



Big ideas for biotechnology

By Ben McNeely

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CONCORD - Taffy Williams has some big ideas for the biotechnology industry in the state. A Concord native, Williams, 58, owns a consulting firm, Colonial Technology Development Co., that advises early-stage biotechnology companies - not just in this state but all over the country. He has taken struggling companies, retooled them and sold them off, rewarding investors with double or even triple their money. He has also suggested that North Carolina set up a venture capital fund to help attract entrepreneurs to the state - an idea that went straight to the floor of the North Carolina Senate.

Williams grew up in Concord, one of six children. His grandparents immigrated from Lebanon in the early 1900s, where they opened Williams Candy Kitchen. His uncle

Taffy fought and was killed in World War II - and he was named after his uncle.

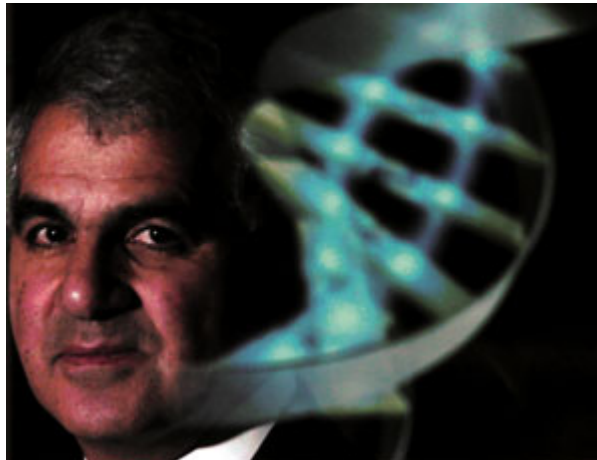
After getting his doctorate in chemistry at the University of South Carolina and a post-doctoral fellowship at the University of Michigan, Williams worked for the federal government and private industry in biomedical research. After living in Michigan, Maryland and Pennsylvania, Williams moved back to Concord and started Colonial Technology Development in 2005, offering consulting services full time with four partners and seven other advisors.

He said he believes the number one thing the state and the region needs to do to attract and keep biotechnology companies is to attract entrepreneurs.

"If you've got an entrepreneur who loves what he does, has an idea and wants to start something, he'll find money," Williams said. "If the idea is any good, he'll get the money, he'll bring a team in and he'll build a business."

Q: How did you get into biotechnology?

Williams: The first half of my career was doing medically-oriented research. My degree is officially in chemistry, but I did most of my research in physical biochemistry, hence the biology, and worked in quite a variety of fields that were related to cancer and other related fields through the early years. Then I worked for the government working on septic shock and blood substitutes and drug delivery and actually ran a fairly significant research program there. I realized that while the government was asking me to come up with patents for them that would be useful in treating combat casualties, they did not want to put up the money to develop the products. A company had approached me to come run research in their company and I took the opportunity to transition into industry. This was in 1992.



Taffy Williams is the president and CEO of Colonial Technology Development Co., a company that builds and grows medical and technology companies.
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Q: What company was that?

Williams: That was called Magnin. They were an anti-infective/cancer company. I ran research in that company for about three years. I left there to take an opportunity to work in an early-stage company that had gone public. That company was focused on natural products discovery. It was a company that had some money, but the technology was too early. While I was there, I described to the board that the company wasn't going to make it as currently configured. We went out and brought in technology, licensed it, turned it into an FDA-approved product. That company netted investors seven to 11 times their money in about two and half years. That company was called InKine. I left there in 2000 and around 2005, that company was bought out by Salix, which is in Raleigh.

Q: Being that North Carolina is one of the biotechnology states in the country, what is the number one thing the state needs to do to cultivate the biotech industry?

