

Inologic prepares to take CF drug to next level

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STAFF WRITER

Inologic Inc. of Seattle hopes that scoring an orphan drug designation and bringing on a veteran biotech fund-raiser will help propel its cystic fibrosis drug to human clinical trials.

The small local biotech just received orphan drug designation from the U.S. Food and Drug Administration, providing special incentives to develop drugs for niche diseases. Since cystic fibrosis affects a relatively small population — about 70,000 worldwide — the designation provides important financial and regulatory benefits down the road.

Inologic also recently appointed Dr. Debby Jo Blank to its board of directors. Since Blank helped Genecor International raise \$130 million in her former post there as chief business officer, Inologic is banking on her knowledge of the investment community.

Blank said Inologic needs \$15 million in second-round financing over the next two to three years. The company raised \$1.7 million in first round financing last December and an additional \$100,000 since then, all through angel investors and Kirkland-based venture catalyst 1024 Partners. Earlier this year, Inologic received a \$1.5 million grant from the Cystic Fibrosis Foundation.

Though cystic fibrosis treatments qualify as orphan drugs, the market for Chiron and Genentech's drugs is \$250 million. Inologic believes that because its drug would be curative, the market could be as large as \$500 million.

Inologic president and CEO Ed Field acknowledged that the fund-raising climate remains a tough go for early-stage companies, but said Inologic is close enough to human clinical trials — one year away — to appeal to venture capitalists. Blank said that three venture groups are showing interest.

"Venture groups are being extra selective, but the door is definitely back open," Blank said. "I'm trying to leverage my connections with venture capitalists who have more of an interest in early-stage therapeutics."

Though Emeryville, Calif.-based Chiron Corp. and South San Francisco-based Genentech Inc. already have cystic fibrosis drugs on the market, Inologic believes its drug can one-up the competition. While existing drugs treat cystic fibrosis symptoms, Inologic plans to target the cause by controlling fluid levels in cells.

"Our compound has the promise of being curative in nature," Field said.

Field said that no other drugs controlling fluid levels have made it to the marketplace because they've lacked a lasting effect. A drug that needs to be taken every 15 minutes isn't realistic for children with cystic fibrosis, Inologic chief scientific officer Alexis Traynor-Kaplan said. Inologic believes its science will bypass that problem, as the drug would last one to two days.

"We think we're the lead player," Field said.

Local competitors include Seattle-based Corus Pharma Inc., which is developing a new drug to treat cystic fibrosis symptoms, and Seattle-based Targeted Genetics Corp., which is working to replace the

defective cystic fibrosis gene through gene therapy. Targeted Genetics chief scientific officer Barrie Carter said that other companies working on gene therapy for cystic fibrosis have abandoned their efforts because their delivery systems were inefficient.

"We're trying to do what no other cystic fibrosis therapies do," Carter said.

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"If the drug works, it'll be a very large return because Inologic's approach is not

incremental," said Mike Buhrmann, a partner with 1024 Partners and chairman of the board of Inologic.

Inologic is also touting the potential for its research to be applied to other diseases. The compound could be used for treatments of diarrhea, inflammation, cancer or exposure to radiation.

"Given the profile of our compound, the market could be bigger than people anticipated," Field said.

Inologic plans to begin human clinical trials in the third quarter of 2004. The biotech was founded in 1998 and has six full-time employees.

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