

Zymeworks' fusion of high-tech with biotech drawing investor interest

Company founder Ali Tehrani chats with *BIV* about the challenges of gaining biotech traction in Canada

CURT CHEREWAYKO

Some of the biggest players in B.C. technology and biotechnology think Vancouver's Zymeworks Inc. is on to something big.

Haig Farris, a founder of Ventures West Management and president of Fractal Capital, is backing the company. He also sits on its board.

Zymeworks' other investors include a former CSO of Angiotech Pharmaceuticals and two founders of Aspreva Pharmaceuticals Corp., a Victoria drug developer that was acquired last year for US\$915 million.

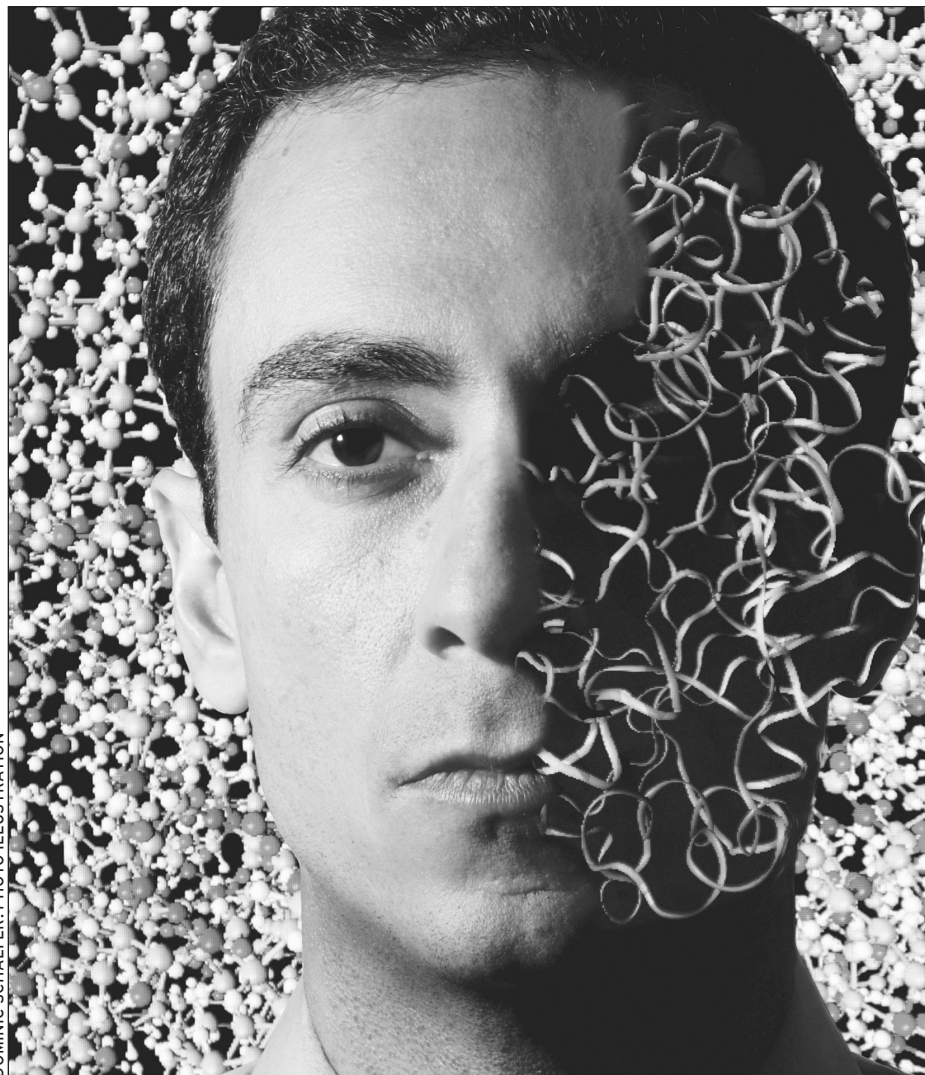
Zymeworks' business game plan is similar to Aspreva's model of researching and commercializing drugs that have been de-prioritized by other developers.

But Zymeworks, which has raised \$3.5 million from angel investors in three rounds of financing, is applying a computational twist to traditional drug development. Its computational biotechnology is being evaluated by life sciences and manufacturing giant Royal DSM N.V. as a way to predict how best to engineer new enzymes.

BIV recently sat down with Ali Tehrani, who is the founder, president and CEO of Zymeworks and the founder of the Student Biotechnology Network, to get some insights into Zymeworks' technology.

What is a computational biotechnology company?

In this day and age, nobody builds a plane, a bridge, a building or a computer chip without simulating it in a computer first. Why? Because you want to predict failure and possible routes of success. You narrow down your choices. Bioinformatics failed. That was simple computation. Now we're doing complex computation ... to understand molecular interactions. The secret to designing therapeutics and to designing proteins is understanding the complexity of molecular interaction. You can't do that in a lab.



DOMINIC SCHAEFER: PHOTO ILLUSTRATION

Ali Tehrani, CEO of Zymeworks: "in this day and age, nobody builds a plane, a bridge, a building or a computer chip without simulating it in a computer first"

Why not?

In a lab, you say, 'I have a thousand ways to try this, but I only have time to do one or two. What's my best educated guess?' You take a shotgun, random approach. In computer approach, you simulate as much as you can and eliminate the wrong answers. You're talking about a billion atoms and [the way] they interact. If you're going to do it realistically - as it happens in a test tube - you have to account for all of them. When the shotgun random approach works it's great, but when it doesn't work, you have no idea why it didn't work, because you did it randomly.

Why are there so few companies using computational biotechnology to develop drugs?

People ask where the idea came from. It's been around for eons. We just happen to have the right computational power, at the right time, to do it cost effectively. One of the first comments we get is, 'If

this is such a great idea, how come they haven't done it in Stanford?' They have. There are a whole bunch of computational companies that are ... popping up and trying this approach of marrying biotech with high-tech. We compete with top companies that are being spun off out of Stanford or Caltech. Our biggest competitor is a group of guys that came out of Caltech. You have something like us in every major pharmaceutical company, except that they're leaving innovation to the small guys. Right now the biggest problem in the world of pharmaceuticals is that [drug] pipelines are empty. [Major pharmaceuticals] simply have the people that understand and can communicate the language with those that are doing the innovation.

At what stage of development is Zymeworks?

We're back on the road [to raise additional capital]. We just finished putting a business plan together.

The main focal point of our business plan is to raise the money required to in-license several de-prioritized assets, which means we will have our own protein therapeutic pipeline.

This is your first experience in the biotech business since graduating. What have you learned about the industry?

In Canada, we're always behind, and we're playing catch up. We wait for somebody to set a trend and then we say, 'How can we catch up with them or how can we get ahead?' but we don't try to promote cutting edge technology and innovation. We saw the opportunity to go beyond laboratory science and build a company around something that the rest of the world saw the market opportunity in. We don't have to wait for California or Boston to do something like this. We can do it in Vancouver. ■
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