

EP.63 - Sally Allain FINAL

Narrator: You're listening to *BioTalk* with Rich Bendis, the only podcast focused on the BioHealth Capital Region. Each episode, we'll talk to leaders in the industry to break down the biggest topics happening today in BioHealth.

Rich Bendis: Hi, this is Rich Bendis. I'm your host for *BioTalk*, and we have one of our most recent stakeholders and new players within the BioHealth Capital Region, which is gonna help transform us into the third leading biocluster in the United States just because of everything that they do in this biopharma industry. And I'm lucky to have Sally Allain, who's the head of JLABS at Washington, DC as our guest today. Sally, welcome to *BioTalk*.

Sally Allain: Oh, thanks for having me, Rich, and thanks for that generous introduction.

Rich Bendis: Well, we know what you're gonna do to help us transform this region where actually we're not gonna take a backseat to anybody now. And that's part of your mission, I would imagine.

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Sally Allain: Absolutely. We're excited to be here.

Rich Bendis: A lot of our listeners are familiar with Johnson & Johnson, probably not JLABS, but most of them are not familiar with you personally. So I think the best thing we can do to start is to introduce our listeners to your background and what brought you over to this region.

Sally Allain: Yeah, thank you. I actually grew up in this region, which pulled me back. I did my undergraduate and graduate work here locally. I'm an immunologist by training, went to Virginia Tech. And after graduate school, I wanted the experience of the left coast, so I went and started my career at an early startup and protein generation in San Diego, and that company was, fortunately, acquired by Centocor, which was a Johnson & Johnson owned company. I worked in Centocor for many years and really transitioned to, I would say, the business side of science doing program management for Centocor, doing some strategy work.

0:02:07 And then I actually left Centocor and J&J for a couple years. I had an opportunity to work over in the UK, specifically in Scotland, and I was working for a government-funded agency called Scottish Enterprise for a small amount of time. And I was a program manager there, standing up programs in two areas. One was for ocular AMD and the other was a stem cell technology transfer initiative. It was really great to be on the government-funded side of standing up programs in biotech and working with experts in academia, and also working internationally. Scotland has a really large, thriving hub of biotech companies and incredible academics in science and technology.

0:03:00 I then came back to the US and back to San Diego and came back to J&J in the immunology therapeutic area. So Janssen R&D, which is the pharmaceutical arm of J&J, went through a very large restructuring to a therapeutic area of focus, which is how Janssen R&D is organized today. So I went back into immunology, working in the early discovery to early clinical phase portfolio space, and managing the external partnership portfolio. So Immunology at the time recognized the value of partnering very early and the portfolio actually grew to over 50% externally partnered while I was with immunology. And so I led a team there in research operations and alliance management. Built that team, managed the external portfolio, worked arm in arm, hand in hand with our innovation center partners who were driving the therapeutic area needs for innovation in the external space.

0:04:06 So I spent some time there. I then went to Johnson & Johnson Innovation, where I was doing some strategy and operations work, and then this position became an opportunity within JLABS and I jumped at the chance to work not only in the JLABS group, but also for Melinda Richter, who is our global head of JLABS. And so I started in this position late last year.

Rich Bendis: So, all of those other positions you described after you came back to J&J were done really on the West Coast. You say on the left coast, but now you're on the right coast now, right?

Sally Allain: Yeah. That's a great way to look at it. I was in San Diego, but our discovery and early clinical teams—both in San Diego and Springhouse, Pennsylvania. So I actually managed a bi-coastal team. So I was back and forth an awful lot, but it was a great experience to live and work in San

Diego and work with the research teams in both Pennsylvania and California.

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Rich Bendis: Well, we're glad you made the decision to come back east, Sally. So you mentioned Melinda Richter, you mentioned JLABS, and we wanna talk a little bit about the whole JLABS concept, but first, why don't you tell the listeners a little bit about J&J at the macro level—just the magnitude of the organization--and then we can drill down as to why did this large organization feel that they needed something like a JLABS that would be complementary to their strategy?

