

William Rastetter

Interview conducted by

Mark Jones, PhD

July 28, 1997

SAN DIEGO TECHNOLOGY ARCHIVE



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William Rastetter



Dr. William H. Rastetter, Bill, Ph.D., co-founded Receptos, Inc. in 2007 and has been its Executive Chairman since May 2009. Dr. Rastetter served as a Partner at Venrock which he joined in 2006 until 2013. Dr. Rastetter focused on biotechnology investments. He served as an Interim Chief Executive Officer of Receptos, Inc. from May 2009 to December 2, 2010. Dr. Rastetter served as the President and Chief Executive Officer at Biogen Idec Inc. from December 1986 to January 2002, the Chief Executive Officer from January 2002 to November 2003, the Chairman since 1986, a Director from 1986 to December 30, 2005, and served as an Executive Chairman. He served as the President at IDEC Pharmaceuticals Corp. from 1986 to 2002. Dr. Rastetter served as the Chief Financial Officer at IDEC Pharmaceuticals Corp. from December 1986 to November 2003, the Chairman from May 1996 to November 2003, and a Director of IDEC Pharmaceuticals Corp. since 1986. From 1984 to 1986, Dr. Rastetter was a Director of Corporate Ventures at Genentech Inc. and served in a scientific capacity at Genentech. He has been Non-Executive Chairman of Illumina Inc. since January 2005. Dr. Rastetter has been the Chairman of Fate Therapeutics, Inc. since November 2011. He was an Interim Chief Executive Officer at Fate Therapeutics, Inc. until October 15, 2012. Dr. Rastetter joined Fate Therapeutics on December 14, 2011. He has been Chairman of Neurocrine Biosciences Inc. since May 25, 2011. He served as Executive Chairman of Biogen Idec Ma Inc. since December 31, 2005. He has been a Director of Illumina Inc. since November 1998. He has been a Director of Regulus Therapeutics Inc. since April 1, 2013. Dr. Rastetter serves as a Director of Argonaut Technologies Inc. and Neurocrine Biosciences Inc. since February 8, 2010. He has been Life Director at BIOCOM, Inc. since April 2007. He is a Board Member of the California Healthcare Institute. He served as a Director of Spiros Development Corp., since 1998. Dr. Rastetter served as a Director of the Biocatalysis group, and a Director of Chemical Sciences. As a Director of Corporate Ventures at Genentech Inc., he served as a Director of Spiros Development Corporation II Inc. and Spiros Development Corp. since 1998. Dr. Rastetter served on the Boards of Directors of Genentech's joint venture companies, Genencor (with Corning and A.E. Staley), HP Genenchem (with Hewlett Packard), GLC Associates

(with Lubrizol Corp.), and Travenol-Genentech Diagnostics (with Travenol Laboratories). From 1975 to 1982, Dr. Rastetter held various faculty positions at the Massachusetts Institute of Technology. He held various faculty positions at MIT, won the award for “Excellence in the Teaching of Chemistry” at Harvard, and is an Alfred P. Sloan Fellow. Dr. Rastetter is an R. B. Woodward Visiting Scholar of the Department of Chemistry and Chemical Biology at Harvard University. He is the author of numerous scientific papers and patent applications in the fields of organic and bio-organic chemistry, protein and enzyme engineering, and biotechnology. Dr. Rastetter holds a Ph.D. and an M.A. in Chemistry from Harvard University and an S.B. in Chemistry, Phi Beta Kappa and Phi Lambda Upsilon, from Massachusetts Institute of Technology.

Source: Bloomberg Businessweek



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1 **JONES:** I know that you got a PhD at Harvard, in organic chemistry?

2 **RASTETTER:** Right.

3 **JONES:** Then you went to MIT. Were there postdocs in between?

4 **RASTETTER:** No.

5 **JONES:** In '82, you went to Genentech, what were the circumstance surrounding
6 that? Why did you decide to leave the academy to go into industry?

7 **RASTETTER:** Because I could do better science within the industrial sector.

8 **JONES:** There were limitations at MIT of what kinds? In terms of resources?

9 **RASTETTER:** Well, it was a very disciplinary organization. You lived in a department
10 and you did chemistry, and if you needed to draw upon other skills or resources, you
11 had to go outside the department or often outside the institution. My best
12 collaboration, actually, was at Berkeley, and it was a very painful way to do science.
13 That coupled with the fact that you spent fifty percent of your time writing grants
14 made it very difficult.

15 **JONES:** And in particular, what they were doing at Genentech was exciting to you?

16 **RASTETTER:** Oh sure.

