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How **Scott Salka** beat the odds and took **Ambit Biosciences** from tough beginnings to a promising future

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# Hardy Business DNA



WITH A COMBINATION OF LUCK, SKILL, WISDOM AND PASSION, CEO **SCOTT SALKA** SHARES HOW HIS MILITARY STINT, MASSIVE STRATEGY SHIFT AND AN EVICTION NOTICE HAS KEPT AMBIT BIOSCIENCES' HEART BEATING STRONG.

BY Shannon Rose  
PHOTO BY Matthew McFarland



“The science just wasn’t leading us where we wanted and needed to go, so I knew we had to change direction—again.”

Scott Salka  
CEO, Ambit Biosciences

Jamie Gold, the 2006 World Series of Poker Main Event champion, better hope that Scott Salka doesn't show up in Las Vegas for next year's test of mental endurance. You see, Salka, the intrepid CEO of Ambit Biosciences in Sorrento Valley, knows when to hold 'em, when to fold 'em, when to walk away and when to run.

Poker is a game of wits, risk, intuition and chance, and Salka, a self-proclaimed "wild child," has relied on all four during his 13 years in biotechnology and his four years in the United States Army. Under Salka's leadership, Ambit has overcome its startup challenges, including eviction, to come out as a contender in a volatile field, focusing on developing cancer drugs and licensing its technology to large pharmaceutical firms.

Revenue has grown 817 percent since 2003, employees now number 74, revenue for 2005 is more than \$4 million—\$4.7 to be exact—and three drug candidates are slated for clinical trials. Salka adds that he believes the 2006 revenue will exceed the company's \$9 million objective, which is already 100 percent growth over 2005.

The CEO credits much of Ambit's success to resiliency and a flexible mindset, as well as a stellar scientific team, and top-notch investors and partners.

"It's a blend of art and science," explains Salka. "There is a fine line between knowing when the wall in front of you is insurmountable, one you can't blast through or leap over, and when a shift in focus is what is required. There is no perfect recipe, and sometimes the balls have to bounce your way."

### Drawing a Royal Flush?

Ambit was started as a technology platform company with technology licensed from Yale University. The plan was to license the technology, which enables scientists to determine which targets in a person's body are affected by a drug molecule, to pharmaceutical and other biotechnology companies as a tool they could use in the discovery or production of drugs. By the end of 2001, this "sweet spot" for biotechnology was waning as companies realized that technology tools weren't necessarily a fast track to getting drugs to market.

"We had to rapidly change our business plan," says Salka. "We had the technology, so how could we use it to develop our own drug pipeline?"

Ambit thought the answer was to utilize it to identify mechanisms of action for drugs that were already approved by the Food and Drug Administration (FDA). At the time, the FDA approved some drugs without knowing how they worked, effectively stalling second-generation use. If no one knew the targets of the drug, it would be difficult, if not impossible, to conduct clinical trials on its efficacy on other diseases.

"Well, that plan didn't work out," says Salka. "The science just wasn't leading us where we wanted and needed to go, so I knew we had to change direction—again."

Undaunted, the former Army private forged ahead, discarding the science that wasn't working and focusing on what was.

"And the third try was the charm," he adds.

The Ambit team honed in on a class of enzymes called kinases, proteins responsible for the normal regulation of numerous cellular functions, including growth and proliferation. Defects in the activity of kinases can lead to the development of diseases such as cancer and inflammatory ailments. Blocking aberrant kinase activity offers a promising approach to cancer treatment and therapies.

With the development of its kinase-profiling technology, Kinome-Scan, the company had a reason for excitement. The innovative tool determines which small molecule kinase inhibitors can disable a *specific* target in the body. This deflects the prevalent problem with many kinase inhibitors—they are indiscriminate in what targets they hit, making them toxic.

By 2004, Ambit had established its dual roles: developing its own internal drug pipeline and screening compounds for pharmaceutical firms to determine how they interact with kinase proteins.

However, 2004 was also the year hard times struck Ambit, so much so that the company was evicted and became the "itinerant biotech company," says Salka. While the company had closed a round of financing by the late summer of that year, the funds would not be in the bank until September. The company couldn't meet its payroll or pay the rent.

Salka clearly recalls that Thursday morning in June when his receptionist handed him the notice of eviction. "We had 19,000 square feet of lab space, 23 employees, ongoing experiments, and we had to be out by daybreak on Monday morning."

For most people, this would have been the time to walk away, but not for a man who dropped out of college, served in a special forces unit in Central America during the height of the insurgency in El Salvador and came back to the United States to finish his business degree and earn an MBA. His executive experience at four previous startups didn't hurt either.

