



Press Release
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Bend Research: Leading Central Oregon's Economy to Recovery

Bend, OR – Changing horses in the middle of the stream can be risky business and no one knows that better than Rod Ray, President and CEO of Bend Research Inc.

But that's exactly what Ray—ranch owner and leader of the Bend-based high-tech company—and his management team decided to do two years ago when they ended a 14-year exclusive relationship with Pfizer Inc., the world's largest research-based pharmaceutical company.

With arguably the worst recession since the Great Depression as a backdrop, Bend Research struck out on its own, marketing its services to the pharmaceutical industry for the first time in years.

Today, Ray says, the gamble has paid off, resulting in what Ray calls "a complete transformation of our company."

"Two years ago, we had one client. Today, we have 59," Ray noted.

Company Reinvents Itself to Serve Clients Worldwide

The change, which occurred in October 2008, was a calculated risk, Ray said.

"We believed that the work we did for Pfizer and the expertise we gained over those years would make us an appealing partner for other companies in the industry," he said. "However, the difference between believing that and proving it was substantial."

The recession had hit the pharmaceutical industry particularly hard. It was experiencing little to no growth and, while potential customers had expressed interest in Bend Research's capabilities, no revenue had been secured prior to the Bend Research's break with Pfizer.

Bend Research was largely unknown in the pharmaceutical industry because of its lack of marketing during the years it worked for Pfizer, so the company's challenge was to broadcast its decades-long track record of success to the world quickly.

Members of the company's relatively young management team were challenged to assume new roles, learn new skills, and completely revamp the company's infrastructure to deal with a multi-client business plan—challenges that meant a steep learning curve and lots of long hours.

"There is no guarantee to 'pass through the fire' with this kind of structural change," said Lisa Graham, Vice President and COO of Bend Research. "We basically had to restart the company, cultivating new customers and generating 80% of our revenue from scratch."

To position itself for success, the company laid off employees (for just the second time in company history) and cut costs by 25% in 2008. Those reductions have been more than recouped as the company has added new clients and new projects and achieved record employment levels.

Since the restart, employment has grown from 125 in 2008 to 185 today, including 50 new hires in the past 8 months. Hiring has occurred throughout all sectors of the company, from technical to nontechnical and from manufacturing operators to doctoral-level researchers.

Since January 2009, the company's manufacturing facility has manufactured formulations for 23 new compounds and 9 existing compounds under the FDA's stringent current Good Manufacturing Practice (cGMP) conditions. These formulations are suitable for use in human clinical trials. Twenty-eight manufacturing campaigns are in the works for the remainder of this year and 2011.

"We have worked on more compounds than many companies have in their total pipeline," Graham noted. The company is working on approximately 100 compounds per year.

Success Bolsters Region's High-Tech Sector

"The wholesale diversification of Bend Research, one of Central Oregon's premier traded-sector employers, is absolutely huge for the rebound and rebuilding of our economy," said Roger Lee, Executive Director with Economic Development for Central Oregon (EDCO).

"In addition to being among the most coveted jobs in the region, this new chapter for Bend Research could translate into critical mass that is key to build a successful biosciences industry here," Lee noted.

Perhaps more than any company in the region's history, Bend Research's presence has stimulated the proliferation of new companies in Central Oregon. To date, more than a dozen ventures—founded by former employees or based on Bend Research technologies—have sprung up in the Bend area. They include Idatech, a fuel-cell manufacturer; Suterra, a pest-control manufacturer; Validation Resources, an analytical-testing provider; Chemica Technologies, a pharmaceutical technologies laboratory; Intellichem (Symyx), a drug-discovery software/hardware solution provider; Blue Reference, a software provider for knowledge platforms; BEKO Technologies Corporation, a manufacturer for compressed-air dehumidifiers; Element One, a manufacturer for fuel-cell reformers; and Agere Pharmaceuticals, a development and analytics contractor.

Combined, these firms greatly exceed Bend Research's own employment and have helped create some critical mass in the Central Oregon region for biosciences industry, particularly the pharma sector.

There are parallels with Bend Research's ability to commercialize or attract talent nationally that form the seeds for new ventures and Oregon's largest employer, Intel. Over the years, the world's largest chip manufacturer has spun off hundreds of new companies that comprise much of the Portland metro area's high-technology industry.

Lee and group of community leaders, including Ray, are investigating the possibility of creating a new applied-research center that could be used by other growing companies in Oregon. Material science could likely be the focus of the center.

Unique Combination of Capabilities

Throughout the changes it has made, Bend Research has remained true to its Bend roots. The company's marketing materials include a Western boot with the tagline "We've earned our spurs," and its tradeshow booth features a photo of Ray's daughter, Mary, barrel-racing.

"Our clients have learned that we're a different sort of company—that we operate with a strong work ethic and integrity that springs from a Western mindset," Ray said. "They value that and realize that our base in Bend is one of many things that set us apart."

At its core, Bend Research's technology is about testing and forming new compounds through chemistry, physics, and material science and using its spray-dried dispersion (SDD) technology. Strategic competency and the company's wide range of capabilities—including basic research, initial testing, process development, scale up, manufacturing, and commercialization—make Bend Research unique globally.

Being able to offer services through the entire lifecycle of pharmaceutical development saves partners time and money, as does the company's small size and responsiveness, Ray said.

"We really have only a few peers in the entire country," noted Ray.

In addition to its work with drug companies throughout the world, Bend Research has formed collaborations with universities and other research laboratories. Last month, for instance, the company jointly announced a new collaboration with Pharmaceutical Products Development, Inc. (PPD), a leading global contract research organization with offices in 42 countries and more than 10,000 employees. Areas covered under the agreement will include particle engineering, clinical-trial-material (CTM) manufacturing, formulation development, compound characterization, and quality-control testing.

Ray credits the success of restart to the dedication of the management team and Bend Research employees.

"This has taken a tremendous amount of hard work and teamwork, but it's all paid off," Ray said. "They never wavered and we've emerged a much stronger company."

About Bend Research

Bend Research has provided solutions for public and private clients since it was founded in Bend in 1975. The company currently operates three state-of-the-art facilities in and around Bend: a research and analytical laboratory, an engineering and pilot-plant facility, and a cGMP manufacturing facility.

As a contract research and development firm, Bend Research uses an interactive team approach to address the needs of its clients, drawing on a dynamic and diverse staff that includes chemists, biologists, physicists, chemical and mechanical engineers, and pharmaceutical scientists. This unique intersection of disciplines at Bend Research and the company's small size and flat organizational structure promote the streamlined development of novel drug-delivery technologies. For more information about Bend Research, see www.bendres.com.

About Economic Development for Central Oregon

Economic Development for Central Oregon (EDCO) is a private non-profit corporation founded in 1981 and dedicated to building a vibrant and thriving regional economy by attracting new investment and traded-sector jobs (manufacturing, professional, headquarters and high-technology businesses) through marketing, recruitment and substantive assistance to existing companies. EDCO operates four offices in the Central Oregon region and is led by a 36-member Board of Directors comprised of top leaders in business, banking, government and utilities representing the entire tri-county region and its eight cities. Learn more about EDCO at www.edcoinfo.com.

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