

CORPORATE ACTIVITY

ROCHE SAYS LAYOFFS WILL NOT HURT BIOTECH

NUTLEY, N.J.—The much publicized layoffs at Hoffmann-La Roche will not affect biotech R&D, according to executives here. They report that mostly middle management and “peripheral” jobs fell to the ax that cut some 1000 employees, or some 12 percent of Roche’s personnel. Bench scientists remain virtually untouched.

“The cuts did not change in any way Roche’s very profound commitment to research,” says L. Patrick Gage. Last fall the company reorganized its biological R&D group (led by Gage) and its pharmaceutical R&D group, led by Ronald Kunzman. Kunzman was made vice president of research, and Gage, a molecular biologist, became head of exploratory research. That his responsibility has been broadened, Gage says, is one indication of Roche’s commitment.

Gage adds that the cutbacks left biotechnology personnel lightly hit. “I don’t expect any slow-down,” he says. “It’s my responsibility to see that there is no slow down.” Because biotechnology is such a new discipline, he points out, most of the biotech staff is directly involved in bench re-

search. There are few middle managers and administrators—the prime targets of the firings.

According to the company, the layoffs came after an intensive, company-wide study to determine which positions could be eliminated. The goal is to trim \$50 million out this year’s operating costs. “It was a very methodical, rather lengthy process,” Gage says, “to determine jobs—not people—that could be done without.” Roche cited rival vitamin suppliers from abroad and the potential of generic competitors to its highly profitable Librium, Dalmane, and Valium tranquilizers that recently came off patent. Also blamed have been increased R&D costs and delays in bringing Roche’s new pharmaceuticals to market.

The Roche Institute of Molecular Biology was not hit particularly severely. “The basic research charter of the Institute remains unchanged,” says Arthur Weissbach, its associate director. The 18-year-old Institute is wholly funded by the company. Although the pharmaceutical firm gets the first look at its Institute’s scientific

advances—Roche’s interferon project, for example, began at the Institute—Weissbach reports that its scientists are free to pursue their work wherever it takes them.

Hoffmann-La Roche had sales of about \$1 billion last year, but profits have been on the decline recently. Worldwide, according to a spokesman, the company spends some \$2 million on research every day—about 15 percent of this is on biotechnology. Roche maintains marketing, research, licensing, or production contracts with companies including Genentech (for interferon), Immunex and Ajinomoto (for interleukin-2), Damon Biotech, Centocor, and Vega Biotechnologies. It can boast that it was the first firm to put recombinant interferon and recombinant interleukin-2 into clinical trials.

Gage stresses that even though Roche does expect its interferon to prove efficacious against certain cancers, using biotechnology in drug design for second- and third-generation products is where the company hopes to see the greatest return.

—Arthur Klausner

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