

2022 BD&L Podcast — transcript

Ian McConnell: Hello and welcome. I'm Ian McConnell in MRL communications, and I'm joined today by leaders from our research and business development teams to discuss our company's "one pipeline" approach to building and maintaining a strong portfolio today and in the years ahead. Today we have Dean Li, president of MSD Research Labs, Sunil Patel, senior vice president and head of business development and licensing, and Fiona Marshall, senior vice president of discovery, preclinical and translational medicine. Dean, we'll start with you. What does the concept of "one pipeline" mean to you?

Dean Li: So one pipeline is simply the concept that we want to advance the best science to make really important medicines for our patients. And we need innovation externally to drive our internal pipeline, and we need external innovation to have access to assets that are really important for our clinical development group. So it's one pipeline, and business development and external partnerships are just integral throughout the pipeline in advancing our mission. But let me just ask Fiona, from a discovery standpoint, how she views that one pipeline and Sunil, your philosophy as to how you interact with the external world in relationship to one pipeline.

Fiona Marshall: Yeah, no. So for me, from a discovery perspective, our scientists want to get the best possible molecules into patients as soon as possible. Whether those have come from our own labs or from our partners' laboratories, you know, we're very happy to work on those and work in collaboration with our new partners.

Sunil Patel: I think from a business development perspective, we view ourselves as an extension of the research lab. We've actually gone as far as embedding business development teams in the ecosystems where the scientists sit, which many of you are familiar with — South San Francisco, Cambridge, Boston, and London. We're sitting in all those areas and we're working with the scientists to help evaluate all the new novel science that's coming out and trying to help them match where their needs are.

Ian McConnell: Let's talk about our pipeline. What are the types of opportunities you are looking for?

Sunil Patel: I guess I'll start off, I'd say the wonderful thing is that we have a very broad scientific remit. I think that's what attracts scientists to this company is that we're ever-ending in where we pursue science. And when we think about what makes something good to bring in, whether it's a license or acquisition, I think you got to break it up into two parts. And we think about the early stage, it's to augment and amplify. And so we augment the discovery group on helping them go out sometimes into new areas, new fields, new targets, and then we

can amplify and help them sort of leverage the work they're doing if there's a technology that can help them accelerate what they're doing in-house.

And then late stage, what we're always looking at is, are there novel assets that have clear, differentiated attributes and then can we bring them in and create more value than the companies can on their own. And that may be bringing them through our clinical operations group, or can we do more commercially with these products? So that's how we view, it's always from a lens of science, that is how we start with anything that we assess. Fiona?

Fiona Marshall: Yeah, I think our main aim is to find drugs that bring real benefit to patients where there's clear unmet need and where that drug can really change medical practice. Where we like to partner is where we as a company can really add value to the asset. For example, that could be through our manufacturing capabilities or clinical development teams. We want to maximize opportunities for molecules as they come through. And the example of that was our Pandion acquisition of their IL-2 R-alpha agonist. This is for autoimmune diseases. And here, we can really explore all the possible indications where that could bring benefit.

Ian McConnell: Dean, anything to add?

Dean Li: Yeah. I would also emphasize that the world of science and technology and biology is far larger, and we recognize that. So we have done partnerships in technologies that we want to get a sense of the movement of the field. There is a whole world of science, technology, biology, and innovation that occurs outside, and we must be in touch with it.

Ian McConnell: How are new therapeutic modalities and technology platforms changing drug discovery and development?

Dean Li: There has been really acceleration in the different types of modalities or type of molecules that become medicine and vaccines. And we've seen that play out really in the last five to 10 years with the emergence of not just mRNA, but RNA technology, continued advances in gene therapy, the advances in cell therapy, especially in relationship to oncology. But I would also emphasize that there's still enormous amount of innovation happening in biologics. We're going from single antibodies to really multimeric, complicated, elegant multi-antibody cytokine engineering, protein degraders. So all of them are moving the needle substantially.

And I'll just put out some examples in relationship to that. We've made some investments in relationship to cell therapy, in relationship to oncology. We've made some bets in relationship to RNA technology, especially sRNA technology recently. We've made bets both internally and externally in terms of protein engineering and in more sort of complex and elegant antibodies such as the trinket technology of using immune engagers. So those are all places that we want to innovate our technology, but we keep a keen eye on the application of that technology to a really differentiated product that can really stand out in clinical studies and in clinical trials. Fiona?

Fiona Marshall: The thing that excites me about all these modalities is they're actually allowing us now to make previously undruggable proteins and pathways druggable, and they're allowing us to really separate out opportunities for efficacy from adverse effects, which quite often can occur through related biology. I think a good example of this is the Acceleron partnership.

The other thing I could mention is that we're actually using new technology platforms, not just as therapeutics themselves, but also to understand basic disease mechanisms. And that's pointing us to new discovery targets. And then we're increasingly looking to partner in companies using machine learning that can enhance drug discovery processes.

We don't just want to play with the latest, cool thing that's there — well, the scientists would probably like to — but ideally we want to make sure there's a problem that needs solving and where we can bring in a new modality or strategy that really could bring an advantage.

Ian McConnell: Thanks for that, Fiona. Of course, collaborations are a two-way street. What makes us an attractive collaborator for the biotech and academic communities?

