

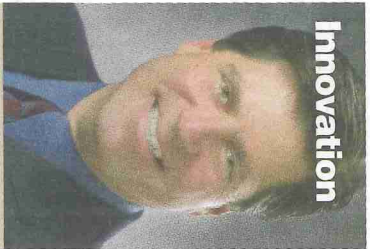
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Innovation
Led by Jim DeBello, Mitek offers technology that lets smart phone users scan and transmit checks to their bank accounts.
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Jeanne McAlister is CEO and founder of the McAlister Institute for Treatment and Education.
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Thinking Outside the Border

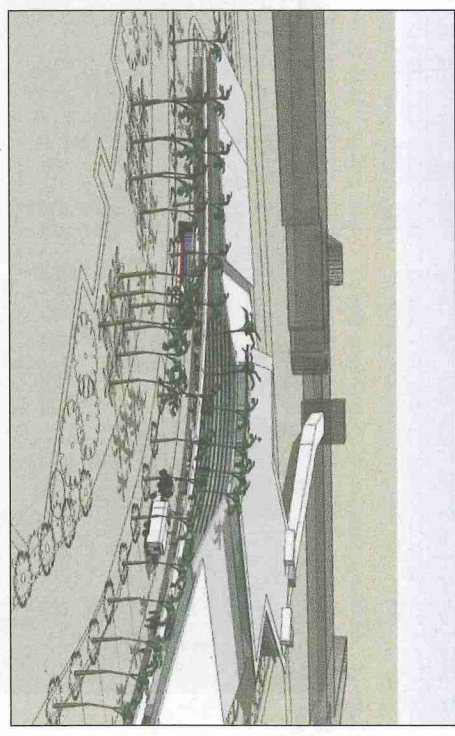
TRAVEL: Construction Companies to Work on Cross-Border Terminal

By LOU HIRSH
San Diego-based DPR Construction and Hazard Construction Co. have been tapped to complete construction on a planned \$78 million cross-border terminal, including a passenger bridge linking Otay Mesa with the Tijuana airport.

The long discussed facility, which would be accessed only by ticketed air travelers, has been deemed important among Southern California businesses for cross-border access to Mexican and Asian markets, and experts say the project could bring related new commercial development to the Otay Mesa border region in coming years.



Greg Rose
Otay page 45



A proposed \$78 million cross-border terminal would give air travelers in San Diego County direct access to the international airport in Tijuana.



TAKING ACCOUNT OF A CHANGING WORLD

FINANCE: New Torrey Pines Bank Focuses on Businesswomen's Needs

By MIKE ALLEN

Reflecting a trend of women having a business world, a local bank establishment that focuses on female customers. San Diego-based Torrey Pines Bank the new division in late March, stating in the announcement that the unit offers tailored banking services attracting a growing segment of the community the specific needs of local female business owners and others throughout California.

Heading up the new unit is veteran banker President Teofia Rich, who says she's been multi for a long time, and that the timing is just right

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Melissa Jacobs

TIG Rides the Waves of Change
TECHNOLOGY: IT Services Provider Helps Customers Stay Abreast of Innovations

By TOM YORK
When San Francisco-based IT consulting firm FusionStorm tried to improperly share clients and employees from San Diego-based Technology Integration Group's office in Tampa, Bruce Geier took action.



Pfizer page 45

\$210M Pfizer Deal Validates Small Firm

BIOTECH: Big Pharma Sees Vast Potential in Zacharon's Method of Treating Diseases

By KELLY QUIGLEY

Robin Jackman, Zacharon's president and CEO, is the first to admit that there aren't too many people outside the biotech world who understand the science at the core of his small company.

"Glycobiology, to a lot of people, is a new word," Jackman said, referring to the study of how sugars

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ments LLC, the primary U.S. investor in the privately funded project, said the investment group has picked DPR to oversee general construction, cost-estimation and related matters at the facility. The project will also include customs inspection areas, a parking garage and ground transportation on the U.S. side of the border.

“We’re very pleased to be working with DPR,” Rose said, noting the firm was chosen in part based on its past work on energy-efficient buildings in a variety of business sectors.

DPR in turn has selected Hazard Construction to work on the enclosed pedestrian bridge portion of the project, Rose said. Representatives of DPR and Hazard declined to comment.

Getting Started

Rose said investors are aiming to begin construction around September 2011, and complete construction and begin operations by the end of 2012.

The project is currently undergoing final entitlement and permit reviews from the City of San Diego, U.S. Customs and Border Protection and Mexican government authorities.

The U.S. State Department last August issued a permit allowing **Otay-Tijuana Venture LLC**, a binational investment group which includes Equity Group representatives, to proceed with the facility allowing U.S. citizens direct access to flights out of Tijuana’s A.L. Rodriguez International Airport.

Equity Group, led by Chairman **Sam Zell**, and private investors in Mexico own large parcels along both sides of the border, including the approximately 25 acres where the crossing facility would be built.

Rose said Equity and its partners have been working on the project for about the past three years, although various private and government entities have been discussing such a facility for more than a decade.

“We’re very pleased with the progress we’ve been making, but we still have a lot

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of work ahead in terms of meeting our construction timelines,” Rose said.

The State Department has said the proposed terminal supports its own efforts to facilitate safe and secure trade and travel between the United States and Mexico. Officials and developers say it will give air travelers quick and secure access to flights at the Tijuana airport, reduce congestion at neighboring border crossings, and curb economic losses associated with border delays.

Rose said the access to Rodriguez International has long been needed by corporate and recreational travelers throughout Southern California who want to take flights not offered at international airports in San Diego and Los Angeles.

