Professional communication helps turn a biotech start-up into an attractive proposition

Interview with Philippe Dro, CEO of GlycoVaxyn, the Swiss vaccine developer recently taken over by GSK

In 2014, the major life sciences companies have performed mergers and take-overs on a record scale. Alongside potent buyers such as Novartis and Roche, Switzerland boasts a dynamic life-sciences industry that continues to raise the interest of Big Pharma. Vaccine developer GlycoVaxyn, an ETH Zurich spin-off, has only recently been acquired by GSK for 212 million dollar. We talk to GlycoVaxyn CEO Philippe Dro about how professional communication can support the development and funding of a young research company and why a trade sell and not an IPO won the day.

In 2014, major life sciences companies have performed mergers and take-overs on a record scale: According to an EY study, the value of all transactions globally in 2014 amounted to 223 billion dollars, an increase of 150% compared to 2013. Swiss heavyweights Novartis and Roche were involved in four of the ten largest transactions.

On the other end of the scale, the biotech scene in Switzerland continues to include innovative research companies that arouse the interest of buyers. One of these is Covagen, specialised in the development of multi-specific protein therapeutics. The ETH Zurich spin-off was taken over in 2014 by Cilag, a subsidiary of Janssen. And vaccine developer GlycoVaxyn, another ETH Zurich spin-off, has only recently been acquired by GSK for 212 million dollar. Philippe Dro, CEO of the research and development company based in Schlieren, has already set up a number of different biotech companies in his career. We talk

to him about the role played by professional communication in the funding and development of a young research company.

Ensuring funding is the number one challenge of young biotech companies. What are the crucial factors in order to convince investors?

This is a little bit like the problem of chicken and egg. If you have a convincing business case, it is undoubtedly also easier to get investors interested. The way that you communicate your business case decides at to whether you can really convince the other side. Other important factors are the quality and track record of the management team. Investors expect a coherent and consistent equity story. The main challenge is to present the business plan realistically, but also to make clear to investors the potential "uptake".

You have already supported various pharmaceutical companies during very different stages. What are the classic communication errors that young companies should avoid at all costs?

In my experience, start-up companies pay too little attention to communication. That means that they do not plan their communication deliberately and stringently. It is crucial for management to discuss and define positioning and messaging on the basis of strategy and business priorities. And also that these messages are disseminated consistently - be it through interviews with trade or financial media or through attendance at scientific conferences and investor events. In brief, they have to ensure that they and their technology and pipeline are known within the industry and by investors. This recognition also helps them to recruit the scientific specialists they require.

And what else tends to go wrong in communication at times?

Quite frequently, the challenges of clinical development are underestimated, as clinical trials often take longer than planned. Such set-backs are normal within the industry and not unfamiliar to biotech investors either. Many companies then make the mistake to keep a low profile during difficult stages. However, in such situations it would be especially important to reveal the reasons for these set-backs and to outline how these difficulties are going to be overcome.

A number of Swiss biotech companies are named as IPO candidates. What requirements have to be met for a biotech company seriously to consider a launch on the stock market?

There are technical and business aspects that have to be met. Technical requirements include the auditing of business results in accordance with IFRA or formalised corporate governance rules. However, a consistent and convincing equity story remains the lynch pin of a successful flotation: Why should someone invest their money? How credible are our equity story and our team?

What were the arguments in favour of a trade sell and against an IPO?

GSK had already been a GlycoVaxyn shareholder and strategic partner. Both teams have worked closely for the last three years. Respective strengths and weaknesses of both partners were well known. For that reason, a sell-off to the strategic partner had always

been a realistic option. The preparations that we put into place for a possible IPO have undoubtedly hastened the selling process. And then the timing has simply been spot-on: following their takeover of Novartis Vaccine, GSK wanted to consolidate its leading role in the vaccine business.

Also, the risks associated with funding the further development of our vaccines are many times higher in a stock market launch than in a Big Pharma sell-off. Don't forget: after a stock market launch, you need a continuous flow of news about relevant progress in the development in order to keep your investors happy!