

THE CINCINNATI ENQUIRER

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SUNDAY
FEBRUARY 23, 2014
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Reds' Votto wants to be heard by fans C10

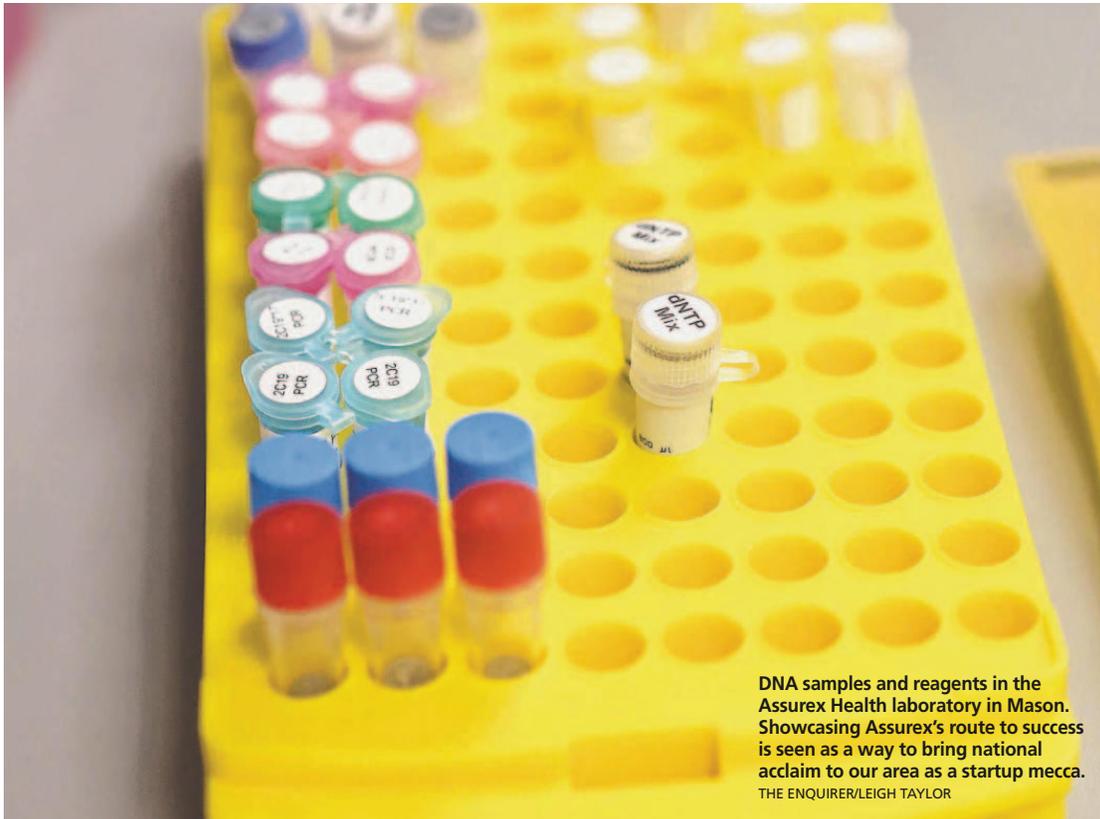
Area hospitals pull back on abortions A15

Clothing suddenly optional in reality TV 1U



'THE TIP OF THE SPEAR' FOR REGION'S STARTUPS

Mason firm's turbocharged success hailed as blueprint for 'big win'



DNA samples and reagents in the Assurex Health laboratory in Mason. Showcasing Assurex's route to success is seen as a way to bring national acclaim to our area as a startup mecca. THE ENQUIRER/LEIGH TAYLOR

Is it time to change shift schedules for our cops?

4 10-hour days on, 3 days off popular, but now its benefits questioned



CARRIE BLACKMORE SMITH
@CarrieSmithEnq

I cover the West Side of Cincinnati and western Hamilton County, as well as public safety agencies including the Cincinnati Police Department. Find me at csmith@enquirer.com.

Since his election, Cincinnati Mayor John Cranley has repeatedly called public safety his top priority, announcing intentions to dedicate more money and increase staffing in both the police and fire departments. "Code zeros" - the police code for instances when someone calls 911 for help but no officer is available to respond - are on the rise, Cranley has said, and they, along with a rising homicide rate, legitimize a plan to hire 75-80 more police officers in the coming year at an estimated cost of \$5.4 million for recruitment and training alone - even as the most

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Every morning, approximately 200 FedEx envelopes arrive at Assurex Health's Mason headquarters. The envelopes, which come from doctor's offices around the country, contain the cheek swabs of patients trying to get the right medication for depression, ADHD or chronic pain. Assurex extracts and analyzes

DNA from the swabs in its genetics lab. A Ph.D.-level scientist reviews the data, and within 36 hours the company sends a report through a secure portal to doctors, detailing which medications are most likely to be effective for individual patients, based on his or her genes.

