

## Roche spends \$2bn for faster oncology work



[Elizabeth Cairns](#)

The advent of CAR-T and checkpoint inhibitors, and combinations thereof, has transformed oncology into a field of mind-boggling complexity. Roche's acquisition of Flatiron Health for \$1.9bn shows just how much importance Roche ascribes to technology that could help chart a path through this labyrinth, and thereby boost its newer oncology efforts as biosimilars threaten its older drugs.

Roche hopes to use Flatiron's oncology-specific electronic health record and analytics software to speed the development of cancer therapies, by analysing real-world data on patients to draw conclusions about which combinations of therapies work best. This is not a bad idea – but nearly \$2bn is a pretty sizeable bet.

Roche has a history with Flatiron, having led a \$175m series C round two years ago, and thanks to this it already owns 12.6% of the smaller group.

### Flatiron Health's VC funding

Date	Round	Investment (\$m)	Investors
Jan 6, 2016	Series C	175.0	Roche, Allen & Co, Baillie Gifford, Casdin Capital
May 7, 2014	Series B	130.0	Google Ventures, First Round Capital, Labcorp
Jan 15, 2013	Series A	8.0	Google Ventures, Angel Investors, First Round Capital, Great Oaks Capital, IA Ventures, Labcorp, Social+Capital Partnership, SV Angel
	<b>Total</b>	<b>313.0</b>	

Source: EvaluateMedTech.

There is also overlap between the two companies via a third: Foundation Medicine. Foundation and Flatiron started collaborating in 2014 to research whether combining clinical records with genetic sequencing could predict patients' response to drugs. And in 2015 Roche bought Foundation Medicine – or 56.3% of it, at least – in a deal valued at just over \$1bn ([Roche deal will shelter Foundation from market pressures, January 13, 2015](#)).

There might be further moves here in future. The three-year standstill prohibiting Roche from increasing its ownership of Foundation or selling down expires in April.

Buying Flatiron also fits with the collaboration Roche arranged with Syapse last month – indeed, Flatiron's and Syapse's technologies sound eerily similar. Syapse says it can integrate and centralise vast amounts of patient information, including clinical, pathology, radiology, treatment and lab data, to provide a single point of access.

Under their partnership, terms of which were not disclosed, Roche and Syapse will develop software and analytics using these integrated data to a number of ends, including speeding up clinical trial enrolment by matching patients to trials, and also performing health economic analyses, presumably with an eye to making Roche's products more appealing in the era of value-based care.

### Worth the money

When a company acquires a drug or medical device maker it is easy to evaluate, a few years later, whether the deal was a good one. With technologies like Flatiron's it will be harder to tell.

Perhaps Roche will be able to enrol its clinical trials faster than its competitors. It might be able to develop the most effective combinations of the bewildering array of chemotherapies, targeted therapies and immuno-

oncology projects in each separate subgroup of patients.

Perhaps it will have an edge during the regulatory process too – after all, the FDA has shown itself open to the idea of including real-world evidence in its approval decisions in future.

If Roche's new oncology projects get to market markedly faster than its rivals', that might be evidence that its \$1.9bn was money well spent. It will almost certainly cause pharma groups to fall over themselves to buy in data analysis companies.

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