

CHI PODCAST UC Roundtable Discussion May 21, 2009

DAVID: I'm David Gallagher, President and CEO of the California Healthcare Institute and have the pleasure of being joined by some leaders in life sciences, including CHI's Chairman, John Martin, Jack Stobo, who is the Senior Vice President for Health Sciences for the University of California system and Dana Mead, who is a partner at Kleiner, Perkins, Caufield & Byers, a venture capital firm in Silicon Valley. We were able to have a conversation with the new University of California President, Mark Yudof, to talk about, in particular, how the University of California, in this time of budget crisis and recession, can best collaborate with the commercial industry—drugs, devices, biotech, professional service firms that are represented by CHI. So, John, what would you think would be the main theme that came across in our conversation with Mark?

JOHN: I believe the main theme was the need for having human capital to drive the economic growth that we've experienced to date and will need to do in the future. We're in tough economic times now. We need to make sure that we maintain the ability to educate scientists and engineers for the jobs we'll have in the future to continue to build our companies to bring healthcare solutions to the people of the United States and around the world.

DAVID: So, Jack, do you see a specific threat in terms of pressure on the University that would inhibit the University's ability to produce that human capital?

JACK: Well, absolutely yes. I think as state funds get ratcheted down, the ability to recruit outstanding faculty is going to be impacted, but I think that given the entrepreneurial spirit of folks in the UC system, they're looking for ways to really take advantage of the climate and do things even better. As I mentioned, one of the things we're seeing now is a coming together of various institutions to collaborate in consortia in such a way that they can do things as a group that they couldn't do before and I think that's an enormous opportunity for the UC system and also for our industrial partners to really ratchet it up a notch to take advantage of what's going on and think of different and better ways to do things.

DAVID: So that's really important. Dana, you're involved in starting new companies. How important is the University of California to company formation in California?

DANA: Well, I think the University of California is obviously vital to that, as well as some of the private universities. You just take the Bay Area, I think if you look at Stanford and Cal and UCSF, really the basis of talent creation for the area and are really important contributors to the ecosystem. So I certainly, from our discussion with Mark, I took away a commitment to continue to create great intellectual capital in the area. I do think that, something I'm struck by having spent most of my life outside of California, is how our state takes for granted this amazing educational system we have at the university level and also the ecosystem that really creates innovation that the state's been known for and I was struck by what Mark said, and I think a number around the table, that we really need to market what the University of California does, what its contribution is. Not only to ex-

graduates, to everyone in the community, so they value it, don't take it for granted. I also think this ecosystem is much more fragile. This ecosystem of innovation that the people believe and we need to continue to market. I think President Obama, if you look at how he ran his campaign and how he used the internet and other ways to communicate with his constituents, I think we can learn from that and really do a better job of marketing.

DAVID: You know that's an interesting point. Sometimes we think about the University of California; discreetly there are 10 campuses; they have different personalities. Jack, do you think there's an opportunity for the university as a whole across the state to be more effective as an institution?

JACK: Well the short answer is yes. I know that Mark is looking at ways of doing that in terms of public relations. On the health side, we're looking at ways of doing it in a tangible fashion in terms of, again, bringing the five health campuses together to do things in a more efficient and a more high-quality way. We understand that in, at least in the healthcare area, we want to be leaders in how we use information technology, how we address issues related to patient safety and quality and how we become more innovative.

DAVID: John, I know that Gilead has a number of collaborations with academic institutions around the world as well as in California. How do you work with the University of California?

JOHN: In numerous ways. One tends to think of the basic research collaborations and we have numerous basic research collaborations in all areas of science ranging through chemistry, ecology and medicine. One thing that I was thinking, just reflecting on here in the meeting, is how important our collaboration has been with University of California San Francisco to develop HIV drugs. Because San Francisco was hit so early and hard by the AIDS epidemic, there is a tremendous amount of medical expertise and this medical expertise was brought to bear to help design clinical studies to develop drugs and participate in clinical studies to develop drugs that revolutionized the care and treatment of people with HIV AIDS.

DAVID: Dana, how does the University of California, in your experience, with its different campuses compare to working with other universities either outside California or private institutions?

DANA: Well, first of all, I think each campus is a little bit different and you have a different experience at each. I do think because they are public universities that they have a few more shackles on what they're able to do and they have to deal with the public more than a private university might have to. But, generally, I think they've been great to work with. The medical institutions who were referenced earlier are great clinical institutions and so I think you have a very, very good reputation, both clinically as well as from a research point of view. So I think they're a very important part of the ecosystem, as compared to a place like Stanford, which I think is probably a little bit easier to work with licensing at Stanford. However, I would argue that the clinical practices at UC and the ability, as Jack mentioned earlier, to do clinical trials across that system are a very interesting opportunity. The one other thing the UC system and Stanford and a few other universities in California do is they recruit and draw some of the top talent in the country. Number one because of this entrepreneurial environment; number two because of the research opportunities. As we all

know, California gets the lion's share or a good deal of NIH funding, which is very important that attract these top people. It's a combination of great institutions, research dollars and this entrepreneurial environment that allows them to interface with industry in a regular fashion, I think is unique.

DAVID: We had perhaps 16 or 17 people around the table who represented all facets of the life sciences industry in California. One thing that struck me is how much good will there is toward the university. People have a lot of respect for it; understand I think deeply that it's one of the crown jewels of California and essential to the growth of this industry. Jack, how do you think we collectively can tap into that goodwill better than we have?

JACK: Well, I think if by looking at how we can address the challenge that faces us together. How can we leverage the interests and align the interests of biotech and pharma with University of California and understand that these issues we're facing aren't ones that just affect the University of California or biotechnology, but we're all in the same boat. Also, what struck me in the meeting was the unanimity in terms of what's special about the environment in California, this entrepreneurial spirit, which isn't felt in any other state people had said they worked in. We can't lose that. That would be horrible if we lost that. So, by coming together to make sure we preserve that as we address our financial challenges, I think it would be critical.

DANA: There maybe one point on that. I think Jack mentioned opportunities created by financial crisis and we look at the history of our firm where we've been involved in helping to start over 600 companies and a good number of those companies, the most successful companies ever, were founded during times just like this when more and more people were out of the workplace, were willing to take risks, work together, financings were easier, etc., and many great companies, companies like Sun Microsystems and others in our portfolio, were founded in these type of environments.

DAVID: President Obama has said that a crisis is a terrible thing to waste. So perhaps we can use the crisis to focus on opportunities for collaboration and to do business better and more productively. I'd like to thank you gentleman for the conversation and thank you for listening.

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