

# connect

THE WEEKLY NEWSLETTER OF UCSD CONNECT

**TUESDAY**

NOVEMBER 3, 1998

ISSUE 8-42

[HTTP://WWW.CONNECT.ORG/CONNECT](http://www.connect.org/connect)

[RGREENHALL@UCSD.EDU](mailto:rgreenhall@ucsd.edu)

## **CalBioSummit '98 Sums Up the Current State of the Industry; Tackles Tough Questions About the Future**

How do you spell the future of biotech?

According to BIOCOM's annual legislative and business issues forum, CalBioSummit, the answer is CONSOLIDATION. The forum, held on October 29 at the San Diego Convention Center, attracted several hundred biotechnology company executives and employees, service providers, investors and elected officials.

Leaders from local biotech companies joined with distinguished visitors from outside of San Diego to discuss current trends. David Robinson, Chair of BIOCOM and President & CEO of Ligand Pharmaceuticals reviewed the successes of the past year, including FDA approval for products from several San Diego biotech, among them IDEC Pharmaceuticals' Rituxan. But at the same time the word "consolidation" was used frequently, and the tone of many of the participants was one of survival rather than celebration.

In summing up the state of the industry Robinson described strengths and

weaknesses using arrows. In the areas of core technology - "excellent, exciting" (arrow up), human resources - "strong, maturing" (arrow up), products - "outstanding, diverse" (two arrows up), community base and industry organizations - "broad and thin, strong" (sideways arrow/up arrow), financial and capital markets - "bi-polar, at-risk" (skewed arrow/down arrow).

In core technologies Robinson stressed new platform technologies, such as genomics, the strong growth of research and development, and the improved public appetite for products. In human resources he talked about the ability of San Diego companies to attract good people and the maturation of management in San Diego. Robinson referred to the broad and deep pipeline of products and the rise of "quality of life" drugs.

Robinson's comments about the financial markets indicated that the public markets are currently disinterested in biotech, and

that big pharma are booming and are on the hunt for deals. For Robinson, the days of the "one wonder drug" company are over. Companies need a broad range of products to attract capital and remain competitive.

Other interesting comments came from Ted Berghorst, Chairman & CEO of Vector Securities, who stated that since 1983 there have been seven years of positive biotech stock performance and nine years of neutral to down performance. In 1996, the S&P was up 19%; biotech stocks were up .2%. In 1997, the S&P was up 32%; biotech's were up .1%. Eighty-four of the 300+ public biotech companies have less than one and a half years of cash on hand and 52 have less than one year of cash on hand. Since the capital markets will not come back soon, M&A activity is much more likely. The bottom line: hire a good financial advisor and move now to develop options. Key first driver advantages exist, so ACT NOW.

## FROM THE DIRECTOR

By William W. Otterson ([boterson@ucsd.edu](mailto:boterson@ucsd.edu))

THE FOLLOWING COMMENTARY IS THE OPINION OF THE WRITER, AND DOES NOT NECESSARILY REFLECT THE OPINION OF UCSD CONNECT AND/OR OUR SPONSORS AND MEMBERS.

### IC2 and UCSD CONNECT

**IC2 stands for Innovation, Creativity and Capital. It is in Austin and is a part of the University of Texas, Austin. Its goals are similar to CONNECT's, but its methods are a bit different. The legendary entrepreneur, George Kozmetsky founded it, when he was our age. George is best known as a co-founder of Teledyne, which he did at a tender age. We visited him in his office, where he was perusing economic development literature, much like he has always done.**

IC2 has a strong academic component, and the new Director is **Robert Ronstadt**. Formerly of Babson College and Pepperdine University, Bob was a co-founder of the seminal study on what makes UCSD CONNECT work and how it might be transported. In a short visit, Bob introduced us to several of his staff people – as you might expect, all had heard of UCSD CONNECT and all were complimentary.

