

BIOBUSINESS BRIEFS

DEAL WATCH

Trends in platform technology deal-making

A recent analysis by PharmaVentures shows that the number of deals related to platform technologies has increased by over 20% compared with the previous 12-month period, from 168 (October 2007–September 2008) to 205 (October 2008–September 2009).

This is in contrast to the total number of deals completed in the same time period, which fell by ~35%, from 2,886 to 1,856. Although platform technology deals account for a relatively small proportion of all deals, the marked increase suggests that this is one area of deal-making in which companies currently have high innovation needs.

The deals involve a wide range of technologies, but just two — antibody-related and bioprocessing technologies — account for nearly a quarter of all deals (FIG. 1). This reflects the growing emphasis in the industry overall on biologic modalities, and indicates a need for both innovative techniques to identify, design and generate novel antibodies and for the latest technologies to ensure that these products are efficiently manufactured to the appropriate standard and specification.

Among the companies that have announced technology-platform deals, Crucell have been the most prolific deal-maker, entering into sixteen collaborative agreements related to their cell-line generation (STAR) and cell-based manufacturing (PER.C6) platforms between October 2007 and September 2009. These deals could provide over US\$1 billion in potential long-term payments. It should be noted, however, that some companies may choose not to announce each deal they sign or might be unable to, due to contract restrictions.

Three areas that have seen notable increases in deal-making between October

2008 and September 2009 are antisense/RNA interference (RNAi), stem cell and vaccine technologies, with 12, 10 and 9 deals, respectively, compared with 4, 3 and 2 deals in the 12 months prior to this. For RNAi and stem cells, which have yet to be validated in clinical trials, the advances in the basic science are providing a rich breeding ground for potential innovation and commercialisation. The fact that both technologies were the basis of deals signed by a number of large pharmaceutical companies is a further indication of their value.

Among the large pharmaceutical companies, GlaxoSmithKline has been the most active in deal-making related to technology platforms in the last 12 months, having signed 11 deals to access a broad spectrum of new technologies, including vaccine-related, bioprocessing, genomics and aptamer platforms. Other companies have been more focused in their technology deal-making; for example, four out of the five deals signed by Merck in the same period have been for either RNAi or genomics-based technologies.

Overall, the increased deal activity for platform technologies reflects the ongoing externalisation of R&D operations by large companies. Given the timescales involved in implementing such changes and the potential for novel technologies to translate into therapeutic strategies that represent substantial advances over current drugs, we expect to see further increases in the number of platform technology deals in the coming years.

Josef Walker is a Senior Analyst and Jansen Jacob is a Business Analyst at PharmaVentures Ltd, Florey House, Oxford Science Park, Oxford OX4 4GP, UK. e-mails: josef.walker@pharmaventures.com; jansen.jacob@pharmaventures.com

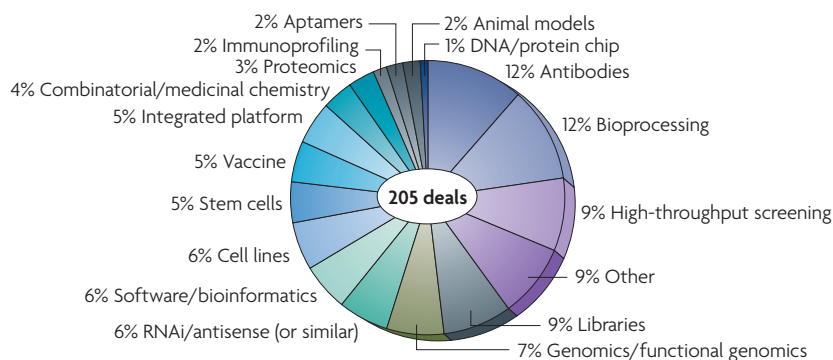


Figure 1 | The relative proportion of deals for different types of platform technologies between October 2008 and September 2009. Source: PharmaDeals database.