Creating a Dynamic Marketplace for Biomedical Innovation

Private Session at Milken Institute Future of Health Summit

October 28, 2019

Background and Session Goal

The Milken Institute launched the BRIDGE initiative (formerly called the "Biomedical Innovation Incubator") to create more dynamic marketplaces for biomedical innovation by advancing novel business, research, transaction, and financing models. The BRIDGE Initiative is co-led by two centers of the Milken Institute—FasterCures and the Center for Financial Markets—blending expertise in biomedical innovation and finance.

Building on a private session held in April 2019, the Milken Institute convened a private meeting during the 2019 Future of Health Summit that focused on exploring ideas to address the challenge of mobilizing investment to develop drug candidates deprioritized by biopharmaceutical companies. These assets are promising medicines and programs that have been deprioritized for further investment for business reasons (strategic, organizational, commercial or financial considerations) rather than technical, clinical, or medical considerations. (See summary of the meeting held in April 2019 to discuss the challenges related to externalizing such assets from pharmaceutical companies).

Solutions and mechanisms were discussed to address the challenges of unlocking and advancing these deprioritized assets including information access, cultural and transactional barriers, and matching assets to R&D capabilities and capital.

Mechanisms and Concepts Discussed

Neutral (non-profit) information and matchmaking marketplace

- Use the position of foundations (or NIH/NCATS) to convene industry players for patient benefit
- Review external data sources (clinicaltrials.gov, USPTO, PubMed, etc.) to identify possible deprioritized assets not being advanced by biopharmaceutical companies
- Create access mechanisms for non-profit actors to review assets on the shelves of large companies, with appropriate confidentiality and competitive protections
- Review deprioritized assets against identified targets of interest for diseases; consider AI-enabled tools

Standardized business and legal frameworks and templates to access deprioritized assets and speed funding transactions (note: entrepreneurs report taking 2½ to 5+ years to conclude deals given challenges)

- Establish standard terms for industry, including indicative economics and legal language as a starting point for negotiation and development of deprioritized assets
    - Access to IP, data files, medical/regulatory expertise, drug supply, and related assets
    - Economic revenue/royalty sharing to source companies
    - Rights of offer terms if source company wants to re-purchase
- Establish and communicate guidelines and best practices for biopharmaceutical companies to identify and evaluate deprioritized candidates for external R&D financing
- Outline approaches to access the individuals involved in such programs on a limited basis

Recognition programs for biopharmaceutical companies who make programs available

- Important for supporting individual actors and champions within companies
- May also benefit companies with external stakeholders (patients, clinicians, innovators, employees, shareholders, and the public generally)

Novel corporate structures for financing and developing deprioritized drug candidates

- Non-profit drug development companies (e.g., Gates Medical Research Institute)
- Venture philanthropies (e.g., Alzheimer's Drug Discovery Foundation, EB Research Partnership)
- B corporations (e.g., Audacity Therapeutics)
- For-profit accelerators and development companies (e.g., Roivant Sciences, Cydan, BridgeBio)
- Dedicated and hybrid funds (e.g., Dementia Discovery Fund)
- Hybrid "systems" for development (e.g., Harrington Project/BioMotiv)

Rights of others to deprioritized assets

- Review whether some portion of assets can be accessed by "public good" provisions in NIH support to early support for such programs
- For assets originally sourced from universities/small companies, review access and reversion rights via diligence clauses

Funding and investment sources for enabling mechanisms

- Disease foundations
- Social impact investors
- Venture philanthropy
- Private equity and venture funding sources
- Pharmaceutical, biotechnology, and medical device companies

Recommended Next Steps

- Solicit interest in participating in multi-stakeholder working group(s): expected commitment is bi-monthly meetings with as needed support for ideas, connections, and feedback in-between meetings
- Convene "focus groups" to understand goals, needs, and deal-breakers for key constituents (biopharmaceutical companies, foundations, investors)
- Identify 1-2 disease foundations/associations with which to explore elements in real-world action-oriented context and position for pilot initiatives
- Plan for next private session with updates in mid-2020 (likely in New York or DC)

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