

Inologic takes a new approach to cystic fibrosis

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STAFF WRITER

Touting a different approach to treating cystic fibrosis, a young local biotechnology company is braving the treacherous waters of the venture capital markets to try to secure its first round of significant funding.

Inologic Inc. is developing compounds that work on the cellular level to prevent infections and to restore the normal functioning of cells with the defective cystic fibrosis gene.

"We're trying to take the technology and transition from a research company to a drug development company," said Ed Field, Inologic's president, who joined the company in February after leaving the top position at Bellevue-based Molecumetrics Ltd.

The Seattle-based biotech has so far raised more than \$1 million in angel funding from private investors and is keeping the current bridge round open to other investors for up to \$2.5 million. The company hopes to use the bridge money to help fund continued research until it raises another \$15 million in its first round of venture capital financing.

Company officials are encouraged by the interest of angel investors and Kirkland-based venture catalyst 1024 Partners, which installed two of its four partners as Inologic's interim chief executive and CFO.

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1024 Partners first became involved with the company shortly after 1024's own founding on Oct 24, 2001 (hence the name 1024). Later, the technology investors recruited Field as the company's president.

"The response, I think, has been positive towards the technology, the approach and what we're trying to achieve," Field said.

Inologic was founded in 1998 and has licensed from the University of California at San Diego patents developed by Alexis Traynor-Kaplan, the company's founder and chief scientific officer. The company now has 10 employees and about 9,000 square feet of office and lab space.

Other biotech companies have taken slightly different approaches to cystic fibrosis. Seattle-based Targeted Genetics Corp. is focusing on replacing the defective gene through gene therapy, while Chiron Corp. of Emeryville, Calif. (formerly Patho Genesis) and Seattle-based Corus Pharma Inc. concentrate on treating the resulting symptoms of the disease.

Since May, Field has helped bring on Beatrice Langton-Webster as vice president of drug development and Michael Rossi as vice president of drug discovery. Langton-Webster has experience in preclinical and clinical development from her prior work at Berlex Biosciences and MegaBios Corp. Rossi has experience in drug discovery and marketing potential compounds from his previous positions at AstraZeneca, Merck and 3M Pharmaceuticals.

"With the management team in place, we're focused on moving compounds forward to clinical trials," Field said. The company hopes to continue preclinical research in cystic fibrosis with help from the Cystic Fibrosis Foundation and the National Institutes of Health, which have granted Inologic's founder a total of \$1.6 million in the past.

Inologic expects to begin human clinical trials in cystic fibrosis patients by early- to mid-2004. The company's technology also has potential uses in treating psoriasis and radiation exposure.

"I think they're on to a good technology in cystic fibrosis and inflammation," said Dr. Arnold Smith, director of bacterial pathogenesis at the Seattle Biomedical Research Institute. "Several companies in San Diego (such as Aurora Biosciences Corp.) are screening compounds to try to find similar compounds to what Inologic has."

Smith is the former head of the infectious disease division at Children's

Hospital and the current chairman of CF Foundation Therapeutics Inc., which approves clinical research centers for early stage trials in cystic fibrosis. He is also a member of Inologic's scientific advisory board.

The company's biggest immediate challenge may lie in raising money.

"We're in one of the worst droughts for venture capital companies that we've seen in years," said Bruce Montgomery, CEO of Corus Pharma and former executive vice president of research and development at PathoGenesis. "But if they can get to that next stage with a little bit of grant money, they'll be in good shape" to court venture capital investors.

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