

JB/7  
MEETING WITH SPEYWOOD LABORATORIES IN RUSSELL SQUARE ROOM 122 AT 10.30 am  
ON TUESDAY 7 MAY 1979

Present: Mr Weston                      Mr D Heath )  
          Mr Buck                        Mr P Lees    )    Speywood

The meeting had been arranged to discuss the possibility of government financial assistance for the company. Established in 1974 Speywood, as distinct from its subsidiaries Cardio-Technology, Blakey's Foods and Speywood Communications, specialised in porcine blood fractionation. The products of this process were used in the treatment of haemophiliacs whose blood systems had built up a resistance to human blood products. These now represented about 10-12% of the growing £60-80m world market. The company had 3 projects under consideration.

*see patent*  
*Weddell*  
1. To use polyelectrolytes for a new blood fractionation process. The process had been developed and patented by Monsanto, who had licensed it to Speywood in March 1979 because they were concerned about their corporate image in view of the possible link between blood products and hepatitis. Palmer Research in North Wales were making the polyelectrolyte under licence for Speywood, but further development work was needed on the fractionation process, and this was being undertaken by Dr Johnson in New York. The potential market for the porcine product could not be met from production at their Wrexham plant and they were looking at an advance factory in Wales. £200-250K expenditure on sterile areas etc, was envisaged. About 80-90% of the £4-5m turnover from the factory would be exported. They hoped to occupy the factory in November or December 1979 and be ready for production by April 1980.

*can they:*  
*if it does*  
Human blood fractionation using polyelectrolytes was a more problematic undertaking because of the implications of using human blood for commercial purposes. Speywood envisaged taking out patents and licensing overseas producers, and supplying the polyelectrolyte for the NHS to undertake their own fractionation. Dr Lane of the BPL was working on the fractionation process.

*because*  
*STB him*  
*contracts*  
2. Giving sets and disposable accessories were seen as the next stage of Speywood's expansion. A 20,000 sq ft factory, enlarged later to 30,000 sq ft, was planned. Factory and plant together would cost about £700K, which meant a £250K borrowing requirement. They were discussing the central contract with HSSB but were not yet in a position to seek government assistance.

3. Blood bags represented a ~~more~~ demanding product that might be tackled later, and a distributor found in the US where there was great potential ~~and~~ ~~where~~ a competitor to Travenol and Fenwell would be welcomed. A Japanese bag, made by Terumo, had not proved popular.

Speywood sought assistance specifically with the first project. This was a new product area with considerable commercial potential but the company would have to proceed slowly and cautiously unless government support was available. The Department said that PPDS assistance appeared to be appropriate, and offered to consider an application, with support from STB. It was explained that assistance would be calculated on development costs to the point of manufacture and that reasonable sub-contracting costs could be included. Costs incurred abroad were

eligible, if no viable alternative UK source of goods or services was available. The company said that they would consider these points and shortly make application for a 25% grant. They also took away MEGS literature as they regarded Germany especially as a lucrative market for their products, and would prefer to sell rather than license there.

May 1979

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Cc: Miss Duncan  
Mr Sloggen  
Mr P Jones  
Mr Salway  
Mr Hallowell  
*Mr T. Dutton*