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Amgen's Alums Poised to Fuel Boom

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Close to 1,000 workers will be getting pink slips or taking early retirement at Amgen Inc.'s Thousand Oaks campus, the victim of management missteps at the once infallible biotech firm.

Pain for some for sure – but opportunity for others and for the region's biotech industry, which has long sputtered and has never been able to compete with the established hubs in San Diego and the Bay Area.

Some companies and potential financial backers aren't even waiting for desks to be cleaned out at Amgen's sprawling Conejo Valley Road campus as they search for new employees.

Consider Keith Leonard, founder of Calabasas-based Kythera Biopharmaceuticals Inc. and himself a former Amgen executive. He recently hired a chief financial officer from among three finalists, all with experience at Amgen, which is this area's second-biggest company.

"With the talent that is available that's leaving Amgen, you could do five, six, seven management spin-outs," said Leonard.

Indeed, two Bay Area venture capital firms have set up shop in a spare office at Kythera, which is in clinical trials on a liposuction product. They want to recruit Amgen employees to launch one or two startups, which they plan to fund and would be based on already licensed technology.

They're so hungry for talent they're willing to base the startup locally so their recruited talent won't have to uproot families or try to sell pricey Conejo Valley homes in a down market, said Leonard. He declined to identify the Northern California companies.

And there's good reason for all the secrecy.

Leonard, his associates and other local industry players expect stiff competition from well-known and well-funded San Diego and Bay Area companies seeking to poach local talent for their own needs.

"We have this tremendous asset – the people who will be leaving Amgen – and the burden is really on the policymakers and the biomedical community to make the opportunities available for them to stay," said Manish Singh, a director with Pasadena-based California Technology Ventures, one of the few VC firms in the region that specializes in assisting life science startups.

The hope is that many of the employees may join fast-growing smaller companies, such as MannKind Corp. in Valencia or Abraxis Bioscience Inc. in Los Angeles. Others may band together, cash out their Amgen stock, and launch their own startups.

There's even speculation that of the more wealthy early retirees – the so-called “Amgen millionaires” – may parlay their stock-fueled wealth into a second career as angel investors.

Attorneys on the ground

In any case, the scent of opportunity is spreading. One of the Bay Area's most prestigious law firms known for advising young life science companies, Wilson Sonsini Goodrich & Rosati, is opening a Los Angeles office and already has a few attorneys on the ground locally.

Of course, there is irony that Amgen's missteps – which have slashed \$25 billion from the company's market cap amid mounting safety concerns over its leading anemia drugs – are spurring talk of revitalizing L.A.'s biotech industry.

Local biotech industry players have long complained the company has failed to spin off many firms, unlike its longtime competitor for the title of world's largest biotech, South San Francisco's Genentech Inc.

Some reasons for this include Amgen's reputation for its top-down culture and a modus operandi of supporting outside small companies with novel technologies, then acquiring them if the research goes well. However, these companies have been based worldwide.

“Amgen kind of has a vibe where if you leave, you can never come back,” is how Leonard put it. “That, combined with the fact that a lot of people have made a lot of money by staying at the company, maybe has made some of them complacent. Perhaps that's going to change now.”

Leonard co-founded Kythera in 2005 with Amit Munshi; they had worked together on building Amgen's European business. Now with 20 employees, Kythera's executive team has drawn not only from Amgen but also Inamed Corp., a Santa Barbara medical device company that underwent a shake-up after being acquired by Allergan Inc. last year.

While Amgen executives and managers have trickled out of the company over the years to launch startups in other cities, Leonard and Munshi are among only a handful of Amgen alumni to try their fortunes locally.

Others include Greg Cauchon, who left Amgen in 2005 to launch his own firm, Designed Polymers Inc. It is developing better ways to analyze experimental proteins that could become drugs.

Lots of layers

“Amgen is a very big company with lots of layers, and it can be hard to push ideas all way through to see them done,” said Cauchon, who set up shop in small industrial park a short drive from his old employer. “I had some ideas that I thought I could pursue on my own.”

Designed Polymers has five employees and Cauchon would like to hire more of his old Amgen colleagues than he's now able to. He's hoping to get a cash infusion from some angel investors in the next few months to make that possible.

Matthew Hui, another former Amgen scientist who left to form AmProtein in 2002, also hopes to tap Amgen's employee pool. He has only three employees now, but he hopes his new process for making mammalian cells that can more quickly produce the proteins used in biotech drugs will boost his Camarillo-based startup.

Like Cauchon, Hui was prompted to leave Amgen over his frustration with corporate bureaucracy and politics. He speculates the current turmoil at the company may even encourage employees who have not gotten a pink sheet to reassess their options.

"Amgen can be a very good, very enjoyable place to work and to learn," said Hui "In a situation like that, everybody needs a push to consider a change. If so, we'll have all the expertise here to be an incubator for innovation."

Ahmed Enany, executive director of SoCalBio, a regional industry network, is more cautious about the number of spin-offs that could come from the current wave of Amgen departures.

"Many of them have been working 20 years for a large, vertically integrated company with strict divisions of labor, which is different from the entrepreneurial hustle and bustle and multi-tasking you need to be successful for a startup," Enany said. "On the upside, they have all the skills that a more established company, like Kythera, will want to scoop up left and right."

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