

EP.123 – Seth Salpeter

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 breakdown the biggest topics happening today in BioHealth.

Rich Bendis: Hi, this is Rich Bendis, CEO of BioHealth Innovation, located in Rockville, Maryland, in the BioHealth Capital Region, and I'm also your host for *BioTalk*. We have a different flavor of *BioTalk* today for our listeners. We're basically talking with an international company that is from Israel but also has a presence in the United States, and we're going to find out from its CEO, Seth Salpeter, who is the co-founder and CEO of ImmunityX, an Israeli-based company, about how he started the company in Israel, and what are the advantages of coming to the United States, other than the obvious, which is that it's a much larger market than Israel.

0:01:00 I'd like to welcome Seth to *BioTalk*. Seth, welcome to *BioTalk*.

Seth Salpeter: Hi, Rich. Thanks for having me. Great to be here.

Rich Bendis: Yes, great to catch up with you again and hear about the progress you're making with the company. Traditionally, what we do, Seth, is rather the me trying to read your resume, we like to have the entrepreneurs introduce themselves with those things that would be relevant to our listeners about how you got started in this world and how you evolved where you are today. Why don't you give us a little bit of your background?

Seth Salpeter: Sure. We're talking about me starting an Israeli company, but actually, I'm originally from New York City. I was born and raised on the Upper West Side of New York, and after I finished my undergraduate studies in biology, I moved to Israel; I was about 22 or 23. I did my PhD in biochemistry at the Hebrew University, after which I did postdoctoral studies as a postdoctoral fellow, as well, in organic chemistry.

0:01:57 Then, as I was wrapping up my academic studies, I decided to transfer over to industry. I thought that was a little bit of a better position for me, and I joined the company called Site Diagnostics where I was Chief Scientific Officer and head of business development, and then after that,

founded a company called CuResponse where I was CTO. Then a little while ago—about a year and a half, two years ago—we founded ImmunityX, which is a spinoff from the Hebrew University based in Jerusalem, and then, since the founding, I've been CEO of ImmunityX, and then very recently, maybe about six to nine months ago, we started moving the center of gravity of the company over to the US, so we now have office and laboratory space in New York City, and slowly but surely we're rebalancing the source of power in the company to be a two-international kind of a base.

Rich Bendis: That's a very interesting background. In the US, a lot of the people we talked to that are spinouts out of universities talk a little bit about the tech-transfer process in those unique environments because sometimes it's not the easiest environment to work from.

0:03:04 Talk a little bit about your experience with the tech-transfer offices at the Hebrew University, and if you've learned anything differently versus what's goes on in America versus an Israeli university.

Seth Salpeter: I've spun off two companies from university, one from the Weizmann Institute, which is a very well established research institute here in Israel; it's one of the world's top research institutes—and then more recently, from the Hebrew University. If I'm not mistaken, tech transfer sort of originates in Israel. I think the Weizmann Yeda was one of the first tech-transfer organizations in the world; in the 60s, they started, so tech transfer is pretty well established in Israel, and it's pretty well developed. I know that there are challenges with tech transfer everywhere in the world, and I think it's kind of evolving. I know that when I was a PhD student, it was less well accepted that there were so many spinoffs.

0:04:00 I think now there's become kind of a closer bridge between academia and industry whereby tech transfer in general is becoming more active, and the expectations of them are becoming, I would say higher, or the standards are more accepted, so I think it's evolving in the right direction everywhere in the world. I think Israel pretty much on par with what's going on in the US, and of course, depending on the people you're working with, by chance, or which institute, obviously it varies, but I think that overall, the process works. Sometimes it takes a lot longer than you

would want it to. Usually, when you're starting something, you're in a big rush, and they have hundreds of labs or researchers that they're working with, and it takes a long time, so I think that the take-home is usually that if your patient and polite and thoughtful, it works out. But, everywhere in the world, it just takes longer than people would want, so that's frustrating.

