

pharma

ISSN 2644-2787



TECH OUTLOOK

APAC SPECIAL

DRUG DISCOVERY
SERVICE EDITION



Hideyuki Hirama,
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Gemseki

A DRUG CANDIDATE
MARKETPLACE TO ACCELERATE
DRUG DEVELOPMENT



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A DRUG CANDIDATE MARKETPLACE TO ACCELERATE DRUG DEVELOPMENT

By Stacey Smith

Innovation is the driving force behind the pharmaceutical industry. And, innovation calls for information sharing. However, the pharmaceutical industry has been a very conservative and closed landscape where new players find it impossible to enter the market while those within the industry hold critical information to themselves without any open collaboration. This has led to information asymmetry. The situation is slowly changing due to open innovation efforts from some companies, yet there is a wide range of information asymmetry present between various players in the industry, out-licensors and in-licensees, as well as biotech and large pharmaceutical companies. This information asymmetry generates “market failures,” where the pharmaceutical companies are unable to uncover optimal outcomes or potential breakthrough drug discoveries. The industry needs to move toward open innovation, which entails more licensing and partnering efforts where information flows between various players.

With over ten years of experience in the pharma and life sciences industry and an MBA degree from the Harvard Business School, Hideyuki Hiramata observed these challenges and decided to revolutionize the scenario with the idea of open innovation. With Gemseki, he created an open marketplace, the “Drug Candidate Marketplace” to list drug candidates, therapeutic targets, and drug discovery technologies (assets) that are available for partnering and licensing. Today, there are many assets that require partners for development at pharmaceutical companies, start-ups, and academia to move to the next stage in the drug discovery phase. However, there are challenges in generating optimal outcomes due to the information asymmetry, lack of resources of each player, and connections. Hiramata wanted to bring an Amazon-like marketplace to the pharmaceutical industry and introduce easy access to asset information for drug discovery and development. With Gemseki’s Drug Candidate Marketplace, participants can license in or license out a variety of



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assets. The marketplace lists information of these assets seeking partners while Gemseki actively looks for potential licensees within its own network. These assets can then be utilized efficiently, and the development can be expedited through new combinations.



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“This is not as easy as selling and buying of stocks or commodities,” says Hirama, which is why Gemseki takes an innovative approach toward licensing/partnering activities by actively engaging in discussions and negotiations while providing a web-based Amazon-like platform. Gemseki becomes an integral part of the innovation ecosystem among pharmas, biotechs, new industry players, academia, investors, and government to fulfill the gaps created by information asymmetry. “We create a bridge between a company that wants to derive and publish its own drug discovery assets and a company that wants to take over and develop it,” says Hirama.

Connecting Licensors with Licensees

As opposed to the current one-to-one scheme of the out/in-license of drug candidates, Gemseki’s platform features a many-to-many scheme with active engagements. This means that potential licensors can easily connect to potential licensees. The platform enables out-licensors to perform sustained partnering activities at all times, and in parallel, the Gemseki staff conducts active out-license activities utilizing a global network and participating in many partnering events. The web-based platform and Gemseki’s robust network also give out-licensors access to R&D departments as well as business development departments, which proves to be beneficial, particularly for innovative assets. Once engaged, Gemseki provides advisory support for drug development and partnering strategies for clients without any additional charge. What is more, Gemseki takes a candid approach by establishing a success fee business model where they levy charges to out-licensors only when the agreement is executed and out-licensors receive cash from the deal. This fee model, without retainers and fixed fees is a big differentiator compared to models adopted by traditional industry players.

Highlighting the uniqueness of Gemseki, Hirama points out that the company provides hybrid services, combining web-based, many-to-many approach and active one-to-one engagement to potential licensees while charging out-licensors only success fees. The marketplace’s many-to-many schemes open up new avenues for a number of potential licensors and licensees. Also, the experienced staff of Gemseki removes the resource limitations for pharma companies for individual contacts with potential licensees. By firmly stating licensing criteria of potential licensees through its own and group networks, Gemseki can identify appropriate potential licensees of

each asset and approach them proactively to generate results.