Rather than throwing in the towel, Salka drew on a network of connections forged after 11 years in the San Diego biotech industry. Salka had a lot of friends who were willing to gamble on the

# Kinases Explained

## What They Are

Responsible for regulating many functions of the cells within the human body, including the way cells grow, kinases are a large family of more than 500 related proteins. When kinases become mutated or begin to act abnormally, it can cause cancer, inflammation, diabetes and other diseases. Because of the role that abnormal kinases play in so many diseases, they have become a very important drug target for the pharmaceutical industry. Nearly all of the new "targeted" cancer drugs that have been approved over the last five years work by targeting kinases. These drugs include Herceptin (Genentech/Roche), Gleevec (Novartis), IRESSA (AstraZeneca), ERBITUX (ImClone/Bristol-Myers Squibb), Tarceva (Genentech/Roche/OSI), Sutent (Pfizer) and Nexavar (Onyx/Bayer), among others. While traditional cancer drugs such as chemotherapy and radiation kill many healthy cells in addition to the cancerous cells, resulting in serious side effects, the new kinase inhibitor drugs are targeted specifically to certain kinases and often have fewer side effects.

## The Challenge

Many kinases are very similar to one another, which makes it difficult to design drugs that specifically target certain kinases. If a drug designed to target one particular kinase ends up hitting others accidentally, side effects and toxicity can result. This is becoming a larger problem as scientists realize that more than one kinase is often involved in most types of cancers, and pharmaceutical companies must design drugs to target multiple kinases at one time.

## Ambit has forged multimillion-dollar, multiyear deals with giant pharmaceutical companies such as Bristol-Myers Squibb, GlaxoSmithKline and Merck & Co.

fledgling company. One of those friends, real estate investor Lee Chestnut, offered lab space, sealing the deal with a handshake.

“It’s a great story about a community coming together and illustrates the benefits of being associated with the biotech cluster in San Diego,” says Salka.

Today, Ambit inhabits that same space.

The company has now forged multimillion-dollar, multiyear deals with giant pharmaceutical companies such as Bristol-Myers Squibb Co., GlaxoSmithKline Inc. and Merck & Co. Inc. Between the pharma deals and the local venture capital firm Forward Ventures, Salka says Ambit is funded into 2008.

Three of its drugs are slated for clinical trails. The AC220, targeted to treat acute myeloid leukemia (AML) was due to begin phase one clinical trials in humans before the end of 2006, while two others are set to begin trials this year. An AURORA kinase inhibitor will be tested for its ability to treat solid tumors, and a BRAF inhibitor holds promise for treating metastatic melanoma. According to Salka, the company’s goal is to have one compound in the clinic per year.

“It’s ambitious,” says Salka. But he adds that Ambit’s collegial environment fosters a supportive climate where “everyone knows their objectives and will collectively hold each other’s feet to the fire. We have an excellent track record of meeting and exceeding our goals.”

### Training To Be a Leader

Perseverance and grace under fire are attributes that have always served Salka well. At 18, the Tierrasanta native decided to leave college after one-and-a-half years of “too much fun” and enlisted in the Army for a four-year stint.

“I decided to do something crazy,” remembers Salka. “I walked into a recruiting office in 1980—we were just five years out of Saigon and the military was less popular than it is now—and my

patriotic stripe took over. My parents weren’t happy, and I took my share of razzing from friends.”

He trained for two years and then was assigned to Honduras, where he served in the special forces as an advisor to several Central American governments on internal defense.

“I had a lot of responsibility for a 21-year-old,” he says. He credits that time in his life with teaching him how to be a good leader under adverse conditions.

“I learned tremendous leadership skills—how to keep on mission and focus on the objective, and how to motivate people. In the biotech space, there are times when discovery is not working. You are running out of money, and there is the dire threat that the company will go up in flames. When that happens, all my military training plays out as I need it to.”

Returning to civilian life, Salka finished his bachelor’s in finance at San Diego State University and earned a master’s in Business Administration at Carnegie Mellon University. After stints at Burroughs Corporation, Unisys Corporation and BFGoodrich, Salka returned to San Diego in 1993, where he began his career in biotechnology.

He co-founded Sequana Therapeutics Inc., which focused on commercializing the Human Genome Project. During his five years at Sequana, he worked his way up to chief financial officer and learned “how to grow a company,” playing key roles in financing the company through private and public stock offerings. Sequana eventually merged with other firms to become Celera Genomics.

At age 36, he started Arcaris Inc., a firm that targets proteomics and identifying novel drug targets. Before Ambit, he was CEO of 454 Corporation, a privately held genomics company.

“This has been a whole lot of fun,” says Salka. “Business is great no matter what, and if you can combine an exciting business with one that has such an impact on human health and the future, it is incredible.”

## Secret Sauce Recipe

Scott Salka shares his tips for success in the mercurial biotech field.

**(one)** Stir up a good team (this is of critical importance) that is scientifically excellent, but also resilient. You’ll need a team that won’t go scurrying to dark corners when things go wrong, because they inevitably will.

**(two)** Mix in great investors who will be there for the long haul.

**(three)** Whip up smart scientific objectives. There has to be a good reason for the company to exist.