

## Biotechs to tap into Horizon 2020's \$93 billion

It took two-and-a-half years of negotiations, but at the end of July the European Council and the European Parliament reached agreement on the budget and the scope of the European Union's next R&D program, Horizon 2020. Final sign-off is required but the parties expect the seven-year €70 (\$93) billion program will now get underway on time in January 2014.

One reason for the protracted negotiations was the insistence of elected Members of the European Parliament that Horizon 2020 be explicitly shaped as an arm of economic policy. This means that alongside funding excellent basic science through the European Research Council—with 17% of the budget—there will be a particular focus on getting small and medium enterprises (SMEs), cast as the engine of the European economy, to take part.

SMEs are pencilled in to get 20% of the overall budget, and in recognition of the fact that in previous R&D programs small companies did not take up the share of the budget allocated to them, there will be specific measures to encourage their participation.

One key measure has been to simplify the grant application process, to make awards within 8 months as opposed to 12 months now, and to reduce the administration involved in accounting for how grants are spent. In another boost for SMEs, open access publication of results of all research funded under Horizon 2020 will be mandatory, a move intended to maximize knowledge transfer and exploitation.

John Burt, who has run several small biotechs and currently is CEO of Polytherics, a spin-out of Imperial College London, says the support for SMEs is important in helping biotechs to extract value from publicly funded academic research. As a specialist in drug delivery, the company aggregates technology coming out of academia, enabling it to do deals with the biopharma industry. "We are keen to continue to access academic expertise from all over Europe, and Horizon 2020 will be a key program for us," Burt says.

Although the budget has not been formally approved, the European Commission went ahead and announced ten large-scale, public-private partnerships in July. These include five joint technology initiatives (JTIs) that will get €6.5 (\$8.7) billion from Horizon 2020 to fund work carried out by academics and SMEs, to be matched by €9.9 (\$13.2) billion of in-kind resources from large companies.

The guiding principle is that these five initiatives represent large-scale, long-term research that, "no one company or country can deal with alone," says R&D Commissioner Máire Geoghegan-Quinn, unveiling the projects. Of the five JTIs, those of interest to the biotech industry will be the second phase of the Innovative Medicines Initiative, IMI 2, and the start of a €3.8 (\$5.1)-billion JTI called Biobased and Renewable Industries for Development and Growth in Europe, which will develop methods to replace petrochemicals with products made from sustainable biomass and waste.

Despite the fact that 109 biotechs have been awarded grants from IMI 1, this first €2 (\$2.67)-billion IMI program, launched in 2007 in a bid to restore the competitive position of Europe's pharmaceutical sector, has been criticized for being a closed club for pharmaceutical companies. The Commission has promised that IMI 2 will be more open.

As a participant in one IMI 1 project, Kinetics for Drug Discovery, a €20 (\$26.7)-million, five-year project involving 20 partners, Malcolm Weir, CEO Heptares, a G protein-coupled receptor specialist, says it provides an opportunity to work with pharma without the constraints of the strict commercial terms imposed by licensing deals. "The upside of being in a consortium is you get access to facilities and the interest of a lot of companies," he says.

However, participation "is not a no-brainer" because biotechs do not have the resources required. "The administrative burden of running the project is unnecessarily high," Weir says. "We don't have any administrative function beyond financial, and that's in a company of 70 people."



EU Commissioner for Research, Innovation and Science Máire Geoghegan-Quinn.