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Roche Enters Hearing-Loss Space In Risk-Sharing Venture With Inception, Versant

The newly formed Inception 3 will work to bring small molecule candidates for hearing loss, based on technology licensed from Stanford University, to IND-filing stage, at which point Roche will have the option to buy out the program.

A drug-hunting venture borne out of the Bristol-Myers Squibb Co./Amira Pharmaceuticals Inc. buyout in 2011 has resulted in a new opportunity for Roche. Under a novel collaboration structure involving big pharma, venture capital and biotech, Inception Science will create a third company – called Inception 3 Inc. – to discover and develop small molecule drug candidates for sensorineural hearing loss based on technology licensed from Stanford University.

Roche, which will fund Inception 3’s work with milestone-based R&D payments, will hold an option to acquire the program upon the filing of the first IND based on the Stanford technology. Inception’s backer Versant Ventures, meanwhile, will provide the equity financing for the new company, under an agreement announced Oct. 10.

Inception consists of two current small biotechs (Inception 1 Inc. and Inception 2 Inc.) focused on neurology and oncology, founded by former Amira execs after Bristol acquired Amira for \$325 million upfront in July 2011 (“BMS Bets On Amira’s IPF Drug In \$325M Acquisition” — “The Pink Sheet” DAILY, Jul. 22, 2011). Bristol’s focus was on idiopathic pulmonary fibrosis candidate AM152 and it spun out much of Amira’s remaining intellectual property into new companies called FLAP LLC and Panmira Pharmaceuticals LLC[See Deal]. Meanwhile, backed by Versant, former Amira CEO Peppi Prasit, known around the biopharma industry for his “drug-hunting” acumen, established Inception (“After Complex Sale, Amira Scientist And VC Team Up Again For Discovery Start-up” — “The Pink Sheet” DAILY, Jul. 27, 2011).

Luca Santarelli, global head of neuroscience at Roche, said his company saw hearing loss as a significant un-

tapped market but one in which its internal R&D personnel was not equipped to lead innovation. Meanwhile, Roche had prior positive experience with Versant from their work together after central nervous system-focused biotech Synosia Therapeutics Inc. was acquired by Biotie Therapies Corp. (“Biotie To Combine With Synosia To Form A “Global Leader” In CNS Drug Development” — “The Pink Sheet” DAILY, Jan. 11, 2011).

“There is only a limited set of targets and programs that we can [investigate] internally,” Santarelli explained in an interview. “We are constantly looking for possibilities to access innovation on the outside in ways that enable us to eventually apply our strength of translational drug development at an appropriate time while at the same time tapping into areas that offer promise and unmet medical need, as well as areas where the mechanism of disease biology is better clarified.”

“The reason we didn’t go for a straightforward collaboration with academia here ... is that the fact that it brings in a team of drug-hunters with a great track record of discovering drug candidates for intractable targets and then driving those to the IND stage,” added Shafique Virani, head of neuroscience partnering at Roche. “We have the operational component of a drug-development team in addition to a major pharma and exciting best-in-class technology from Stanford.”

Combined Capabilities Should Produce Rapid Progress

The various parties are not disclosing any financial details about the collaboration nor providing any sense of a timeline to the potential IND filing at FDA. However, Clare Ozawa, chief business officer at Inception and a

former officer at Versant, said the combined capabilities of Inception and Roche should result in rapid progress toward a clinical candidate.

“Because we’re combining capabilities across both Roche and Inception, we think we have the fastest ability possible to get to IND stage as quickly as possible,” she said in an interview.

Neither Roche nor Inception is sharing much about the technology in-licensed from Stanford either. Other than that the work will focus on small-molecule drug candidates, no information was provided on pathways or compound types. It seems likely, however, that the license stems from research conducted at Stanford’s Initiative to Cure Hearing Loss, headed by Robert Jackler, a professor of otorhinolaryngology, otolaryngology and neurosurgery at the university.

Ozawa called the deal unique in part because it involved the three parties coming together around a “white-space area” of biomedical investigation, finding the technology they wanted to in-license and then building a shared-risk company around the effort.

The tie-up involved “developing collaboratively for how we could best leverage each team’s capabilities to make the biggest impact in this field,” she said. “Versant and Inception both have a lot of expertise working with academics and on new company formation, which we could bring into this. Inception’s small molecule discovery expertise and Roche’s ability to leverage that externally were both key pieces. In addition, Roche brings a lot of CNS experience and capabilities into this, and then there’s the joint funding piece.”

In a release, Roche said hearing impairment affects more than 275 million people worldwide, causing varied societal and economic impacts. Sensorineural hearing loss – which occurs when specialized sensory cells called hair cells are injured, do not work correctly or die – is the most common type of permanent hearing loss. Inception and Roche’s work will focus on developing novel drugs that target inner-ear hair cell protection and regeneration in the cochlea.

Permanent hearing loss is an area of high unmet medical need, with no approved pharmaceutical therapies.