

# THE BURRILL WEEKLY BRIEF Life Sciences • Information • Intelligence • Insight

June 8, 2009

## What You Know About Funding Start-Ups Today Is Wrong Podcast: June 5, 2009

[How the Changing Landscape May Change Biotech's Business Models Going Forward](#)

A new study that examines undercapitalized technology companies is turning the conventional wisdom about start-ups on its head, showing that ventures with moderate levels of undercapitalization can still be successful and that a great management team is not more important than having a top-notch technology when it comes to securing sufficient amounts of capital. We spoke to study co-author David Townsend, an assistant professor of management, innovation and entrepreneurship at North Carolina State University, about his findings, the importance of great management versus great technology, and what undercapitalized companies can do to not only survive, but succeed today. [Read More Here](#)

## By The Numbers

### Something for Everyone

The capital markets are starting to show signs of a shifting tide as public financings of life sciences companies take center stage alongside some interesting collaborations.

During the first week in June, small biotech companies continued to struggle, doing what they must to conserve cash and keep their most promising programs alive and on track. The capital markets, though, were starting to show signs of a shifting tide as public financings of life sciences companies took center stage, alongside some interesting collaborations. Pfizer's private European offering of \$10.5 billion in senior unsecured notes in four separate issues turned it into a big fundraising week. [Read More Here](#)

## Biotech Industry Market Cap: Up 4% at \$309.27B

### Biotech continues its positive upward trend

The unemployment rate of 9.4 percent in May, the highest in more than 25 years, made grim reading, but the pace of layoffs slowed. That added further evidence that the recession is loosening its hold on the country. As a result, stocks posted a strong performance this week with the Nasdaq Composite Index rising 4 percent and The Dow Jones Industrial Average closing up 3 percent for the week. Biotechs also surged with the Burrill Biotech Select Index posting a strong 4 percent gain with the top five biotech companies by market cap all closing the week higher.

### Performance of Select "Blue Chip" Biotechs

COMPANY	MARKET CAP (\$B)	CHANGE IN SHARE PRICE (%)
Amgen	\$51.52	1.90%
Gilead	\$40.47	3.58%
Celgene	\$20.41	4.99%
Genzyme	\$16.37	2.63%
Biogen	\$15.04	0.67%

### Biotech Indices

INDEX	12/31/09	05/29/09	06/05/09	% CHANGE (WEEK)	% CHANGE (YEAR)
Burrill Select	300.33	279.32	288.92	3.44%	-3.80%
Burrill Large Cap	379.7	370.81	411.87	11.07%	8.47%
Burrill Mid-Cap	139.39	162.29	171.45	5.64%	23.00%
Burrill Small Cap	78.35	81.04	82.03	1.22%	4.70%
Burrill Genomics	59.69	59.93	70.01	16.82%	17.29%
Burrill AgBio	127.72	149.35	147.16	-1.47%	15.22%
Burrill BioGreenTech	106.12	134.05	136.71	1.98%	28.83%
Burrill Diagnostics	138.3	122.31	123.77	1.19%	-10.51%
Burrill Nutraceuticals	369.24	397.42	409.42	3.02%	10.88%
NASDAQ	1577.03	1774.33	1849.42	4.23%	17.27%
DJIA	8776.39	8500.33	8763.13	3.09%	-0.15%
Amex Biotech	647.15	648.69	678.8	4.64%	4.89%
Amex Pharmaceutical	272.84	257.02	254.96	-0.80%	-6.55%

### Profits Over Health

Health, life insurers hold billions in tobacco stocks.

More than a decade after Harvard University researchers first revealed that life and health insurance companies were major investors in tobacco stocks—prompting calls upon them to divest—the insurance industry has yet to kick the habit, they say. A new article on insurance company holdings, published in the New England Journal of Medicine, shows that U.S., Canadian, and U.K.-based insurance firms hold at least \$4.4 billion of investments in companies whose subsidiaries manufacture cigarettes, cigars, chewing tobacco, and related products. These tobacco products currently contribute to the deaths of 5.4 million people worldwide annually, according to the World Health Organization. Tobacco use is a major risk factor for stroke, heart attack, lung disease and cancer. [Read More Here](#)

### Extreme Eating

Group says chain restaurants engaged in obesity-promoting "waist race" and calls on Congress to require menu labeling.

