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Yeast-Based Antibodies Help Alder Raise $11M In Series A

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After spending a year and a half developing a platform for manufacturing antibodies using yeast, Alder Biopharmaceuticals Inc. completed an $11.1 million Series A financing to begin building its own therapeutic pipeline.

The funds, expected to last about two years, will be used to identify a lead product to begin clinical testing. The company has not yet determined a specific indication, but it has narrowed its focus to the autoimmune and oncology areas.

"We're excited to get going," said Mark Litton, chief business officer of Seattle-based Alder. "It's not an easy environment to raise money in right now, but we're really pleased to have these venture groups behind us."

Sevin Rosen Funds, of Dallas, led the round, joined by Ventures West Management Inc., of Vancouver, British Columbia, and WRF Capital, the venture investment arm of the Washington Research Foundation in Seattle. The $11 million adds to a $500,000 seed round completed in August 2004. The company also received a $100,000 grant from the U.S. Army last year for its work in antibody production.

Alder was founded in January 2004 by four former executives of Celltech Group plc, a firm headquartered in Slough, UK, with a research facility in Seattle. Litton, Alder CEO Randall Schatzman and two others held management positions at the Seattle site until it closed down in late 2003.

"We decided to do something new," Litton told *BioWorld Today*. The experience at Celltech had highlighted "the fact that manufacturing antibodies was such a problem, so we set out to find a technology that would solve that problem."

Alder – named after the large trees found in the Seattle area, and to give the company "a Northwest flavor," Litton said – began by licensing technology from the Keck Graduate Institute in Claremont, Calif. That technology provided a process for manufacturing fully functional antibodies using yeast rather than the traditional mammalian cells.

While yeast-based platforms have been used to mass produce drugs such as insulin, the more complex protein-based therapeutics required some innovation.

"We basically came up with molecular tricks to get the yeast to make whole antibodies," Litton said. "We spent a lot of time identifying and selecting strains that worked."

He said the advantages of using yeast are pretty dramatic, estimating that the cost is up to 50 times cheaper than antibody production in mammalian cells. Yeast also divides more quickly, and is able to double within hours. Animal cells typically take one or two days.

"We'd like to get everybody using this yeast technology," Litton said. "That's our vision – to get people out of mammalian cells and into yeast."

Alder already has an out-licensing deal with Bothell, Wash.-based Seattle Genetics Inc, and it plans to announce a second deal with a large pharmaceutical company within the next few weeks.

"We believe our work really validated the need in the industry to find different solutions for manufacturing antibodies," Litton said. That work can now be leveraged by Alder to help fund its therapeutic program, which is "really our focus right now."

The company has eight employees, though that number is expected to increase to 20 by the end of the year. ■