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How a Surfer Who Never Finished College Became a Biotech Billionaire

Bob Duggan's success shows you don't need a Ph.D., or even a college education, to make money in the complex world of biotechnology

By David Wainer Follow

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Bob Duggan's latest investment has become one of the industry's greatest bets in recent years. PHOTO: SHELLEY D. SPRAY

There's a myth that making money in biotechnology stocks requires an advanced degree. But Robert Duggan, an avid surfer who never graduated college, has proven that notion wrong. Twice.

Duggan's latest investment, Summit Therapeutics SMMT **3.85%** ▲ , has become one of the industry's greatest bets in recent years. The stock is up more than 1,000% in the past 12 months thanks to data from a late-stage trial that showed that its drug, Ivonescimab, beat Merck's blockbuster cancer drug Keytruda in patients with a form of lung cancer. Duggan, who was already a billionaire before

the Summit investment, is now worth about $16 billion, according to Forbes data.

There is much still to be worked out with the drug, which Summit licensed from Chinese biotech Akeso in 2022. For starters, investors are eager to see how it performs in global trials outside of China. What is remarkable about Summit's success so far, though, is that this isn't even Duggan's first time making billions in biotech.

About 20 years ago, Duggan, a member of the Church of Scientology, began acquiring shares in a little-known biotech company called Pharmacyclics. He was drawn to the company's cancer drug Xcytrin because of a personal loss: his son's death from brain cancer. Pharmacyclics ultimately dropped the development of Xcytrin after multiple setbacks but went on to develop leukemia blockbuster Imbruvica. In 2015, AbbVie paid $21 billion for the company.

Because the odds are stacked heavily against you, it is mind-bogglingly hard to strike biotech gold once. The fact that Duggan, who is now 80 years old, has done it twice, should lead to a rethink about what it takes to succeed in an industry known for a seemingly impenetrable veil of technical jargon accessible only to those with multiple academic degrees.

Nathan Vardi, author of "For Blood and Money," which chronicles the development of Imbruvica and a competitor molecule, says that during his research he noticed that many people in biotech circles thought Duggan simply got lucky. While luck certainly plays a big role in the binary world of drug development, few would stick to that argument now.

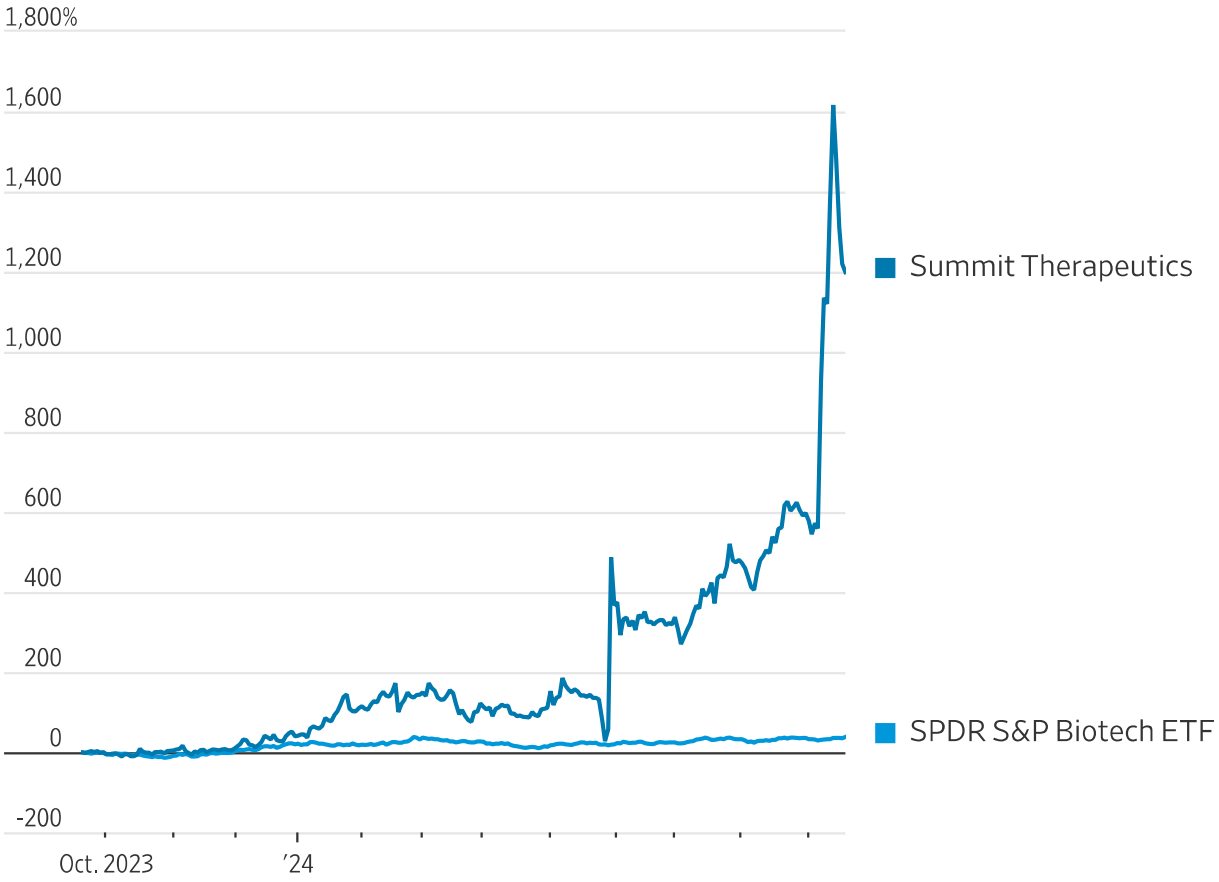
So what is his secret? One thing Vardi points to is the ability to know when to retreat and when to go all in on an investment. "Duggan has a lifetime of experience making big bets with his own money on the line and figuring out when to hold or fold," he wrote in an email. "Nobody gets these things completely right, but I think we have to admit he's doing really well."

