

## NEWS RELEASE:



### **Germicide maker, Virox, winning in the battle against SARS 'We're run off our feet'**

**Kate MacNamara**  
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Virox Technologies Inc. doesn't usually receive panicked calls from hospitals, but with the outbreak of severe acute respiratory syndrome, or SARS, reaching crisis levels in Toronto, the firm's disinfecting wipes are fast becoming a must-have commodity.

Orders at the Mississauga, Ont.-based firm have more than doubled over the past couple of weeks as a result of the deadly new strain of pneumonia. As a result, the firm has hired temporary employees and increased production by 50%.

"We're absolutely run off our feet here," says Virox chief executive Randy Pilon.

Virox makes the germicide accelerated hydrogen peroxide, for which it holds a patent. The company sells the disinfectant, under various labels, to vets and fish farmers, restaurants and universities, but most business comes from the health-care sector.

Contagion isn't something Mr. Pilon welcomes, "but it's certainly been good for business." And unfortunately, he expects that business to keep growing.

One reason, laid bare by SARS, for which treatment is an unproven cocktail of steroids and anti-viral drugs, is pharmaceutical failure.

Mr. Pilon says sexy new drugs and vaccines have traditionally enjoyed the medical limelight while prevention has played ugly duckling. But that's changing.

Indeed, scientists have watched aghast for over a decade as bacteria and viruses develop increasing resistance to drugs.

"We've seen such overuse of antibiotics, for example, that they're often no longer effective," says Dr. Syed Sattar, director of the Centre for Research on Environmental Microbiology at the University of Ottawa, who has tested Mr. Pilon's fast-acting hydrogen peroxide.

"It is forcing a much greater attention to prevention," says Dr. Sattar.



**CREDIT: Peter Redman, National Post**

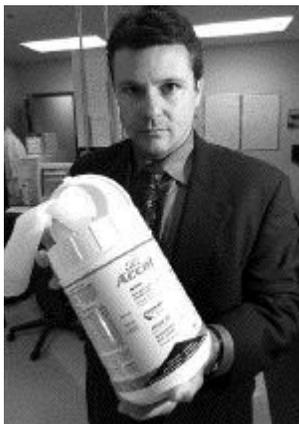
**Randy Pilon, president and CEO of Virox Technologies, holds a canister of germ-killing wipes treated with accelerated hydrogen peroxide for which his company holds the patent.**

The new medical order suits Mr. Pilon, although it doesn't bode well for public health. He expects his fledgling firm to turn close to \$6.5-million in revenue this year, but his eye is fixed on the world market for disinfectants which he reckons is worth roughly \$20-billion.

In 1998 the then 36-year-old was a vice-president for eye care giant Bausch & Lomb Canada. Long a "thwarted entrepreneur," a lawyer contact put him in touch with local chemist, Michael Rochon. Mr. Rochon had a formula for accelerating the germ killing action of hydrogen peroxide but no business plan.

Mr. Pilon conceived a plan, and bought Mr. Rochon's firm, M&R Chemical. On the strength of Mr. Rochon's formula, Mr. Pilon cobbled together \$3-million in seed money.

In a lab the size of a living-room and a tiny adjacent factory Mr. Pilon began manufacturing the disinfectant 20 cases at a time. But he never planned to take on the industry behemoths.



**CREDIT: Peter Redman, National Post**

**CEO Randy Pilon says demand for Virox's disinfectant is soaring.**

The Sheraton College business graduate -- who had once worked to convince Bausch that Ray Ban sunglasses could be best sold by getting them on celebrity faces as opposed to touting their medical virtues -- took his disinfectant to prominent microbiologists. "If I could get the academics on side I could take their endorsements to the trend-setting institutions."

Within two years he'd convinced the prestigious likes of the Toronto General Hospital, and Mount Sinai Hospital to buy his disinfectants to do everything from cleaning wards to sterilizing instruments.

Next he lined up the competition -- multinationals such as 3M Worldwide, Dupont, and Johnson & Johnson -- to take a look at his formula. "Dupont turned up with four patent lawyers," he says.

Rather than compete alone, Mr. Pilon wanted partners. He inked deals with, among others, chemical maker Bayer AG, Butcher's, and JohnsonDiversity -- which makes Windex and Pledge -- licensing them to use his accelerated hydrogen peroxide in their products. JohnsonDiversity even took a 10% equity stake in the company.

The partnerships typically see Virox license its hydrogen peroxide for a fee, manufacture the joint venture product for another fee, and charge a royalty on goods, which are sold and distributed by the licensee.

"I'm currently talking to Deb [the soap maker]. We say you're going to give us \$75,000 to do the research and development to come up with a product [with his peroxide]. We own the rights to the results, and we license them back to you."

Accelerated Hydrogen Peroxide, he says, is so potent a disinfectant -- it shouldn't be confused with ordinary hydrogen peroxide which kills germs much more slowly -- and so benign a chemical that he can afford to swagger.

But more convincing is a memo issued last week by Malcolm Bates, director of the emergency health services branch of the Ontario Ministry of Health and Long-Term Care. It recommends a long list of Virox products for battling the current SARS contagion, none of its competitors, most of which contain germ-killer quaternary ammonium, are mentioned.

Virox can't be sold in the United States, although it does hawk wares to the off-shore cruise ship industry -- sales "took off" during the recent outbreak of Norwalk virus. But Mr. Pilon expects approval from the U.S. Environmental Protection Agency, the regulatory body responsible to testing disinfectants, by late this year, or early next.

And the agency, along with the U.S. Centers for Disease Control, has already recommended Virox in the event of an emergency such as a smallpox outbreak.

More promising still is brewing litigation around infection.

In Texas, a class-action suit has been filed, though it is still unclassified, against Jacuzzi Inc., America's largest maker of whirlpool baths. Disgruntled tub owners contend that infectious bacteria builds up in the internal water pipe systems, and that the company's recommended cleaning methods don't adequately fight it.

Such legal action kindles a vigilance around disinfection that Mr. Pilon is happy to fuel. "The tubs are favoured by old age homes. And what happens when you put Grandma in the tub?" wonders Mr. Pilon rhetorically. "She's in her 80s," he prompts, "and the water's warm."

Soiled baths, he suggests, aren't properly cleaned. The result, he contends, is bacteria build-up, that can become airborne through the frothing action of the bath's jets. "Next in is Grandpa. He inhales the bacteria, he gets a respiratory infection, pneumonia they might say, and three days later he's dead."

These are frightening suggestions, especially to an ageing population. And at a time when Canadians are hypersensitive to issues of disease and its spread, they may well strike a chord with the public. Mr. Pilon certainly hopes so. In the next six months he'll launch a line of household cleaners. "We're counting on consumers learning to be just as vigilant as institutions."