So, how might we collaborate? Bob would like to increase his relationships with Austin professional service providers, like **Silicon Valley Bank, Gray Cary, PriceWaterhouseCoopers, Brobeck, Cooley, Arthur Anderson, EY, etc.** to increase his network in the Texas capital. Our interest might seem a bit paradoxical to those who remember that UCSD CONNECT was founded by **Dan Pegg** and others after UCSD had lost MicroComputer Consortium to Austin. And here we are almost fifteen years later, talking about "collaboration with the enemy!" We respond that, just as **M.D. Anderson** and **Memorial Sloan Kettering** cancer centers compete for personnel and markets, so do they also collaborate on scientific programs. The collaborations make them both stronger. The competition makes them both keener. On balance, they "make the market bigger," and they both prosper.

San Diego service providers – do you want to help us? Our interest in collaborating with communities like Austin, Houston, Vancouver, etc., which are based upon both technology and entrepreneurship is both self-centered and nationalistic. The former is explained above. The later is based on our view that whereas the United States is the strongest economy in the world today, and most of our job generation, according to the **Small Business Administration**, has come from small companies. High-tech "gazelles" have led much of this.

But, as **Linden Blue** explains convincingly, other countries now have access to much of our technology through the Internet. Some of these countries, like China, India, Indonesia, (did we miss any of the biggest?) and Brazil also have entrepreneurs. Eventually these entrepreneurs will meet technology, and then, "Look out complacent Americans!" Our best strategy is to emphasize that which we do better today – innovate in our free economy. IC2 wants to work together to do just that.

What do you think?

### UCSD Honors Denise Ducheny

**Assemblywoman Ducheny, (D-SD)**, has been a good friend of the University, and the University turned out for her last Tuesday. Anyone can refer to UC as "the engine of growth," but Ducheny both believes it and votes for it.

We first met her before she ran for the Assembly, when she and her husband, Al hosted us for a Mexican breakfast at a great ethnic restaurant in the Barrio. We had huevos rancheros and music – a great combination. She mixes economic realism with ethnic pride. If San Diego is to reach its economic potential, we can't leave out half of the population. She will make sure we don't

### HOUSTON CONNECT

At five million people, Houston is the fourth largest city in the country. Its Gross Area Product is larger than Hong Kong. It is home to **Enron** (energy), **Compaq**, **Continental Airlines**, **BMC Software**, and **SYSCO** (food distribution). The Texas Medical Center, with M.D. Anderson, Baylor, University of Texas, Houston, may be the world's largest agglomeration of healthcare facilities on earth.

The Greater Houston Partnership claims that technology is the common thread. But do they celebrate entrepreneurship? Just ask **John Moores** of BMC and **Rod Canion** of Compaq.

Technology and Entrepreneurship is our "shtick" and John and Rod certainly qualify. But the main reason that UCSD CONNECT is interested in Houston is **Dr. John Mendelsohn**. Just as the enthusiastic support of **Richard Atkinson** was crucial in the early days of UCSD CONNECT, so will be the support of the president of the University of Texas M.D. Anderson Cancer Center. This visionary is out to exceed his former employer, Memorial Sloan Kettering Cancer Center, and we bet he will make it.

At last year's Board of Visitors annual meeting, Dr. Mendelsohn introduced us, saying, "We should have a CONNECT-like network focused on technology commercialization." We gave a presentation on UCSD CONNECT to the Board, of which former president **George Bush** is vice-chair. The former president told us he remembered that presentation.

This year, Dr. Mendelsohn's charge to **Bill Doty**, ([wdoty@mdacc.tmc.edu](mailto:wdoty@mdacc.tmc.edu)) his director of Technology Development was even more explicit. "I want a CONNECT network in place in this community within three years, with a directory of members like this (pointing at the UCSD CONNECT Directory) with or without an incubator, but with a technology commercialization component that supports medical devices, biotech, information technology, software and energy." With that, he empowered Doty to produce. (We've never met any people as eager to produce, as he and his colleague, **Gabriel Lopez-Bernstein, M.D.**) ([glopez@utmdacc.mdacc.tmc.edu](mailto:glopez@utmdacc.mdacc.tmc.edu)).

To meet "the boss's" demand, we outlined a plan for what we might do, if we were in Houston, starting with inviting Houston professional service providers into a "founders' meeting" at M.D. Anderson and picking a subset of UCSD CONNECT programs that might be offered in the first year. Of course, we need an Interim Director, the support of the University of Texas (we met the Chancellor of UT Houston at the opera Friday night), the faculty and the community-at-large. All of this seems easily do-able.

