



2Seventy CEO Leschly to step down as company cuts staff, spending

Citing “near-term headwinds,” the cancer cell therapy developer will lay off 176 employees and pare back some of its research spending.

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Nearly two years after splitting off from Bluebird bio, cancer drug developer 2Seventy bio is cutting 40% of its workforce and reducing spending in a restructuring meant to fund its operations into at least 2026.

Nick Leschly, the longtime Bluebird CEO who became 2Seventy's head when the companies split, will also step down once a successor is identified, 2Seventy said in a statement Tuesday.

2Seventy isn't an outlier in making the decision to retrench. Many other small and mid-sized drugmakers have cut back this year in response to funding challenges and a difficult market. In just the past two weeks, Apellis Pharmaceuticals and Sage Therapeutics have each trimmed hundreds of jobs.

Still, the moves are a notable step back for a company that launched two years ago with an approved cancer cell therapy, a built-out drug pipeline and hundreds of millions of dollars. At the time, Bluebird was struggling to turn research progress in cell and

gene therapy into business success. Leschly and Bluebird pitched splitting the company as a better way forward, with 2Seventy inheriting the company's oncology work and a resized Bluebird focusing on gene therapies for sickle cell disease and beta thalassemia.

However, the split came as a biotech bull market fizzled, constraining many companies' ability to raise new funds. Shares in 2Seventy, worth as much as \$38 apiece in November 2021, have steadily declined in value and now trade for about \$4.

Abecma, the multiple myeloma treatment Bluebird developed and licensed to Bristol Myers Squibb, was supposed to provide a revenue cushion for 2Seventy and help fund its other drug research. But Bristol Myers has had trouble manufacturing supplies and is dealing with strong competition from a rival therapy sold by Johnson & Johnson.

2Seventy said Tuesday that it expects Abecma sales to decline in the third quarter, and warned that full-year revenue may be lower than the \$470 million to \$570 million range it previously projected. (2Seventy shares equally with Bristol Myers in the profit and loss of Abecma in the U.S.)

"[T]he macro environment for oncology cell therapy companies and the near-term headwinds we have seen in our own business have led us to examine how we pursue our mission," said Leschly, in 2Seventy's statement. "Today we are taking hard but necessary steps to streamline our team and optimize our R&D approach and cost structure."

The layoffs will affect 176 employees, 2Seventy said. The company also anticipates advancing fewer pipeline programs and will "gate" investment in two experimental blood cancer treatments pending

further clinical data. Combined, the moves will save \$130 million over 2024 and 2025.

2Seventy's Chief Financial Officer Chip Baird will become chief operating officer, while the board of directors has retained an executive search firm to find a replacement for Leschly, who the company plans to make board chair once he steps down as CEO.

Shares in 2Seventy fell by 4% in Tuesday morning trading.