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Rich Bendis: Yeah, I think everybody shares that same frustration, Seth; you're not alone. Let's talk briefly, before we leave the university—in the US, there's somewhat of a migration now. Everybody used to do royalty and license agreements, and now they're doing equity with the spinouts. What's the trend in Israel? Is it more royalty and license based? Or is it a combination, with equity involved with the spin outs as well?

Seth Salpeter: Now, I think this is true everywhere, everybody wants some of everything, and the universities at the end of the day, they have all the leverage. If they don't say “go,” then it doesn't go. That said, they know they're dealing with established people, so I think that, yes, in Israel as well, it's brought into including equity in the packages now that models are becoming more hybrid. So, what it is, is a lot of these TTOs, they have in their bylaws that there are certain defined rules for all the researchers that date back 30 or 40 years, and to change those up and to meet modern expectations has not always really developed. But I think that across the board, the TTOs now want royalties, milestones, and equity, so that's become built in to some degree, whether we like it or not.

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Rich Bendis: Yeah, I think that's historically what we're seeing as well, and those that are really entrepreneurially driven will tend to be more flexible as the companies are trying to work with strategic partners and investors. Those that are a little more control-oriented sometimes make it more difficult for the entrepreneurs to get some deals done.

Seth Salpeter: I think one of the things that is a big deal in the US that is lagging here in Israel is that a lot of the universities now are more proactive about offering funding in the spinoff, so they have their own funds, and then

they also have networks of angels or graduates who can be helpful. I wouldn't underestimate that. If they're going to come in—they do it here. We do have TTO support research. They give research grants, and there are some that have their own funds, but I think the large universities are now understanding that that's in their interest, because they can make a lot of money off of good investments.

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So, that's one step that I think is really a novelty over maybe the last five or ten years that is very, very helpful, because to get the seed funding—to some degree, each round has its own challenges, but seed funding is very, very hard, so if the university will help you out with that, that's huge.

Rich Bendis:

Super. Let's talk a little bit about the history of the company, now. You're a postdoc, PhD; [I'm] interested to know whether or not you actually did any research in the technology that you spun out to create ImmunityX. If not, how you got involved with the science, the technology, and the researchers who were involved as you were forming the company. Give us a little history. How'd it evolve? How'd the name evolve? And all of those things that people would be interested in.

Seth Salpeter:

The stories are fun. Actually, it's an interesting story. One of the academic founders, Zvika Granot, when he did his first postdoc before he went to the states to do a fellowship at Memorial Sloan Kettering—he was a postdoc, and I was a PhD Student—I walked into the lab on my first day.

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I just moved to Israel, more or less, and he was there. He was one of the first people I met in there and then we became good friends. He moved to New York City, and of course I was always in New York City because my family is from there, and we stayed in touch, and then he came back to Hebrew U maybe five or six years later, and we stayed in touch, and I followed his research, and we actually—I puttered around at a few points, trying to come up with a way that we could start a company because I always thought that neutrophils were super interesting and a tremendously underserved area of immune modulation. This is Zvika's area of expertise, and I thought that if we could put our heads together, maybe we could come up with something. It turned out that I tried for a little while, kind of in my spare time, in garage mode, and we couldn't get anything interesting. But then he spent five years developing the

technology in his lab, together with another co-founder, Zvi Fridlender, who's also a big expert in neutrophils.

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It really required a tremendous amount of time and effort to get the basic technology off the ground. The US has government-supporting grants—obviously the NIH grants—but Israel also has some, I would say, academic industry grants that supported their work for five or six years. Then, once the technology was significantly developed and some investors had actually already come into the picture with an interest to spin it off, then I picked up on it again, something that I had looked into maybe six or seven years prior with an idea that maybe it'll work out, and then it had. So, that was a very convenient time to come in, actually, for myself. The investors were already in the picture, so that really spared a lot of heartache, because we didn't have to go out and try and raise... I came in at a very convenient time, I would say. I was not involved in the early development of the technology, but I was always familiar with the concepts and the idea and the development.

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My postdoc was in immunology. We were applying organic-chemistry molecules—peptides—to immunological development, so I was familiar with a lot of the work that was being done, and I understood it from a technology basis, so it was a good fit. I had been involved in it for a long time, and I understood it, and of course, I had background in the business side of it, in the startup side of it. I think that that's really important.