The "upside" is that an alliance like this would benefit San Diego medical research organizations by facilitating collaborations, and San Diego biotech companies, for the same reason; Houston service providers would benefit in the same way that UCSD CONNECT has benefited San Diego service providers.

We could do it. The question, dear reader, is what do you want us to do?

### UCSD CONNECT in Orange County

Several weeks ago, we mentioned that we were considering expanding UCSD CONNECT northward, singling out Orange County as one possibility. We received several responses of encouragement, and would like to ask, again, for your opinion. Do you like the idea? Does Orange County need us? Would you help us?

Please see Director Page 3

## HEALTHCARE NEWS...

**Amylin Pharmaceuticals** announced positive results from a Phase 1 study of AC2993 (exendin-4), an investigational diabetes drug. The company expects to begin Phase 2 clinical trials of AC2993, synthetic exendin-4, in patients with type 2 diabetes in the first quarter of 1999. Exendin-4 is a 39 amino acid peptide that exhibits several of the anti-diabetic actions of the mammalian hormone, glucagon-like peptide-1 (GLP-1). Unlike GLP-1, exendin-4 has a prolonged duration of action that may be therapeutically beneficial.

Amylin also announced results from two, six-month Phase 3 European/Canadian studies of pramlintide, an investigational diabetes drug. In both type 1 and insulin-using type 2 diabetes, a clear drug effect was demonstrated. Unexpectedly in both studies, this effect was not observed in the dosing arms with the highest dose, which had been designated in advance as the primary arms for regulatory purposes. As a consequence, under the procedure specified in the statistical analysis plan, the results from the primary dosing arms by themselves do not complete the requirements for a new drug application. The company plans to reassess its regulatory filing timelines for pramlintide.

**Daou Systems** has been chosen by the University of Chicago Hospitals and Health System to manage and operate their Call Center. The Call Center will utilize state-of-the-art reporting tools and telecommunications technologies to manage all incoming and outgoing calls as well as critical overhead and radio paging services. In addition to hiring, staffing and managing the 24/7 full-function call center, DAOU Systems is responsible for developing disaster recovery procedures and meeting explicit service-level targets.

**The Novartis Research Foundation** has appointed Peter G. Schultz as head of the Novartis Institute for Functional Genomics, one of the largest research institutes devoted entirely to functional genomics. Widely recognized for his pioneering work at the interface of chemistry and biology, Dr. Schultz brings to Novartis more than 15 years of experience in the fields of organic chemistry and biomedical research. Dr. Schultz will join Novartis on January 1, 1999 from the University of California, Berkeley, where he is currently Professor of Chemistry. The Institute for Functional Genomics will be located adjacent to the planned Novartis Agricultural Discovery Institute and Scripps Research Institute in La Jolla, California.

## HIGH-TECH NEWS...

**Laser Power Corporation**, a developer and manufacturer of high-performance microlasers and optics for industrial, medical, and military applications, has announced the receipt of a \$750,000 Phase II Small Business Innovation Research (SBIR) contract from the Department of Defense to continue development of a microlaser-based full-color three-dimensional display demonstration system with 2,000,000 voxel (3D pixel) resolution. This system could potentially be used in military applications such as land or sea battlefield visualization, and commercial applications in medicine, entertainment and air traffic control.

**VISTA Information Solutions, Inc.**, a supplier of real estate risk information products, announced the signing of a technology agreement with HomeSeekers.com, a leading provider of online residential real estate listing information, to promote and provide marketing for VISTA's real estate information products to the real estate industry via the Internet.

A proposal to build the first long span advanced composite cable stay vehicular bridge, a structure that will set a new standard for bridge construction, has been awarded \$6 million from the Federal Highway Administra-

## HIGH-TECH NEWS.... (CONTINUED)

tion. The 450-foot long, four lane bridge will be supported by a single eccentric pylon under a cable-stayed design. It will span Interstate 5 to connect the west side of the UCSD campus near Gilman Drive, to the east campus. **Jacobs School Structural Engineering Professors Frieder Seible and Gil Hegemier** lead the project team which includes the Federal Highway Administration, SAIC, Fluor Daniel Inc. and the California Department of Transportation (CalTrans). Additional funding for the \$11 million project will come from the University of California, CalTrans and private contributions.

