

IN brief

San Diego survives Amylin shock

In April, Bristol-Myers Squibb announced plans to close down Amylin's San Diego headquarters at the end of next year. The New York pharma has already laid off at least 400 employees since purchasing the diabetes specialist last year. Amylin was founded in 1987 and has successfully brought three diabetes medications to market, including Symlin (pramlintide), Byetta (exenatide) and Bydureon (exenatide extended-release). "It's an age-old story here," says Joe Panetta, president and CEO of Biocom, the region's life sciences association, citing Eli Lilly's closing Hybritech and, more recently, Biogen Idec's closing the old Idec Pharmaceutical campus. But Panetta sees the closings as a potential positive. "When you're strong in new-company creation and early-stage company growth, it's always an advantage to be able to move people from a company that's had the experience of becoming commercial into roles where they can help these early-stage companies to grow and hopefully move up the ladder themselves into commercialization, partnership or acquisition," Panetta says. Also in April, Avalon Ventures, of San Diego, and the London-based GlaxoSmithKline teamed up to start as many as ten new life sciences companies in San Diego. Avalon, which is committing \$30 million to the venture, will be responsible for finding the early-stage technology to build the companies upon and managing the startups, whereas GSK has committed up to \$465 million to the startups and will provide expertise in drug development. GSK, which doesn't currently have a presence in San Diego, will have the option to purchase any of the startups that succeed. "It really speaks to what we [San Diego biotech community] do well," Panetta says. In May, Merck paid \$430 million including milestones to San Diego-based Abide Therapeutics, a startup based on work done by Scripps investigators, in a discovery deal focused on diabetes and metabolic diseases.

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potential for faster returns have lured away many of the traditional limited partners and institutions that invested in life sciences until recently.

But social media doesn't offer the same 'do-good' factor as finding a potential cure for Alzheimer's or heart disease. In this respect, life sciences offer family offices—many of which have their own charitable arms—a unique opportunity to combine investment prowess with philanthropy. "There's usually some other motivation" behind families orienting towards the life sciences, besides the compelling long-term investment theme," notes Roberts. "Often times, it's exposure to a health issue in the family, or a result of expertise and networks built through philanthropic research-funding activities. Aescap's De Haan also underlines the drive among some Dutch families to help create economic wealth through supporting startups and job creation.

Life sciences' social and philanthropic pull, though, risks leading to well-meaning non-experts getting stung. Certainly that was the case with a couple of UK family offices who invested five years ago, "and are still licking their wounds," according to Rock Spring Ventures' Dunlop. But by and large, family offices are getting more professional, and hiring more in-house experts as they seek to retain closer control of their investments. The Wharton survey suggested a 50% rise in the average number of professionals serving billionaires' family offices between 2009 and 2011. "We're not dealing with angels, investing as an afterthought," notes Roberts. These groups, by definition, have proven their business prowess and judgment, and have wide networks.

The philanthropic drive behind many family offices' life sciences investments creates a strong overlap with established venture philanthropists—including disease-focused

charities supporting translational R&D in their selected field. These philanthropists already invest alongside big pharma (as these giants seek to directly tap academic innovation).

Now, some venture philanthropists are seeking family office dollars to support their investments, too. "We have partnerships with several family offices focused on co-funding translational projects in both academia and industry," notes Peter Lomedico, director of industry partnerships, cure therapies at New York-based JDRC. Indeed, there's an opportunity for family offices to leverage venture philanthropists' due diligence on early-stage companies, notes Melissa Stevens, deputy executive director at FasterCures, a nonprofit organization in Washington, DC, seeking to accelerate the discovery and development of new drugs. That leverage may help more effectively direct investment and charitable giving, as some families start to question the impact of their donations, too.

Whether or not Rock Spring attracts family office money, this fund already illustrates a changing investor landscape. It's one with more prominent regional and government support (in Rock Spring's case, from the European Investment Fund and Scottish Enterprise), and strong signs of further newcomer-limited partners, such as universities (Rock Spring Ventures pulled in three Scottish universities—good news for spin outs from those institutions at least). Beyond that, nascent funding models such as crowdfunding (through online platforms like AngelList or health-focused Poliwoog), new twists on venture philanthropy funds (including hybrid setups with VC funds) and more government-supported solutions are "bubbling up," notes FasterCures' Stevens. She also has her eye on tapping the billions of dollars residing in sovereign wealth funds, such as the Abu Dhabi Investment Authority.

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IN their words



"If the court decides we have to stop the release of data, I think that would be the worst possible boomerang for the industry." EMA executive director Guido Rasi in response to an interim ruling by the EU General Court, stopping them from releasing clinical

trial data, after AbbVie (formerly part of Abbott Laboratories) and InterMune of Brisbane,

California, filed suits. (*Thomson Reuters News & Insight*, 30 April 2013)

"I'm not by nature a very passionate guy, but I feel strongly that this could have a major impact on society in general. And that's a big motivator."

Mark Post of Maastricht University in The Netherlands, a developer of *in vitro* meat. Cultured meat has been estimated to substantially reduce environmental impact when compared to conventionally produced meat. (*New York Times*, 12 May 2013)

"Investors who hadn't been in biotech are asking themselves, 'Am I missing something?'" Glen Giovannetti, of Ernst & Young in Boston, thinks

surges in the shares of companies like Vertex and Biogen Idec indicate a new "market psychology." The NASDAQ Biotech index has climbed more than 50% since June 2012. (*The Boston Globe*, 10 May 2013)

"The times when Big Pharma wanted to be everything to everybody, they just aren't there anymore." Henry Gosebruch, managing director of healthcare M&A at JPMorgan Chase, predicting there will be more joint ventures in the future. (*Reuters*, 7 May 2013)