Rich Bendis:

Basically, then, when you got involved, the licensing from the university had already occurred, I would assume. I'm just making an assumption here. Also, the company had already been named at that point, and you got involved when they really needed it, sort of to take it to the next level when they needed a CEO that was a little more business oriented, rather than scientific oriented?

Seth Salpeter:

Not exactly. I did miss out on a lot of heartache. I found some more in other places, so it's okay. I came in when about 75% of the license negotiations were done.

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There was still what to be done when I came in, and in terms of completing the license and getting it squared away, the actual basic nuts

and bolts of getting the company set up, I had seen it before. I had done it before, so it wasn't weird to me. It wasn't unusual, and it didn't go so poorly. It was okay. I was involved in naming the company, so that was a process that I led. It was the third company that I was involved in naming, so I had some experience managing the process or being involved in the process. It wasn't so bad. It was not so great, but I think ImmunityX is a good name, and I think what's important is that everybody, all the important players, feel that their opinion is heard, that it shouldn't be that somebody's coming in and forcing something, and that you mostly try and avoid the really bad names. I don't think any name is so amazingly awesome from any company that I've heard, so basically, you want to make sure that everybody feels like they're part of the process, and then nobody gets a really bad name in there, which can happen in Israel, because people here, they're not native English speakers, and a lot of the double meanings, they don't necessarily get. I was lucky they deferred to me a little bit more, because I'm American.

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Rich Bendis: They got the best of both sides of the pond then, didn't they. Let's talk a little bit about the core science and the target market for the science that ImmunityX has.

Seth Salpeter: Sure. The idea is basically, today, there are hundreds of billions of dollars' worth of drug development that's targeted at the immune system, and a lot of work there is being done around T cells which have proven to be very important in immunotherapies like in cancer, and then also cytokine suppression, like for various autoimmune diseases. Everybody has been talking recently about Humira, because it's gone off patent. One of the cells that's not affected by a lot of these modalities is the neutrophil, which is also the most dominant immune cell in the immune system. The neutrophil makes up about 70% of the immune system and is really the first line responder.

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It's also a very powerful cell, so it has a lot of mechanisms which it uses to defend against pathogens. But of course, the immune system can become deregulated, including the neutrophil. The neutrophils have been recognized to be very involved in a lot of diseases, but there aren't any

FDA approved drugs that specifically modulate their activities, so many drug companies over the last 10 years, 20 years even, have been trying to develop these types of molecules, but they've failed. They failed for a variety of reasons, some of it having to do with the fact that if you deplete neutrophils, you end up with something called neutropenia, which is a lack of neutrophils in the body, and that can be fatal. Some of it is because there are so many neutrophils, and they're very hard to get to, and they're very hard to dose. Some of it is that it's very hard to also modulate a neutrophil because they have a lot of different activities that are triggered once they're activated; it's not just one particular activity. So, there's a variety of challenges involved with the neutrophils, so ImmunityX licensed a specific technology from the university and has been involved in developing its own technologies to specifically modulate neutrophils and toxic neutrophils and overcome a lot of these challenges in different ways.

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We've developed a few technologies in addition to the original; we call TENNs, which is targeted neutrophil nanoparticles. These are nanoparticles that specifically concentrate drugs in neutrophils and avoid systemic toxicity, and we developed some of our own molecules and identified some FDA approved patent molecules. So, we've developed a pretty significant IP portfolio in a pretty short amount of time to be able to overcome these hurdles, and now we're applying these technologies in a variety of different indications where we think that there's a lot of potential, so IBD is one area that we're super interested in, and there are some very interesting dermatological indications where neutrophils play a huge role, and there's a significant unmet need, so basically, we're looking at inflammatory conditions where neutrophils are very involved, and there's a huge unmet need in the market, and we think that we can come in and use our technologies to really improve human health for these populations that are still underserved and suffering.

