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Biotech Company Sees Profit During Recession

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Despite the economic recession and past doubts about its financial well-being, one Bay Area company has experienced a welcome surge in profits this year.

Officials at Xoma Ltd., a company located in Southwest Berkeley that focuses on antibody therapeutics, said the surge is due to an increased amount of collaborations with other businesses as well as increased innovation in the types of products it produces.

In the past, doubts have been cast on whether the company would be able to continue functioning after facing financial difficulties and laying off of nearly half of its employees.

However, the company received positive news in the form of an increase in profits for the first part of this year.

"We've recorded revenues of \$76.8 million-for the same period in 2008: \$31.1 million," said Carol DeGuzman, investor contact for Xoma.

DeGuzman added that collaborations, such as a \$29 million expansion of an agreement with Takeda Pharmaceuticals, have contributed to the financial stability of the company.

"Increasingly, other companies are recognizing the value of our technology and have approached us for collaborations," DeGuzman said.

Paula Keebler, a UC Berkeley graduate student in business administration and public health who has worked for several Bay Area biotechnology companies, said in an e-mail that businesses developing new products are more likely to attract investors.

"Companies with (new products) in later stages of clinical development are more likely to attract funding," she said in the e-mail.

Travis Blaschek-Miller-director of communications for BayBio, a trade association for life science businesses in the Bay Area of which Xoma is a member-said the willingness of investors to support a particular technology is crucial to the success of a company like Xoma.

Blaschek-Miller added that during a financial crisis, biotechnology companies are still likely to receive investments due to the length of time that a treatment takes to develop, which is typically 12 to 15 years.

He added that the recognition of this time span by investors has allowed many biotechnology companies to stay successful during the recession.

"Companies have mapped out their financial situation for years ahead of time," Blaschek-Miller said.

"They can weather the storm because they have received funding before the economic climate changed."

Blaschek-Miller said Xoma is an example of a company whose success stems from innovative technologies and an awareness of its own potential.

"It's an example of an organization aware of its intellectual property and the potential it offers," he said