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California's Biotech Leadership Is In The Balance, Experts Say

by Lisa Sibley

Northern California biotechnology executives don't want to look back in 20 years and wonder where they went wrong. That was the cautionary statement from industry experts Wednesday, who said that California's place as a biotech leader could slip if more isn't done to keep innovation, life science companies, related jobs and education opportunities in the state and in Silicon Valley.

BayBio, the trade association serving the Northern California life science industry, released its industry report BayBio: IMPACT 2009 on Jan. 14 in conjunction with the 27th annual J.P. Morgan Healthcare Conference in San Francisco. The report offers an in-depth analysis of the state's life science industry, said BayBio CEO Matt Gardner, specifically in human health aspects such as therapeutics, diagnostics and medical devices.

From the report, Gardner highlighted 210 pending products, treatments and cures that represent a potential investment of \$50 billion in employment, facilities, equipment and opportunities. He said nearly six indirect jobs are created from every one biotech job. The report further highlights state and federal policy actions, tax initiatives and other incentives BayBio is recommending to guarantee and spur California's edge in the life science marketplace. Many of the action items are back from last year's report because they have not been addressed, Gardner said.

"We have got to find ways to look at who are the stabilizers in this particular economy, and one of those is biotech," said California State Sen. Leland Yee, who represents the 8th district that San Mateo and San Francisco counties.

Yee said the state is vested in the future growth of the industry, and asked local biotech companies to commit toward growth within the state.

Gardner said the cutting back or ceasing of operations among some biotech companies isn't because of the current financial meltdown -- it is because 90 percent of clinical trials fail, he said; it's an inherently risky business.

According to the report, the number of California treatments in Phase 2 and 3 clinical trials decreased in 2009 compared to 2008. The trials dropped by 77, from 815 to 738. There were, however, 1,294 approved treatments in 2008, which is higher than BayBio projected, Gardner said.

At the launch event, life sciences leaders including Pierre Cassingeu, CEO of [XDx Inc.](#), and Hoyoung Huh, CEO of [BiPar Sciences Inc.](#) offered perspectives on new innovation and the unique challenges their companies face in California.

Brisbane-based XDx is a personalized medicine company focused on noninvasive gene expression testing in transplant medicine and autoimmunity.

BiPar, also based in Brisbane, works in cancer therapy, developing a novel class of tumor-selective drugs designed to target multiple cancer types, including therapy-resistant and difficult-to-treat cancers.

Huh said his company moved its manufacturing capacities to India for cost savings and quality reasons. He noted that he is not seeing the same level of support in California that existed 10 to 20 years ago in the life sciences industry. He also highlighted [Genentech Inc.](#)'s pending takeover by [Roche](#) as a huge loss for the Bay Area.

A summary of BayBio's report is available at www.baybio.org/wt/open/cacures08.

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