**The San Diego Supercomputer Center** at UCSD will advance the technology and infrastructure to measure, visualize, and predict traffic behavior on the Internet and on advanced networks. The new project is funded by a two-year, \$3.3 million cooperative agreement to the Cooperative Association for Internet Data Analysis (CAIDA), awarded by DARPA (Defense Advanced Research Projects Awards) as part of the Next-Generation Internet Initiative.

## DIRECTOR... (CONTINUED)

### Bill's Bits

UCSD CONNECT's **Dr. Elliot Parks**, who just joined us on a part-time and a temporary basis, represented UCSD CONNECT at a Price Waterhouse entrepreneurial seminar in Vancouver recently. Elliot reports that technology and entrepreneurship is "alive and well, thank you," in that community. In the past their stock market, largely unregulated, has been the source of many alleged scandals, but, perhaps, "that was then, this is now," and we all should give them more credence than we have. Do you agree, Elliot? **Orincon**, San Diego's "other bastion of Ph.D.s", is beginning to spin-off commercial technologies, under **Michael Chaffin**, who joined their **Orincon Technologies**. Formerly with **Proxima**, he told us about Orincon's first deal, a great ground control system for airports. And he's got more!

We are trying to get more of our readers to look at our Web site, in which this Newsletter is augmented with color photos. So, our challenge to you today is, "How do you know your color photo is NOT in the Web version, if you don't look?" [www.connect.org](http://www.connect.org) or [www.iweb.ucsd.edu/connect](http://www.iweb.ucsd.edu/connect). Click on Newsletter.

In Sunday's "Letters to the Editor," in the San Diego Union-Tribune, one "**Mike Loving**," who claims four degrees in three areas (physics, electrical engineering and computer science), including a Ph.D. and real-world job experience writes about engineering recruiting. Based on his job hunting experiences, "...the (high-tech) industry is not hurting for available talent. It is hurting for talent that is both really good and really cheap." His half of the story is a damning condemnation of all we have been writing on this subject. We need to either recruit him or refute him. Anybody interested in contacting him to get the whole story and/or recruiting him for an open position? Call us (534-4750)

Congratulations to **Georges Daou** as the shares of his company gained 33 percent Friday on news of a favorable contract!

UCSD's enrollment climbed to 19,370. Freshmen GPA averaged 3.89 with SAT scores of 1241. Since 55.6 percent are female we had best attempt to entice women into scientific and engineering fields of study. Are you listening **ATHENA**?

## UPCOMING EVENTS...

Booz-Allen & Hamilton is hosting a breakfast on **Friday, November 6**, for San Diego's small high-tech companies interested in partnering on future SPAWAR program management and systems engineering/integration contracts. (SPAWAR means the Navy's Space & Naval Warfare Systems Command.) The breakfast meeting is scheduled from 7:30 - 9:30 a.m. at Booz-Allen's Mission Valley office, 1615 Murray Canyon Road, Suite 800. Please RSVP to Marsha Ark at 718-4105.

IEA Annual Conference and Biotech Environmental and Safety Panel will be held at the Westin Hotel at Horton Plaza on **November 10**. Keynote speaker for the panel will be IDEC CEO Bill Rastetter.

The Life Science Industry Council (LINC) of Orange County will hold a breakfast meeting on **Wednesday, November 11**, from 7-9 a.m. at the Hyatt Regency Irvine. The topic will be "Reimbursement for Drugs and Devices" with speaker Robert Feldman, president of Corona Consulting. Cost: \$30 members/\$37 non-members. For information call 714-573-4780.

The MIT Enterprise Forum presents, "Graduating from Research to Revenues," with a case presentation by Michael Chaffin of Orincon Technologies and panelists John Stiska, Tom Horgan and Glenn Sherman. **Wednesday, November 11**, from 5:30 - 8 p.m. at the La Jolla Marriott. \$25 prepaid/\$30 at the door. For information call 619-236-9400 or see [www.sddt.com/mitforum](http://www.sddt.com/mitforum)

Biotechnology InCyte presents, "Nutraceuticals, Food, Dietary Supplement or Drug?" **Thursday, November 12** at 8 a.m. at the Center for Molecular Genetics at UCSD. Guest lecturers are attorneys Richard Frank and Jur Strobos, both of Olsson, Frank and Weeda, P.C. of Washington, D.C. No charge to Biotechnology InCyte members, UCSD and CWSL faculty, students and staff. General public: \$10. For information call 619-534-0398.