Assurex is at the forefront of the

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JOSH PICHLER
@joshpichler

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.

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WEATHER
High: 40°
Low: 17°

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COVER STORY



Jessica Yeager works in the laboratory at Assurex Health in Mason. Assurex is one of the most promising startups in the region. Part of its success story has been hiring talent from in and outside the region. THE ENQUIRER/LEIGH TAYLOR

Assurex's success seen as blueprint

Continued from Page A1

personalized medicine movement, and its executives hope to help 1 million people within the next five years as it expands nationally and internationally.

The company's potential impact goes far beyond doctors and patients, though. It also shows how the region can leverage technology, capital, talent and government support to create the kind of startups that lead to high-paying jobs and economic good fortune.

The Enquirer first wrote about the company in 2011 after it attracted significant, early-stage West Coast funding without having to move its headquarters. The funding followed a near-death experience staved off by local investors, who leaned in to keep the company going.

Today, that faith is paying off.

Assurex is expanding internationally, rapidly bringing on new employees and attracting top talent, including a former senior Procter & Gamble executive as its president.

"I use Assurex all the time when I want to give an example of what we can really do in Cincinnati," said Kay Geiger, the Cincinnati and Northern Kentucky president for PNC Bank.

Executives and investors say Assurex is the leading Cincinnati-based candidate, along with technology company dotloop, to become the "big win" that enriches individuals, turbocharges local startup efforts and brings the region national acclaim.

Whether Assurex becomes a public company, is acquired or simply continues to grow as a standalone business, president Gina Drosos says it wants to be "the tip of the spear" that paves the way for other startups in the region to grow.

Less than four years ago, the company employed 15 people, was based in an old garage and karate studio by Kings Island and had \$1,087 in the bank. Today, Assurex employs 175 and has plans to add more this year. Those employees include programmers, sales executives and data ana-

WHAT'S THAT CHEEK SWAB?

Using cells from a cheek swab, Assurex's tests produce a report for doctors using three "traffic light" colors to help doctors determine how a patient might respond to specific medications to treat depression, ADHD or chronic pain, based on that patient's genes.

Drugs listed under the green section of the report stand a better chance of getting a positive patient response. Drugs under the yellow section have a higher degree of unpredictability, and drugs under the red portion should probably be avoided.

lysts, most of whom are located at its office in the Mason Community Center.

Investors include West Coast firms Four Rivers Group, Claremont Creek Ventures and Sequoia Capital, which was an early funder of Apple and Google.

The company rivals any West Coast or East Coast startup in its technological sophistication, said Dr. Paul Keck, president and chief executive officer of the Lindner Center of HOPE, which cares for people with mental illness. "They are doing the cutting edge, state-of-the-art genetic testing as it relates to drug metabolism."

P&G retiree decides to stay close to home

CEO headhunters from around the world started calling on Drosos when she retired as group president of P&G's \$6 billion global beauty care business in 2012.

Instead of leaving Cincinnati, however, Drosos joined Assurex the next year as president, working at an office 15 minutes from her home. It's not just good news for Assurex. It also shows that the region's promising startups can attract top executive talent from the area's swath of Fortune 500 and midcap companies.

"When she chose to make a career

COVER STORY



Assurex President Gina Drosos is a former top executive in P&G's global beauty care business. Assurex has grown to 175 employees. THE ENQUIRER/LEIGH TAYLOR

change, my first reaction was we must keep that executive talent and that global experience here," said Geiger, a board member of Assurex investor CincyTech. "If you wanted to go out and attract a president for this particular business, you would be seeking out Gina Drosos."

Geiger connected Drosos with CincyTech, where Drosos initially did some consulting before meeting Assurex CEO Jim Burns at an investor party. Burns has led multiple pharmaceutical and medical device companies, and he commutes from South Carolina.

Drosos, a 50-year-old Atlanta native and regular on Fortune's Most Powerful Women list during her tenure at P&G, says she would have considered leaving Cincinnati for the job.

At first glance, her new role couldn't be more different from her experience at P&G. There, she was responsible for 6,000 employees and brands in 120 countries. Her work included turning the \$200 million Oil of Olay brand into Olay, which generates more than \$2.5 billion a year.

Drosos acknowledges the learning curve. She must be strategic about

using Assurex's comparatively modest resources, and she has had to absorb an entirely new business.

Five months after joining the company, Drosos casually explains Assurex's GeneSight Psychotropic test to a visitor. The test analyzes how individual patients are likely to respond to 36 medications for depression or psychosis based on analysis of six of their genes.

It's clear she's drawing on her P&G experience to build Assurex's business and brand.

"P&G runs its business like little small businesses," she said. "(Assurex) is the same in some ways. It's running a business, it's thinking about the market, brand positioning and brand creation."