17 **JONES:** Did you perceive a lot of risk in going there? Genentech was only six years
18 old at that point, after the IPO, but...

19 **RASTETTER:** Oh, sure, there was a lot of risk, but I went as a fairly young
20 professional, right? There were a lot of things that I could have done had Genentech
21 folded, so the risk was of no importance to me.

22 **JONES:** You went initially to work in the Biocatalysis and Chemical Sciences group,
23 but then two years later, you got involved in business development. What was the
24 motivation to make that transition?

25 **RASTETTER:** Well, I helped establish spin-off companies when I was in the research
26 group, and then the spin-off companies needed to be financed, they needed
27 managements, they needed boards of directors, and so I moved into the corporate
28 development role.

29 **JONES:** Which companies were those?

30 **RASTETTER:** Genencor, HP Genenchem, GLC Associates, Travenol-Genentech
31 Diagnostics, and a research institute in Vienna, Austria, which was a joint venture
32 between Genentech and Beohringer-Ingelheim.

33 **JONES:** What prompted your decision then to leave Genentech to come down here
34 for IDEC.

35 **RASTETTER:** Well, it was chance to lead a company myself.

36 **JONES:** And what was the date on that? When did you join?

37 **RASTETTER:** December 1st, 1986.

38 **JONES:** Did you have other opportunities at the time? Why did you choose this one?

39 **RASTETTER:** I had several opportunities at the time. This one just seemed to be one
40 with the shortest path to commercialization of products.

41 **JONES:** And was Kleiner-Perkins involved in bringing you down here?

42 **RASTETTER:** Correct.

43 **JONES:** Brook Byers?

44 **RASTETTER:** Correct.

45 **JONES:** How did he represent this opportunity to you? Did he come to you?

46 **RASTETTER:** No, I learned about it and I went to him, because I knew that he was
47 involved in it.

48 **JONES:** So you knew that they were looking for a CEO.

49 **RASTETTER:** Correct.

50 **JONES:** And did you know the people here at IDEC?

51 **RASTETTER:** I knew Howard Birndorf.

52 **JONES:** How?

53 **RASTETTER:** I sat on a Commerce Department Committee with him in Washington.

54 **JONES:** When you arrived, was the licensing with Hybritech already in place?

55 **RASTETTER:** Yes.

56 **JONES:** Had IDEC merged with Bioterapy Systems at that point?

57 **RASTETTER:** We had just completed that merger, correct.

58 **JONES:** Later, there was the decision to close, where were they, Mountain View?

59 **RASTETTER:** Mountain View, right.

60 **JONES:** Why did you decide to close that facility and keep everything down here?

61 **RASTETTER:** Well, running a small company in two locations was very difficult.

62 **JONES:** Why do it in San Diego rather than move up there?

63 **RASTETTER:** Real estate is cheaper, commuting is easier, access to the biotech
64 community is easier here because everybody is in about a fifteen mile radius as
65 opposed to the Bay Area, where it's very spread out, and one deals, for the most part,
66 with one municipality here in San Diego, rather than dealing with Redwood City, or
67 San Carlos, or Emeryville, or South San Francisco, or whatever. So, there's no
68 cohesiveness of policy in Northern California, and there is quite a bit of cohesiveness
69 here, and we felt that it would be easier, in terms of housing prices, to recruit

70 management to San Diego versus the Bay Area, where housing prices have run about
71 fifty to sixty percent higher, historically.

72 **JONES:** As the company started to grow, and you were organizing research,
73 recruiting scientists and management, did you draw on your Genentech experience?
74 Is this is some ways modeled on Genentech?

75 **RASTETTER:** Well, I suppose that you draw on your experience in anything that you
76 do, sure.

77 **JONES:** Was the corporate partnering strategy in place from the beginning, rather
78 than the idea that IDEC would grow into a so-called fully-integrated company?

79 **RASTETTER:** Well, we are today a fully-integrated company. We have marketing,
80 sales, and manufacturing, and development and discovery. There isn't a function that
81 we don't have. But getting to full integration has taken ten and a half years, and it
82 would be impossible to do that were it not for the partnering strategy.

83 **JONES:** Ten years ago, you knew that you would be doing this?

84 **RASTETTER:** Absolutely, absolutely. It's not something that we invented. I mean, it's
85 been something that the sector has had to do.

86 **JONES:** Yeah, but the extent to which small companies have had to rely on larger
87 entities, this has become increasingly clear?

88 **RASTETTER:** Sure, but even ten, fifteen years ago, people knew that you couldn't
89 fund these companies all the way to full integration based on equity capital. That's
90 just impractical.

