

Academia joins CBD research boom, offering new market opportunities

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Lack of significant research on the effect of cannabinoids has long been a bane to the CBD and hemp industries. But in the wake of the U.S. Drug Enforcement Administration’s decision to reschedule some cannabis-derived products, researchers are looking for ways to open and capitalize on new markets and uses.

Two Stanford University researchers, Jonathan Rothbard and Lawrence Steinman, announced last week they are starting a medical cannabis company to pursue treatments targeting cannabinoid receptors to treat inflammatory diseases such as Crohn’s disease.

Their company, Katexco Pharmaceuticals, plans to combine plant-derived cannabinoids with synthetic ones to target CB2 receptors, which don’t produce an intoxicating “high” feeling when stimulated.

Patient trials, they noted, will be conducted outside the United States.

“We’re very interested in exploiting the capacity of the cannabinoid compounds to reduce inflammation,” Steinman told *Hemp Industry Daily*. He did not say why the new company plans to source CBD from outside the U.S.

The U.S. Food and Drug Administration's approval in June of a [cannabis-derived medicine](#), followed by the [DEA's rescheduling](#) in September of cannabinoid medicine that has FDA approval and no more than 0.1% THC, is opening up research opportunities, Steinman said.

“The environment is really heading toward acceptance of its medical use,” he said. “We want to develop a licensed drug that can be used in combination with cannabidiol.”

Industrywide thaw

The Stanford researchers aren't the only ones looking to tap into cannabis' increasing acceptance for profitable research opportunities.

Michigan State University also announced last week that a [faculty toxicologist](#) received \$2.4 million from the National Institutes of Health to study how cannabinoids affect brain cells in HIV patients.

And a Winchester, Kentucky, hemp producer, Atalo Holdings, is awaiting federal approval to send some of its hemp seeds to the International Space Station (ISS) through a for-profit research firm.

The research firm, Space Tango of Lexington, Kentucky, is seeking NASA approval to take the seeds onto the ISS to study how hemp germinates in micro-gravity, research that could help scientists better understand the plant.

“We think there's some really interesting potential in CBD and other cannabinoids,” Space Tango chairman Kris Kimel said.

There's a noticeable thaw in academia and the federal government in terms of their approach to cannabis, said David Bush, founder of the Denver-based Industrial Hemp Research Foundation, which was started in 2015 to raise money to fund experimentation with the plant.

“CBD research in general is going on quite a bit,” said Bush, who added that the Stanford approach to form a company to market cannabinoid-based medicine may be a first.

“The mere fact that the FDA has approved a cannabis drug and the DEA has taken it upon itself to reschedule at least a kind of CBD drug – to put that on a reduced schedule – speaks volumes to the direction we're moving.”

How to capitalize

Expanding CBD research signals more interest in the cannabinoid's medical potential.

But CBD companies still need to take a careful approach to see their products used in academic research, said Robert Chavez, a former director of medical business development for the University of Miami Health System.

Chavez – who now leads a Miami-based cannabis company that makes CBD products, Avant-Garde Holdings – advised companies seeking business opportunities in academic cannabinoid research to:

- **Be patient.** Academia moves more slowly than a startup business, and academic institutions are fiercely protective of their reputations, meaning that cannabis research approval could be downright glacial. “It’s such a high-profile thing that a university is not going to research this without the president knowing. There are a lot of layers of bureaucracy.”
- **Not oversell CBD’s potential.** Just as a retailer can’t promise consumers any medical benefit, CBD producers should tread carefully when approaching a research entity. “Even inferring your product is a cure for anything is dangerous, a slippery slope.”
- **Avoid money talk.** A potential business partner may be dazzled by promises of future profits, but academia requires a different pitch. “I would not approach a university saying you can make a lot of money on this, because they want integrity. Any university has plenty of legal and financial backing. You need to approach them with honesty and integrity above all.”

Brace for change

Academia’s increased interest in cannabis brings huge new opportunities for cannabinoid producers – but it also presents challenges. Scientists may be looking at the plant differently than a cannabis user-turned-entrepreneur.

The Stanford researchers, for example, are testing plant-derived cannabinoids in conjunction with the synthetic compound they’re creating.

Synthetic cannabis is anathema to many in the cannabis industry, according to Rothbard, but it’s likely the future of pharmaceutical applications for the plant.

“The future of medical marijuana is very limited because of reproducibility and the fact that it’s a mixture of multiple pharmaceutical agents,” he said.

“The future will be to segregate and isolate (cannabinoids), define them and synthesize them and distribute them. ... There’s going to be a natural progression in cannabis products.”

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