Dean Li: We're interested in working with others, but they have to be interested in working with us. I just want to emphasize, Fiona and I come from a background, not solely in big pharma. We came from smaller biotech companies. When you're at the smaller biotech company, the question you have is not just, do you want to do a deal with big pharma? You're asking, what can that big pharma deal do to advance my biology, my technology? So this issue of... we have to not only say that it's interesting to us, but we have to ask the hard question and answer that hard question as to why we are the preferred partner to that company. They have to feel that, they have to know that.

I'm going to actually turn it over to Sunil, but I can just tell you relationship matters. Because fundamentally, in business development or in any deal, the fundamental currency that you have is trust.

Sunil Patel: Yeah. So we know it's a two-way street when we're dealing with the biotechs and we need them to want to partner with us because they have other means. And it isn't always that they need to go to a pharma. So we have to build that trust. We try to be very thoughtful and transparent when we engage with any of our partners. When we say something, we want them to know that we're going to carry it through. And that comes with that theme that you heard earlier, which is the one pipeline, right? We're not trying to bake off a program against theirs. We need them. And we show them that we'll treat their program as though it's our most important assets.

We want the partners to engage with our scientists. And even if a transaction doesn't occur, what we've heard so many times from our partners is how helpful and thoughtful our scientists are in engaging with them and how it's helped advance them. The real testament is when we get repeat business from our partners. We have so many of our partners coming to us saying, "You know, you were such great stewards of our program and engaging with us on

program X. Well, now we have two others, and we want you to have the first look to partner with us.”

Ian McConnell: Sunil, can you tell us a bit about your business development team? And what could a potential collaborator expect?

Sunil Patel: We lead with science, we have a very broad and vast search and evaluation team that's working hand in hand with the scientists. When we engage with a company, we try to be very thoughtful in how we approach them, understanding what their needs are, trying to let them know what are the key scientific issues we're looking for.

The process is once we find something, we really try to move very quickly with the biotech community. We try not to extend any of our discussions. We're very crisp and clear on what we're looking for. Whenever we look to execute the deal, it has to be good for both sides. And we've tried to embed in our teams that if the deal is too one-sided, it'll never work at out. So we're always trying to find that sweet spot where we both can feel great about what we're bringing forward. Dean or Fiona, if there's anything...

Dean Li: Sunil talked about search and evaluation. It is his BD team, but I just want to emphasize how integrated it is with MRL. This is hand in glove. You get the full service of MRL because this is a critical decision for us. Why? Because it's one pipeline.

Fiona Marshall: Maybe I'll just comment on our strategic business review meeting. Every couple of weeks, the whole management team comes together to discuss the new opportunities that are coming through. And we review those, we discuss them quite broadly across the company and it involves people from, right the way through commercial, the clinical people, discovery colleagues, and across all the different therapeutic areas. So we can have in the same meeting, a discussion about gene therapy for neuroscience or a Phase 3 oncology asset, and we're able to make decisions in that way about what is really the most exciting science that has the most opportunity for patients.

Ian McConnell: How does MSD think about the size and stage of assets they are seeking following an acquisition like Acceleron?

Sunil Patel: We don't put a size limit on it. You've seen us do acquisitions and collaborations across the whole spectrum. We've brought really great assets in from our partnerships with AZ and Eisai, which were helping us bring in compounds that we could grow further by adding it in with our clinical operations group. We've done earlier stage clinical deals, such as Pandion, VelosBio. And we've done something much later, which has a larger dollar tag, which is Acceleron. But all of those we thought were very high-quality assets, ones that had very unique, differentiated attributes to them and assets that we thought we could do more with by owning them.

Ian McConnell: Dean?

Dean Li: When we think about the size and we think about the opportunity, we always think about what is it that we can do with this kind compound that is unique to us and what insights we might have that allow us to have that confidence. So Acceleron, although it's an external, larger size deal, is very much along this view that we can do something with this compound that we've learned from our own internal programs. So again, I just want to reemphasize it's one pipeline. We clearly have to think about the size from a financial standpoint, but that's at the end of the discussion, not at the beginning of the discussion.

Fiona Marshall: Often what you see out there is only the tip of the iceberg, which is the latest-stage clinical assets, but below that is all of the company that has generated those. What we've done is actually set up new groups in Cambridge and recruited many of the Acceleron discovery people into that group. Acceleron had a lot of earlier programs still in preclinical that we've now incorporated into that group, and we're working our way through. And that team is now a foundation for us to build further biology and expertise in this area in the longer term.

Ian McConnell: How is our global footprint important to our business development capacity and reach?

Dean Li: I'll take a first stab. Clearly, the United States has a lot of biopharma investment and a lot of activity, but it would be remiss if we thought that was the only place that great innovation occurs. We've placed a site in the UK because we thought that was critically important for the internal talent, but also all the external abilities to touch other companies. Also in Japan and China, there is a lot of opportunity. So when we think about innovation that can affect in a potent way the course of medicine, it would be very important that we use our global network to look at the full scan of opportunities. But Sunil?

Sunil Patel: I think that's right, Dean. As we think about BD — and I think you're right, a lot of the focus is on the U.S. because they have a very rich venture capital market here — but we view BD as a global effort. And I think just to build on what Dean said, we've had great success in Japan over our history and doing wonderful collaborations.

We've done key collaborations in China and we look to do more as that market keeps evolving as a scientific ecosystem. And then Europe, I constantly am impressed — beyond impressed — of what great science is going on. So we have a constant engagement across the globe in all of the key scientific areas. We view BD, we view science as a global in nature, and our BD extension also mirrors that.

Ian McConnell: Thank you for that, and thank you all very much for your time today. Until next time, I'm Ian McConnell. Thank you, bye.