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Rich Bendis:

With IBD being one of the targets, I would imagine you did a lot of intellectual-property research in order to protect your technologies, so where do you stand with your IP? Talk about Israeli IP, PCT, American, and how far have you gone with your protection?

Seth Salpeter: We've submitted three patent applications. First, the earliest one on the targeting technology is national phase, and the other two are now in PCT. The patent system, for all the weird stuff about it, it's pretty well integrated internationally, so it doesn't really matter where you're filing the provisionals. The PCTs, I generally liked the file in Europe. I find that you get good reviews there. There are some countries where you get reviews back, and it's just nonsense, so I think I have filed PCTs in the US, but generally, we do them in Europe. Then when you go to national phase, I think it's becoming more and more trendy to do the accelerated—the fast-track patents—in the US, so we've fast tracked our national base in the US. I think that's a really good approach to it.

0:16:05 I've been involved in patent applications that can take five or six years, and it's just crazy. You're telling your investors for five or six years, “We're working on it.” So, yeah, I guess there's the emoji when you put up your hands. I think that is a troubling element of the patent system—it takes so long—and I think that the fast track in the US is a really great way to overcome that. It's well integrated internationally; we have great patent attorneys in Israel. Sometimes I've had the experience that I felt we needed to use somebody in the US for US prosecution, but it's pretty good across the board.

Rich Bendis: Talk a little bit about your clinical strategy too, Seth.

Seth Salpeter: The clinical strategy: we're at very early stage, but that said, even at the early stage, you have to be very mindful of what your end game is. Whatever you're doing, you have to plan, ultimately, to get into a person, and to get into a person, you have to prove in some type of organized experiment that it has to be there.

0:17:00 So, we've been mindful from the beginning that this is the end game. We haven't been one of these companies that's “completely platform development—whatever comes out, we'll figure out how it works.” For every discipline that we've looked at, for every indication we looked at, we've brought on at least one or two physicians, preferably KOLs, who can really look at what we're doing and say, “Okay, does this make sense or not?” And assuming that it makes sense, “How would we start looking at it in a clinical study?” So, I think that our go-to-clinic strategy is to—we

have a platform, and we have these molecules, so it's kind of weed it down to one lead compound and then try and take a phase 1a/1b situation where you do a single-ascending dose and a multiple-ascending dose, hopefully getting it to patients as quickly as possible. We want to see that it's working as quickly as possible in the patient population, so we think that's doable, to start off in a healthy patients, but again, to transfer over as quickly as we can to set up some endpoints that will show some type of initial efficacy of the therapy.

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Rich Bendis:

I think you talked about something that's very important to a lot of international entrepreneurs when they want to try to come to the US market. They underestimate the need and the value of key opinion leaders and the KOLs, and I think it's something you got to get right out from the get-go. When you're starting out, you have to identify those influencers and those people who are most knowledgeable in your areas where your science really is focused, so I'm glad that you have done that right from the beginning, before you really get into the heavy clinical nature of what you're doing in the future. I think that you also understand, and you're very fortunate to have the environment around you in New York City and the East Coast, where you can identify some of the strongest people in the United States.

Seth Salpeter:

Yeah, I definitely think that's huge, and I think Ethel was pointing this out to me, in her experience, sometimes international companies missed out, but look, there's a lot of difficulty crossing whatever the border is, and I think that the KOLs are super important in the US.

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As you said, you really can't do anything without them. I think part of it was, again, I came in when we started the company; I explained to everybody very early on that we're going to the US, and everything that we are doing has—somebody would say, “Oh, I know a KOL in Germany.” I was like, “No, no, no. Germany is a great place. Tell me somebody in the US. It can be California, it can be Boston, it can be wherever.” That was something that I just came in in a very dogmatic way, and again, I have a luxury because I'm from the US, and that made it a lot easier, but I think that the earlier that you get a lot of this into the DNA of the company—

it's great to start the company wherever you are; it's great to do innovation there—but the scaling of the company, to ultimately scale, you have to be in a major market, and to be in the major market, you have to start planning for that from really early on to get it going because it's something that has to be really built into the DNA of the company.

