

UNIVERSITY SPINOUTS: DIABETICA

NI SCIENCE, TECHNOLOGY AND R&D



SUCCESSFUL SPINOUT FOR DIABETICA

Obesity and diabetes are on the rise and represent two of the world's most serious healthcare problems. Diabetica, a spinout company from University of Ulster specialize in this area and have discovered a number of ground-breaking diabetes therapies and diagnostics. Last year one molecule won Diabetica a promising licensing agreement with a world leader in this sector. With a number of other projects in the pipeline, Diabetica's success has increased recognition of the Northern Ireland biotech sector and promises to be a worthwhile long term investment for the University of Ulster.

It has been reported that the number of diabetes cases worldwide, currently 180 million, is set to double by 2030 (WHO), a statistic which is all the more worrying when you take into account that this rising epidemic currently consumes some 10% of Western healthcare budgets and contributes to around 2.9 million deaths per year. Meanwhile, the continuing rise of obesity (in 2005 the WHO reported 1.6 billion overweight adults) poses a major risk of related chronic conditions including cardiovascular disease and type 2 diabetes.

As a result of these trends, the bio-pharmaceutical industry is investing heavily in the development and acquisition of novel anti-diabetic and anti-obesity drugs, with the global retail sales of diabetes-related drugs, currently at some US\$15bn, projected to grow annually by 12% through 2011.

This market trend has created significant opportunities for Diabetica, a biotechnology company established in 2004 to commercialize discoveries at the Diabetes Research Group (DRG) at the University of Ulster, under the leadership of scientific co-founders Professor Peter Flatt, Dr Neville McClenaghan and Professor Finbarr O'Harte.

One of the company's most advanced products, insulin stimulating GIP agonists, last year led to Diabetica winning an agreement with a long term potential value of US\$41 million. The agreement provides a worldwide exclusive out-licence of Diabetica's intellectual property around GIP agonists.

The ultimate value of the contract depends on the commercial success of

GIP Agonists and success in meeting certain development, regulatory approval and revenue-based milestones. In line with the norm for pre-clinical transactions in this industry, it will be some years before the great majority of the financial benefit will be realized by Diabetica. However, in addition to the benefits of industry recognition, an initial upfront payment has enabled Diabetica to continue with the development of its other principal products.

The company also has an agreement with a Big Pharma diagnostics leader to provide funding for the co-development of its novel biomarker for the early prediction of pre-diabetes/diabetes. Winning more of these outlicensing contracts with world leaders is an important part of Diabetica's strategy, enabling Diabetica to focus on its core expertise of drug discovery and early stage development.

Matt O'Driscoll, Diabetica CEO and co-founder explains, "About seven years of clinical and regulatory hurdles, and expenditure of around US\$1bn are required to take one of our drugs from its current stage to market. Then, in addition to manufacturing facilities,

you need a large specialist sales force to compete and distribute in highly competitive regulated markets around the world.

"Accordingly, it can make sense for a company like Diabetica to outlicense new drugs to large industry leaders. They have the financial resources and other infrastructure already in place to get new drugs to patients as quickly as possible and they also have the sales strengths to ensure market success."

It is still early days for Diabetica but it has achieved significant initial commercial success with its groundbreaking diabetes therapies. Ongoing success could in turn provide funding for future projects, as well as a boost to the commercialization of high quality R&D now being generated in Northern Ireland.

