

Japan drug giant Takeda bets big on Bay Area facility

Leena Rao

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Japanese drug giant **Takeda Pharmaceutical Co.** is making a major investment in monoclonal antibody technology in the Bay Area, as the company seeks to tap the region's reservoir of educated workers and reputation for biotech innovation.

A company with worldwide revenue of \$14.7 billion, Takeda opened its **Takeda San Francisco Inc.** unit a year ago to be the company's primary source for research and development in antibodies. The 60,000-square-foot South San Francisco facility employs 40, but the unit is expected to grow to 100 employees by the end of 2009.

Although this is not Takeda's first venture in the United States, it is the first R&D facility that the company built from the ground up outside of Japan. Takeda has facilities in San Diego, Boston and Chicago — all from subsidiaries bought by Takeda.

(Most recently, Takeda added to its U.S. holdings by closing the largest deal ever by a Japanese drug firm when it acquired Cambridge, Mass., biotech **Millennium Pharmaceuticals Inc.** to the tune of \$8.8 billion in May.)

Mary Haak-Frendscho, president and CEO of Takeda San Francisco, said that Takeda, Japan's largest drug company, wanted a "stronger global presence" in antibody research and selected San Francisco not only because it is the "birthplace of biotechnology," but also for its status as a central area for antibody research.

It's not surprising that Takeda is pumping money into antibodies. Not only do antibodies hold a lot of promise on treating diseases like cancer, but the technologies stand to be a huge revenue maker. Five of the top-selling cancer drugs, including **Genentech's** popular chemotherapy drug Avastin, are made from antibodies. Monoclonal antibodies target cancer cells specifically. These targeted therapies are not only thought to be more successful in treating cancer and immune diseases, but are also known to cause fewer side effects to patients.

According to Haak-Frendscho, the benefits of establishing a R&D facility in the Bay Area include drawing from a talent pool "with the biggest concentration of experienced professionals in antibody therapeutics" and being where the competition is located. Genentech, headquartered down the street

in South San Francisco, and **Amgen** are just two of the biotechs that have R&D facilities devoted to developing antibody therapies in the Bay Area.

Takeda is in such a hurry to develop the antibody technologies that it is contracting R&D work to local biotechs while its laboratories are being built. In 2006, Takeda collaborated with **Xoma** Ltd., a Berkeley company whose expertise in developing antibodies made it an ideal candidate for the partnership. According to Takeda, Xoma was expected to make close to \$100 million from the deal.

“Takeda has put a stake in the ground in the antibody field,” said Pat Donahue, vice president of collaborations business for Xoma. “Takeda identified an area in the world where there is a high concentration of people who understand antibody technologies. I think, in general, big pharma is looking to settle in an area where they can leverage the expertise of other companies and talent.”

Matt Gardner, CEO of BayBIO, a biosciences trade association, said that Takeda is one of many multinational research and drug companies that are looking to San Francisco to harness antibody technology.

“Its a powerful reminder that it’s the human-capital element that makes the Bay Area competitive in the antibody industry,” Gardner said.