91 **JONES:** Genentech is a partner with the new product. Was that partnership
92 facilitated by the fact that you knew people there?

93 **RASTETTER:** Sure.

94 **JONES:** Is this one of the first places you went to look for a partner for this? Or was it
95 that this product fit in well with what they were doing?

96 **RASTETTER:** We went to several people and had very serious conversations with
97 four different companies before we chose Genentech as the one that we would go

with. The determining factors were the financial deal, Genentech offered us the best deal among the four of them, and Genentech's track record and capability in biologics manufacturing, which was going to be very important to drive market share, market share for a product of this sort is not something that's driven by marketing and sales, it's driven by manufacturing capacity.

JONES: Are you going to manufacture the product here?

RASTETTER: It's being manufactured here, but it's also being manufactured by Genentech, because we have certain volume limitations in production here.

JONES: There has been a lot of talk lately about San Diego companies maybe moving manufacturing elsewhere, did you consider doing that?

RASTETTER: It's still under active consideration. I would give it no better than a fifty percent chance that we'd stay here.

JONES: The initial idea for the company was the yttrium conjugated antibodies, right?

RASTETTER: No, the initial idea for the company was a series of products based on anti-idiotypic technology. The yttrium technology was simply an adjunct to that for a particular application?

JONES: Wasn't it crucial for getting the funding in place, to license that from Hybritech?

RASTETTER: Well, the venture capitalists insisted on that technology being placed. That piece of technology, we no longer operate under the Hybritech license. That particular piece of technology is of no current interest to us.

JONES: When was it abandoned?

RASTETTER: Well, a newer generation of technology became available out of the National Cancer Institute, and we took a license from them which didn't have the limitations that Hybritech put on their license. Hybritech's license was very restrictive. It didn't give us much room to operate, so we went to the National Cancer Institute and got a later, more recent version of the technology, and enhancement to the technology that didn't have the handcuffs on it.

127 **JONES:** In the past years, in recruiting scientists and recruiting management, can you
128 identify some of the key people that you brought in and how they got here? Some of
129 the connections that were made?

130 **RASTETTER:** All of them were identified by headhunters that were on retainer.

131 **JONES:** These were people that you knew or did not know.

132 **RASTETTER:** Did not know.

133 **JONES:** Had any people from Genentech followed you?

134 **RASTETTER:** Well, there are several people that are here from Genentech, but they
135 didn't follow me here

136 **JONES:** But did your personal knowledge of them or your relationships with them
137 have anything to do with it?

138 **RASTETTER:** Well, the people that are here from Genentech I actually did not know
139 when I was at Genentech, so my personal relationship with them had nothing to do
140 with it. I did not know prior to hiring them my VP of R&D, I don't know my VP of
141 clinical, I didn't know my head of commercial operations, I don't know my head of
142 manufacturing, I didn't know my head of quality, I didn't know my head of strategic
143 planning and resource development, I didn't know my CFO, I didn't know my general
144 counsel.

145 **JONES:** Had you known of them, by reputation?

146 **RASTETTER:** No, the VP of R&D, the manufacturing guy, the clinical guy, the
147 commercial operations guy, were brought in by the same headhunter. The head of
148 finance, our CFO, was somebody I hired from Syntex, who interviewed about two or
149 three months after I joined the company, so he's been here for ten years. The current
150 general counsel was patent counsel at Hybritech and has been here for eight or nine
151 years.

152 **JONES:** What's his name?

153 **RASTETTER:** Ken Wolcott. I don't know whether that was a headhunter search or he
154 just saw an ad in the paper, or what it was. Our head of planning and resource
155 development was somebody that we had hired as a consultant to help us with the

156 move of the people up north down here, and that grew into a full-time job, but no,
157 my network has not led to the hiring of anybody who currently works at the
158 company.

159 **JONES:** What about board members and venture capitalists? Did they recommend
160 anybody or establish any connections?

161 **RASTETTER:** None of the management employed today came from the board or the
162 VCs.

END INTERVIEW

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The San Diego Technology Archive (SDTA), an initiative of the UC San Diego Library, documents the history, formation, and evolution of the companies that formed the San Diego region's high-tech cluster, beginning in 1965. The SDTA captures the vision, strategic thinking, and recollections of key technology and business founders, entrepreneurs, academics, venture capitalists, early employees, and service providers, many of whom figured prominently in the development of San Diego's dynamic technology cluster. As these individuals articulate and comment on their contributions, innovations, and entrepreneurial trajectories, a rich living history emerges about the extraordinarily synergistic academic and commercial collaborations that distinguish the San Diego technology community.