

One gap, two approaches

By Steve Edelson, Executive Editor

Whereas most academic institutes tackle the translational gap by pushing their assets further along in hopes of attracting an industry partner, Cleveland-based **University Hospitals** is taking the opposite approach by forming a company that will in-license projects. University Hospitals has received a \$50 million gift from the Harrington family and plans to use the money to form the to-be-named company as well as an institute that will act as a feeder for the company by funding projects of physician scientists across the country.

“We’re trying to find a way to support the cadre of physician scientists in academic medicine. These individuals are the most capable of taking

scientific inquiry into the clinical realm,” said Jonathan Stamler, director of the newly formed **University Hospitals Harrington Discovery Institute**.

Stamler also is director of the Institute for Transformative Molecular Medicine at **University Hospitals Case Medical Center** and **Case Western Reserve University School of Medicine**.

The UH Harrington Discovery Institute plans to award scholarships to 10 physician scientists this year. The size of the two-year scholarships was not disclosed. The institute plans to form an advisory council in the next few months, after which “we’ll have a national competition that will have a very simple process that asks physician scientists to make a case for something of impact—they have to have identified something that benefits human health,” said Stamler.

In addition to the scholarship dollars, the institute will be able to help physician scientists gain access to resources such as high throughput screening or model systems. “We’ll help give direction that could be in the form of mentoring or it could be money” used to purchase a research service, Stamler told *SciBX*.

For example, the UH Harrington Discovery Institute already has partnered with an undisclosed institution that has a high throughput screening facility.

Stamler said the scholarships will likely be in cancer, cardiovascular disease, infectious disease and neurology.

Inventing the customer

The for-profit company will be able to in-license discoveries supported by the institute’s grants. It also plans to look elsewhere for assets to bring under its roof.

“You really only have two options to cross the translational divide. Everyone is trying to fill it on the academic side by making their academic institutes look more pharma-like and developing their assets further. But no matter what you do on that side, the gap seems to keep getting larger—you can’t fill it in quickly enough and you’re not resourced to do it and the bar’s getting higher on the company side,” said Stamler. “So we decided to come from the other side as well and create a for-profit company.”

The company has a management team in place, including CEO Bob Keith and CSO David U’Prichard. Keith is the former president and CEO of Catalyst Growth Partners, which provides advisory services for emerging companies. U’Prichard is the former CEO of 3-Dimensional Pharmaceuticals Inc., and before that was chairman of R&D at SmithKline Beecham (now part of **GlaxoSmithKline plc**).

The newco is looking to raise \$100 million. Of that sum, Stamler said the newco already has an anchor investment from UH, other academic institutions in northeast Ohio, multiple Cleveland foundations and high-net worth individuals. He expects the remainder to come from other foundations and institutions across the U.S. as well as from big pharma.

The company will start with 10 projects, and Stamler said the goal is to scale up to “a steady state of 10–12. We hope for IRRs of at least 20%.” Of the projects, Stamler expects one or two will be in-licensing deals from the physician scientist grant program.

Stamler said the newco is similar to venture firms and companies focused on discrete asset-based entities. These include **Atlas Venture**, which formed **Atlas Venture Development Corp.** to shop for pre-IND and Phase I assets from pharma and spin them into individual structures within a holding entity.¹

Companies like **Amunix Inc.**, **Nimbus Discovery LLC** and **Inception Sciences Inc.** also are conducting drug discovery and spinning out assets into separate entities.

“There are real similarities to project-based financing,” said Stamler. The difference, he said, is the newco will start at an earlier stage of development and will not be spinning out its assets into discrete entities like many of the other asset-focused entities plan to do.

“The company is there to support enduring projects,” typically to about Phase II testing, he said.

Stamler also thinks the newco will have an advantage when it comes to clinical development. “We’re hooked into academic medical centers.”

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REFERENCES

1. Lawrence, S. *BioCentury* 19(10), A13; Feb. 28, 2011

COMPANIES AND INSTITUTIONS MENTIONED

Amunix Inc., Mountain View, Calif.
Atlas Venture, Cambridge, Mass.

Atlas Venture Development Corp., Cambridge, Mass.
Case Western Reserve University School of Medicine,
Cleveland, Ohio
GlaxoSmithKline plc (LSE:GSK; NYSE:GSK), London, U.K.
Inception Sciences Inc., San Diego, Calif.

Nimbus Discovery LLC, Cambridge, Mass.
University Hospitals, Cleveland, Ohio
University Hospitals Case Medical Center, Cleveland, Ohio
University Hospitals Harrington Discovery Institute,
Cleveland, Ohio