

BASi is a leader in the development of novel pharmaceuticals from the later stages of discovery (first time in animal) to the early demonstration of effectiveness in humans (Phase II clinical trials). This effort adds enormously to the value of intellectual property that arises from the concept stage, or what is called *discovery*. It comes before the very costly global Phase III trials. Our talent, and passion, are in the preclinical and early clinical sciences where safety and effectiveness are established (or not), and where theory is converted to reality. The work is intensive from an animal science, and from an analytical science, point of view. There are opportunities to improve speed and quality substantially. As reflected by the cover art for this issue, we've been using a bridge metaphor to describe our focus on crossing the chasm from discovery to Phase III.

Many discovery companies do not have the resources we have. It is our thesis that it makes little sense for those firms to install non-strategic capabilities when the work can be effectively outsourced to a partner. For example, animal work is expensive from an infrastructure and regulatory point of view. For discovery companies, drug safety testing is a side issue, something that must be achieved but is not central to strategy. For us, it is the passion at our Evansville location. Identifying safety issues early, while often disappointing, can save enormous sums at the clinical development level. Oral absorption, blood/brain barrier penetration and drug interactions are other critical components in drug development and need to be faced early in the process.

Our business model is quite simple. We believe the new discovery tools of the last decade, combined with erosion of patent protection for big pharma's leading products, make what we do very compelling. Many new molecules are entering our areas of capability, and we plan to participate and grow with this wave of opportunity. We therefore are accelerating our efforts and have a strong acquisition program to supplement organic growth. Our products are focused in the same areas as our services: analytical science and animal science. That will continue.

We are delighted now to have Dr. John Dolan and his team with us at BASi Northwest Laboratory. Many of you know John from his short courses and long-standing column in *LC/GC* magazine. Likewise, Dr. Jim Wilkinson and his team in Baltimore have joined the family at our new East Coast headquarters for clinical and bioanalytical services. Our resources in chromatography, *in vivo* sampling, electrochemistry, mass spectrometry, stability testing and toxicology continue to grow.

We have added real estate at three of our locations (two buildings in Lafayette, and major additions in the UK and at Evansville) to take advantage of this favorable climate. We have added human clinical testing, primarily at Phases I and II, but for niche markets at Phase III and IV as well. We have likewise added to our bioanalytical resources and now have four sites (West Coast, Midwest, East Coast and UK). Under the leadership of Dr. Ron Shoup, President and COO of our contract research operations, these sites are well along the way to integrating SOPs and IT to provide uniform regulatory compliance and production efficiency. Likewise, we have global scientific leadership with each site having access to the talents and experience at the other sites. Our Virtual Private Network (VPN) and video conferencing facilitate these interactions.

We are under construction now for a purpose-built facility exclusively for Culex[®], microdialysis and LC/MSMS, and designed for very rapid turnaround of preclinical pharmacokinetic/pharmacodynamic screening in rodents. This is one example of how we link our protected intellectual property for both products and services. BASi products are once again being used to accomplish contract research services. Contract research services will continue to make a compelling case for sales of BASi products, and vice versa. This has been the case for 15 years, and I don't see that changing as we approach our 30th anniversary as a company.

To reflect our new expanded range of products, we have augmented our logo with a stylized *i*. This reflects our stock market symbol, BASI, and also represents our focus on integrity, innovation and *in vivo*. We are excited about the possibilities for 2003.



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