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Biotica strikes big with GSK macrolide deal

The small biotechnology company Biotica has secured a deal with GlaxoSmithKline to develop novel erythromycin-based macrolides for inflammatory diseases. This is Biotica's second major deal with big pharma; it signed a partnership with Wyeth for novel rapamycin analogues in 2006.

The privately held UK company believes that the GSK agreement will enhance the value of its naturally derived compounds, based on its proprietary polyketide bioengineering technology platform.

Biotica will receive an initial cash payment and is eligible for up to £86 million per compound in milestones and tiered royalties on net sales of commercialised products. Biotica will produce compounds that are not readily accessible via conventional medicinal chemistry methods, while GSK will be responsible for their development and commercialisation.

In addition, GSK has made an up-front equity payment in a first close of Biotica's series D financing, which remains open for additional investors. Biotica hopes to raise between £5 and £10 million in the round.

Although the deal will boost the company's cash position significantly, the main focus is to capture value rather than cash, CEO Dr Edward Hodgkin told *Scrip*.

The deal will enable the company to develop its other programmes that have shown differentiation and clinical validation, he said. In advancing its projects, the company's core expertise is supplemented by academic collaboration and cost-effective outsourcing, of which a large part is conducted in China.

In the past six months, several investors have shown interest in the company, which Dr Hodgkin believes is growing and has a bright future. His optimism for the company remains strong since he joined Biotica in August 2007, seeing "tremendous potential in a not very well-known company".

Biotica will survive the tough financial conditions, he predicts. The milestones from GSK and its own cash reserves are adequate for the next few years, he says. It has other programmes that it can partner and expects to announce at least one another deal within the next 12 months, Dr Hodgkin adds.

Biotica's lead proprietary programme, FK506 analogues which target inflammatory indications, is a possibility for further partnerships. The analogues have multiple routes of administration, which could form the basis of several deals.

The company aims to reduce the side-effects of calcineurin inhibitors such as FK506. They have shown to be effective in indications such as asthma, psoriasis and inflammatory bowel disease, but their use is limited because of the side-effects.

Dr Hodgkin has a busy 18 months ahead of him as he looks for more development projects and good partnership deals. With his sight set on Domantis as a role model – the UK antibody company that GSK acquired in 2007 – Dr Hodgkin expects to attract more and bigger deals.

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