Sally Allain: Johnson & Johnson is a very large organization. We work across three sectors—quite a diverse portfolio. We work in pharmaceuticals, I mentioned our therapeutic areas of Janssen R&D, our pharmaceutical sector, the medical device sector, and we also have a consumer sector. We also have franchise businesses within those sectors, and we think of consumer—for instance in skin health and essential health, which are priority strategy areas, but then we also have our vision care franchise.

0:06:06 Currently, there's over 130,000 employees at Johnson & Johnson. We are in more than a hundred countries. So the footprint is wide amassed, but the outreach, the network, and the culture feels like a small family at times.

Rich Bendis: That's excellent to have an organization that large and have a culture where you can actually still feel entrepreneurial internally. So J&J made a decision to develop this international JLABS program, and what was the primary driver or who was the visionary to do that?

Sally Allain: I'll take a step back and share a little bit about Johnson & Johnson Innovation. So, years ago, J&J recognized, like, we will go anywhere for the best science and technology. We recognized the need for innovation and that we can innovate not only inside our brick and mortar, inside our own sectors, but we also recognize innovation and great ideas can come from anywhere.

0:07:03 And so Johnson & Johnson Innovation is the large group that is working in the external space, working to scout, landscape, run scientific evaluation of opportunities, and really partner in the external space on our strategic

areas of interest. Within that business group, which is a large business group—we're globally located through our innovation centers, our corporate venture arm, JJDC, and our business development group— additionally is our JLABS business group. So JLABS is our no strings attached incubator model. We recognize that we wanted to provide a model where early science, early entrepreneurs can really focus on their science, use their capital towards moving their science and technology forward faster.

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JLABS—we're a global network of what we call open innovation ecosystems. We wanna empower innovators across the healthcare spectrum, again, across all of our sectors; pharmaceutical, medical device, consumer, as well as health tech, and really accelerate as what we see as life-saving, life-enhancing health and wellness solutions to our patients.

Rich Bendis:

And you have how many different JLABS now in your total portfolio and in the US and how many international? And then lastly, why was there a decision made to come to the BioHealth Capital Region in DC to set up the latest JLABS?

Sally Allain:

So we have 12 JLABS locations around the world. We are in the United States, North America. Internationally, we have a footprint in Toronto, in Shanghai, and in Beerse, Belgium, which covers a very large EMEA region. And then our 13th location will be opening here in Washington DC in January 2021.

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We are a no strings attached model, which I think is incredibly important for entrepreneurs, which means entrepreneurs and startup companies are free to develop their science while holding onto the intellectual property. Why Washington, DC? We recognize the value of this ecosystem. So we stand up our JLABS incubators as well as our innovation centers in ecosystems where we see innovations thriving, we see where science and technology is coming from, and also where there is an incredible pool of leading academic and research institutions. Diversity of entrepreneurship is important and we see that here in the DMV region. And then strategically when we think about the footprint here in Washington DC, we are anchoring at Children's National at their new Innovation campus in northwest Washington, DC.

0:09:58 We think this is an incredibly important initiative that Children's National is standing up, and then we're down the street from federal agencies, federal research institutes like the NIH. The idea that the companies in our portfolio in our JLABS are entrepreneurs who will have direct engagement based on the location we think is incredibly opportunistic.

Rich Bendis: And then you mentioned Children's—and for the listeners, basically they got donated about 12 acres on the old Walter Reed campus, which they decided to convert into an innovation campus and you are an anchor there. But there are some other players who are gonna cohabit that space with you, Sally, and I think one of them's your former university, which will be exciting. But why don't you talk a little bit about the other partners that are gonna be associated with JLABS and Children's on that campus?

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Sally Allain: The campus at the old Walter Reed Research Medical Center is five buildings that Children's National is renovating and bring to beautiful, modern facilities for use. We will have 32,000 square feet in one of the research buildings there, two floors for not only research, wet lab, prototyping space, we also have large, private office spaces, individual offices, a very large footprint for communal space. We have conference rooms for our investor hub. So really building what is part of the JLABS footprint, but as you mentioned, there are some strategic partners already as part of this innovation campus and ecosystem. So Children's National is moving their leading research institutes to the facility, so we will be sitting next to their genetics medicine research institute. So you think of core capabilities in working together, and for our companies to access.