With its Drug Candidate Marketplace, Gemseki enables out-licensors to list various assets to increase the opportunity and probability of out-license in parallel with the activities of their licensing department. Out-licensors can continue their partnering activities without restrictions. On the other hand, in-licensees can benefit from Gemseki’s collection of assets and can utilize its services without any charges and restrictions to receive non-confidential information. Thus, the Gemseki model is easy to use for both out-licensors and in-licensees.

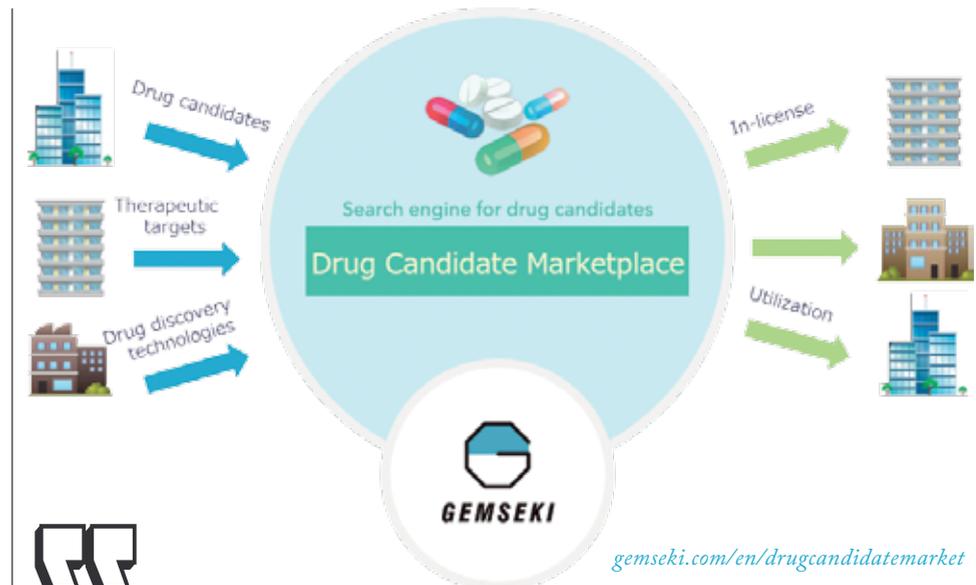
The process starts with the execution of a service agreement between a potential licensor and Gemseki and uploading of asset information on the website, where names of the compound and the organization are kept anonymous. The second stage of the process involves potential licensees who send inquiries to Gemseki for more information or potential licensees Gemseki identifies based on the accumulated database of each company’s licensing criteria. Here, Gemseki provides non-confidential detailed information to these potential licensees after confirming with the originator to start mediation with these potential licensees. After reviewing the non-confidential information, the potential licensees communicate to Gemseki about their interest in licensing. In the third step, Gemseki executes a confidential disclosure agreement (CDA) for the transfer of confidential information and licensing activities if the potential licensee would like to move forward. Finally, upon execution of the licensing agreement, out-licensor pays the contingent fee to Gemseki. In the entire process, Gemseki provides all necessary support, including support for discussions and negotiations.

Owing to its exceptional qualities in the drug discovery field, Gemseki has been selected as one of the “Top 10 Drug Discovery Consulting/Services Companies in APAC 2019,” by “Pharma Tech Outlook.”

The Go-to Marketplace for Pharma Companies

Since its launch in Oct 2017, Gemseki has rapidly grown worldwide. Gemseki has been attracting many out-licensors and has accumulated more than 80 assets available for partnering, 25 percent of which came from Japan and the rest 75 percent from the U.S., Europe, and other Asian regions. Biotech companies, small-middle size companies or universities that have limited access to overseas network seek help from Gemseki to bridge the gap through the global web platform. Similarly, large pharmaceutical companies that wish to promote their assets and increase the chance of finding partners also approach Gemseki to get multiple leads. Gemseki’s clients also include pharmaceutical companies that have discontinued their drugs and want to reach out to potential partners for their assets. Moreover, Gemseki has been establishing a relationship with venture capitals who wish to find partners for their portfolio companies. Accordingly, with the rapid increase of assets on the Drug Candidate Marketplace, Gemseki has been attracting a lot of potential in-licensees. In fact, Gemseki has undertaken quite a few deals under CDA negotiations.

