

## TargeGen plays 'aggressive offense' with business of science

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**TargeGen** is a very San Diego company. That's not to say all of its founders are from here (they're not), or all of their workers do research here (they don't), or even that they went about fundraising their initial venture capital in the normal way (they didn't). But still, the company is staunchly San Diego.

This is because the research on which the company is founded came out of The Scripps Research Institute, and two of the region's biggest venture capital funds put up the initial funding. And because of TargeGen's unique business model, the source of research and funding are integral.

TargeGen President and Chief Executive Officer Peter Ulrich co-founded the company with Dr. David Cheresch in 2001. Rather than having a scientist make a discovery and build a company around that, Ulrich -- who was working as the entrepreneur in residence at local venture capital firm **Forward Ventures** at the start of the decade -- decided to start with an analysis of unmet needs in a specific area of interest and then investigate technologies available that met those needs.



Peter Ulrich

"This is a process that for lack of a better term I call 'rational company design,' where once you know what you're trying to accomplish, you match technology, people and money to the objective at hand, rather than reacting to a piece of science," he explained.

Ulrich discovered Cheresch's research at the Scripps Research Institute on kinases, a kind of protein, fit his needs. Cheresch found certain kinase inhibitors could help stroke victims and later found they also helped with heart attacks. Both **Forward Ventures** and another local company, **Enterprise Partners**, agreed with Ulrich's plan and invested in the first round of funding in March 2002.

"To my knowledge (TargeGen was) the first startup company ever that those two firms have co-invested in," Ulrich said. "So it was kind of a significant San Diego milestone."

TargeGen now works with small molecule drugs that came out of Cheresch's kinase studies. The drugs interact with three physiological processes common to about 20 diseases. The processes are: vascular proliferation, which is the growth and development of blood vessels; edema, or vascular leakage, where blood vessels leak; and inflammation, which often accompanies both the previous disorders. So far, TargeGen has put a heart attack drug through a phase II trial, and an eye treatment through phase I. Ulrich said another drug trial should be underway by the end of the year.

Ulrich said TargeGen has been able to operate on a smaller budget than big pharmaceutical companies by going about their research differently. Rather than looking for a new molecule and screening and testing it for various diseases, TargeGen takes a compound that's been specifically designed to hit a disease target and goes straight into animal testing.

TargeGen has 60 employees at its La Jolla facility, where the vast majority of its research is conducted. The company has a partnership with a Chinese company in Shanghai called **Wuxi**, which helps engineer and research potential drugs. Wuxi often lends TargeGen chemists on a short-term basis.

The next few years will likely present TargeGen and its leadership team with some options. To continue developing drugs, it will have to go public or sign a deal with a bigger company. Both options have their advantages and disadvantages, but for now, Ulrich said the company is concentrating on finding new disease treatments.

"At TargeGen, there is no base of business, so everybody thinks 24-hours a day about how do we create a business," he said. "We play aggressive offense. We've got to get there faster, cheaper, better."