



November brings new flurry of biotech layoffs

Seres Therapeutics, Kronos Bio and Rani Therapeutics joined Sangamo in announcing job cuts, while private biotech LocanaBio revealed it's shutting down.

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Biotechnology companies continue to contend with a challenging financial outlook, with at least four publicly traded drugmakers announcing layoffs to start November and one private startup revealing plans to shut down.

Sangamo Therapeutics, Seres Therapeutics, Kronos Bio and Rani Therapeutics this week each announced workforce reductions, moves that will eliminate several hundred jobs in aggregate. Meanwhile, LocanaBio, a private genetic medicine company, said it would shut its doors at the end of this year.

They join a list of more than 130 biotechs that have laid off employees this year as the sector struggles with a shaky stock market and diminished funding prospects. Initial public offerings, previously a surefire way for growing drug startups to bring in new cash, have been harder to pull off this year, while a year-to-date slump in biotech stocks has made it more difficult for public companies to rely on secondary stock offerings.

Sangamo, in revealing its restructuring Wednesday, noted how its decision was “accelerated within today’s challenging economic

environment.” Seres referred to “the realities of this challenging financial environment of biopharmaceutical companies.” Jim Burns, the CEO of LocanaBio, said in a post on LinkedIn the company chose to shutter “due to the time and capital required to deliver clinical data in the current challenging funding environment.”

The market malaise is being felt at well-resourced companies, too. Late last month, Beam Therapeutics, which held more than \$1 billion in cash at the end of June, said it would cut 100 jobs to focus its resources on its most promising projects. ElevateBio, which in May raised \$401 million in one of biotech’s largest private financings this year, is cutting 13% of its workforce, Fierce Biotech reported Oct. 26.

So far, at least 12 biotech companies have announced layoffs in the fourth quarter, according to data collected by BioPharma Dive. About 30 did in both the second quarter and the third, while 59 drugmakers cut their workforces during the first three months of 2023.

Yet biotech companies are still hiring and, by some analyses, the sector is growing overall. Laid-off staff can land new jobs at other companies in quick succession, particularly if they have specialized skills. And while new funding has been harder to obtain, venture capital firms continue to raise new funds, suggesting they see plentiful opportunities for investment.

That said, venture investors appear to be shifting how they deploy those funds, insisting on clearer timelines to milestones that create value.

“For new companies, you want to grow into the valuation and let the data speak for itself,” said Kevin Eisele, an analyst at William

Blair, during a panel hosted by BioPharma Dive last week. “Data is king and it’s something that is really standing true in this market.”