

CHRIS CHRISTOFFERSEN

A real fountain of youth

By Joanna Glasner
Senior Editor

At 69, Ralph "Chris" Christoffersen says he doesn't mind sticking out as "the white haired guy in the audience" at investment conferences. So far, it's proven exponentially more interesting—not to mention more lucrative—than retirement.

That was Christoffersen's plan back in 2001, after stepping down from Ribozyme Pharmaceuticals, the biotech startup he'd taken public two years earlier. But Dave Morgenthaler, the then 81-year-old founding partner of Ribozyme investor Morgenthaler Ventures, talked him out of it.

"He was the one who then suggested that, instead of retiring, wouldn't I like to look at some companies," Christoffersen recalls. "I was sucked in in a hurry."

So it was that at age 64, Christoffersen—whose resume already included positions as university president, big pharma research VP and startup CEO—embarked on a fourth career.

Six years later, the Morgenthaler biotech practice partner has presided over a string of exits that would inspire envy in any newly minted venture capitalist. Since 2005, four of Christoffersen's portfolio companies have orchestrated exits,

including two acquisitions, **Avidia** and **Morphotek**, and two initial public offerings, **Replidyne** (Nasdaq: RDYN) and **Threshold Pharmaceuticals** (Nasdaq: THLD). A fifth startup, **Orexigen Therapeutics**, registered to go public in December.

As one might guess from Christoffersen's track record, his investment philosophy centers on identifying therapies that can be validated as promising without lengthy trials. Case in point: Orexigen, which raised \$65 million in the last two years in expansion rounds funded by Morgenthaler and other VCs. The 4-year-old San Diego company develops drugs for obesity and central nervous system disorders by combining generic drugs that have previously received regulatory approval. It has one product candidate in Phase II clinical trials and another targeted for Phase III this year.

Currently, Christoffersen oversees a sprawling portfolio spanning both coasts. While he prefers to fund Series A and B rounds, the Boulder, Colo.-based Ph.D. chemist tells *VCJ* he's not averse to joining late either.

Q You've had a lot of career experience before becoming a VC. How has that helped you in the job?

A The experiences working in a large pharmaceutical company, seeing the drug discovery programs, and then actually running a biotech company all showed me ways to make all the mistakes you can possibly make. Hopefully as a venture capitalist I can help people learn from all those mistakes.

Q What are some common mistakes you see made by biotech VCs and entrepreneurs?

A What you frequently find in startups at the Series A level are companies with very exciting science that is being driven by the inventor, who is often an academic scientist.

A very common mistake made by these new entrepreneurs is to pick a target which is scientifically exciting. For example, on the cover of **Science** there may be a brand new target relevant in inflammation. What they miss is that the target may be an effect of the disease and not the cause. Focusing on product develop-



BIO
RALPH 'CHRIS' CHRISTOFFERSEN

Partner, Morgenthaler Ventures

AGE: 69

EDUCATION: Cornell College (B.S. in Chemistry and Mathematics,

Honorary J.D.), Indiana University (Ph.D. in Chemistry)

WORK HISTORY: Formerly president and CEO of Ribozyme Pharmaceuticals. He also served as senior VP of research at SmithKline Beecham, VP of discovery research at The Upjohn Co., and president of Colorado State University.

M&A EXITS: Avidia was bought by Amgen in September for \$290M (plus up to \$90M in milestone payments) and Morphotek was bought by Eisai Co. Ltd. in March for \$325M. **IPO EXITS:** Threshold Pharmaceuticals in February 2005, and Replidyne in June 2006. Orexigen registered in December.

HOBBIES: Christoffersen is a tenor who, until recent years, sang in church choirs and other venues. Among his favorite roles: Tamino in Mozart's *The Magic Flute*.

Source: *VCJ* reporting

ment is an early concern. The challenge is picking targets and therapeutics that will both be important and will allow you to find out early whether they are effective.

In retrospect, it seems to me that the biggest mistake that was made by VCs in the 2000-2001 period was to invest in good science without clear product opportunities for the company. This is not to say that "platform companies" are bad investments, but, rather, that coupling products with platforms can create significant value relatively quickly.

Q So, how do you pick a target?

A To me, the size of the market at that early stage isn't as important as being able to move quickly to demonstrate some level of clinical efficacy.

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cal efficacy. That may mean targeting specific indications, such as pancreatic cancer rather than breast cancer, where trials are relatively shorter.

What we really want to show is that we have a new class of therapeutics. In most cases, the way you can shortcut to get to that is to take a disease where there is a biological marker you can measure easily. One example is measuring the C-reactive protein levels in patients with Crohn's disease. You can see that protein level go down if the patient is responding to a therapy. [This was the approach used in clinical trials by Avidia, a Christoffersen portfolio company acquired by Amgen in September.]

Q Once you've established clinical benefit, where do you go from there?

A Once you've got the proof of principle down, corporate partners get really interested.

Q How has that strategy played out in practice?

A It's been a pretty robust M&A market for the past year. I made six investments out of Morgenthaler VII, and we have either five or four and a half that have had an IPO or exit, depending on how you want to count Orexigen.

Q What investments are you making now?

A We're not funding new companies out of Morgenthaler VII, although we may make follow on investments. At the moment I've

made three investments in Morgenthaler VIII, which we closed in 2005. [Those companies are **Catalyst Biosciences**, **Galleon Pharmaceuticals** and **Tragara Pharmaceuticals**.] No exits yet, which is to be expected.

Q Are you looking to partner with other VCs? What do you look for in a partner?

A We look for other VCs that have similar investment philosophies and domain expertise. We've invested frequently with **Healthcare Ventures** [a co-investor in Avidia, Catalyst Biosciences and Replidyne] and **TPG Growth** [a co-investor in Replidyne and Avidia].

Q You wrote in Genetic Engineering News in 2005 about the difficulty sustaining valuations for biotech startups after the Series A round. Any progress on that front?

A It's changing, and it's changing for an understandable reason:

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Investors are tired of seeing down rounds. What we're seeing instead are larger but tranching Series A rounds to get the company to a very substantial value-adding endpoint.

For example, we participated in the financing of Tragara Pharmaceuticals this year. They raised a \$40 million Series A round. But when you see a large number like that it often means they'll get it in stages.

Q I see you're based in Boulder, Colo. But your portfolio companies are all over the map. How does that work?

A I'm traveling a lot. We have a company in San Diego, plus some in San Francisco. We also had two in Pennsylvania. Basically, I look for good deals everywhere.

But there are also more of what I call virtual companies, too. Orexigen started out like that. For a long time, the CEO lived in Indianapolis, the CFO lived in San Diego, the CMO lived in New Jersey and the vice president of research worked at the University of Oregon. They did all their work by telephone and e-mail.

Q Sounds hectic. Any plans to take a break from the venture capital grind?

A Well, right now I'm flunking retirement. Most of my VC colleagues range in age from 35 to 55, so I'm always the white-haired guy in the audience. But I think the advantage for me is the amount of domain experience I have.

I'm still working with Dave Morgenthaler too. He's 87 now. And every time I've asked him if he's thinking about retirement, he says: "I'm too young." **VCJ**