Appetizers, entrées, and desserts at America's chain restaurants are making Americans fatter and sicker, and the trendy thing for chains to do is to make already bad foods even worse, according to the Center for Science in the Public Interest. In its latest "Xtreme Eating" report, the Washington, D.C.-based advocacy group says the restaurant industry is showing few signs of restraint or responsibility in the face of America's epidemic of obesity and diet-related disease since it issued its first report in 2007. The report highlighted foods ranging from half racks of ribs promoted as side orders to steak and deep-fried blobs of macaroni and cheese served with creamy marinara sauce and more cheese. [Read More Here](#)

### Keep It Simple

Medicare Part D is too complicated for seniors to identify lowest-cost plan, a study finds.

Older adults were less likely to identify the Medicare Part D plan that minimized their total annual cost and were likely to mistakenly think they had chosen the lowest-cost plan, according to researchers in the United States and United Kingdom. The researchers took an in-depth look at the consumer behavior patterns of nearly 200 healthy individuals age 18 and older. Half of those participants were 65 or older. The researchers randomly assigned three, 10, or 20 hypothetical Medicare prescription drug plans from which they asked the subjects to choose. They found that regardless of age, an increase in the number of insurance plans available reduced the likelihood of picking the plan with the lowest annual costs. [Read More Here](#)

### The Bigger Picture

A study finds that pay-for-performance helps physicians identify the problems that present the most risk and deal with them effectively.

Physicians who treat patients with multiple health problems may deliver better care under the pay-for-performance model, which bases physician reimbursement on the quality of care provided, say researchers at Baylor College of Medicine and the Michael E. DeBakey Veterans Affairs Medical Center in Houston. What's more, the report in the journal Circulation finds that when the researchers looked at the treatment for high blood pressure given to patients who had other serious health conditions, these patients were more likely to receive high-quality care than patients who had no co-existing health problems. [Read More Here](#)

**Burrill Report Poll:**  
Poll: Is it a good time to buy biotech stocks?  
[Tell us what you think](#)

### Corn Scorned

Bankruptcies continue to plague ethanol companies.

A combination of lower oil prices and challenging financial markets continue to spell disaster for U.S. ethanol companies, with another 10 providers of this first-generation biofuel going belly up in the first five months of 2009. Among the latest was Pacific Ethanol (PEIX), which saw its shares swoon 44 percent to 32 cents on May 19 when five of its six ethanol-producing units filed for Chapter 11 bankruptcy protection. The company had gone public in 2005 with shares debuting at \$12.95. [Read More Here](#)

### Unintended Consequences

Federal regulator warnings lead to changes in depression diagnosis.

Government warnings about the increased risk of suicide among children taking antidepressants appear to be associated with unintended and persistent changes in the diagnosis and treatment of depression in children and adults, according to a report in the Archives of General Psychiatry. In October 2003, the U.S. Food and Drug Administration issued a Public Health Advisory about the risk of suicidality for pediatric patients taking antidepressants. A boxed warning, package insert, and medication guide were implemented in February 2005. The warning was extended to young adults aged 18 to 24 years in May 2007. Immediately following the 2003 advisory, unintended declines in case finding and non-selective serotonin reuptake inhibitor substitute treatment were shown for pediatric patients. Spillover effects were seen in adult patients, who were not targeted by the warning, researchers at the University of Colorado Denver's School of Medicine report. [Read More Here](#)

### Antibiotic Savoir-Faire

A French public health campaign urged overuse of the bacteria-killing compounds is associated with a reduction in unnecessary use.

French researchers say that a public health campaign in France has been linked to a significant reduction of unnecessary antibiotic prescriptions, particularly in children. According to the report in the open-access journal PLoS Medicine, the number of antibiotic prescriptions per 100 inhabitants, adjusted for frequency of flu-like symptoms during the winter season, declined by more than 25 percent over 5 years. The campaign, which ran from 2002 to 2007, included educational outreach to healthcare workers, the promotion of rapid tests for diagnosis of streptococcal infections, and a public information campaign about viral respiratory infections and about antibiotic resistance, say the researchers from France's INSERM and Institut Pasteur in Paris, France. [Read More Here](#)

### We Would Like To Recognize Our Partners



Update Profile/Email Address  
Instant removal with SafeUnsubscribe™ | [Privacy Policy](#)

Burrill Company | One Embarcadero Center | Suite 2700 | San Francisco | CA | 94111



Reach nearly 25,000 life sciences thought leaders each week:  
To advertise in The Weekly Brief contact our business development team [by clicking here](#)

You are receiving this email because you have subscribed to the **Weekly Brief** or previously expressed an interest in **The Burrill Report** or other *Burrill & Company* publications or events.