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There is also, as you mentioned, an academic partner that signed with Children's National. So Virginia Tech will be moving into the facility. I think Virginia Tech's been doing research and partnering with Children's National for many years in certain therapeutic areas. And then uniquely, when we announced JLABS at Washington, DC with Children's National, we announced a multi-year partnership with BARDA. So, in 2019 when we announced JLABS at Washington, DC, we also announced a collaborate with BARDA, which is the Biomedical Advanced Research and Development Authority under the US Department of Health and Human

Services. As part of this collaboration recently we've released a joint initiative called BLUE KNIGHT really to support innovation in mutual areas of interest for both Johnson and Johnson, JLABS, and BARDA. And, what we're really trying to do with this collaboration is to stimulate innovation and incubation of technologies that improve health security and response through identifying companies focused on the advancement of medical countermeasures aimed at securing our nation from chemical, biological, radiological, and nuclear threats as well as infectious diseases.

And when we think post-COVID, how do we respond to the next pandemic? Or how do we respond to a potentially pandemic like influenza? Uniquely, as part of BLUE KNIGHT, companies will receive residency as well as dedicated mentorship not only from J&J experts, which is part of our JLABS business model, but also from BARDA experts. These companies as part of BLUE KNIGHT will receive customized programming aligned to key areas of interest in infectious disease, public health, and company acceleration. And then have access beyond the equipment and infrastructure that we typically provide BLUE KNIGHT companies and select BLUE KNIGHT locations like JLABS at Washington DC, will have access to specialized equipment and additional customized support. So, we're pretty excited about the recent announcement of BLUE KNIGHT at JLABS in Washington, DC.

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Rich Bendis:

That's pretty exciting and people are starting to recognize the BARDA name more since they are a head investor in a lot of COVID-19 research that's going on and, for the listeners, basically about a three and a half billion dollars from BARDA has been invested in our region in the last couple months. So I think that's a really strategic partnership that you have formed there. And also, it looks like the different disciplines are very complementary to one another with a healthcare system, an academic institution, federal government, and private sector. It's a true private public partnership that's being formed there.

Sally Allain:

Yeah. We recognize the value and the importance of public-private partnerships to drive innovation, to drive solutions in science and technology for patients and for BARDA's pipeline so that when the next pandemic hits, we'll be more prepared.

- 0:14:03 We certainly recognize that and the strength in infectious disease and oncology in Maryland, and then you look down into Virginia and this string of companies that are coming out of there—medical schools, medical device innovation—I think it’s, again, very opportunistic region.
- Rich Bendis:** We agree with you. And you’re a critical new entry into it. It’s going to make it even stronger. So we keep talking about no strings attached with JLABS. Now, let’s sort of define what no strings attached means and then who are the eligible people that would be the ideal candidates to become incubator tenants or partners with JLABS in the DC area?
- Sally Allain:** So no strings attached—we do not take IP, we do not take equity of companies that come in as part of our family. We do, however, do partnerships with JLABS companies, but it’s not a requirement or mutually inclusive to be part of the JLABS portfolio.
- 0:15:05 We really want to work with scientists and entrepreneurs in the early space to provide them with an infrastructure. So wet lab, private offices, operational management, state of the art equipment. So again, you can really take their capital and put it towards their research and development, science and projects, and move things forward. We also provide a resource hub. So how can we support small companies to again focus their dollars on their research? So we’re giving our companies big company discounts on things like lab supply specialty equipment, IT support, financial services, legal services. So again, we wanna meet the company based on where their needs are.
- 0:15:52 As part of the program, which I think is incredibly important, is mentorship from Johnson & Johnson’s experts. So we assign a JPAL to our resident companies, which is an expert across any one of J&J’s sectors, franchise businesses. Again, based on the company that comes into JLABS’ needs, we wanna partner them with a mentor that can coach and help the company move their science and technology forward. We also have an investor hub, so our investor hub is powered by JJDC, which is our corporate investment group. As part of our investor hub, we wanna bring both local and regional investors onsite at regular intervals to meet with portfolio companies for investment, consideration, mentorship again and really relationship-building, not only locally, but our companies will also be able to tap into our global network of investors as well.

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Rich Bendis: And is there a particular stage a company has to have achieved in order to get accepted into JLABS?