Connecting With Asia

For instance, the Tijuana airport has flights to 10 Mexican destinations, and there are daily flights to Tokyo and Shanghai not currently available at San Diego International Airport.

Based on traffic data from the airports, Rose said approximately 3.6 million people fly into Tijuana annually, and about 2.2 million of those passengers cross the border into the United States.

Cindy Gopper-Graves, chief executive officer of the South County Economic Development Council, said the streamlined border access would likely create ripple economic development benefits for the entire Otay Mesa region. For instance, it could be “a great recruiting tool” to lure companies to set up offices, manufacturing and distribution facilities in support of cross-border trade.

“It’s also potentially a springboard for service and support businesses, like stores and restaurants, to come in and serve those added people who will be using that facil-



Photo courtesy of Equity Group Investments
DPR Construction and Hazard Construction have been selected to complete construction on a cross-border terminal, including a passenger bridge linking Otay Mesa with the Tijuana airport.

ity,” she said.

According to a 2007 study by the San Diego County Regional Airport Authority, which operates Lindbergh Field, the eased access of a cross-border terminal would induce an additional 1.1 million passengers annually to use the Tijuana airport by 2020, taking total U.S.-Mexico passenger flow at that facility to 3.2 million.

That number is projected to rise to a

total of 6.4 million annually by 2030.

The study, conducted with researchers at **Infrastructure Management Group Inc.**, projected that a cross-border terminal would create a direct regional economic impact ranging from \$22 million to \$67 million annually. The total impact—including indirect spending and induced investment—would be between \$104 million and \$298 million.

Pfizer:

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— or, more specifically, glycan molecules that are complex sugar polymers in the body — influence biological events such as diseases. “But it’s an area that has enormous therapeutic potential.”

Fortunately for Zacharon, the folks at New York-based pharmaceutical giant **Pfizer Inc.** not only understand this science, but see clear market potential for the platform Zacharon has developed for targeting glycans to treat a range of rare and life-ending genetic disorders.

In a deal announced April 7, Pfizer agreed to pay Zacharon \$210 million through a combination of upfront payments and research-and-development funding. Zacharon also is eligible for additional payments for meeting development milestones, plus royalties and sales milestones after the drug reaches the commercial market.

Zacharon was actively seeking a partner that would be able to take its small-molecule therapies through clinical testing and into medical settings, Jackman said. Pfizer, which started up a business unit last summer to focus on orphan (or rare) diseases, happens to specialize in small-molecule medicines and was also looking for a partner with commercial promise.

ZACHARON

President and CEO: Robin Jackman.

Financial information: Not disclosed.

No. of local employees: 12 full-time and four part-time.

Investors: Avalon Ventures and the National Cancer Institute; received grants from the National Institutes of Health.

Headquarters: San Diego’s Sorrento Mesa area.

Year founded: 2004.

Company description: A biotechnology company focused on early stage development of small-molecule drugs that target glycans — molecules that have key roles in many serious diseases.

A Significant Need

“We’re going to have the Zacharon scientists continue to do what they do best, and Pfizer will be doing all of the other things that must be done to develop a drug,” said **Ed Mascioli**, head of Pfizer’s new Orphan & Genetic Diseases Unit. That includes making sure the drug is safe, is being absorbed into the bloodstream as intended, and has all of the other properties a drug must have before it’s given to patients, Mascioli said. He estimated that clinical trials could begin in three years, with commercialization happening two years after that.

“Clearly, both of us are interested in moving this forward as fast as possible,”

Jackman said. Zacharon will hire two new employees to help speed the development, bringing its full-time staff to 14. “The clinical need is pretty significant.”

The diseases that Zacharon targets — lysosomal storage diseases — are very rare, but their diagnoses are bleak. People affected are infants and small children, and the disorders can cause mental retardation and death at a young age, Jackman said.

Current treatments involve enzyme replacement, which is done through an IV. But enzymes are too large to enter the brain, and thus cannot help neurological symptoms. Also, the enzyme-replacement approach doesn’t work for all lysosomal storage diseases.

Small-molecule drugs, on the other hand, can be taken in pill form and break the so-called “blood-brain barrier,” Jackman noted. And Zacharon’s platform shows promise for helping a whole range of diseases, including rare cancers.

Years of Hard Work Paying Off

The Pfizer deal is “very validating to the company,” said **Jay Lichter**, Zacharon chairman and a member of **Avalon Ventures**, the venture capital firm that has provided most of the funding for Zacharon. “It confirms everything we’ve been trying to do for the last three or four years.”

Lichter, who served as chief executive officer of Zacharon in 2008 and early

2009, said it’s encouraging that existing enzyme-replacement therapies for lysosomal storage diseases are showing sales of \$500 million to \$600 million annually. “It’s clear that the market is there,” he said. “Insurance companies are willing to pay a premium if you’re able to improve the quality of life for these kids.”

He noted that there’s been greater interest recently among big pharmaceutical companies to pursue drugs for orphan diseases, in part because there are fewer regulatory hurdles and less competition. With a drug that treats a chronic disease such as diabetes, the U.S. Food and Drug Administration requires two well-controlled clinical trials. But with diseases affecting fewer than 200,000 people in the U.S., only one trial is needed. “When the alternative is death, you can put up with more side effects,” he said.

Jeffrey Esko, a company co-founder who is now a professor in the Department of Cellular and Molecular Medicine at UC San Diego, called the Pfizer deal a “huge step” for Zacharon.

“To have a partner that’s one of the largest pharmaceutical companies in the world, that’s something we dreamed about,” said Esko, who serves as a scientific adviser to Zacharon. “It shows that Zacharon’s approach is a recognized strategy.”

Kelly Quigley is a freelance writer for the San Diego Business Journal.