



## Stanford eCorner

### Non-profit vs. Free Market: The Gates Foundation Changes the Game

Dr. Don Francis, *Vaxgen*

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Neither private investors nor the government was willing to make the necessary investment in the vaccine, says Francis. Therefore, Francis and his team had to look elsewhere for funding. The formation of the Gates Foundation has provided the desired alternative.



#### Transcript

That's a very good question of why do you do it the non-profit compared to the free market. Well, we've done the free market and there's no more money. We could go out now and ask for, let me put it another way. The investors of VaxGen, when we showed the results, "OK, that's enough of that. Let's get in other things where we can make money." So it's very clear that the investors were saying enough investment. If I went out right now to VaxGen investors and said, "I want another \$300 million to do another study." It will be a joke. You're not going to get it. So then you have to turn to some other system and the government won't do that either. They are about as risk adverse as you can find. What is changed here is the Gates Foundation.

Bill Gates has taken his money and has said, "I want to do important things for the developing world especially in preventive public health." And so, there is this interest to make vaccines. And indeed buy and deliver vaccines not just HIV for the less developed countries. And so, and this was published in science about 3 or 4 months ago for the announcement of the enterprise they call it, to develop AIDS vaccine. They're not going to invest in a company. And so, we thought much better to make a non for profit. Will it work? I don't know. Literally, the not-for-profit will not start until next Monday. And we have no money at this stage. So whether it will work or not, I don't know. But it certainly not going to work in the private sector right now.