

THE FIRST WORD

PASSION

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Rosencrantz: What is your line?

Player: Tragedy, sir. Deaths and disclosures, universal and particular, denouements both unexpected and inexorable...*flagrante delicto* at a price, but that comes under realism, for which there are special terms...It costs little to watch, and a little more if you happen to get caught up in the action, if that's your taste and times being what they are.

Rosencrantz: What are they?

Player: Indifferent.

Tom Stoppard, *Rosencrantz & Guildenstern are Dead*.

Now, 1989 has been an indifferent hard year for many of us. That was clear even before Friday the 13th sent shockwaves through Wall Street.

It was clear, too, in September, when 200 men and women—executives and financiers who have gotten caught up in the action of biotechnology—gathered for the second PaineWebber-Bio/Technology Biopharmaceuticals conference. Though similar in appearance—with very good suits and intensely serious demeanors—the conferees actually fell into two groups with distinctly different needs and expectations. About half of them were essentially bettors looking to beat the spread in this Sunday's action. The other half were team-builders, less interested in point-spreads than in pointers for improving on-field performance.

The news from the money men was troubling. The number of biotech financings was down. The cost of product development was up. The market was turning a cold shoulder to public offerings. Other sources of mid-course financing were looking for product sales performance figures that most biotech-based companies cannot yet provide. Months of high interest rates had taken their tolls: Many companies seemed to have measured their own coffers and moved into an altered corporate metabolism, trying to reduce capital burn rates enough to see them through into the green years again. Many others, trying to make a fit between product lines, licenses, and distributional strategies, had married their fortunes together. The epidemic of mergers constituted a "shake-in," rather than the long-predicted shake-out. (There is no telling how many minuscule start-ups sank into comas, surviving only as Delaware shells, ready receptacles for their creators' next big idea). It came as no surprise when many executives of newly amalgamated enterprises admitted privately that their companies, small and large, had responded to the union by going into a sort of trance: Product-oriented research slowed, and the expanded company fell to contemplating its organizational navel.

With the prospect of falling interest rates, the future looked brighter. But there was little argument that 1989 had been a hard year. The gloom-saying did drive one very happy fact to the surface, however: It revealed the near-evangelical fervor of some of biotechnology's biggest players, their passion not merely for money but for biotechnology and the good it can do in the world.

In a series of after-hours symposia (from the Platonic ideal of the symposium as a drinking party), the president of a large biopharmaceutical company, a venture capitalist, and an investment banker all took us to task for the conference's developing bleak, short-term, bottom-line, money-is-everything emphasis.

The picture is all wrong, they said. Where is the passion? Where is the excitement of individuals marshalling meager resources to create brilliant new science, to forge totally new markets? Where are the dedicated visionaries? Where is the long view? Where, dammit, are the healed sick and the fed starving?

As one financier put it, "What's important is the excitement, the science, what we can do for people. That's why I'm in biotech and not investing in microchips."

In the long run, that passion and the reality behind it will create value that no short-sighted, short-term, short-selling horse-players can shake.

—Douglas McCormick