

# Innovation incubation lab chasing more funding

Biotech pioneers backing new Centre for Drug Research and Development and its quest to accelerate the commercialization of technology in the province

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The new Centre for Drug Research and Development (CDRD) is nearing the halfway point in raising the \$140 million it needs to take full aim at a commercialization gap that has stalled the cultivation of new drug companies in B.C.

With last week's addition of \$1 million in funding from Pfizer Canada, the CDRD has raised \$62 million and continues to seek further funding.

The CDRD's main goal is to incubate technologies until they're commercially viable, a process that's increasingly difficult as venture capital investment in life sciences continues to decline.

Canada-wide, the flow of venture capital has decreased to \$490 million in 2006 from \$850 million in 2000.

The number of new life science companies and spin-offs from research labs like those at Simon Fraser University and the University of British Columbia have declined along with the decreased investment.

"We've shown ourselves to be very effective in discovery, we've shown ourselves to be very effective in growing these companies once we have them, but what we have to be able [to do] is get over this commercialization gap," said Natalie Dakers,



DOMINIC SCHAEFER

CDRD boss Natalie Dakers: "what we have to be able [to do] is get over this commercialization gap"

CEO of the CDRD and former CEO of Vancouver-based Neuromed Pharmaceuticals.

"The government is supporting us in different ways, but it's just not going to replace the amount of money that used to be fuelled through the venture capital community."

The CDRD is one of 25 research groups vying for a limited number of \$15 million payouts up for grabs in a competition being held by the Networks of Centres of Excellence, a federal govern-

ment development program.

The results of the competition were expected in December, but have been delayed and are now expected to be announced shortly.

The federal investment would be the third major funding milestone for the CDRD. Last April, it received a \$25 million grant from the provincial government, and in November 2006, it landed \$20 million in funding from the province and the Canada Foundation for Innovation, a federal program to fund research infrastructure.

The CDRD is still under development. It anticipates having 50 staff by the end of April, at which time its labs will be operational.

**DDI Drug Development Inc.** – a private company formed within the CDRD – will invest seed money and expertise into technologies developed at the centre. Its aim is to either license the intellectual property to other businesses or form new companies.

Because it functions like a private investor, DDI can be tapped for scientific

search and experimental development (SR&ED) tax credits. Returns on its investments will flow back into the CDRD.

Companies spun out from technologies developed at universities still represent about 70% of new biotech companies.

According to CDRD chairman David Dolphin, many of those technologies don't realize their full value because they're not fully developed before they spin into private companies or are licensed to other companies.

"It means the chances of success are less, the chance for failure is greater," said Dolphin. "It also means the deal that you get is not such a good deal, because you haven't added value to it at the university, which is the best place to do it."

Dolphin was a professor at UBC when he and Julia Levy

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–David Dolphin,  
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and Development

developed Visudyne, a treatment for a degenerative eye condition that was spun out from the university's lab into QLT, and became one of the most commercially successful drugs ever developed in B.C.

He and Dakers are co-founders of the CDRD and hope to use their past experiences developing and commercializing university-based intellectual property to make the centre a relevant entity.

"I think we recognize that what we did 20 years ago can't be done now," said Dolphin. "When the IP bubble burst, the venture capitalists moved far down stream." ■  
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