

Licensing dip claims neurology and diabetes as key victims



Jacob Plieth

At a time of falling product licensing activity and sliding deal values, the most hard-hit therapy area has been central nervous system, data from EvaluatePharma reveal.

Indeed, there has only been one noteworthy CNS alliance struck so far this year at phase II - normally the stage at which most important licensing decisions for biotech are taken. Looking across all clinical stages, diabetes has also shown a sudden decline while oncology unsurprisingly continues to be the most popular partnering area by projects licensed (see tables). Still, as evidenced by the diabetes-focused sale of Amylin Pharmaceuticals to Bristol-Myers Squibb and AstraZeneca, M&A remains an important source of pipeline fillers for big pharma.

CNS had staged something of a resurgence in products licensed in 2010, and this continued into last year, with Lundbeck's tie-up with Otsuka Holdings over Abilify Depot and OPC-34712 accounting for a \$200m up-front fee and total value of \$1.8bn ([Oncology remains hot area for deal making as CNS shows a surge, August 3, 2011](#)).

However, this now looks to have been a blip for CNS licensing activity. The table below charts all deals done between phase I and phase III, and shows a slowdown for CNS into the first half of 2012, with 14 projects licensed, securing it second place but a total deal value of just \$321m coming well short of half of the amount seen in the whole of 2011.

	Product deal count			Up-front payments (\$m)			Total deal value (\$m)		
	H1 2012	2011	2010	H1 2012	2011	2010	H1 2012	2011	2010
Oncology & immunomodulators	17	90	50	187	662	713	1,899	6,487	3,408
Central nervous system	14	48	40	39	297	199	321	2,486	2,831
Musculoskeletal	8	12	6	189	100	145	1,659	347	1,455
Dermatology	6	3	11	39	0	0	52	0	0
Cardiovascular	5	16	17	0	2	148	54	9	2,171
Systemic anti-infectives	5	32	25	25	50	398	25	226	1,226
Gastro-intestinal	4	21	21	10	23	107	10	76	1,703
Genito-urinary	3	7	16	0	0	213	0	0	1,364
Respiratory	3	13	13	10	58	10	10	99	25
Various	3	6	8	0	5	45	0	23	373
Blood	2	7	8	0	2	137	0	24	1,023
Endocrine	1	14	7	0	409	95	0	2,436	2,155
Sensory organs	1	8	8	0	45	61	0	420	263
<i>Totals</i>	<i>72</i>	<i>277</i>	<i>230</i>	<i>499</i>	<i>1,652</i>	<i>2,271</i>	<i>4,029</i>	<i>12,633</i>	<i>17,996</i>

The endocrine area, meanwhile, scored just one clinical deal in the first six months, the value of which was not

disclosed, although of course this anaemic total excludes the joint \$7bn takeover of Amylin. This field saw total clinical deal values rise by 13% to \$2.4bn in 2011, thanks largely to Boehringer Ingelheim's diabetes alliance with Eli Lilly featuring rights to several late-stage projects including Tradjenta and BI10773, whose \$409m signing fee was the biggest of last year.

In 2010 cardiovascular assets experienced something of a high water mark, with clinical deal values of \$2.2bn, although much of this was due to a \$1.8bn alliance struck by Cephalon for Mesoblast's mesenchymal stem cells product Revascor. This was surely a one-off, and as such the subsequent decline in values is probably a return to the status quo.

On the other hand, musculoskeletal licensing appears to be on the rise, clocking up up-front payments of \$189m and combined values of \$1.7bn in the first six months of 2012 - both well above the totals for the whole of last year. This is largely thanks to Abbott Laboratories' licensing of Galapagos's JAK1 inhibitor project GLPG0634 in rheumatoid arthritis, whose \$150m up-front fee stands as the second-largest of all product deals struck in the first half ([Single-product deals stand out as licensing slows in 2012, August 21, 2012](#)).

Oncology leads the pack

While licensing activity has clearly slowed across the board, oncology continues to garner the biggest share of this much reduced pie in terms of number of clinical-stage deals struck and their combined total disclosed value.

Perhaps the most significant contributors to the totals this year are Merck & Co's deal to license Endocyte's phase III ovarian cancer project vintafolide for a total value of \$1bn, and Threshold Pharmaceuticals' \$550m deal with Merck KGaA on its TH-302 targeted chemotherapy ([Threshold brings on Merck KGaA as validation approaches, February 3, 2012](#)).

As the table below illustrates, oncology-focused deals across the clinical development stages have maintained their average financial metrics. For the CNS, the deals that have been done appear to be heavily back-end loaded, although their scarcity makes this sample too small to allow any firm conclusion to be drawn.

It is telling, however, that the only phase II CNS deal done so far this year whose terms have been disclosed concerns Vanda Pharmaceuticals' alcohol dependence project VLY-686. The area is hardly cutting-edge neuroscience, and Lilly paid up front only \$1m of the deal's \$100m biodollar value.

Averages for clinical-stage oncology deals (\$m)					
		H1 2012	2011	2010	2009
Average up-front	phase III	73	46	17	40
	phase II	15	35	70	33
	phase I	9	20	23	23
Average deal value	phase III	775	420	177	183
	phase II	148	282	265	278
	phase I	67	284	164	118
Averages for clinical-stage CNS deals (\$m)					
		H1 2012	2011	2010	2009
Average up-front	phase III	12	41	13	31
	phase II	1	-	25	115
	phase I	1	5	20	89
Average deal value	phase III	70	332	134	243
	phase II	51	-	235	683
	phase I	1	81	255	99

All data sourced to EvaluatePharma

To contact the writer of this story email Jacob Plieth in London at jacobp@epvantage.com

