

A Remembrance

The venture capitalist as artist

By Karen Bernstein
Editor-in-Chief

Jean Deleage was one of the privileged few who could count many firsts in his life. But he didn't just help start the biotech industry and then ride off to a long retirement. Instead, he kept his hand in — ultimately funding 97 companies — and retained his fresh outlook on life until his death last month at age 70. As we say with admiration in the West, he died with his boots on.

Like so many in the early days of biotech, Jean came to the industry orthogonally. Born in France in 1940, his education had nothing to do with biotech: he received a masters degree in electrical engineering and a Ph.D. in economics.

But Jean never actually practiced engineering. “The usual joke is that I learned the dangers of electrical current at school and stayed away from it the rest of my life,” he told Ed Penhoet, a director at Alta Partners who along with Bill Rutter was able to found Chiron Corp. with Jean's investment.

Jean joined Sofinnova Partners in Paris in 1971 and opened the firm's first U.S. subsidiary in San Francisco. Europe's loss was America's gain.

Although he first came to Silicon Valley to fund high tech startups — and successfully founded companies such as Tandem Computer — he found himself sharing an office with Bob Swanson, who was working on forming **Genentech Inc.**

Jean became one of the first investors in Genentech, writing a \$50,000 check to the company in 1977.

He went on to be the first investor in companies including Chiron, **Rigel Pharmaceuticals Inc.** and **Plexxikon Inc.**

In 1979, he went out on his own, forming Burr, Egan, Deleage & Co. with partners Craig Burr and Bill Egan. In 1996, he co-founded Alta Partners.

Jean also was the first U.S.-based VC to bring his startup expertise back to Europe and fund companies such as **Flamel Technologies S.A.**, **U3 Pharma** and **Crucell N.V.**



In 1993, Jean was awarded the Legion of Honor by the French government in recognition of his career accomplishments. In 2009, he received the NVCA Lifetime Achievement Award from the **National Venture Capital Association.**

But Jean was far more than simply a list of achievements, as the reader will discover in these tributes from colleagues who invested with him, and the CEOs who were his partners in creating an industry.

Brook Byers Partner, **Kleiner Perkins** **Caufield & Byers**

I first met Jean in 1978 at a dinner in San Francisco to talk with Bob Swanson about his business plan for Genentech. I last saw Jean in 2009 at a dinner in Boston to talk about the recognition we were to receive with others the next day at the NVCA annual meeting. At both dinners, Jean was the same person with his own genuine individuality: witty, philosophical, fascinated with science, enthused about entrepreneurs, and visionary about what biotech will do.

In the intervening years, Jean became a role model and mentor to so many in our industry, including me. Time spent with Jean was always special, with thoughtful conversation, laughter, and his characteristic shrug of the shoulders as he weighed the pros and cons of issues.

Jean helped build companies, the biotech industry, venture capital firms, and the proof that what we are all doing can succeed and make the world a better place.

Ed Penhoet Director, **Alta Partners**

Bill Rutter and I first met Jean while seeking financing to start Chiron. In the fall of 1980, **Amgen's** George Rathmann was scheduled to make a presentation to a group of potential investors in San Francisco, including Jean. At the last minute, George was unable to make the meeting and asked Bill — who was then an Amgen SAB member — to stand in for him.

Following the presentation, Jean approached Bill, handed him a business card and said, “If you ever decide to start a company, please call me.”

This turned out to be one of Jean's major principles: Not to wait for investment opportunities to come over the transom, but proactively seek to fund entrepreneurs he thought had potential.

Another one of his principles: As a venture capitalist, don't bet on yourself. Find good entrepreneurs, back them, help them, support them, but don't try to run their companies for them.

A few months later Bill did call Jean after we decided to start Chiron. That led to a series of meetings, and a few days later we got the call: Burr, Egan and Deleage was willing to cobble together an A round for us — for a grand total of ONE million dollars.

Jean and his partners were willing to back us, knowing that neither of us had any business experience.

What followed was typical of Jean: He said that he would be happy to take common stock — that all the rigmarole in setting up the conditions of the preferred was not worth the trouble. If we succeeded, none of the preferences would matter, and if we went belly up, the bones would not be worth picking over!

This turned out to be the **ONLY** venture capital money to ever come into Chiron.

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Jim Gower
Chairman & CEO,
Rigel Pharmaceuticals Inc.

My first thought upon meeting Jean Deleage many years ago was that I had no idea what he was talking about. It wasn't the accent; it was the fact that he approached things from a different angle than most.

