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# Pharma Happy To Be Custodian For Innovative Science From Cash-Strapped Biotechs

by **Kevin Grogan**

C-suite leaders from Lilly, Roche and J&J spoke at a Citeline-sponsored panel at Swiss Biotech Day in Basel and offered encouragement to start-ups trying to negotiate the tricky financial landscape.

The financing challenges for biotechs in Europe are persisting but there is a recovery coming in venture capital funding and big pharma is sparking the dry powder to help early-stage firms advance through partnering and buyouts.

Those were the key takeaways from a panel supported by Citeline ahead of Swiss Biotech Day in Basel last week. Kicking off the discussion, Laura Lane, vice president at *Eli Lilly and Company's* Lilly Ventures (Europe head), said that "one of the things worth remembering is that fundraising is never easy and sometimes we forget it is meant to be difficult, it is a challenge." Raising funds and syndicated rounds "are taking a little bit longer and there's a bit more elbow grease," she noted, but there is a reasonable amount of activity going on.

Lane noted that there have been about 33 financings in Europe this year that spanned from seed to series E rounds and "if we're going to extrapolate from that, we're looking at about 130-140 for the year, getting up to 2018 numbers." The figure in the US to date is 69 financings, with bigger raises, but the outlook is promising, she added.

The last decade in Europe has also seen a much greater breadth of fund managers in addition to the "household names like the Sofinnovas and the Forbions, from Spain to the Nordics," Lane said, which has brought "a greater diversity of individuals and partners and investors to those funds who are typically going to be more in tune with the diversity of both modalities and management teams, so that's a real positive."

However, Tahera Kan, head of precision medicine (oncology, immunology and neurosciences at [Johnson & Johnson](#) Innovation) added a note of caution. Speaking to VC colleagues in the US, she has found that given the present environment, many are steering clear of Europe and "they tend to be slightly more conservative, and choose to place their bets at home where they understand better what are going to be the inflection points and the potential exits."

### Risk Appetite

Kan also noted that the appetite for risk remains greater in the US. She cited a "great publication" of a German study in the *New England Journal of Medicine* in February about the potential for CAR-T therapy to cure autoimmune diseases but rather than European firms, "there were six or seven US-based biotechs and their investors who jumped into that space and raised money." Across the Atlantic, "there is a network and trust [and] while they do invest in Europe, first they try to leverage the opportunities around them," Kan said.

Nevertheless, Lane noted that even if the number of deals "have maybe slightly contracted, the billions flowing into life science venture in Europe has more than doubled" from about €1.9bn in 2007 to almost €4bn now. "There might be more biotech mouths to feed and that's probably the pain that some folks are feeling," she added.

In these cash-strapped times, however, and with a whopping patent cliff looming for many drugmakers, big pharma is still reaching for the chequebook to nourish the continent's biotechs. Avaleigh Milne, head of business development for pharma research and early development at [Roche Holding AG](#), said that "while we're seeing a little bit more uncertainty, that's pushing a little bit more discipline and refocus on things that will really be transformative." She added that in this environment, "partnering can provide a component of stability and opportunity for biotechs not only in funding, but also in the capabilities that can help accelerate their innovations."

Milne added that Roche looked to complement areas where it already had deep expertise, such as oncology, neuroscience, ophthalmology and immunology, while also searching for entry into new spaces. The Swiss firm has recently signed later-stage deals with its acquisitions of cardiometabolic specialist [Carmot Therapeutics Inc.](#) and [Roivant Sciences Ltd.](#)'s Televant Holdings but early discovery pacts are also of interest, as seen by the licensing of two preclinical RNA medicines for Alzheimer's and Huntington's diseases from [Ionis Pharmaceuticals, Inc.](#), she said. "There's a need to be flexible on the deal side and we don't look at the transaction structure first, we look at bringing together the teams and focusing on the science and letting that be the driver." (Also see "[Roche's Partnership Playbook: A Closer Look At 2023's Successes And 2024's Prospects](#)" - In Vivo, 5 Feb, 2024.) (Also see "[Already Number One In Neuroscience, Roche Extends Ionis RNA Partnership To Tackle Alzheimer's And Huntington's](#)" - Scrip, 11 Oct, 2023.)

Tan stressed the importance of innovative academic/biotech/pharma models as a way forward in

the present climate and was particularly enthusiastic about [Apollo Therapeutics LLC](#) which she was involved in setting up back in 2015. Then, J&J joined forces with [AstraZeneca PLC](#) and [GSK plc](#) and Imperial College London, University College London and the University of Cambridge to advance early-stage programs, "prioritize the most promising ones and ensure that we financed them."

By 2021, Apollo had about 20 programs but "we needed significantly more funding" and US private equity group Patient Square Capital invested \$145m. The latter led a \$260m series C in January and now "several of the programs are getting ready to go into the clinic in 2024," Tan said. "It's a very collaborative, translation to asset-centric model, with a network of people who are able to build their trust and relationship with multiple investors. It's a very valuable model, for Europe especially." (Also see "[Apollo's Next Steps: Apply Learnings From Prior Hub-And-Spoke Entities](#)" - Scrip, 17 Jun, 2021.)

### What Biotechs Really Need

Lilly is not resting on its laurels with the spectacular success of its GLP-1/GIP agonist, tirzepatide, sold as Mounjaro in type 2 diabetes and Zepbound for obesity, and Lane noted that the firm topped the tables in terms of the numbers of deals done last year "while just about scraping into the top 10 in terms of dollars spent." To bring the next generation of therapies through, Lilly's philosophy was about what biotechs really need, she said, and "we came up with three areas, one of which is capital, and we invest in funds and biotechs directly, but they also often need space and R&D capabilities." (Also see "[Lilly Mounjaro, Zepbound Supply Issues Persist Amid Strong Growth](#)" - Scrip, 30 Apr, 2024.)

To that end, the company has established the Catalyze360 initiative, covering its incubator arm Gateway Labs, Lilly Ventures and ExploR&D, which provides IND-enabling and clinical development capabilities to biotechs. "Over the evolution of a young company, you may need one thing more than the other," Lane noted and the support on offer will help start-ups "get results that are going to make pharma sit up and listen."

Catalyze360 offers "the tools and talent of Lilly deployed for the benefit of biotech," Lane added, telling the audience at Swiss Biotech Day to "come talk to us, tell us what you want. We're very much in listening mode."