Duggan, who built successful businesses in baking and robotics before jumping into biotechnology, suggests that the naivete of an outsider, combined with the intensity he brings to whatever he does, allowed him to try unconventional things. In an interview, he recalls that when Pharmacyclics decided to develop

what became Imbruvica, there was concern about the drug's covalent warheads, which irreversibly bind to their target. Vardi writes in his book that, at the time, "the drug industry overwhelmingly shunned covalent compounds precisely because of their permanence."

But when Duggan researched the topic, he says he realized that aspirin and penicillin also form covalent bonds. He remembers thinking: "Oh, my God, that can't be! That's not a death sentence for our drug then."

Summit one-year stock performance



Source: FactSet

Duggan says he spent six years taking classes at the University of California, Santa Barbara but never intended to get a formal degree. "I went to any course, any lecture, anything I wanted to go to, and then I did all the other things that kids do in college," he says. "When I was 18, my whole focus was, 'How do I create wealth?' And it was not about having a degree. The only jobs I've ever had have been working for companies that I started."

The intensity to learn and get things right, he says, helped him succeed in many of the businesses he ran. One of his early ventures, Paradise Bakery & Cafe, made chocolate-chip cookies for places such as McDonald's and Disney World before being sold.

"People laugh that I was in the cookie business. But you know what? It was the bestselling chocolate-chip cookie ever," he says. "You know why? Because we engineered it. We engineered it specifically so that it would be soft, so that when you pulled it away, it was like a pizza."

Engineering plays an even more important role when it comes to Ivonescimab, the cancer drug that is now going head-to-head with Big Pharma's top-selling drug. Like Keytruda, Ivonescimab binds to a protein called PD-1, unleashing the immune system to attack and kill cancer cells. But the drug has a second mode of action: It also blocks a protein called VEGF, which helps the body create blood vessels. Tumors need a lot of blood to grow. By starving them while simultaneously enabling the immune system to go on attack, the drug seems to pack a more potent punch. In the study, patients taking Summit's drug went a median 11.1 months before their cancer returned versus just 5.8 months for Keytruda.

Some experts have cautioned that the dual action could lead to safety concerns down the road. Given the history of side effects seen with drugs targeting VEGF, analysts are eager to see more data to make sure there aren't more harmful effects and that the drug helps improve patients' overall survival.

Analysts say Summit has the opportunity to tackle indications across the PD-1 market, which is worth $50 billion in annual sales. But execution will be just as important.

"Now you've got the data to show you can dethrone one of the most important oncology drugs ever. How do you hire the right people? How do you design the right trials? When do you get your drug to market, and how big does it get?" says Stifel analyst Bradley Canino.

As the market digests the enormity of Summit's challenges, the stock should remain volatile and could give back some gains. After a surge following the data release, the stock dropped over 20% this past week.

Whatever happens to Summit's drug, seasoned insiders have learned once and for all that making it in biotech is about much more than a fancy pedigree.

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