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Rich Bendis:

Yeah, and you mentioned Ethel. I'm going to get the Ethel Rubin in a second, who's one of the Entrepreneurs in Residence at the National Institute of Health and BioHealth Innovation, but before I go there, I just want to close on the ecosystem that you had in, or that you actually *have* in Israel. You also talked a little bit about the ecosystem and the differences in the United States, but I think there's a very strong support for early-stage entrepreneurs within Israel, and you might talk a little bit about that. In the prior days, that used to be the Chief Scientist office in Israel, and I know they changed departments and terminology around, how that is structured within the Israeli government, but the Israeli government does provide some very strong support for startups within Israel. Talk a little bit about that.

Seth Salpeter:

It used to be called the Chief Scientist, and I think they maybe—I don't even know when, maybe five to ten years ago, they rebranded it, and they call themselves the Israeli Innovation Authority now. This is basically a branch of the government that helps develop technology and commercialize technology on a variety of different levels—obviously spinning up from academia, but mature companies are assisted as well.

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It's not a grant. They provide funding which they expect you to return. This is a boon, obviously, for the startup ecosystem here, because it would be impossible for 90% of these companies to raise capital from seed investors, and the government really allows this ecosystem to thrive. I think it's challenging. There are similarities to what goes on with SBIR. Anybody who's done an SBIR grant knows that those are really hard just to formulate and to get out and to manage, and it's not easy. The EU also has a grant system; it's called the EIC. All these government grants are really hard, but they enable the system to function, so I think that the Israeli program is very good at helping companies get started and helping

companies grow.

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There are certain, I would say, issues with it. They want you to try and keep the funding for the companies as much as you can in Israel, which can be perceived as a headwind from foreign investors, and people have had issues with that in the past, but I think there has been some improvements here in terms of how those processes are managed, and I think that the entrepreneurs have to be a little bit smarter about it. You can't take funding from them endlessly with the understanding that your exit strategy is to go abroad. You have to be able to balance that, and I think that's another thing that you really need to be conscious of when you start, like how the funding plan is gonna pay itself out.

Rich Bendis:

You've been fortunate to be able to get that support because everybody isn't successful in getting that startup funding from the Israeli government, and we've talked about that in the past, but that also is a stamp of approval or credibility for you when you come to America, because they understand the scrutiny you have to go through to get that funding, and I would imagine, just like getting federal funding in the United States, getting the government funding in Israel is better than coming in cold without having that support from the Israeli government.

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Seth Salpeter:

I don't know. I think that the bar is so high today when people are looking to fund you, you have to have everything. I speak to these investors, and they tell me they see four- or five-hundred companies a year, and they invest in three or four. So, I think at the end of the day, the things that really matter are the fundamental technology, the data, having strong data, having good KOLs, as you said, who stand behind the story. If you have credible investors already, or you have a track record, I don't think that gives you any special advantage. I think it's really an amazing program that enables a lot of technology development. We have a bunch of things already at ImmunityX that we've done, and I tell it to people, and they're like, "Eh..."

Rich Bendis:

"So what, right?"

Seth Salpeter:

"I saw nine companies like that last week."

Rich Bendis: [laughs] “What have you done for me lately?”

Seth Salpeter: Yeah, exactly.

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Rich Bendis: Let's talk a little bit about—you mentioned Ethel Rubin, and Ethel is one of the Entrepreneurs in Residence that's the lead at the National Institute of Health, where we had a ten-year program with them. I guess you came in contact with Ethel at NYU, and you might talk a little bit about what you were engaged with at NYU and how you came in contact with Ethel, and how it evolved to where your relationship is today.

Seth Salpeter: That goes back, again, to what I was telling everybody in the beginning about how we have to move the center of gravity to the US, and we encountered very early on this program called EFL—Endless Frontier Labs, if I'm not mistaken—and it's a really great program that's run by NYU business school that has a few different disciplines. One of them is biotechnology. They host companies from all over the world in this accelerator, and it's really a mentoring program. I think that there are five or six meetings, and you have to come to all of them, and they give you mentors in each meeting to help you develop your pitch and basically make connections.

