

BIO WORLD[®] TODAY

MONDAY
JULY 12, 2010

THE DAILY BIOTECHNOLOGY NEWSPAPER

VOLUME 21, No. 132
SPECIAL REPRINT

Adimab Signs Novartis in Fifth Antibody Deal

By Trista Morrison
Staff Writer

It's not often that a biotech company can reach profitability within three years of its founding and just one year after launching its technology platform. But that's what Adimab Inc. is on track to achieve as it reported its fifth major antibody discovery partnership, this time with Novartis AG.

Unlike many platform companies, Adimab is not seeking to tap into its own technology to build an internal pipeline. The Lebanon, N.H.-based biotech is a pure-play service provider that has thus far struck deals with Novartis, Pfizer Inc., Merck & Co. Inc., Roche AG and other undisclosed partners. (See *BioWorld Today*, June 22, 2009, and Dec. 17, 2009.)

Some of Adimab's partners are no strangers to antibody discovery deals: Novartis has a 10-year, \$1 billion partnership with MorphoSys Inc. (See *BioWorld Today*, Dec. 4, 2007.)

Why sign a deal with Adimab, too?

"Our technology at this point is probably the fastest antibody discovery technology in existence," explained Tillman Gerngross, Adimab's co-founder and CEO.

While typical mouse-derived platforms might take six months to a year to deliver 10 or 20 antibodies against a selected target, Adimab's yeast-based platform can churn out hundreds of high-affinity antibodies in eight weeks.

Most antibody companies work with mouse or phase technology, but Adimab is not totally alone in the yeast space. Alder Biopharmaceuticals Inc. has a yeast-based discovery partnership with Schering-Plough Corp. (now part of Merck), but the biotech also develops its own drugs, last year licensing a Phase II rheumatoid arthritis antibody to Bristol-Myers Squibb Co. in a \$1 billion deal. (See *BioWorld Today*, Nov. 11, 2009.)

Gerngross co-founded Adimab with MIT professor Dane Wittrup in 2007, shortly after the yeast-based antibody production firm GlycoFi Inc., which Gerngross also founded, was acquired by Merck.

Adimab launched its platform in 2009 and has raised an undisclosed amount of capital through four venture rounds.

But with milestone payments from its partnerships trickling in, Adimab doesn't anticipate needing to raise any

more venture money in the future. The company was cash-flow positive in the second quarter and expects to be profitable for the full-year 2010.

The terms of Adimab's deals have not been disclosed, but most involve up-front fees, milestone payments and royalties, typically in the mid-single-digits.

Gerngross noted that Adimab has additional partnerships that have not been revealed, and some involved forgoing the up-front fees and milestone payments in exchange for coverage of expenses and a share in ownership of resulting compounds.

So far, all of Adimab's deals have been what Gerngross called a "test drive" – the biotech is discovering antibodies against just a few targets for each partner. But discussions are ongoing regarding how the partners can bring Adimab's platform in-house, Gerngross said.

That doesn't necessarily mean an acquisition. Many in the industry have lamented that when antibody companies get bought out – like Cambridge Antibody Technology Group plc getting bought by AstraZeneca plc or Bristol-Myers Squibb Co.'s purchase of Medarex Inc. – their technologies become locked up and are inaccessible to everyone but the acquirer.

Gerngross understands that pain, and he has an alternative vision. He said he believes Adimab can create custom libraries for each client, and can train clients on the use of selection, analysis and expression techniques needed to mine those libraries.

Smaller companies might pay up-front and maintenance fees in the tens of millions of dollars plus milestones and royalties, while larger companies might choose to pay hundreds of millions of dollars up front and keep their resulting products unencumbered, Gerngross explained.

If everything goes as planned, Adimab expects to generate significant profits.

That could potentially position the company for an initial public offering, although Gerngross said there are plenty of other options, like paying dividends to its venture investors.

For now, however, he said Adimab isn't worried about value monetization – it's too busy with value creation. ■

©2010. Reprinted With Permission From BioWorld[®] Today, Atlanta, Georgia.