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BIO Roundup: Deal-Making Tips And Tricks

by **In Vivo Team**

Key insights from the recent the BIO International Convention in San Diego, US.

Snippets from the Citeline team on the ground at BIO.

The Upside Of Scarcity: Canaan's Kjellson On The Virtues Of Lean Thinking

While biotech startups may be struggling to raise funds in today's financial environment, Nina Kjellson, general partner/West Coast at Canaan Partners, quietly revels in the upside of scarcity. That force, she said, had led to some of the best companies in the industry.

"I'm looking for the match between a reverence for scarcity and pressure, a deep conviction on great science to bring medicine for patients, and a focus on building really, really excellent teams that will have the resilience to ride through tough times," she said during a fireside chat on 3 June.

Scarcity can sharpen the decision-making senses, Kjellson said, leading to "disciplined capital marshalling and putting forward clear de-risking milestones."

And in addition to shirking gratuitous spending on corporate swag and other lower priority expenses, Kjellson suggested there is value in lean thinking on weightier topics, such as whether it is truly necessary to run multiple pipeline projects in parallel.

"It can be very satisfying to feel like you're creating hedges against the binary risk that's inherent in our business, but there's something really great about intense focus for companies [because] if you have to make difficult choices between different alternative paths, or choose between one indication or another, you then take those decisions personally and very seriously," she said.

Canaan recently added \$100m to its pocketbook, bringing the combined total of its new investment funds to \$1bn. That money flowed in with the recruitment of Uwe Schoenbeck from [Pfizer](#) as venture partner. (Also see "[Finance Watch: Canaan, Regeneron Reveal New Funds For Start-Ups](#)" - Scrip, 19 Apr, 2024.)

Ipsen Seeks Out Small But Perfectly-Formed Pacts

[Ipsen SA](#) is not fishing in the same sea as big pharma, but this has not stopped the French firm from hooking assets in more targeted pools as evidenced by its recent deals with [Sutro Biopharma](#) and [Skyhawk Therapeutics](#).

Philippe Lopes-Fernandes, Ipsen's chief business officer, said in an interview at BIO that it does not serve much purpose to compare the Paris-based company with the industry's biggest players. "We are not competing with them; they have their own space and they do it very well. It's very good they are there because there's a need for these large global studies with 10,000 patients; there's no way we can do that."

What Ipsen is interested in is tapping into "innovative science that is going into more and more focused subgroups of patients who are going to respond better because of their genetic make-up," he said.

An example of that strategy is the group's move into the antibody-drug conjugate (ADC) space and linking up with Sutro, inking a deal that could be worth up to \$900m, including \$90m in near-term payments and an equity investment, to get its hands on STRO-003; the preclinical next-generation ADC targets the receptor tyrosine kinase-like orphan receptor 1 tumor antigen which is known to be overexpressed in many different cancer types. (Also see "[Ipsen Dives Back Into Dealmaking With First ADC Pact](#)" - Scrip, 2 Apr, 2024.)

The Pros And Cons Of Flying Solo With Ex-US Launches

There is plenty of money to be made in the international markets for US biotechs, but deciding to go it alone or find a partner abroad remains a tricky choice.

Industry veteran Russell Cox, now CEO of [Epirium Bio Inc.](#), said during a panel that the strategy for a small biotech had been to sell the European rights to a drug to fund its US operations. However, if a firm's investors are on board and the cash is flowing, launches overseas without a partner are becoming more common, especially in the rare disease space.

"Those markets are a little more concentrated, the patients are easier to get to and it's actually a lot more efficient than you think," he said. "It's becoming less company-specific and much more of a global approach."

Cox said the rule of thumb for the licensing-out option was "don't ever give it up unless there's

somebody who can do it way better than you.”

A prospective partner has to have “the capabilities, the infrastructure and the relationships because nobody's gonna love your baby as much as you,” he added.

Tolga Tanguler, chief commercial officer at [Alynlam Pharmaceuticals Inc.](#), said biotechs that are thinking about taking their product aboard alone have to “start early in engaging the regulatory authorities to tell your story, because a lot of companies see it as a bit of an afterthought, ‘let's get the US right and figure out the rest latter,’ but then it's a little too late.”

He said Japan was “an incredibly attractive market and they're willing to talk to you a lot about the costs, they have different payer models in Japan but again, you have to have those conversations early on,” Tanguler said.

