

>> On-Conversation with James Sabry, MD, PhD, Vice President, Genentech Partnering



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In March 2009, Genentech became a wholly owned subsidiary of Roche and as a result Genentech's South San Francisco campus now serves as the headquarters for Roche Pharmaceuticals in the United States. The merger of Roche and Genentech has created one of the strongest R&D pipelines in the pharmaceutical industry. In order to help keep that pipeline robust, Roche set up two totally independent research groups—one called Genentech Research and Early Development (gRED), operating out of the South San Francisco campus. One of the key concerns in a merger like this is that the

innovative culture that led to such impressive clinical and financial success would be lost in the newly merged company, and the gRED group is tasked with continuing Genentech's innovative spirit. James Sabry, MD, PhD, joined the company in March of this year, as Vice President of Genentech Partnering—a role he is energized by and enthusiastic about—and is a key member of the gRED leadership team. Prior to this appointment, Dr. Sabry was President and CEO of Arete Therapeutics as well as Chairman of the Board of Directors and former CEO of Cytokinetics, a clinical-stage biopharmaceutical company he co-founded in 1997. We recently sat with Dr. Sabry to talk about the merger and where the company's innovative technologies are heading, and determine if their history of oncology successes means they will continue to emphasize oncology in the future.

OBR: *Congratulations on your new endeavor. Tell us how do you envision your role at Genentech?*

JS: The partnering group which I now run is part of the Genentech Research and Early Development (gRED) organization reporting to Richard Scheller, the Executive Vice President of gRED. gRED is responsible for molecules up through proof of concept in man, at which point they are turned over to the Roche Global Development organization. The gRED group, in my opinion, is the world's most innovative and one of best oncology research groups in the industry. Our job, as the partnering group, is to be able to integrate solutions outside of Genentech, as well as internally, with academics, early-stage biotech companies, clinical-stage biotechs, and others to create alliances and opportunities to complement what goes on internally with the strong research and early development group we have here.

OBR: *What is the theory behind how to get the best innovation out of your group?*

JS: When you're dealing with innovative medicines, such as the ones involved in oncology, the real challenge comes in the design of the phase 1 and phase 2 clinical trials. Phase 1 and 2 is where we learn about the applicability of the science behind the compound, and our early development scientists are the ones that know the compounds best. We are organized in such a way that the scientists and the clinicians are working very closely with the partnering profes-

sionals without geographic or cultural separation. We are all working in one place, with one leader, with one coherent vision. It's a brilliant strategy as gRED now becomes one of two autonomous entities that is feeding into a large global product and development commercial group—Roche.

OBR: *How is Genentech's approach to drug discovery and development different from that of other companies?*

JS: This is a company that does not run away from a challenge. We will go anywhere the science is driving us. My background is in attacking diseases, and Genentech is a company that attacks disease by using new mechanisms. Drugs like Herceptin and Avastin are examples of using new mechanisms to attack a disease, and both deliver unusual clinical value to patients. What excites me most about innovation is historically, in every field of medicine, it has been the best way to deliver exceptional clinical value. Additionally, I also believe innovation should be the focus of any company that is putting patients first.

Now, me-too drugs may represent incremental benefit to patients, but they rarely change the game dramatically. Companies that focus on me-too drugs need to realize that there's no me-too drug until there's a drug to be me-too'd first. Many pharmaceutical and biotech companies have been lured into a sort of false sense of security regarding me-too drugs, believing that somehow they are less risky in development. Some companies have even turned this way of thinking into a corporate strategy.



I believe most good biotech companies that have innovative products are started with founders that are either at or continue to be affiliated with universities. I would argue that innovation in science, to a large degree, comes from academia. The United States is still the strongest biological research country in the world and within that research base, both NIH-funded and otherwise, lies the seeds to future compounds that are going to create new innovative therapeutics.

Some of these are going to come internally, from companies like Genentech, but some of those ideas are going to germinate in academia. I would argue that the more you are aware of what's going on in academia—the more contacts you have in that sector—the better. The role of the academic should never be underestimated in the pharma/biotech sector. This is quite different from 30/40 years ago when places like Memorial Sloan Kettering were the only places of innovation, and I think for a modern day pharma company to be successful, it has to be connected to not only strong research leaders but also academic centers.

OBR: *But until a company is commercially viable they can't necessarily fund innovation. Is Genentech an anomaly in this aspect?*

JS: I think many successful pharma companies don't fund innovation (even though they have successful products) because they become risk averse with time. As a result these companies will put their R&D focus into targets that are already validated in the clinical setting and look for other approaches that may yield an added benefit to an already-existing product rather than putting the effort into new mechanisms that require going down a riskier path that nobody's been on before. The culture at Genentech has been that they will go wherever the science leads them with the belief that strong science is the best predictor of strong clinical value.

OBR: *As you blaze this trail, are you looking at a higher failure rate?*

JS: I expect so. It hasn't really been fully quantified, but I think that's generally appreciated within the industry. The failure rate of new products is higher than the failure rate of, let's say, older drugs at the same level of development. And now we have to consider the commercial opportunity

much earlier in the development process. Commercial viability is a bigger hurdle today, and I think it's only going to get harder for products that don't truly deliver value as they may not have a rationale for reimbursement. With the current healthcare system and costs of care as they are, I think we'll see less and less commercial viability associated with products that don't truly deliver value to patients.

OBR: *What is your view of the current economic environment for biotechs to get funded?*

JS: The current economic environment for biotechs is perhaps one of the worst it's been in decades. I've been involved in start-ups all my life and the previous environment was one whereby if you had a good idea that was scientifically viable you could find venture capitalists to fund that idea. Nowadays that's becoming more and more difficult. The biggest problem that small biotechs face is the constant threat that they will run out of money—they don't have approved products funding development. When the fundamental way in which biotechs are funded erodes, because of the broader economic collapse, it trickles down and changes the access to capital for innovative companies.

OBR: *What do you see as an innovative area that no one is studying? For instance, what's on your radar screen?*

JS: Cancer remains an important part of the Genentech portfolio. There are other disease areas we are working on, but oncology has and will continue to be an important focus for us. My opinion is that we are just scratching the surface of what is scientifically possible for treatment, not only in cancer, but other areas as well. If you look at the number of pathways, the number of proteins that have been characterized and identified, and then you contrast that with the number of therapeutics against any disease we're just at the beginning stages. The body of knowledge is so overwhelming that there are vast opportunities in front of us to tap into. The human genome being sequenced is just the beginning of a new way of thinking about human biology, and we haven't even begun to reap the benefits of that on the therapeutic side. **OBR**