



## Stanford eCorner

### Biotech: Collaboration vs. Competition in Developing Affymax

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Ringold talks about the decision to move away from being a technology based company at Affymax to applying the technology to pharma because of the relatively small life of a leading technology. Because of lack on internal infrastructure, they decided to sell the company and put it into the hands of a bigger company that had the infrastructure and expertise to use the technology. After a global search, Glaxo bought Affymax, he says.



#### Transcript

Affymax then, was a technology based company working with pharmaceutical partners at a time when partnering with pharmaceutical companies was easier than it is today. And I should say parenthetically, that almost everything was easier than it is today whether it's starting a company, financing a company, hiring the right people, finding partnerships. This is as bad a time as anyone can remember experiencing in the entrepreneurial environment. And I suspect that's true across the board whether it's IT, certainly telecommunications and biotech. We made the decision. We were not approached but we made the decision that in order to become a successful company, we had to do one of two things: either we had to move away from being a technology-based company at Affymax and applying the technology to creating pharmaceutical products. Because, in the end, technology companies in and of themselves have a relatively short half-life. The technology cycle is just too fast. And it's getting faster all the time. You cannot create a technology today that there will not be a copycat company or copycat within another company, within a very short period of time trying to compete with you.

And the infusion of capital into the venture community during the late '80's and '90's only accelerated that shortening of a technology lead you could have. Because if group 'A' got together to fund the company in functional genomics, guess what? There were three other groups of venture capitalists who were going to then fund their companies in functional genomics. And all of a sudden, there's a plethora of functional genomic companies, only a small number of which could possibly succeed. So we made the decision, that we didn't have the infrastructure or the experience to do drug development of our own. We were a technology company. That we should sell the company and put it in the hands of a larger pharmaceutical company that could exploit the technology much more broadly than we can. And then, have the infrastructure to exploit it for creating products. And so we went around the world and talked to about 10 companies. And Glaxo at that time then Glaxo Wellcome now GlaxoSmithKline, the industry keeps consolidating, decided that we were what they were looking for. And so they bought the company and we then became a subsidiary of Glaxo Wellcome.

Continuing to exploit and develop the technology in their behalf.