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## Biotech innovation being threatened

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[San Mateo County Times](#)

MENLO PARK — As leaders in the biotech industry sat this week in a conference room on Sand Hill Road, ground zero for venture capitalists, the news for biotech startup companies wasn't music to their ears.

One investor went as far as calling the current investing climate "Armageddon" for biotech startups.

"Because the burden of proof to get drugs approved is suddenly so high, investors like us look at the risk and say, 'It's just not worth it,'" said Doug Kelly, founding member and general partner of Alloy Ventures. "There is a fundamental lack of understanding at the federal level on what it takes to innovate."

These remarks were made Wednesday night at the Bioscience Business Round Table at Quadrus in Menlo Park.

With the cost to get a product to market being about \$1.3 billion, and just two in 10 medicines earning more than the average cost of developing a new medicine, Lori Reilly, vice-president of Pharmaceutical Research and Manufacturers of America, said that without proper funding, innovation might be taken to other countries such as India, China, Korea and Singapore.

While therapeutics might receive attention because they are easier to approve, some of the medical needs that don't have sufficient treatments may be overlooked.

"There seems to be this sense that medical advances will come because they come from the (National Institutes of Health)," Kelly said. "When in fact almost none of it comes from the NIH.

Rather most of it starts in labs in Palo Alto and South San Francisco."

Just because the innovation hasn't hit the bed side, doesn't mean it's not out there yet, said Geoff Eich, director of regulatory affairs for Amgen.

"Those innovations can be found on pipelines being worked on by scientists in buildings with the lights on at midnight," Eich said.

Matt Gardner, president of biotech watchdog group BayBio, says that while venture capital investments are not what they used to be, companies are still finding creative ways to get it done. And to those that haven't survived the economic times, the data and research are often still intact, he said.

"There's definitely some good science out there that might have been abandoned," He said. "Now we just need to find a way to get it funded."

While venture capital may be difficult, the sector itself is doing well.

With the aging of Baby Boomers during the next eight years, 200,000 additional workers are needed in health care, said Doug Hoffner, acting secretary of the California Labor and Workforce Development Agency.

"In 2009, health care is the only area that is growing year over year," Hoffner said. "Every other sector is in decline."