California Healthcare Institute and KPMG Peat Marwick LLP present a luncheon: "California: The Biomedical Frontier - A Report on California's Biomedical Industry" on **Thursday, November 12** from 11:30 am to 1:30 pm at Beckman Coulter, Inc., Building A - Training Rooms 2-5, 4300 N. Harbor Blvd., Fullerton, CA. For information call 619-551-6677.

The San Diego Regional Technology Alliance will present an informational overview of the California Investment Partnership Program (CalTIP) at 10 a.m. on **Friday, November 13**, at the Enterprise Technology Center at 225 Broadway, Suite 1750. To RSVP call Dawn Cicero at 619-615-1050.

Gray Cary Ware & Freidenrich, Palomar Investigative Group and the Greater San Diego Employers Association are co-hosting "Employee Violence: Signals & Solutions" to be held **Tuesday, November 17** from 8 - 11 a.m. at the La Costa Resort & Spa, Costa Del Mar Road in Carlsbad. Cost is \$35. For information call 619-699-3464

The International Forum for Corporate Directors presents "What Every Director Needs to Know About the Year 2000 Issue," **Thursday, November 19**, at 5:30 p.m. at the La Jolla Marriott Hotel. Speakers will be John Brooks of Luce Forward, Joseph Giammona of Millennium Strategies Group, and Jack Yelverton of J&H Marsh & McLennan. Cost is \$25 for members/\$50 for non-members. For information call 619-597-4718.

The World Trade Center San Diego presents an Annual Awards Dinner celebrating "Global Access to the Americas" on Thursday, **November 19** at the House of Hospitality in Balboa Park at 5:30 p.m.

**The Foundation for Enterprise Development** presents Donald Phin, Esq. CPCM, at their November Breakfast Workshop, *Lawsuit Free!™ - Avoiding Legal Claims by Building Powerful Relationships*. As a practicing attorney for the last 15 years, Phin has negotiated and litigated many employment and corporate law cases. This experience lead him to create the MANAGEMENTHINK program designed to reduce business' exposure to employee lawsuits. Phin will share the strategies and tools designed to create powerful relationships in the workplace as preventative legal medicine. The Breakfast Workshop will be held at the Sea Lodge on La Jolla Shores from 7:30 to 9:30am on **Thursday, November 19**. The cost is \$40. For additional information or to register, please call (619)459-4662 or email [mreynolds@fed.org](mailto:mreynolds@fed.org).

## November 12, 1998

### Negotiating Strategies and Tactics: Influencing Others for Successful Outcomes

**Sheraton Grande Torrey Pines - 7:30am to 9:30am**

Hear from leading executives and professionals who have negotiated hundreds of millions of dollars of partnerships, joint ventures and other kinds of business deals. Find out how to raise money, form strategic partnerships, enter into joint ventures, participate in mergers and acquisitions, hire new employees, work on a team, and ask your boss for a pay raise and promotion.

RSVP to Tanya Hincapie at 619-534-8410 or email: [thincapie@ucsd.edu](mailto:thincapie@ucsd.edu).

## November 17 - 19, 1998

### UCSD CONNECT Biotechnology/Biomedical Corporate Partnership Forum

see only the very latest cutting edge technology coming out of the leading emerging biomedical and biotechnology companies as well as some of California's distinguished research institutions. By focusing on only the newest and most exciting technological developments, UCSD CONNECT, provides an ideal opportunity for bringing together: leading edge biotechnology and biomedical companies, corporate representatives, venture capitalists and investment bankers, for the purpose of establishing new business partnerships. For more information phone: 619-534-6114 or E-mail: [equaranta@ucsd.edu](mailto:equaranta@ucsd.edu) or see our website: <http://www.connect.org>.

## MILLENNIUM DIRECTORY

### ATTENTION!

### All Members and Sponsors

Please contact Teri Junker at 619-534-0596 or [tjunker@ucsd.edu](mailto:tjunker@ucsd.edu) if you have not submitted directory information for the Millennium Directory.