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It's one of these, you get “voted off the island” sometimes, very rarely, but the mentors choose you at the end of each session when you're not there. I met a lot of really interesting people, cool people, very helpful at early stages in the program, and one of them was Ethel, who was very helpful, obviously, in terms of developing our stories. So, that's a big challenge for early-stage companies, how to present themselves and the key points that they want to be making to everybody who's listening. Then she introduced me to BHI. That was a point in time where very, very early on, I think the company, we were in VFL maybe six months after we launched, and we were still trying to figure out the best way to start positioning the company in the US, and I think that was something that was helpful to try and start thinking, “Okay, where are we going to open the company? Why are we going to open the company?” It was kind of a mantra of mine that we're going to shift the center of gravity to the US,

but at the same time, you have to have some real logic to do it.

0:26:00 You can't just do it, because at some point it's going to be important, so I think that was a really important step in terms of building the bridge, trying to identify the strategy, how we were going to do it and why, and with whom, so that's, I think where Ethel was super helpful.

Rich Bendis: We're glad that she introduced you to us, and one of the benefits of working with you is you already had understanding about the American ecosystem, being an American living in New York City, versus being cold coming internationally, and just learning all about the culture at the same time you're trying to get your company launched. One of the things Ethel did is put you in front of—we have an EIR day once a month—you got a chance to present your business to a number of different Entrepreneurs in Residence and got instantaneous feedback. I think one of the people that was on that call was Steve Wolpe, another one of the EIRs at NIH. You had made a decision and learned about—and you already knew—but you learned more about the SBIR program at NIH, and decided that based on being an American-controlled company in the US with ImmunityX, and you leading that, you were eligible to go after an SBIR application.

0:27:06 Talk a little bit about that decision to go after the SBIR and how you found that process sometimes frustrating at times, to get lined up to be eligible, and also what it took to really get a quality proposal submitted to the NIH.

Seth Salpeter: Obviously, the SBIR is a great program, very much like the Israel Innovation Authority. I think at early stages, you have to be able to get capital from non-dilutive sources or else you won't survive. Whatever your seed funding is, it's never enough, and the serious investors want a lot more, and any non-dilutive funding opportunities, you have to be very aggressive about. SBIR was something that I had my eye on, always, even in previous startups, but it just never really worked out. That said, I've applied for the SBIR. I have not yet received an SBIR, so I don't want to talk too confidently about the process.

0:28:04 Hopefully I'll come back on in six months and I'll tell you how great it was to get it. I think it's a great program. Obviously, all American

entrepreneurs take advantage of it. For international companies, it's more challenging, obviously. I know BHI—I have a more of an understanding about it, and being an American citizen, it was, I think, easier. That said, the process was very challenging. There were a lot of steps in the process that are not so simple to coordinate, and it could have gone smoothly. I made a few small mistakes here and there which turned out to be very painful to fix in terms of the registration process. Funny story, because we like stories on podcasts: When I registered the company with SAM—with the government registration—I didn't realize that our company in America was called ImmunityX Pharma USA, Inc.

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I had registered it as a ImmunityX Pharma USA, and then after one of these huge, long processes, after like a month or two, I got back a letter from the Department of Defense of cage system that my company doesn't actually exist in Delaware. I looked at it very closely, and I saw that it's because I hadn't written “Inc.” in the system, and the computer matches you with the registry in Delaware, and it took before months to fix that. [Rich laughs] It's not like I wrote an email. I had to call them three times a week for four months. They had some glitch in the computer system. It was really painful, and that can happen, so I would say that anybody who's interested in it, it's an amazing program. The registration process, you have to be very, very careful about. They're actually online, so Steve was very helpful in general. I think his focus was also mostly on writing the grants, and we did a lot of iterations together. I had never written one of these grants, and they show you an example online in some of the institutes, but it's not enough, so he was super helpful.