Going beyond their efforts to help pharma companies find suitable partners, Gemseki contributes to society by supporting the development of valuable drug candidates. “There are a lot of hidden drug candidates in the world that hold great potential. We, as a portal platform company, hope to help turn these gemstones or hidden drug candidates into brilliant gems or valuable new drugs,” mentions Hirama. Keeping this vision in mind, the company’s name,



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Gemseki, was created by combining “gemstone” and “genseki” (gemstone in Japanese). The company is built as a subsidiary of Shin Nippon Biomedical Laboratories, Ltd. (SNBL), the largest preclinical CRO in Japan that has been supporting this new model. Therefore, Gemseki can capitalize on the accumulated network and experiences of its parent and group companies. By using this group capabilities, Gemseki is considering its future plan to expand its capabilities toward incubation and investment roles for the life science industry.

Gemseki staff consist of varieties of experienced professionals in the industry, including the fields of business development, pharmacology, toxicology, regulatory and drug pricing strategy. By firmly stating licensing criteria of potential licensees through its own and group networks and examining each asset in depth, Gemseki’s experienced staff can

identify appropriate potential licensees of each asset and is incentivized to approach them proactively to generate results due to the success fee structure. With a vision to make Gemseki the go-to marketplace for the pharma and life science industry, the company intends to expand its ever-growing network. “Our goal is to enable pharmas, biotechs, or academia—that have difficulty in maintaining full-time professionals for international activities—use Gemseki’s platform to find the best partner,” explains Hirama. “I would like to contribute to the industry to create an environment through partnering and licensing.”

From a geographical standpoint, the operation of Gemseki is already global. The company currently has staff in Japan, the U.S., and Greater China and plans to further expand its international footprint to help local clients augment their capabilities using a global web platform. Ph

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Drug Discovery APAC Service

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Top 10 Drug Discovery Consulting/Services Companies in APAC - 2019

The drug discovery services market today is influenced by technological advancements and growing demand for cancer treatment. What is fueling the growth of this market is people's increasing concern about chronic diseases, growing patient pool, increasing government assistance, and enhancing the regulatory framework, among other reasons. Steady advancements in the drug discovery technologies are paving the way for new and unique products.

In this edition of Pharma Tech Outlook, we bring the list of top 10 drug discovery consulting/services companies in APAC. The edition features Axcelead, a Japan-based pharma and biotech company that helps drug institutes streamline the implementation of drug discovery procedures. The company offers a one-stop-shop service tailored to the needs of each process. Another company that finds its place in the list is Gemseki, a company that has contributed immensely to the pharmaceutical industry. The company serves as a connecting agent for licensing-in/licensing-out of drug candidates, drug

discovery technologies, and therapeutic targets. Gemseki provides a detailed summary of the candidate drugs or technologies when inquired. Based on the information, customers can choose to involve in the process of due diligence. Similarly, PharmAbcine, a research-oriented biotech company, focuses on the development of therapeutic antibodies. The company has created many pipelines under clinical development. For commercializing antibody therapeutics PharmAbcine's services come across one of the best choices. Also, the cost and scope of every service are determined through prior consultation.

With several innovative services and success stories up their sleeves, these companies are constantly proving their ability in the drug discovery expanse. We hope this issue of Pharma Tech Outlook helps you build the partnership you and your firm needs to drive success.

We present to you Pharma Tech Outlook's "Top 10 Drug Discovery Consulting/Services Companies in APAC - 2019."



Company:
Gemseki

Description:

Provides a platform for pharmaceutical, biotech companies, and academic institutions to connect through partnering and licensing easily

Key Person:
Hideyuki Hirama,
President and CEO
Dr. Ryoichi Nagata,
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Website:
gemseki.com/en/