

Transcript Details

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Investing in Cures for Multiple Sclerosis

A MODEL TO BRING MS RESEARCH TO BEDSIDE FASTER

With thousands of diseases competing for investment resources, some of the most promising discoveries in the lab may never be translated. Fast Forward LLC is trying to change that with their new models to expedite cures for multiple sclerosis.

Welcome to the Business of Medicine on ReachMD XM 157. I am your host Dr. Bruce Bloom. Joining us to discuss the financial aspects of a new model trying to expedite cures for multiple sclerosis is Dr. Timothy Coetzee, Executive Director of Fast Forward LLC, a venture philanthropy of the National Multiple Sclerosis Society. Dr. Coetzee is responsible for the society's strategic funding of biotechnology and pharmaceutical companies as well as partnerships with the financial and business communities.

DR. BLOOM:

Dr. Coetzee, welcome to ReachMD.

DR. COETZEE:

It's a pleasure to be with you, Bruce.

DR. BLOOM:

So tell us how Fast Forward is different from other parts of the National MS Society?

DR. COETZEE:

Fast Forward is essentially a wholly owned subsidiary of the MS Society. So we are separate part of large patient advocacy organization and the MS Society represents and serves all people with MS in the United States as well as throughout the world and the society provides programs and services for individuals throughout the country to both learn and manage their disease and at the same time support research to discover and ultimately cure the disease. The way Fast Forward works is that Fast Forward supports that mission, but takes it one step further by deploying our resources to support research that's happening in the private sector and at commercial

organizations and essentially supporting drug development in the private sector and taking the society's research efforts just one step further.

DR. BLOOM:

Are you a for-profit or a non-profit and if you are a for-profit, what's the point of you being for-profit owned by the not-for-profit National Multiple Sclerosis Society?

DR. COETZEE:

Fast Forward is a not-for-profit organization, but we are able to invest in a commercial organizations and as a result of some of our support for company, we may actually get some return back to the society. We are able to do that as a not-for-profit organization because part of our mission and part of what we are doing is to support the development of treatments for people with MS, which is part of our mission and so we aren't trying to be a for-profit entity at all. What we are trying to do is deploy our resources in a way that says, if you're a commercial organization involved in discovering treatments for people with MS, we want to support you. Our support, however, comes with the string that we expect you to develop something that will go to help people with MS and that ultimately that may return some benefit back to the society and those profits or those return on our initial investment could be used by the society in a number of ways. It could support additional research or programs and services for people with MS.

DR. BLOOM:

Is there a reason that you structured yourself as a wholly-owned subsidiary of the National MS Society? Are there are some legal reasons or other financial reasons?

DR. COETZEE:

Well, there were two reasons, one of which was legal and one of which was strategic. On the legal side, as we were thinking about how to approach the business of Fast Forward, we looked at what others health charities were doing and asked a question of them why did they approach setting up their commercial activities, their commercial funding activities as separate entities or separate subsidiaries of the parent organizations, and really like you said, it's a business decision in the sense that we are going to be supporting commercial organizations and that sometimes unfortunate things happen and so if, you know, we were to find ourselves on the receiving end of some legal action, Fast Forward would be the recipient of that and not the National MS Society, and that's a model that some other health charities have used. Of course, we hope that never happens, but as a business decision we thought that for legal and liability reasons that it was wise to separate the commercial aspects of Fast Forward's work from the rest of the society's activities. We also thought it was important to clearly separate the funding work that the society would be doing for universities, which comes through the National MS Society's programs from the commercial activities that would be funding companies through the Fast Forward and we felt that having a separate organization would send a clear message that, you know, Fast Forward is only about companies and that is our exclusive focus and that keeping those separate is important because these days we know that universities and the research enterprises as a whole feels particularly strained and so we just wanted to make sure that people were clearly in understanding what Fast Forward was about.

DR. BLOOM:

Where does your funding come from and how much do you currently have to deploy?

DR. COETZEE:

So our funding comes primarily from seed funding from the National MS Society, from the parent organization, and we raise that fund to philanthropic organizations. In the coming year, we expect to deploy about 1.5 to 2 million dollars to support specific company opportunities and then we aim to grow that over the next 5 years so that we can deploy 30 million dollars to support commercial activities through 2012. We are starting small, so we are a start-up and so we are being very modest in our initial investments partially because what we want to do is we want to get it right. We want to learn and this is a new endeavor for the society and so we are being very targeted in our investments, being very focussed at doing a smaller number of strategic investments with an eye towards setting a process and setting a standard in place that we can scale over the next few years.

DR. BLOOM:

And how many submissions or how many companies have you looked at and can you tell us about some of the details of those kinds of companies and the research that they are doing?

