittersweet

about the story, it's that Akebia is now based in Boston. The move was necessary to secure John Butler, an experienced pharmaceutical executive, as CEO last summer and keep Akebia moving toward a new phase. And Akebia's biggest investor, according to SEC filings, is Cambridge, Mass.-based Novartis Bioventures.

Still, Akebia's research and development office remains based in Cincinnati, and Gardner now leads Aerpio, an Akebia spinoff that is pursuing a cure for diabetic blindness.

What's really troubling, investors say, is an ongoing shortage of early-stage capital in the region to support future biotech companies. That's a key reason McIlwraith, Shipley and Dan Fleming from River Cities Capital Funds are on the board of Venture Ohio, a trade organization formed last month. Its 2014 agenda includes lobbying the state to expand its Ohio Capital Fund, which has invested \$133 million into 27 venture funds, including 23 in Ohio.

The Ohio Capital Fund cannot make additional investments unless it's expanded, which makes life harder for funds like Triathlon to raise fresh capital. That, in turn, makes it harder to build biotech companies. Venture Ohio is recommending at least \$100 million for the Ohio Capital Fund, or a similar mechanism.

The alternative, the group says, "is a growing shortage of early stage venture capital in Ohio that has the potential to derail the meaningful company formation, business growth and job creation fueled by Ohio Capital Fund and Third Frontier programs during the last decade."

So Thursday was a day for celebrating. Today, it's back to the critical work of keeping this momentum going. ■

Health services sector here nurtures CTI's growth, success

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CTI specializes in complex, life-saving therapies that each can cost as much as 10 years of research and hundreds of millions of dollars.

The company works with about 70 large and midsize pharmaceutical companies and 175 medical centers testing new medicines meant to cure a wide range of maladies and disease.

At least two or three new drugs approved by the Food and Drug Administration every year are branded, in part, by CTI's work.

Roy First, vice president and therapeutic area head of transplantation for Astellas Pharma Global Development in Northbrook, Ill., says Schroeder and CTI have developed a solid reputation in their specialty niches, especially transplant medicine.

"CTI is the preferred provider in transplant studies," he says. "There's a lot of competition for these studies. The bottom line is the speed at which the trial is completed."

"When they take something on, they work with an intensity to get the

process complete. They have been very effective."

New research in regenerative medicine—a treatment that uses human stem cells to heal damaged or diseased tissue—could push the company toward even stronger growth in the future, Schroeder predicts.

Trials in regenerative therapies now make up slightly less than 20 percent of the roughly 200 projects CTI handles each year, Schroeder says, adding that percentage will increase.

Morrie Ruffin, managing director of the Alliance for Regenerative Medicine, says CTI will be among companies enjoying a strong source of new business as stem cell research grows.

"There are currently nearly 700 companies worldwide and more than 1,000 clinical trials underway," Ruffin says of stem cell therapy research.

"With more and more regenerative medicine companies entering the clinic, companies like CTI are becoming crucial players as development of these products is more complicated than many other therapeutics."



CTI, based in Blue Ash, specializes in complex, life-saving therapies. Several new drugs approved yearly by the FDA are branded by CTI. THE ENQUIRER/TONY JONES

Cincinnati area institutions, such as the University of Cincinnati and Cincinnati Children's Hospital Medical Center, are often part of CTI projects.

Schroeder says the high quality of local health care has been a factor in the growth and development of CTI and other such companies in the region.

"I don't think it's a coincidence that three of the most successful CROs (contract research organizations) are here in this region," he says, referring to his own company as well as Kendle International and Medpace, two other well-known medical research companies started locally. "A lot of people don't realize how deep the talent pockets are here."

JobsOhio lists biotech research as one of the state's top fields. Ohio ranks No. 1 in the Midwest and No. 7 nationally in clinical trial activity, according to JobsOhio.

Education and health services is one of the fastest-growing segments of the Cincinnati economy since the recession, adding about 7 percent of the new jobs in the region, according to the Federal Reserve Bank.

Schroeder says Cincinnati is ideally situated for his company to grow. "The values, the ethics and the stability of this region lend itself well to a service company such as ours," he says.

"We are really committed to this area. If anything, we see consolidating more jobs in Cincinnati." ■