
Editorial

For success in biotechnology, look beyond biotechnology

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The fates of biotechnology companies can be fairly described as volatile. Clinical trial progress, patent grants and invalidations, and funding announcements can yield great swings in stock price. Building any company is a challenging endeavor, and these dramatic responses only compound the problem and complicate the management of biotechnology companies. Companies have employed a diversity of tactics to buffer the impact of individual setbacks – having multiple products in development, using a hybrid product/service strategy, and in-licensing externally partially developed leads are just a few.

One consequence of these buffering strategies is reduced investor interest. The duration of biotechnology product development, combined with the long gap between funding and (potential) revenues, and the uncertainty of profitability encourage investors to favor either late-stage companies or those likely to ‘fail fast’. Late-stage companies often present more measurable investments than early-stage companies – and a shorter timeline to returns – and companies that can fail fast allow investors to conserve time and financial resources. The problem with these investment preferences is that for a company to mature to late-stage, it must find early- and mid-stage funding somewhere, and an excessive focus on failing fast is at odds with the long-term patient support needed for many projects.

Therefore, how can biotechnology executives bridge the gap between biotechnology funding preferences, chaotic development progress and the sustained support needed for research projects? One answer is to seek opportunities in compatible industries. Seeking funding and revenue opportunities outside the biotechnology industry can effectively dissociate biotechnology companies from the negative constraints of the biotechnology industry, enabling them to mature in more supportive environments while still keeping a long-term focus on lucrative opportunities in biotechnology.

Consider the example of Mission Motors. The company, which recently produced the world’s fastest motorcycle, is not a motorcycle company; they used the motorcycle (which they are selling for nearly US\$70 000 each) to help attract interest in their primary interest, which is software.¹ BBK Technologies is an example from the biotechnology industry. BBK has applied fragment-matching algorithms from DNA sequence analysis to matching video sequences.² With applications in stemming piracy and enabling image or video-based search, the technology clearly has robust applications beyond biotechnology. The extra biotechnology applications also serve as robust evidence of the utility of BBK’s technology.

What is not to like about these indirect paths? They can be slower than maintaining a strict focus on biotechnology-related goals. An oft-heard plea in biotechnology is the need for speed in development. Although it is true that patients may be suffering while treatments are in development, and that delays in development may result in a shorter duration of patent protection, a balance must still be maintained between speed of development and corporate

sustainability. After all, an excess focus on near-term positive outcomes may lead to corporate collapse, likewise depriving patients of treatments. Leveraging opportunities outside of biotechnology to establish proof of principle or to build revenue streams can increase resilience, and can thereby provide a stronger foundation for corporate sustainability.

REFERENCES

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