

"We still think in biotechnology in Canada that success is where a company develops a product and sells it to a multi-national (company). And they take it away, commercialize it and sell it. If the product makes it on the international markets, the company brings it back to the Canadian consumer and they pay through the nose for it."

Where Bioniche differs, he explained, is how the company — which has growing global revenues — has created a business model that, while reducing risk for investors, still has high potential for revenue because it allows for research and development of new technologies and products.

Two of Bioniche's divisions are revenue-generating, McRae explained, which offsets the costs — upwards of \$15 million per year — of extensive research and development the company undertakes each year into new technologies in animal, human and botanical fields.

In addition, to capitalize on revenue, the company not only conceives and hones new methods and commodities, but manufactures and markets many products to the end consumer — rather than soliciting the assistance of a larger conglomerate in the field.

Taking into consideration the state of the Canadian dollar and that sales of Bioniche products into the Canadian marketplace accounted for only 20 per cent of the company's revenue last year, McRae, who founded Bioniche in 1992, said companies "should be doing the manufacturing in Canada, and asking the multi-nationals to distribute the product for us where they have a strong market-hold... or developing a small highly-motivated sales force."

In many cases Bioniche, which has more than 60 products on the human and animal markets, "doesn't need a multi-national —

we've researched the product, we've developed it, we've worked out how to manufacture it and we will market it."

Keeping most new technologies in-house may be more costly in the short-term, but saves time and money in the long-term development of products, McRae maintained.

"When you make a mistake in a process in-house, it becomes a very high priority... and you may bring outside consultants in to help solve the problem."

Using outside companies to ultimately refine technologies not only takes more time because of the additional communication between the two involved parties, he noted, but also exposes confidential company technologies.

"If you control your entire process, you won't give away any secrets. We work in an industry that has some pretty high-priced technologies... so you don't want to go outside and show somebody your secrets, because they may find a way

around your patent.

"When you do it in-house, you control it. It may cost more money, but it takes less time. And at the end of the day, you control your own destiny."

Within Bioniche, a unique business platform has evolved, one that can handle potential volume and revenues generated by one or more of the promising human health market products nearing the final stages of development, said McRae.

For example, Bioniche's Mycobacterial Cell Wall

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**"...IN THE
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