

Former Alba CEO takes on early-stage bio funding gap

Paterson will help market university research

JULEKHA DASH | STAFF
jdash@bizjournals.com

One of Greater Baltimore's leading biotech executives has a grim outlook on his industry: "Early-stage biotech is dead," Dr. Blake Paterson said.

But Paterson has a plan to resurrect it. The former CEO of Alba Therapeutics in Baltimore has raised more than \$400,000 in public and private funds to launch a biotech firm that will help commercialize technologies developed by academic researchers at Maryland universities.

The idea behind Chesapeake BioDiscovery Management LLC is to license one technology at a time, get it in clinical trials and sell it to a large drug company as quickly as possible. That way, entrepreneurs won't need to invest as much as \$100 million to launch a startup biotech company replete with accountants, lawyers, human resources and lab space.

That model requires vast amounts of capital not available these days, as the prospects of an initial public offering or getting money from venture capital firms are grim. Without the cash, it can be difficult for university scientists to take their research to market.

As its first investment, Chesapeake BioDiscovery Management plans to license technology developed by University of Maryland School of Medicine Professor Angela Brodie that could prevent the reoccurrence of breast cancer. Paterson said he expects the company to start the first phase of human trials for the breast-cancer treatment by 2011.

Paterson had hoped to raise closer to \$40 million and create a venture fund to invest in several technologies at once. But the recession forced Paterson to change his strategy.

He said he hopes to fund Chesapeake BioDiscovery Management's next tech-

transfer venture with the money made by selling Brodie's treatment to a large drug company.

Paterson's plan for commercializing university lab-born discoveries is one that will become more common in the industry, said Richard Smith, CEO of Clarksville biotech company Tutela Industries. Smith's company licenses university technologies or takes an equity stake in them. Licensing individual technologies and selling them after clinical trials is considered to be less risky.

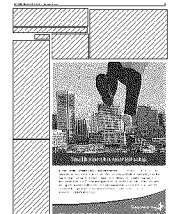
Currently, there is no model to get Maryland universities' research quickly to the market, Greater Baltimore Committee Vice President Liz Pettengill said. The GBC, which considers fostering biotech among its top priorities, has been an advisor to Paterson for his new company.

"That's one of the stumbling blocks; you can't get [research] to the market fast enough," she said.

One reason is the lack of venture funding. Venture capitalists invested \$3 billion during the first quarter, the lowest funding level in 12 years, according to a study from PricewaterhouseCoopers and the National Venture Capital Association.

So far, Paterson has raised \$400,000 from private investors, federal Small Business Innovation Research grants and the state's Department of Business and Economic Development. The entrepreneur also has applied for federal stimulus-related grants but would not say which ones; nor would he say which DBED programs he tapped.

Paterson said he expects to take space at the University of Maryland, Baltimore BioPark after licensing Brodie's technology in the fall. He does not know yet how much space he will take or how many employees he will hire.





NICHOLAS GRIMER | STAFF

'Early-stage biotech is dead,' says biotech executive Dr. Blake Paterson.