That was in the 1980s when I was still working at Genentech and Jean was at Burr, Egan, Deleage. Over time, I realized that having a conversation with Jean required me to pay careful attention because he had lots of interesting and useful things to say. And if I didn't get it right away he would get impatient and more French words would slip into his sentences. That did not help.

As I got to know him over the years, I got better at getting it right the first time — well, maybe the second time.

Jean had a knack for focusing on decisions that would benefit his company's long-term successes. I never once detected in his management style a bias toward the short term. He was distinctly not impressed by quick and superficial successes, even though the companies he worked with had their share of them and he was happy to benefit from them. Although Jean produced great returns for his venture portfolio, he seemed intuitively able to compartmentalize those things necessary to produce a return in the short run versus the things required to make the business able to survive and prosper into the future.

Jean had an innate energy that never seemed to wane. Even when his fund no longer held stock in the company I was running, he was willing to devote his time as a board member and a sounding board to our management team. He never stopped conjuring ideas, never stopped volunteering his contacts, and never put his own schedule ahead of what his companies needed.

This brings to mind one of my favorite stories about Jean. He and his wife had been trying to spend more time traveling the world. On one such trip, they were traveling through Siberia on a long train journey. It was 2005 and Rigel was in the midst of pulling together a follow-on offering that, fortunately, was oversubscribed.

We were required to change a few regulatory filings at the very last moment to take in two additional new investors. That required review of the new filings and the

usual endlessly repetitive board signatures.

Jean was on the Trans-Siberian Railway, on his way from Moscow to Mongolia. Apparently, there are not a lot of cell towers (much less land lines and fax machines) that are accessible to trains in Siberia. One could go without the ability to make contact with the outside world (California, in particular) for two or three days of the journey.

Somehow Jean persuaded a train conductor to arrange via satellite phone to have a copy of his paperwork faxed to Irkutsk and couriered to the train's stop at Lake Baikal. This, of course, delayed the train, but Jean convinced them that his signing those papers was a matter of life and death.

Rigel's financing round was successful, and Jean and Josette had a lovely, if somewhat interrupted, vacation that year.

"In essence, all he was interested in was who is this entrepreneur and the team he is building, and what are their ambitions."

Dinko Valerio, Aescap Venture

Dinko Valerio
General Partner, Aescap Venture

I met Jean for the first time in 1993 when we were raising funds for Crucell (still called IntroGene in those days). Despite being an unknown young Dutch entrepreneur, it turned out to be quite easy to arrange a meeting with this "Icon-of-Venture-Capital." In his signature short-sentenced mails he had directed me to a terrace in Brussels where he was on his way to or from Paris (always a magnet for Jean).

In his Inspector Clouseau accent, spending no more words than needed, he simply asked me what I thought my company could become. Last January, 18 years later, when I met Jean in San Francisco, he recalled that day and knew exactly what I had answered: "I want to build the *Genentech of Europe*." He went on to congratulate me with the result and the endgame of Crucell being acquired by **Johnson & Johnson**.

Despite the fact that neither of us had a role to play for the last six years, I have to

admit that his opinion and approval still felt very important to me.

Initially I was flabbergasted with the way Jean steered our meetings. He did not seem to be interested in the intricacies of our technologies. In essence, all he was interested in was who is this entrepreneur and the team he is building, and what are their ambitions.

Having become a VC myself, many years later, I now understand much better. Being a good VC is much more about the soft factors than I could begin to imagine at that time. Many young entrepreneurs must have experienced Jean's "initiation" and all of us took something from it. For me it was the lesson that it is all about the people.

Then there were all the funny moments: from him pretending not being able to switch off his phone in meetings ("I doont no owe to shwiitsh iet offfe") to messing up a strategic board meeting by constantly repeating "we should go public" as a mantra (needless to say that indeed we went, and just in the nick of time — remember October 2000?).

We will miss him, but his legacy will live on and is being passed along to a yet another generation of young entrepreneurs.

Annette Bianchi
Managing Director, VantagePoint
Venture Partners

Jean touched many people's lives — but he definitely changed mine forever. Jean hired me into the venture capital business 25 years ago when I was in my mid-20s. I was one year out of graduate school and had no real idea what venture was. Jean gave me the time and attention to teach me the business — his mother had been a teacher and I think it must have rubbed off on him.

One of his first lessons: When everyone was getting into the pool, it was time to get out. The other was always return every phone call (there was no email back then), you never know where your next great deal may come from.

Jean proved himself to be a great investor, a fierce competitor, but also a man with a heart. As a young person without a lot of money, when my car died he offered me a loan to get a new one.

