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Drug Innovations Coming From Outside Big Pharma

### DRUGMAKERS' FORAY INTO THE COMBINATION PILL MARKET

The climate for innovation in the pharmaceutical and biotech industry is fraught with risk, but great potential for reward, but there is growth in life sciences and biopharmaceutical industry outside of big pharma.

Welcome to The Clinician's Roundtable on ReachMD XM 157, The Channel for Medical Professionals.

I am Bruce Japsen, the healthcare reporter for the Chicago Tribune, and with me today is Tim Walbert, the President and Chief Executive Officer of Horizon Therapeutics. Horizon formerly of Palo Alto, California, and now based in the Chicago suburb of Skokie, Illinois, is currently developing a pill that provides pain relief while reducing the risk of stomach ulcers. Walbert is well familiar with developing and marketing products in their late stages. He was involved in the early launch of the arthritis drug Celebrex as an executive at G.D. Searle & Company, which has become a blockbuster for its current owner Pfizer Inc., generating more than 2 billion in sales a year. Mr. Walbert was also key to the launch of Abbott Laboratory's popular rheumatoid arthritis drug Humira. Walbert is President and CEO of IDM Pharma, a company based in Irvine, California, which is the developer of drugs used to activate the immune system and treat cancer.

#### BRUCE JAPSEN:

Tim Walbert, welcome to ReachMD XM 157, The Channel for Medical Professionals.

#### TIM WALBERT:

Thank you for having me, Bruce.

#### BRUCE JAPSEN:

Well, this is interesting because Horizon moved from Palo Alto to Skokie, Illinois. If you can talk about your company and also what is the climate out there for innovation. It's not often, that you know, ReachMD is of course based in the Chicago suburbs <\_\_\_\_>, we're a national channel, not often that the West Coast comes to the Midwest, it's usually the other way around.

**TIM WALBERT:**

Well, certainly a great point and my belief is that Illinois does have all the elements to become an emerging and significant life science and biopharmaceutical hub, but in many ways it's been out shadowed by the Bay Area in California, San Diego, and the Cambridge, Massachusetts, area for biotech and in some sense in the Chicago aligned area, most of the science and technology we hear about are the large companies like Abbott and Baxter, but certainly I believe it's an area where great growth opportunity, it's the 12th biggest economy, you know from a healthcare perspective with over 400 corporate R&D facilities and we certainly see it as an opportunity to build a growing and successful biopharmaceutical company here in the Chicagoland area, and in Horizon to give a little background is a company, which was opened and started in the 2005 timeframe just after Vioxx was pulled from the market in the United States and throughout the world and the withdrawal of Vioxx and the issues around the COX-2 inhibitors highlighted, you know, an unmet need that continues today and that unmet need is that there are a tremendous number of patients, over 60 million with osteoarthritis around the world. These patients need effective pain relief, but up over 25% of these patients also get GI ulcers, so Horizon was founded with an initial product called HZT-501 and it is a combination of ibuprofen, the most prescribed worldwide nonsteroidal agent or NSAID with a high dose of famotidine or Pepcid, which is the most potent H2 antagonist for prevention of NSAID induced ulcers and we see this agent in the combination of one single pill as a great opportunity to benefit patients, who need NSAIDs on a chronic basis, but are concerned about the associated GI effects and the real issue patients have in getting the pain relief is from a patient compliance point of view. It's much easier to take one pill and remembering to take multiple pills, possibly at varying times throughout the day.

**BRUCE JAPSEN:**

Well, that is an interesting point and the interesting thing, of course, is to your company moves from California to Chicago increasingly politically, I remember when the Bio Meeting was in Chicago a few years ago, there were a lot of politicians that were trying to draw companies to certain areas. Does it really matter, do you have to be on one coast or the other, is there enough kind of seed money and tax incentives in today's technology that you have to be at one place or another to develop good products?

**TIM WALBERT:**

Well, you bring up a key point and that is the political aspects and the interest of the states to fund and innovate science and technology and certainly the Bay Area, California, San Diego, the Cambridge, and Boston area have from a state government perspective done a great job of creating grants and funding to enable small companies and the venture capital industry to fund small companies. Michigan is a state that has from a Midwest perspective started a billion dollar fund to bring companies and innovation to that area, and Chicago is an area that has major science bases and when I look at biotech and the opportunity, it is grounded in having good solid science and with the University of Chicago, Northwestern University, and many other science based medical institutions, Chicago is a great hub for research and that's where innovation initiates from. It's a matter of being able to attract the investments both from a state standpoint and from the venture capital industry and keep the great science that starts in Chicago from going to either coast.

**BRUCE JAPSEN:**

Well, if you are just joining us or even if you are new to our channel, you are listening to the Clinician's Roundtable on ReachMD XM channel 157, The Channel for Medical Professionals. I am Bruce Japsen, the healthcare reporter with the Chicago Tribune, and joining me today is Tim Walbert. He is the President and Chief Executive Officer of Horizon Therapeutics, which is a smaller than you might imagine biopharmaceutical company.