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I discovered later on in the process that some of the NIH institutes pay consulting companies to prepare YouTube videos explaining to you how to do the whole process, and I discovered them by the time I was submitting in the end, and it was super helpful. I don't think I could have submitted without it, just because there are hundreds of buttons that you—sometimes I would ask Steve, and he would tell me, but you have to be able to have some sort of guide, which isn't unilaterally available. It's very challenging.

Rich Bendis:

Congratulations. It did get done. I know that it was frustrating at times, because you were getting emails from all of us: “Hey, did you get your

number yet? You registered yet?”

Seth Salpeter: I just had questions like, “What's going on? How hard could this be?”
[Rich laughs] I'm telling you, it's really hard.

Rich Bendis: [laughs] So, I guess words of wisdom for anybody else that wants to file: Make sure that you read the instructions very closely. Get experts to assist you.

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Seth Salpeter: Yeah, there are these guides online. I forget the name of the consulting companies that have done it, but the instructions also aren't good. Steve was also always sending me to these things. The NIH has these guidelines where they explained to you how to do it, but the guidelines are 150 pages long, so you can't sit there and match it. They have these really quick guides that these consulting firms have built that will show you in a 20-minute video how to submit your grants, and that's the only way to do it.

Rich Bendis: Moving forward beyond that process, you've also had the ability to create some new partnerships in the United States, and one of them that we haven't talked a lot about was your partnership with JLABS and the BARDA Blue Knight program, Seth. You want to talk a little bit about how you learned about it and what was the process to get engaged with them?

Seth Salpeter: Sure. There are all sorts of rules about what you're allowed to say in public about the JLABS Blue Knight thing, so I'll just maybe talk very briefly about how I came upon it and what it is.

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BARDA and Johnson & Johnson Innovation, which is also known as JLABS, have a program called Blue Knight, which is really a government-initiated project to develop technologies for the Department of Defense—a lot of things having to do around—I wouldn't say directly about COVID, but in the general framework of COVID related things. But that spans out into other areas, like infectious disease, flu, or RSV, and they were interested in technologies that had to do with modulating the host-immune response to all sorts of pathogens, which is largely dependent on

neutrophils. Again, as I mentioned, you have to be super aggressive about non-dilutive funding opportunities, and I'm always submitting any grant that I can find. I think you have to put the shots on goal, more or less, and I saw this one in particular. I think one of the things that I've learned from submitting so many of these grants is it has to be a really, really good fit between what they're looking for and the data that you have, because, again, there are hundreds of companies who are applying for these things.

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It's not going to be that you're going to tell some story, and they're going to choose you. You have to have the exact data that they want, and it has to be good, so I felt in that particular situation that that was a good match, and we were very fortunate. There was an interview process, and they selected us, and it's a great opportunity for us. These are super critical for early-stage companies. Anything that you can try and get, even if it's one out of ten—I think that that's more or less my batting average on these things—it's worth it.

Rich Bendis:

Well, basically, it's a numbers game, but yet, as you're saying, the closer the needs are to what you can provide, the better chance you have with those numbers. But if you don't take the shots on goal, you're never going to win. I did want to talk a little bit about JLABS, because Sally Allain, who runs the Washington, DC JLABS, is on the BioHealth Innovation board.

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It's an excellent program. It provides great access to a lot of the companies, resources, and it's really an introduction to one of the largest bio companies in the world, and all of the resources they may be able to bring to you, so congratulations on that win, because I know it's not easy.

Let's sort of work into a close here. I'm talking to Seth Salpeter who's the Co-founder and CEO of ImmunityX, an Israeli- and American-based company. Talk a little bit about the balance that you have to have in managing a company that has operations in two countries, especially as an early-stage startup, and some of the good things about it, and some of the challenges you have in managing an Israeli and American presence simultaneously, Seth.

Seth Salpeter:

I think I'm fortunate, again, because I am from New York City and/or

based in New York City, so whenever I'm there, it's not—

Rich Bendis: You're home.

Seth Salpeter: —Yeah, I'm home. Sometimes I think when I wake up in Israel, I'm like, where am I?

