

Corporate venture firms - dedicated followers of fashion?



[Amy Brown](#)



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Corporate venture firms are a well-established group of investors in early-stage drug development, with some names cropping up more than others. An *EP Vantage* analysis shows just how prolific certain funds are, and how some are much more prepared to lead rounds than others.

Perhaps predictably the most dominant units, like Novartis Ventures and Glaxosmithkline's SR One, are also among the most likely to lead an investment, though this is not always the case. Meanwhile, a look at the type of start-ups that these operations are backing shows that novel platform technologies are proving popular (see analyses below).

Perhaps this makes sense, given the willingness of big pharma groups to outsource innovation these days. Backing several novel platform technologies through the early development stages, rather than doing the work in house, is arguably a more efficient way to deploy capital.

The table below, part of a broader analysis of *EvaluatePharma's* venture capital data, shows the private groups that have received the most venture money in rounds in which a big pharma corporate arm was involved. Outliers like Moderna and Nantworks, which have received huge piles of private money to which individual corporates have contributed, top the table; a number of medtech groups also ranked highly, but these have been omitted to focus on drug developers.

Attracting the corporate cash - the big rollers

Company	Total raised via rounds with disclosed corporate involvement (\$m)	Total VC funds raised (\$m)	Classification/description	Corporate involved
Moderna Therapeutics	450	1,401	Anti-infectives - RNA technology	Alexion, Astrazeneca
Nantworks	395	750	Conglomerate of technology platforms	Celgene
Immunocore	320	320	Oncology/immunology - engineered T cell receptors	Lilly
Nabriva Therapeutics*	142	198	Systemic anti-infectives - antibiotics	Novartis
PTC Therapeutics*	137	298	RNA biology - rare diseases	Novartis, Amgen, Celgene,
Naurex^	136	161	CNS - NMDA receptor modulation	Takeda, Shire, Lundbeck, Baxter
Mission Therapeutics	128	128	Various - enzyme-targeting platform technology	Glaxo, Roche, Pfizer
Innovent Biologics	125	385	Biologics for Chinese market	Lilly
Merus*	123	153	Oncology/immunology - antibody platform	Pfizer, Novartis, J&J
ADC Therapeutics	120	273	Oncology/immunology - antibody-drug conjugates	Astrazeneca
True North Therapeutics"	97	172	Oncology/immunology - rare diseases	Biogen, Glaxo, Baxter
Calistoga Pharmaceuticals^	96	96	Oncology/immunology - kinase inhibition	Amgen
Mersana Therapeutics*	95	131	Oncology/immunology - antibody-drug conjugates	Pfizer
OncoMed Pharmaceuticals*	93	107	Oncology/immunology - antibodies/cancer stem cells	Roche, Glaxo
G1 Therapeutics*	93	93	Oncology/immunology - small molecules	Astrazeneca

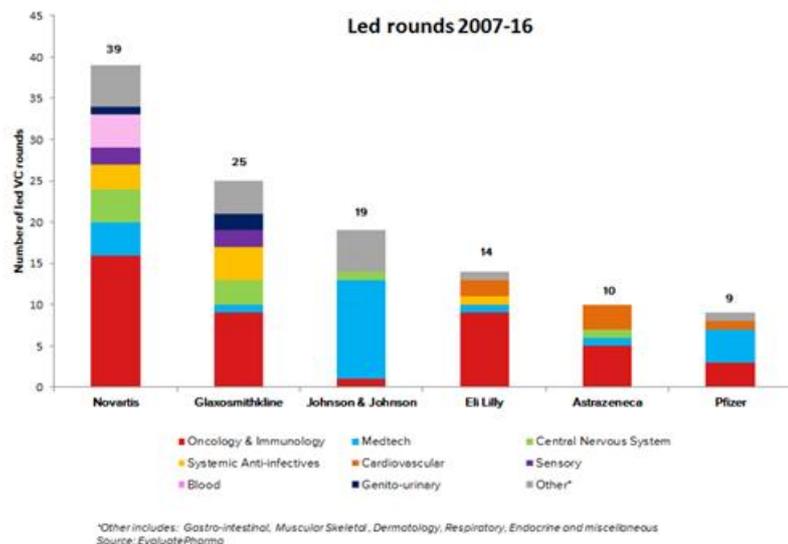
**Now listed; ^acquired by Allergan in 2015 for \$560m; "acquired by Bioverativ in 2017 for \$400m up front; ^acquired by Gilead in 2011 for \$375m.*

The analysis will naturally favour companies that have been around for longer or those that braved a move onto the public markets, raising big pre-float rounds; notably, three have been acquired, the dream exit scenario for venture investors. All of this makes the likes of Mission Therapeutics and ADC Therapeutics stand out – both are working on a platform technology.

Outside this top 15 several other platform plays can be found ranking highly – Translate Bio (formerly Rana Therapeutics), Nimbus and of course the Crispr/CAS9 gene editing groups Intellia, Crispr and Editas.

