

PositiveID looking to introduce flu diagnostic product by 4Q10; open to talks with CROs for glucose-sensing chip, CEO says

by Viral Gandhi in New York

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PositiveID Corporation (NASDAQ:PSID) is planning a product launch for a rapid virus diagnostic product in 4Q10 and is actively seeking partnerships, CEO Scott Silverman said.

He added that clinical trials for a separate product, a glucose-sensing microchip, may begin next year at the earliest and that the company is open to speaking with CROs.

The rapid virus detection system is a multiplex test that will provide test results at the point of care in about 10 minutes, Silverman said. The test not only helps determine whether the test sample is flu or non-flu, but the second level of detection also identifies the sub-type of the flu virus, Silverman noted. The rapid virus detection system can be used for H1N1 virus as well as other pandemic illnesses because the system can be adapted to identify new strains of influenza and other viruses as they evolve. Thus the flu detection system will provide utility for not just H1N1 but for future testing applications as well, noted the CEO.

Silverman said that the company would ideally like to internally develop the complete product by the beginning of flu season this year. The company is currently working to develop a test kit that can be used on the spot in the physician's office. Silverman noted that he does not think the FDA clearance process will be extensive since it is a non-invasive test.

Silverman said that the company is actively talking to partners for the flu diagnostic and an appropriate partner would be a large distributor such as Henry Schein (NASDAQ:HSIC), McKesson (NYSE:MCK), or Baxter (NYSE:BAX). Silverman noted that he has worked with some of these companies in the past when PositiveID was known as VeriChip. The CEO said that the partner will help to improve, manufacture, and distribute the product. Silverman noted that the company is also in discussions with the government, adding that they have spoken to US Health & Human Services.

Silverman said that the technology, which has been exclusively in-licensed from Receptors LLC, a biochemistry company platform technology company in Minnesota, is also applicable with some tweaking for developing a glucose-sensing microchip for diabetic patients. Phase II development is underway where the company is working to optimize the glucose-sensing system for its response in the presence of blood and interstitial fluid matrix components.

Silverman said that the animal and human clinical trials may begin next year, for

which they are open to talks with CROs. He noted that development costs for this project are fully funded up until human clinical trials, which the company hopes will be taken on by a larger partner.

In regards to financing, Silverman said that the company currently has USD 5m in cash and no debt. Their projects are funded till the end of this year, he noted.