Rich Bendis: That's where you are today. [laughs]

0:35:00

Seth Salpeter: Yes, but the truth is, the place where you grew up—I spent the first 23 years of my life in New York City—you can never really leave that, wherever that might be. So for me, I think it's not been as challenging as it might be for other people, because when I interact with people in the US, it's seamless because I'm American. And I've been in Israel for long enough that I understand how to interact with people here. I think that the main challenge when you're managing early stage startups, aside from all the issues with the investors and whatever, is, obviously, managing people. Whether you have four people in your company or ten people in your company, at the end of the day, your key challenge as the CEO is to manage people, and to make sure that they're happy, and they're doing what they're supposed to be doing, and that you're meeting deadline. I think that the main challenge, I would probably say, is you're managing people with two completely different sets of backgrounds and different expectations in different countries, and you have to know how to manage those people.

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Managing people is hard enough. Now you're managing people with two completely different sets of expectations and two completely different languages—with different holidays, everything. I think that that's really the main challenge that people will probably face. I think that in my situation, obviously it's a little bit easier. Over time, as the ImmunityX is not the first multinational company, I think what usually ends up happening is the company grows to a certain threshold where you have somebody who's either the general manager of the US side, or the general manager of the UK site, or whatever it is, and then you have one person who knows how to manage the local team, and you're basically just interacting with them. Obviously, it's a challenging stage where the company can

afford something like that, but I think that I try and manage it as best as I can, and I think, again, I have a unique advantage for that challenge.

Rich Bendis: Congratulations on the balance right now. You seem to be doing well. You're still smiling... sometimes. [laughs]

Seth Salpeter: At this moment.

Rich Bendis: Yeah, at this moment, yeah.

Seth Salpeter: There's no video on the podcast, right?

0:37:00

Rich Bendis: No, no. I can see your face, though, as we're talking, so I know that you're smiling. As we close, talk a little bit about your goals for the future and anything else you believe would be beneficial to the listeners that we haven't covered, Seth.

Seth Salpeter: Our main goals for the future are obviously getting our drugs in the clinic and getting them to help people. I think that it's a very interesting and novel scientific endeavor, but at the end of the day—and obviously business endeavor, people want to be successful—but the goal is really to try and develop new modalities, new technologies, and therapies that can be beneficial. That's also been something that I've tried to really focus us in on as we started. I think one investor told me that it was a very East-Coast way of thinking, that I was trying to actually bring a drug to patients.

Rich Bendis: Was that a good thing for him?

Seth Salpeter: I told him it was a good thing. I don't think it was a good thing for him, but to me, I took it as a compliment. If somebody tells me I'm being very East Coast, they've given me a big compliment.

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Rich Bendis: Okay. Well, that means you're going to be faster, anyway.

Seth Salpeter: That's true. I definitely talk pretty quickly.

So, that's really what we're focused on in developing, and I think the

quicker we get molecules into the clinic, then the more that will allow us to scale up to new indications, new molecules, and new technologies. I think that's about it for myself and ImmunityX. Any other questions I'd be happy to answer.

Rich Bendis: No, I think we've covered the gamut, but the only question some of the listeners might have is, if they want to learn more about ImmunityX, how can they come in contact with you?

Seth Salpeter: You can send me an email: seth@immunityx.com. All of our information is on our website, immunityx.com. I'm pretty available, so you can drop me an email, give me a call, whatever it is. Between the different time zones, I'm working from early to late at night. I love to talk to different people, and I think that's super important as well: always be meeting new people.

0:39:00 As we said before, 95% - 99% of the time, it doesn't necessarily work out, but overtime, you get the wins if you take enough shots.

Rich Bendis: Well, thank you for taking a shot on goal with BHI. We're glad that we've had a chance to work with you. We want to continue to help support you as you continue to grow and think you have significant potential, and wish you the best of luck on your SBI proposal and all the other relationships you're going to have. I want to thank Seth Salpeter, who is the co-founder and CEO of ImmunityX for being on *BioTalk* today. Seth, thanks for being here.

Seth Salpeter: Great being here, Rich. Have a great day.

Rich Bendis: You too. Have a good night.

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

End of recording.