

AN AUDIENCE WITH...

Mike Yeadon

When Pfizer announced the closure of its research operations in Sandwich, UK, former head of allergy and respiratory biology Mike Yeadon decided to form his own start-up company together with several former colleagues. His company, Ziarco, has licensed several former Pfizer compounds and recently secured UK£16.8 million in venture funding. Here, he talks to **Charlotte Harrison** about the challenges so far and the company's plans for the future.

Q *Why did you decide to set up Ziarco?*

Throughout my years in the industry I have been aware that the transactions that can occur in big companies can result in job losses. And this downsizing isn't about to stop. Relocating to another pharma company would have had a heavy impact on my family so I was not prepared to do this. Working for my own company allows me to work internationally on my own terms. And of course the Sandwich site re-structure created an opportunity; I thought that the compounds I'd been working on (and otherwise would have been leaving) would be very suitable for venture finance.

Q *Ziarco has licensed histamine H₄ and H₃ receptor antagonists, a cytosolic phospholipase A2 inhibitor and spleen tyrosine kinase inhibitors; how did you pick these?*

These compounds were at a point in their development where they were close to increasing their probability of success, such as on the verge of going into a clinical trial. This makes a compound much more attractive to potential investors than something that is deep in the laboratory or something that has already been through an early trial and needs a lot of money to take it through another trial. The compounds also needed to be extremely competitive in their mechanism of action; that is, they have to be the best or most advanced (or both) in a particular mechanism, otherwise no one would be interested in providing venture finance. Finally, we picked compounds that could have medical applications in a broad range of diseases — those with a shared underpinning pathobiology — as I felt that such compounds would appeal to a wider set of pharma partners in the future.

Q *What do you think small start-ups can offer to the drug discovery process?*

I think there are two main things. The first is flexibility; a small company can go in a heartbeat in the direction that the new evidence suggests it should. For example, some compounds we have acquired could

be useful in skin disease but also in allergic rhinitis, and we could just go ahead and explore this. In large companies this would be difficult because of numerous committees, and the diversity would also not be as evident because, for example, you have different therapeutic area-focused departments.

The second thing is that I believe that the likelihood that new drugs get invented is more correlated with what I call the number of 'innovation units' than the total number of people working in the company. So, ten small companies each with ten employees would produce a better outcome than one company with 100 employees because each company would think in a different way. Small companies are the heartbeat of innovation in pharmaceutical research and development (R&D), but large companies are essential because small companies will never have the funding, resources and competency to conduct large registration trials.

Q *What were some of the practicalities that you have encountered so far?*

When we started we didn't have a clue how to pitch or how to attractively present ourselves and the business idea to potential investors. It took around 70 pitches over 9 months before we had an investor who said yes. I now know that for venture finance to be interested, there has to be an outstandingly attractive investment opportunity. This is because investors know that the risks are huge. These could occur because the compounds don't do what the management asserts they do, because the management team itself is no good at operating in a tiny company or because there isn't a larger company that wants to purchase the assets or partner with the company. We now have funding from the California-based Biotechnology Value Fund as well as Pfizer Venture Investments.

Q *How do you anticipate moving forward?*

There are two parallel strands here. The first focuses on our ideas for advancing the

compounds we have acquired, driven by the data that are associated with them, our judgement and conversations with experts regarding the chances of success. In the next year we plan to conduct some preclinical studies and also get back in the clinic with at least one compound.

In addition, although we are recently funded and well financed, so we don't need to partner, we are building relationships with many people to let them know who we are and what we are doing. The feedback that we get from this might modify the development path we set out for the compounds.

Q *What do you think are the company's biggest challenges in the near future?*

Moving to the clinic will be challenging. It's a daily steep learning curve because we knew very little about the areas that were formerly covered by other Pfizer departments. I think that in a year, however, processes that now seem difficult will seem simple, and it is great fun. I've not learned so quickly since I was a Ph.D. student, and the team and I love this.

The other big challenge is related to the data we get over the next year or so, which is very much going to set our future path. If the initial data are encouraging, we will seem very credible. But if the data indicate a complete failure, then we've got a steeper climb next time.

Q *Given your experience so far, what advice would you give to others?*

Anyone who wants the chance to create their own future, to create something new and has the confidence, should try. You use up a year (and if you received redundancy compensation you can probably afford it) and you meet hundreds of interesting people. You might be lucky and make it happen. However, you need a very strong tolerance for uncertainty and personal risk because both are inevitable. And you need the support of your family because running your own company is never going to be just a day job.



Miranda Parry