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– Cameron Groome, CEO, Avivagen

for cancer. While testing the compound on pigs, the company found their test subjects grew faster, used their feed more efficiently and fought off infections, much like they would on antibiotics. One of the company's co-founders began giving the product to his own dog, and noticed the canine developed a very shiny coat as a result.

By 2011, the parent company had taken a back seat to the subsidiary, Avivagen, and adopted its name. It's now marketing its product as an alternative to antibiotics in the animal livestock industry and believes it will reach \$50 million in gross annual sales.

But making it that far is a challenging process for most firms, according to Avivagen CEO Cameron Groome.

"It's never an easy field," he says. "The life sciences people that are prospering right now are the post-apocalyptic survivors that the radiation couldn't kill. We're a pretty hardcore bunch that I think are in the industry for the right reasons."

#### CROSSING THE 'VALLEY OF DEATH'

The multiyear product development cycle means biotechnology firms are particularly capital intensive. Delays in getting a product to market, or producing sufficiently positive results to woo new investors, can have serious repercussions.

That was one of the challenges faced by PharmaGap, which raised millions of dollars to develop a cancer-fighting drug but was forced to shut its doors last year after being unable to secure additional financing.

Mr. Dickie says startups often struggle to raise enough money to get through the "valley of death" that spans the area between a good idea and clinical trials.

He noted that many of Ottawa's investors made their money in the high-tech sector, and they're generally more comfortable with technology-based investments, such as medical devices and health IT – sectors that are closer to what they know.

But that's not always the case.

Ron Vered may be better known locally for his work in real estate as the CEO of developer Armon Corp. and past-president of Ron Engineering and Construction. However, he's also an active investor in Canadian biotechnology companies and sits on Atreus' board of directors.

The company also went abroad searching for funds and landed US\$6 million from a strategic partner in France – proving that it is possible to raise money with the proper marketing.

"Despite the challenges in investment, it's still a sector where blockbusters are common," says Mr. Keenan. "You see people develop a new technology, and if it works and it serves an unmet need, then there's just an explosion of interest and financial reward."

Sophie Chen, the senior business development manager of life sciences at Invest Ottawa, says it's a matter of showing would-be investors the huge potential in the research underway in Ottawa.

"We have a big pool of technologies and the patents to be picked up by investors – it's a gold mine," she says.

"If they could identify that, then it could generate a resurgence of the whole sector."

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