But these companies that are smaller whether they be biotech, biopharmaceutical, life sciences, are able to work outside of the coast and we were just talking about, Tim was telling us about, it's a matter of the funding that comes from state governments and increasingly I am wondering does it even really matter when you are doing clinical trials and so how does that work. I mean, for our physician listeners out there, usually when you do a trial you have to run it across the country anyway.

**TIM WALBERT:**

We've found it out, Bruce, you know in our clinical trial we had between 60 and 80 clinical trial sites throughout the United States and being headquartered here in the Illinois Science and Technology Park in Skokie, which formerly housed the Searle and then subsequently pharmacy and Pfizer Research and Development offices, you know, there is a significant level of talent here in the Chicagoland area that rivals the talent that exists on either one of the coast and without a doubt throughout the country and in the Midwest and East and West Coast, researches conducted equally well.

**BRUCE JAPSEN:**

And are you seeing that in other states, I know that you travel a lot, I mean are there other states out there that you are hearing that are you know good or bad relative to fostering growth and technology and biopharmaceutical biotech.

**TIM WALBERT:**

Certainly three states come to mind that have been emerging in trying to make a foray into the biotech and science and innovation area and that would be Michigan, Maryland, and the Bethesda D.C. area as well as North Carolina and all three states have put together various incentives and state government related grants and programs for innovative startup companies in the science and technology space and it's something that has been done historically very well in the Cambridge-Boston area and on the West Coast, the State of Illinois has done some, but certainly there was opportunity to leverage the strong science base here in the Chicagoland area to a much greater extent.

**BRUCE JAPSEN:**

And you think that these what are these states doing, are they doing anything specific, are there tax incentives, are there other things that can be done, and also I am curious as to what physicians can do to partake in something like this.

**TIM WALBERT:**

Well, certainly it has to start with science and then the scientists need to be enabled with both the funds and the labs to be able to do the work and the fund aspect is the initiation of large funds at a state level that enable grants and other subsidies or tax incentives that enabled the funds to be there to conduct a basic research that's going to, you know, create biotech company and life science hubs that you know these particular states are trying to drive. You know, so first it starts with the science and then the available funds, which typically have been available in the East and West Coast because that's where much of the venture capital money is based and Chicago area is not very well established from a venture capital perspective and healthcare and the state funding is something that has been a great addition in states like Michigan and others to attract and leverage the local science.

**BRUCE JAPSEN:**

And what about the facilities as well. I mean, I know that your company is located in the former G.D. Searle & Company site and for our listeners, who don't know about G.D. Searle, they developed NutraSweet way back and they also developed what today is Celebrex and I know in Michigan, for example, where Lipitor was invented, I think it seems like there are efforts to reinvigorate some shuttered facilities or soon to be shuttered facilities.

**TIM WALBERT:**

Yes, our headquarters is at the Illinois Science and Technology Park, which is a company by the name of Forest City bought the former Searle Pharmacy at Pfizer site and it's really created as a hub for innovation in science and technology, so it's a series of wet labs and other laboratory space as well as just an area to attract many different nanotechnology companies and other innovative startup biotechnology companies with the whole spirit of science, technology in a small community, which I can enable companies to leverage many different basic services and skills among one another and also foster the innovation and technology.

**BRUCE JAPSEN:**

Also with the economy in the sort of doldrums, more broadly if we people argue whether we are in a recession or not, certainly times are not great with the interest rates on the rise, is the climate for biotech and biopharmaceutical is that still hot. I remember you know just a couple of years ago when the Bio Meeting was in Chicago was incredible. I mean, it was just record attendance year after year, are you still seeing that and what do you see in the future?

**TIM WALBERT:**

Without a doubt, the economy has had an effect on all business and healthcare as well. The access to capital has become quite a challenge over the last 6 months to a year, but for a private company that is able to show innovation and achieve significant milestones, the opportunity still exists to attract capital and be able to grow and establish the business, it really comes down to, as the capital and financial funds become less available, the quality of the science and the quality of the development and commercial efforts of small companies becomes more and more an integral part of success.

**BRUCE JAPSEN:**

Well, with that I'd like to thank Tim Walbert, who has been our guest. He is the President and Chief Executive Officer of Horizon Therapeutics, which is a life sciences biopharmaceutical company that is developing a combination pill to treat both ulcers and pain relief. You will be hearing more about this company and I am happy that you joined us.

I am Bruce Japsen with the Chicago Tribune. I've been your host and you've been listening to the Clinician's Roundtable on ReachMD XM 157. If you have comments or suggestions, please call us at triple-8 MD XM 157 (888-MD-XM-157), and I'd like to thank you today for listening.

This is Dr. Matthew Johnson with Johns Hopkins School of Medicine in Baltimore, Maryland, and you are listening to ReachMD XM 157, The Channel for Medical Professionals.