DR. COETZEE:

Sure, the way our process works is, we go through several stages. We have strategic conversations with companies and then follow that with deeper due diligence. So over the past year we have talked to close to 40 companies now that are involved in some sort of process for developing a therapy or diagnostic for people with MS. We have windowed that down to around 10 that we have received proposals from and now have completed our in-depth diligence on 3 opportunities and within the next 6 to 8 weeks expect to announce our first funded company. The types of companies we are seeing, really range a gamut. Without naming specific companies, I can tell you that a number of them are involved in developing novel immune therapies for managing the immune system in MS in a very targeted manner, and so the reason that excites us is that the current sets of therapies are broad spectrum. They control the immune system very generally and neurologists would really like to have a therapy where they can target specifically to the cells that are the bad actors in MS. Some of the companies we are looking at have created targeted therapies. Others are involved in regenerative stem cell therapies. We have several that are looking at diagnostics and using genomic technology to try to track and monitor progression in the disease and that for us has been one of the pleasant surprises in that we've all heard about the explosion of genomics and the importance of genetics as well as all the different -omics as they call them, we are now beginning to see several companies that are beginning to employ that technology to try to have very targeted understanding of what's happening in MS and for us that's very exciting because it will give the physicians a new set of tools potentially to manage the disease.

If you have just tuned in, you are listening to the Business of Medicine on ReachMD XM 157, The Channel for Medical Professionals. I am your host Dr. Bruce Bloom and joining me to discuss the new models for expediting cures for MS is Dr. Timothy Coetzee, Executive Director of Fast Forward LLC, a venture philanthropy of the National Multiple Sclerosis Society.

DR. BLOOM:

So in this review process that you've described who is involved on your side and how long does it typically take from that original submission to the time you might actually give them their first funding?

DR. COETZEE:

So there are two different groups of people involved and initially I and my partner Dr. Andrew Tobias will do an initial vetting of an opportunity with the company. Then we will, if after initial presentation to us we feel that the opportunity meets, you know, our criteria and that it will make a difference for people with MS, we pull together a team of our scientific and business advisors and what we do is we select individuals who have the right expertise to assess the company from a scientific standpoint as well as individuals who can bring us the right kind of business expertise; they will come together and evaluate a complete proposal and we ask companies to come and present to us and so this is via conference call. We will have a full presentation, a lot of Q&A and dialogue between the company and a review team; after the conclusion of that, the review team will tell us whether or not they think it's worth funding and I'll take that to my board for a final decision. That process is very intensive. We ask for not just the proposal, but a lot of information about the resources the company has in play, who are their financial partners, what does the management team look like, the intellectual property underlying the therapy, all of that is a classic, kind of due diligence that a venture capital group would use, and the reason we are doing that is we want to make sure that there are no surprises and that the management team really is strong, that they follow us through that they have the resources in place. That it's really important to us that besides their being money from the MS Society and Fast Forward that the company actually have supporting funding around it so that our funds are leveraged alongside other individuals. All in total the process can take anywhere from 3 to 4 months from start to finish and we aim to shorten that down. It's still shorter than what would happen if the company were to perhaps go through a traditional grant route, but our goal would be to be able to complete an entire process, review process within 3 months.

DR. BLOOM:

Will you ever take any of these ventures all the way to market or will you hand them off, and if you are handing them off, who did they get handed off to?

DR. COETZEE:

Sure, I like your use of the word "hand off" because I think that that actually is the business model today. For most drugs that are coming onto the market place today really represent the culmination of a series of hand-offs. From a strategic point of view, most of the opportunities, we have been seeing and are focussing on right now are very early stage so there are companies that have been in business one or two years, they are still very much in the start-up phase, so our funds are small and strategic investment and they are ongoing work that will ultimately be handed off to somebody else so I would envision that most often what will happen is that the technology we support will be licensed out to a larger pharmaceutical company to facilitate and develop further. It's a frequent theme that we have been hearing is that companies are starting off; they will develop something and then license it out to a larger player that has the resources to ensure that it gets developed all the way. It's possible that we will stick with something all the way through to the market, but I think in today's business environment, the likelihood that that will be the pathway for us, really probably a minority case. Most of the times we are going to see that our investment will be handed off to somebody else and we are very comfortable with that actually. We think that the smartest thing that the society can do with its funds is to strategically invest in something and then get it to a point where somebody else can come along and take it to all the way to the FDA. So when you think about it, if it takes 200 million dollars to run a phase III clinical trial for a particular MS therapy, that requires an organization with significant resources.

DR. BLOOM:

I would like to thank our guest, Dr. Timothy Coetzee from Fast Forward LLC. We have been discussing the aspects of a new model to find cures more quickly for multiple sclerosis.

You've been listening to the Business of Medicine on ReachMD XM 157, The Channel for Medical Professionals. For complete program guide and pod casts, visit www.dot-reachmd-dot-com (www.reachmd.com). For comments or questions, call us toll free at triple 888-MD-XM157 (888-MD-XM157) and thank you for listening.

I am Dr. Sean Cutler from the University of California, Riverside, and you're listening to ReachMD XM 157, The Channel for Medical Professionals.