Tanguler added that the biggest challenge “by far” was hiring the right people on the ground who know the dynamics of the local market.

Lack Of Opportunities, Not Cash, Is Only Limit To Novo's BD Plans

[Novo Nordisk A/S](#) may be awash with cash following the spectacular commercial success of its semaglutide-based blockbusters (the obesity drug Wegovy and the type 2 diabetes therapy Ozempic), which together delivered \$5.4bn in sales for the first quarter of this year alone, but observers should not expect any mega M&A deals from the Danish group.

Speaking to *Scrip's* Mandy Jackson at a fireside chat at BIO, John McDonald, Novo's global head of business development and M&A, acknowledged that the firm is in an enviable position on the financial front, noting that “there is absolutely no budget restriction whatsoever for BD.” The “sole limit” is the fact that there are “not enough good opportunities out there to just spend.”

Novo has stepped up its BD activities of late, not least in upping its production capacity through the recent acquisition of three manufacturing facilities from [Catalent, Inc](#) for \$11bn as demand for semaglutide continues to outstrip supply. The company also opened its bulging wallet in March to acquire Germany's [Cardior Pharmaceuticals GmbH](#), boosting its cardiovascular pipeline through a deal worth up to €1.03bn. (Also see “[Novo Pumps Up Heart Failure Prospects With Cardior Purchase](#)” - *Scrip*, 25 Mar, 2024.)

However, McDonald said that he preferred “partnering versus buying” because in the former situation, “the company makes its money by working with you and the talent stay to work on the asset.” If the biotech is bought, there is a risk of a brain drain because “these people are just naturally small company people and think ‘I'm gonna get out of here and go to the next opportunity.’”

In terms of the size of any future acquisition, he reminded the audience at BIO that the firm is owned by the century-old Novo Nordisk Foundation, which is bigger than the Wellcome and the Bill & Melinda Gates Foundations with €108bn in total assets. "We have this great moral obligation to other shareholders ... so going out and buying a company for \$50bn-\$100bn could put at risk over 100 years" of the foundation's philanthropic and innovative research projects, McDonald added. (Also see "[Novo Nordisk Foundation Strengthens Ties With Gates](#)" - Scrip, 6 May, 2024.)

He argued that buying assets that are in Phase III or are on the market do not provide a great return to shareholders compared with acquiring products earlier, adding that any purchases would probably be "in the single digits of billions." Novo can comfortably go into the double digits, McDonald said, "but how high, I don't know, we haven't had the opportunity to take a look at those but I'd be surprised."

Roche Makes Headway In CVM Disease Partnering

Enza di Modugno, [Roche Holding AG](#)'s global partnering head for cardiovascular and metabolic (CVM) diseases, discussed the company's dealmaking in the cardiovascular and cardio metabolic space following two deals in 2023 that reestablished its presence in the therapeutic area, including the \$2.7bn acquisition of [Carmot Therapeutics Inc.](#) in December. (Also see "[Roche Looks To Muscle Into Obesity Market With \\$2.7bn Carmot Buyout](#)" - Scrip, 4 Dec, 2023.) Roche also paid \$310m up front in July of last year to partner with [Alnylam Pharmaceuticals Inc.](#) on the twice-yearly hypertension treatment zilebesiran. (Also see "[Eyebrows Raised As Roche Inks Cardiovascular Pact With Alnylam](#)" - Scrip, 24 Jul, 2023.)

Next-generation or add-on therapeutics of interest to the company in obesity should extend the duration and maintenance of weight loss, reduce muscle loss, increase the number of patients responding to treatment and have improved tolerability relative to first-generation obesity drugs, di Modugno said. However, Roche is one of many big pharma buyers looking for CVM assets that meet these criteria.

"The competition is fierce, no doubt, and particularly when you talk about the clinical assets," she observed. "But what we believe is that we need to show the partner why we're a great partner ... what is unique to us."

Roche's financial capacity is just one component, but the company also has the capacity to run large clinical trials required in CVM indications, navigate regulatory concerns and pursue large-scale commercialization efforts as well as provide diagnostic solutions that may aid development and commercialization, di Modugno noted.

"Last year, we were not in the mind of partners in CVM," she said. "We were not in the space, so they were not considering us when they were starting the process, so we were proactively

reaching out. And now we are considered, and they reach out to us, which is great.”

See more from the *Scrip* team: [*BIO International Convention Coverage*](#)