Sally Allain: I think that varies based on the science and technology, the sector that they are working in. We are looking for companies that are at least the LLC stage, that have some funding so they can support themselves coming into the incubator. We're looking for companies that have a strong team of experts to drive their science and technology, and if not expertise within the company itself, that they have an advisory board to help them move things forward. But we have companies that come in at just the SBIR or friends and family funding stage, but then again we have companies that come in post Series-A. So it really is dependent on the science and technology that they're developing. So all stages. I would say early discovery to early clinical phases is something that we're certainly interested in.

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Rich Bendis: And must the company be focused in their scientific and technology area in something that's strategic to the J&J mission?

Sally Allain: Yes. So we are looking for companies that are on strategy to our areas of interest. Again, we wanna be able to provide that mentorship. We also are interested in partnerships with companies. And we wanna be able to further develop ourselves, some of these science and technologies. So being on strategy is important. However, with that said, we're also very interested in science and technology that's so transformational that we would love to hear about it.

Rich Bendis: And you mentioned also—and by the way, we're talking with Sally Allain who's the head of JLABS in Washington, DC—that you're looking to open in January of 2021. Are you screening companies now that will be the first tenants and what's the response been for people trying to get access to becoming a partner with you?

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Sally Allain: Yes. We are talking to companies now. As you mentioned, we are opening in January 2021. We have a simple online application form, so

you can go to jlabs.jnjinnovation.com and fill out an online application. It is a non-confidential application process. And again, it's a simple pitch deck with information about your company, your science, your technology, your team, your funding. Something that we always look for is how do you differentiate in the competitive space that you're in, what your project runway plan looks like of the next 18 months, but it is a simple online application form. We are currently reviewing applications and about to sign contracts with companies to start with us in January. We do have a rolling application process and that's true for any of our JLABS sites anywhere around the world.

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We will review an application and get back to companies within a few weeks of that application coming.

Rich Bendis:

Excellent. Do you wanna talk a little bit about the team you've assembled to help support you?

Sally Allain:

We're really excited. We are still standing up the team here in DC, hiring our last couple of positions, but onsite at all of our JLABS locations, we have a dedicated team towards research operations, business operations. We also have individuals who are marketing communications, innovation, activation. And then uniquely here in the DC site, we are partnering with Children's National and we'll have a public affairs liaison because we see the opportunity of this innovation campus and the location. So having someone to be able to further develop our messaging and work with visitors to site, I think, will be very helpful. We're currently interviewing for a scientific engagement lead to help with our portfolio.

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So you have this skeleton local team on every site and we'll be pushing out an announcement soon about highlighting all the individuals, and they're a great team. Many, if not all of them so far, have been here locally working on the ecosystem here in the DC area, but we're supported by a global JLABS team. So with 13 sites around the world, we recognize to do this really well, we learn from each other, we work collectively across all of the JLABS sites, and we have an incredible, global senior leadership team on the functional side supporting us as well. It's really important for our companies, when they come in to the incubator, and into our portfolio, to have the support globally.

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Rich Bendis: That sounds pretty exciting for an entrepreneur to be able to get access to those types of resources in not only GEN networks really. And then, if I'm not mistaken, this might be the only JLABS that's got a close affiliation with a pediatric hospital. Is that true?

Sally Allain: It is true. There is some uniqueness with a couple of our JLABS sites, and I think some of that is driven just by the strength of the ecosystem, and this uniqueness here in Washington, DC is that we are anchoring with an innovation campus that Children's National is developing. So the opportunity we have to bring more light to the need for science and innovation in the pediatric space is incredibly important. There needs to be more done for our smallest patients. We really can't take adult medical devices and small-scale them down.

0:22:56 We need to start earlier developing pediatric device innovation, pediatric therapeutics first. So if we can bring more light to that, if we can bring more recognition of the need for capital investment in companies working in this space, we're pretty excited to be able to do that.

Rich Bendis: And I think you have some of the most innovative children's healthcare leaders in the country here affiliated with Children's National with Kurt Newman as the CEO, who happens to be on our BHI board, and then Kolaleh Eskandarian, who runs their program, two great individuals plus a whole team that they have working with them.

Sally Allain: Some of the nicest people I've had the opportunity to work with in less than a year, they've been incredibly welcoming. We are in constant collaboration with them. We are already collaborating with them on other JLABS resident companies. So again, how can we leverage this partnership to do more?

