BIOTECH'S MOST RESPECTED NEWS SOURCE FOR MORE THAN 20 YEARS

BioWorld® Today

THE DAILY BIOPHARMACEUTICAL NEWS SOURCE

Friday
July 20, 2012

Volume 23, No. 140
Page 1 of 7

Financings Roundup

Durata Completes $68M IPO; Prices Below Target Range

By Peter Winter
***BioWorld Insight* Editor**

Further evidence that the post-Facebook initial public offering (IPO) jitters seem to have dissipated, and that the environment for biotech IPOs continues to improve comes with Thursday's debut of venture-backed Durata Therapeutics Inc., of Morristown, N.J. The company priced its initial public offering of 7.5 million shares of common stock at a price of $9 per share.

Although well below its original target price range of $11 to $13, an increased number of shares on offer meant that Durata generated proceeds from the offering – $67.5 million – that were just 9 percent below what the company, which is developing new therapeutics to treat infectious diseases, had hoped to raise. Durata's shares began trading on Nasdaq under the ticker symbol "DRTX," and they opened

See Financings Roundup, Page 3

Acucela Kicks off U.S. Study Of Japanese Dry Eye Drug

By Catherine Shaffer
Staff Writer

Acucela Inc., of Seattle, began a Phase III trial of 2 percent rebamipide ophthalmic suspension for dry eye syndrome. The trial will support eventual U.S. regulatory submission for the product, already launched in Japan as Mucosta by Otsuka Pharmaceutical Co. Ltd.

The FDA requires a clinical study to be carried out with a U.S. patient population, according to Acucela President and CEO Ryo Kubota.

"We were able to garner some good information from the Phase II studies, and the successful Japanese studies, which led to approval of rebamipide ophthalmic solution for the treatment of dry eye under the trade name of Mucosta in Japan, to inform our Phase III program/trial design," Kubota told *BioWorld Today*.

The randomized, placebo-controlled, double-masked

See Acucela, Page 4

Washington Roundup

Message to Drugmakers: It's Time to Get Serious About ACA

By Mari Serebrov
Washington Editor

WASHINGTON – Biopharma has a lot at stake as the political theater continues around the Affordable Care Act (ACA). But rather than waiting on the edge of their seats to see what happens in Congress, drugmakers need to start planning now for the consequences of the law.

The ACA's direct impact on brand drugmakers will average about 2 percent to 3 percent of net revenue, but its indirect impact could reach about 14 percent, due mainly to increased pricing pressures and formulary restrictions, Ralph Marcello, a principal at Deloitte Consulting, said at a recent BioNJ webinar.

The biggest pricing pressure will be in the retail acute and chronic disease areas, which account for two-thirds of the U.S. branded drug market, Marcello said. As the pressure

See Washington Roundup, Page 5

1 + 1 = 10

BioMotiv to Be Middleman For Crossing Valley of Death

By Anette Breindl
Science Editor

The valley of death, Robert Keith told *BioWorld Today*, "is a fairly commonly used term these days. And I think it means different things, to some extent, to different people."

For Keith, what the valley of death means is that even though academia has become much more focused on translational research in recent years, much of that translational research isn't . . . well, translated.

"We can't seem to move those discoveries out of the academic world," he said. "There is a mismatch between what investors want and what's available."

Keith is the CEO of recently launched BioMotiv LLC. That company is part of a larger attempt, as Keith characterized it, "to create a whole new environment for

See BioMotiv, Page 6

INSIDE:

BioMotiv

Continued from page 1

bright people at the front end of the food chain."

BioMotiv works closely, though not exclusively, with the Harrington Discovery Institute, which was itself launched in February of 2012 with a $50 million grant from the Harrington family, a Cleveland-based family of philanthropists and entrepreneurs.

The Harrington Discovery Institute is a nonprofit institution that specifically seeks to provide support to physician-scientists for "patient-inspired clinical research projects." It is planning to give out its first 10 grants later this year. Ultimately, the Discovery Institute and BioMotiv – which together go by the name "The Harrington Project" – collectively plan to raise $250 million. BioMotiv will account for $100 million of that sum.

But as the project was being conceived, Keith said, its leaders came to believe that "we probably need at least two components." The research environment is one critical aspect. Its goal, Keith explained, is to create a research environment that's conducive to producing "a bigger pool of better-validated ideas."

But then, that bigger pool of better-validated ideas needs somewhere to go to actually take the first steps into commercialization. And that's where BioMotiv comes in. The company, Keith said, "becomes that missing middle component" between a promising idea and an attractive business opportunity.

BioMotiv is not fully independent, but it does intend to cast its net wider than the Harrington Discovery Institute. Keith said the company does not envision taking on exclusively projects which originated in the institute, "but obviously there's going to be a very deep working relationship."

That working relationship is one of the company's strengths: "We're starting from the source of the Nile" as far as a close relationship with the Institute and the academic medical centers it originated from are concerned.

Keith said he believes that the Harrington Discovery Institute and BioMotiv are more than the sum of their parts. "If you built one but not the other, that would be good but not sufficient."

The Harrington Discovery Institute plans to provide its grantees with "focused direction" on how to move discoveries forward in a way that increases their chances of making it to the commercial stage, whereas the venture model can be summed up as "select, fund, exit."

BioMotiv said it expects to be actively engaged in managing the companies it funds, and finding what Keith described as "a happy new home" for them once they outgrow BioMotiv. The BioMotiv team, he added, has been selected with that goal in mind, and boasts both deep operating and deep venture-like skills.

Given the size of the valley of death, Keith does not consider either BioMotiv or the Harrington Project as a whole to be particularly in competition with existing venture capital funds.

"Trust me," he said. "There is enough room for everybody to play." ■

Coming Monday in *BioWorld Insight*

Antibodies Could Prove Key To Preventing Migraines

Migraine headaches are extremely debilitating and rank, according to the World Health Organization, among the top four disabling neurological conditions affecting almost 20 percent of the world's population. Finding new therapies to prevent migraines has proven to be a "headache" for biotech and pharma companies. However, the future looks brighter for migraine research as companies target the gene-related peptide receptor with antibodies that are poised to become the next-generation therapies to prevent migraine.

Alzheimer's Disease Research Puts Amyloid Plaques in Play

As attempts to make any sort of dent in Alzheimer's disease through targeting its anatomical hallmark, amyloid plaques, have failed literally by the dozen, some researchers have come to doubt that those plaques are anything more than a marker of disease. Recently, however, two papers have provided strong evidence that amyloid plaques – or at least the misprocessing of amyloid precursor protein – is indeed a cause of Alzheimer's disease, not just a consequence.

IPO Line Starting to Form Behind the JOBS Act

It will be awhile before all the provisions of the Jumpstart Our Business Startups (JOBS) Act kick in, but a number of emerging growth biotechs are already queuing for an initial public offering (IPO). With only a few pieces of the law in effect yet, Mark Heesen, president of the National Venture Capital Association, said the line is starting to form with several biotechs registering to go public. The result is an IPO pipeline that started to flow late last month, he added. William Hicks, a partner with Mintz Levin, agreed, saying he expects "a nice flow of IPOs after the summer, if the market permits."

BioWorld Today subscribers can add *BioWorld Insight* for a special discounted rate. Call (404) 262-5476 or (800) 477-6307 and mention Editor Peter Winter for a free trial.