Product helps people reclaim their lives

Drosos also worked on products that improved lives at P&G, but her Assurex job is different.

"We tested over 3,700 people last month," she said. "I don't think of that as we sold 3,700 tests like I would moisturizers or mascara. I think of it as we helped 3,700 people reclaim their lives, and get off of that

LOCAL NETWORK GAVE ASSUREX ITS START

Assurex has made it this far thanks to local investors and executives who helped at critical points.

The technology behind Assurex, pharmacogenetics, was spun out of Cincinnati Children's Hospital Medical Center in 2006 on the recommendation of Rich Kiley, a former P&G executive, venture capitalist and consultant.

During that process, Kiley learned that the Mayo Clinic had related intellectual property. He licensed Mayo's patent and intellectual property into Assurex in exchange for an equity position.

Early local funders included the Queen City Angels and Blue Chip Venture Co.'s Validation Fund. CincyTech, the Downtown investor that matches private investment with public dollars, invested in 2007 and brought key executives into the mix.

John McIlwraith, managing director at Allos Ventures, was named chairman. Technology executive Don Wright, who has held high-level positions at multiple companies, became chief operating officer. McIlwraith then recruited Jim Burns, an experienced executive who came out of retirement in 2009, to become Assurex's CEO.

In 2010, as the company faced a funding crunch, CincyTech executive Mike Venerable put together a \$900,000 bridge loan to keep the company going. In early 2011, two West Coast firms – Claremont Creek Ventures and Sequoia Capital – announced an \$11 million investment. In May 2012, Assurex raised another \$12.5 million from existing investors and new investor Four Rivers Group.

The city of Mason has been another key partner. It secured local and state economic incentives and has helped Assurex keep growing locally at its Mason Community Center headquarters.

roller coaster of trial and error medication."

To date, Assurex has helped 67,000 patients through its GeneSight tests. The company is particularly focused on helping patients with depression.

Approximately 27 million Americans take antidepressants, according to the U.S. Centers for Disease Control. According to studies, more than 40 percent discontinue treatment in the first 30 days, and 10 percent experience adverse drug reactions. Until recently, lack of specific information about an individual patient's metabolism has kept doctors from being able to pinpoint which drugs would be most effective. In some cases, bad side effects occur when there's not a good match.

"For most of the people you may be just fine. But for those people on the other end of the spectrum, you may have someone experiencing really bad side effects because they metabolize a drug so slowly," said the Lindner Center's Keck.

"Then there are other people who will chew up that drug so quickly, it will not produce any meaningful therapeutic effect."

Assurex says three clinical trials validate that its GeneSight test for depression leads to double the rate of remission from symptoms compared to treatment as usual. The trials found a 70 percent reduction of depressive symptoms. That's critical, because the potential costs of prescribing an ineffective medication are significant.

"If you have ended up by bad luck prescribing a medicine that the person metabolizes very slowly, you've wasted the cost of the prescription, and chances are you're not going to figure that out right away on the first dose," Keck said.

"That's two or three weeks of perpetuation of the suffering that brought the person to see you in the first place. They're also probably having side effects that aren't very predictable, which is compounding the suffering. And they're probably losing some faith in you, in medicines and even their ability to get well."

New branding firm, global expansion

Growth for the company means not only reaching more psychiatrists but also consumers – especially women, who are diagnosed with depression at twice the rate of men. Drosos recently hired a local branding agency, Red212, and Assurex wants to raise consumer awareness about its products to encourage conversations between doctors and patients. The company's efforts have included a special insert in USA TODAY.

The company is also expanding globally. In November, it announced a public-private partnership with Canada's Centre for Addiction and Mental Health. Assurex estimates the North American neuropsychiatric pharmacogenetics market at more than \$4 billion.

Rao Mulpuri is vice president of lab operations, in charge of making sure the lab can support Assurex's expansion plans. Like Drosos, Mulpuri exemplifies the kind of talent that high-tech businesses can attract to the region. He has a doctorate in life sciences from Vikram University in India and an MBA from the University of North Carolina.

The India native, who also has worked in Europe and Canada, was at Catholic Health Initiatives in Baltimore when a recruiter called him about Assurex. Mulpuri was excited about the opportunity but a little surprised by the location.

"I would not have imagined there was a biotech company in Cincinnati," said Mulpuri, who joined in September 2012.

For Don Wright, Assurex's chief operating officer and a Cincinnati native, the arrival of executives like Mulpuri and Drosos are the latest chapters in a story that gets better and better. Wright, a technology executive, is Assurex's longest tenured employee and deeply involved in the region's efforts to support startups.

"The question always comes up: Can you sustain a biohealth company in Greater Cincinnati, and is the talent here?" he said. "The answer is a very loud 'yes' to both questions." ■