He also could be a bit of an imp — at a company dinner the night before my first annual meeting he decided I should learn to

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drink Calvados. For those of you who have never tried the drink, it is not for the faint of heart — I made it through the annual meeting, but only barely.

Finally, when Jean believed in you he gave you the opportunity and support to succeed. Throughout the years I have been lucky to have been able to turn to Jean for help or advice — I will truly miss him.

Farah Champsi
Managing Director, Alta Partners

I first met Jean when I was a young banker at Robertson Stephens in the late '80s. He was the only VC in Chiron, which was one of our clients. Jean was already an icon in the business and Burr, Egan, Deleage's name was behind a lot of successful young biotech companies. I wanted to get to know him better so I invited him to a Stanford-Cal football game. I was surprised when he accepted, but that was Jean. He always spent time getting to know people in the biotech business and to network.

It was there that I realized he was a huge sports fan. He knew more about the players than I did. Jean was the only person I knew who could be totally at ease attending the San Francisco Opera on Saturday night and rooting for the Oakland Raiders on Sunday afternoon. He had so many diverse interests — from World Cup soccer to collecting art — and he was incredibly knowledgeable in all of them.

Jean was a brilliant investor. He had the vision to start the later-stage investing strategy at Alta in 1998, when the financial markets had abandoned biotech. Alta did incredibly well backing companies like **Onyx**, **Medicines Company**, **Connetics**, **Crucell** and **InterMune** when the stocks came back in 2000.

He had an uncanny instinct about backing

great entrepreneurs like Ed Penhoet at Chiron, Jim Gower at Rigel and Peter Hirth at Plexxikon. He never gave up on his portfolio companies even when things got tough. It was always a knock down, drag out fight to get Jean to walk away from a struggling company.

Jean was so humble and yet so proud. He never touted his victories nor gloated over his success. His lifetime IRR was over 80%, but he never mentioned it. He led by example, working tirelessly even when he didn't have anything to prove. The week before he passed away, he was in Europe attending four board meetings in five days.

As a partner, he pushed me to be smarter, tougher and more thoughtful on deals. He was a mentor to all of us and he made himself available to help whenever we needed him.

I will miss him tremendously. His intellect, his judgment, his leadership and his friendship cannot be replaced. The biotech industry lost a great man and we lost a great partner.

“There was no question that for Jean venture capital was an art and not a science.”

Jean-Bernard Schmidt,
Sofinnova Partners

Jean-Bernard Schmidt
Past Chairman, Sofinnova Partners

I knew Jean from the early days of Sofinnova in Paris in the '70s. He was a pioneer of our industry in the true sense of the word. In 1976, after a few months in Boston, where he had heard rumors about things happening in California, he embarked with his wife, two children, all their belongings and their two cats in a station wagon and headed West.

In Chicago, all their belongings were

stolen. They made it to San Francisco and ended up in a small condo with rented furniture with his meager French salary. Few would have done it.

How did a little Frenchman, coming from nowhere, in no time become part of the already exclusive venture capital club? It was one thing to have Bob Swanson sitting close to him as he was preparing the launch of Genentech. It was another thing to gain Bob's confidence and be offered founder's stock.

Jean's French accent, his trench coat a la Colombo, his ever blurry glasses account for much, of course. Also, his modesty: always listening, never imposing nor leading. But most importantly, his intuition — about situations as well as people — always taking by surprise, raising the unexpected, being fun.

There was no question that for Jean venture capital was an art and not a science. Indeed, there was nothing terribly scientific in the process. The fund that included Genentech was a \$2 million fund. It returned \$33.2 million to its investors: this was more than art, this was a real masterpiece, with a touch of magic . . .

COMPANIES AND INSTITUTIONS MENTIONED

- Amgen Inc.** (NASDAQ:AMGN), Thousand Oaks, Calif.
- Flamel Technologies S.A.** (NASDAQ:FLML), Lyon, France
- Genentech Inc.**, South San Francisco, Calif.
- InterMune Inc.** (NASDAQ:ITMN), Brisbane, Calif.
- Johnson & Johnson** (NYSE:JNJ), New Brunswick, N.J.
- The Medicines Co.** (NASDAQ:MDCO), Parsippany, N.J.
- National Venture Capital Association** (NVCA), Arlington, Va.
- Onyx Pharmaceuticals Inc.** (NASDAQ:ONXX), Emeryville, Calif.
- Rigel Pharmaceuticals Inc.** (NASDAQ:RIGL), South San Francisco, Calif.

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