It is also clear that oncology is attracting a lot of big money, and the table below shows how the big lead investors among the corporates are favouring this therapy area. Other than Johnson & Johnson, which tends to

lead medtech investments, all are enthusiastically chasing this space.



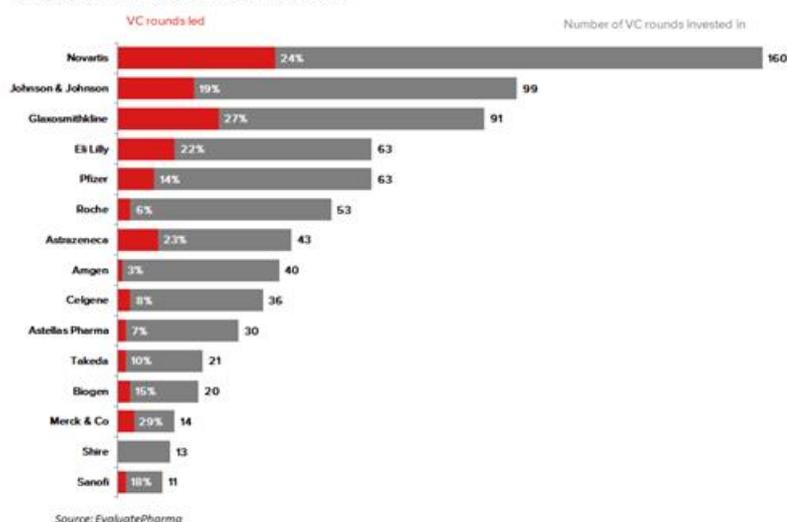
Notable by its absence in the table above is Roche, a relatively prolific corporate venture investor but one that very rarely leads a round. According to *EvaluatePharma*, the Swiss pharma giant led only four investment rounds over the 10-year period analysed – 2007-2016.

These were two medtech investments, Flatiron Health and Biodesy, the gene therapy player Avexis, which floated last year, and Macrolide Pharmaceuticals. Along with Glaxo's SR One and Novartis Ventures, as well as the private finance firm Gurnet Point Capital, Roche jointly led a \$22m series A for the antibiotic researcher in 2015.

Can anything regarding M&A intent be gleaned by the actions of a corporate investor that does not typically lead? Perhaps – but the four examples above were conducted in the last two years, so could signal a shift in Roche Venture Fund's investment strategy, rather than implying urgency for the technology from the parent company.

Saying that, Celgene has only led three rounds, one of which, in antibody researcher Sutro, it followed with a major collaboration that included a buyout option. Celgene was also joint lead on Flexus Biosciences' 2014 series B; Flexus was bought by Bristol-Myers Squibb a year later for a huge \$800m up front in what was surely a highly competitive bidding process.

Corporate VC investment and rounds led



The strategy and motivations of corporate venture firms will of course differ widely, and just like their internal pipeline investments not all bets will pay off. These firms' ability to buy out their investments will depend as much on their willingness to pay more than anyone else as on their insider knowledge.

But in terms of following the corporate money, the companies in the list below provide more than insight than most – these recent start-ups have three or four corporate investors on their shareholder register. Predominantly, they are researching cancer therapeutics.

Intense competition in this space can only mean one thing – rising valuations, something that many big pharma chiefs have complained about in the past few years. They will have to hope that their independent

corporate venture arms are not helping to create these sky-high price tags, which the parent company finds unable to support when it comes to deal-making further down the road.

The big corporate draws, 2014-16

Company	Investors	Focus/technology
Aileron Therapeutics*	Lilly; Novartis; Roche; Glaxo	Oncology - small molecules (stapled peptides)
Effector Therapeutics	Abbvie; Novartis; Glaxo; Astellas	Immuno-oncology - small molecules (selective translation regulators)
Lodo Therapeutics**	Abbvie; Lilly; J&J; Pfizer	Metagenomics-based small molecule discovery platform
Petra Pharma**	Abbvie, Lilly, J&J; Pfizer	Cancer, metabolic disease - small molecules (novel enzyme targets)
Merus*	Novartis; J&J; Pfizer	Oncology/immunology - antibody platform
Mission Therapeutics	Glaxo, Roche, Pfizer	Various - enzyme-targeting platform technology
Nimbus Therapeutics	Glaxo, Lilly, Pfizer	Oncology/immunology - computational chemistry platform
Translate Bio (formerly Rana Therapeutics)	Pfizer; Glaxo; Merck	Various - RNA technology
Morphic Therapeutic	Glaxo, Pfizer, Abbvie	Oncology/immunology - oral integrin therapies
Bicycle Therapeutics	Novartis; Glaxo; Astellas	Oncology - bicyclic peptides

**Now public; **emerged from US start-up incubator Accelerator, which includes the four pharma groups among its strategic investors.*

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