Williams: Bring more entrepreneurs in. If you've got an entrepreneur who loves what he does, has an idea and wants to start something, he'll find money. If the idea is any good, he'll get the money, he'll bring a team in and he'll build a business. Number two is money. Number three is technology. I can go scouting around any university or company and find technology. So I place them entrepreneur, money and technology. And give them a place where they can talk to each other and maybe you'll get some cross-fertilizations.

Q: Can you give a quick run-down of starting a company?

Williams: You come up with an idea. Once you have an idea, the next aspect is you have to have a way to evaluate that idea in a laboratory. You want to try and structure the early stages towards what you believe the ultimate product is going to be and I always ask people to work backwards: What are you going to sell, who is the buyer, how much is it worth, what's the market, how much is it going to cost for you to do that, and what is the label on the bottle going to say about the product? You need to know what your ideal package is going to look like at the end and who it is you're going to be selling the product to and be certain they want to buy it. All this forms the next steps: What's the business plan? How are you going to implement? If you've got a good business plan, if you've got a good product, you can now form a business around that and you can find potential investors. Those investors can come in many different forms: They can come from loans from the state, they can come from small business grants from the government. Some of those are the cheapest because you are not selling equity in the company. You can also go to angels and friends - those are people that are willing to put money into your company. Sometimes friends and family is the first round of investment to get seed-stage funding. One way to pick up money along the way is try to pick up partners in the industry. It is not uncommon to talk to some of the mid-size pharma groups to get them to partner the product.

Q: Some companies have their own venture capital funds where they look at companies to invest into.

Williams: They do. (Eli) Lilly has one. Johnson & Johnson has one. Pfizer has one. Wyeth had one. They all have them. And the requirements for the investment are difference and they are only going to be able to make a limited number of investments a year. They may see hundreds of companies, but maybe make three or four investments and always strategically established. If I'm going to make an investment, there is always going to be a reason I am doing that. With the venture funds, they are not as strategic, but they will decide each year the areas they will make investments in and they do that so they don't have too many overlapping investments. It's getting harder and harder to do that. With the companies that are out there, the people with the money will be very selective.

Q: Why do you think it is getting harder to raise capital?

Williams: In the pharmaceutical space, you need something with a niche, and to go in with something that are look-alikes don't really do it anymore. Part of it is the selectivity and some of the groups have backed away from the health care area and got into more of devices. Things ebb and flow. Next year, you might find that pharmaceuticals are hot and devices to be weak. Between 2000 and 2005, it was the nuclear winter of financing. In 2000, the market just fell off dramatically. A lot of the funds that were out there had lost tremendous amount of money for their investors. If you watch the biotech arena, about every four years there is a bull market in biotech. We are just about coming into one. Some of the people that I know are starting to hedge their bets right now. But it's a combination of what's out there to invest in, why is it uniquely different and the capital markets and they all come together.

Q: You suggested to Sen. Fletcher Hartsell that the state set up a venture fund to attract biotech companies.

Williams: Yeah, I would love to see the state develop a venture capital fund. I would love to see the state develop an incentive package to attract entrepreneurs from outside the state. There are things that could occur in this area that could facilitate that. Over time, they will make a big difference. Finding a way to bring people in is extremely important. Finding a way to bring in additional companies of mid- and larger-size is important. One of the things in any business, who am I going to hire? What experience level am I going to have? Having entrepreneurs and having seasoned veterans in the region is important because it does help to have a pool of employees that can jump in and do things. Money is important. Having access to people that have money is important. Why did San Diego do so well? They didn't have early venture capital money out there, but they did have entrepreneurs willing to go out and find money.

Q: Do you do any consulting work for the (North Carolina Research) campus?

Williams: Not at present.

Q: Does it make your job easier if you mention the research campus to potential clients?

Williams: It has no negative or positive benefit whatsoever. Unfortunately, most of the people don't know that it's coming here and the ones that do don't care. They are only interested in what they are doing and how they can get helped, etc. It really has very little value. I have run into one or two financial groups that start companies that have at least heard of it, and that might have a value in helping them set up something here.

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