0:23:56 Yeah and the talent, the expertise, their directors of their research institutes are some of the best world-renowned researchers and they're doing incredible work. So we're excited to be able to say we'll be a part of it.

Rich Bendis: Let's talk a little bit about what some of your personal goals are that we probably understand what more of the corporate goals are for JLABS. More innovation, more partnerships for J&J, but about your short and long-term goals personally, as well as affiliated with JLABS.

Sally Allain: It's been phenomenally welcoming to move back here into the Washington, DC area, I would say to move back home and be around family and I've been reminded of how welcoming people are in the East Coast and the business network across the DMV region. It's been really wonderful to have great conversations with everyone working in the ecosystem here, whether that's state agencies, biotechs, academic networks. To continue to strengthen those relationships is a great goal of mine.

0:25:04 We're all working collectively here in the ecosystem with two things in mind; one is to grow the businesses and ecosystem here and in Washington DC and Maryland and Virginia, and then find solutions faster for patients. So it's been a great experience and I look forward to what we can do in more partnerships and to strengthen and bring not only more entrepreneurship to the region, but also more capital investment in this region in startups.

Rich Bendis: I think everybody would second that. We can't have enough capital to support all the good ideas and assets that we have in this region, and you're gonna help us participate in a couple things. We have our virtual BioForum coming up on October the 19th and then an investor conference on the 20th and 21st, but also you're gonna be a judge for our crab trap competition, which is gonna be on October 21st at 12 o'clock.

0:26:01 And we're gonna invite five companies to get before prominent judges like yourself, JP Morgan, and Wilson Sonsini and Alexandria Real Estate Equity, so thank you for agreeing to be a judge, but we are really looking forward to get JLABS more involved with some of the things that are sort of the partnership and collaboration activities that we have going on in the region. I know you're gonna be an excellent addition to that.

Sally Allain: And thanks for including us. We love to be a part of pitch events to see what is out there that we don't know about yet.

Rich Bendis: So tell us a little bit—and in closing, you have an open mike. Anything you wanna convey to our listeners about JLABS? Yourself personally or anything you'd like to engage in?

Sally Allain: If I could just highlight something about our portfolio, which I think is really unique and incredibly important, and I think it speaks to our

successful track record. We look at the portfolio; we have 650 companies that have been incubated.

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So those are both resident and alumni companies that have been part of JLABS over the last eight years and a fifth of those have gone on to do deals with Johnson and Johnson. Another fifth have gone on to deals with other companies, but I think some of the metrics highlight what is important to us is recognizing first time entrepreneurs, so we brought in companies that—58% of our companies have been first time entrepreneurs. And then our diversity highlights. So 30% of that portfolio have been female-led companies. An addition 29% are minority-led companies. So I think it brings it to light that we're working across ecosystems to engage with not only companies of serial entrepreneurs, but first time entrepreneurs and bringing to light the importance of diversity-led companies.

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Rich Bendis:

Well that's fantastic. Those statistics are great. Your metrics that you generate here are only gonna add to that and diversity is extremely big within our region. If you look at all of the academic and the federal government institutions that are here, I think we have an opportunity to excel in promoting the diversity in this region because it is extremely important here.

Sally Allain:

Chris Frew just published an article in *BioBuzz* just highlighting exactly what you spoke to, the strength and diversity in the area and the great funding in the area as well. So I think it was a really good article to read about Maryland and the ecosystem.

Rich Bendis:

This speaks well that J&J made a great decision to select this region for another JLABS and for you to accept the position to lead it. So we've had the pleasure of talking with Sally Allain, the head of JLBAS at Washington, DC, which you're gonna hear a lot more from and over the next coming months before they open in January. Sally, thank you for being on *BioTalk* and we look forward to working with you very closely here.

Sally Allain:

Thanks for including me and inviting me and I look forward to meeting everyone who I've had the chance to meet with and in the next few months and few years.

Rich Bendis: We'll schedule a virtual cocktail party to introduce Jlabs sometime.

Sally Allain: Sounds great. Anytime.

Narrator: Thanks for listening to *BioTalk* with Rich Bendis.

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