

#### OI INSPIRATIONAL CASES



### PREPARING THE PRODUCT PIPELINE THROUGH OPEN INNOVATION

After a successful career in the IT industry, Pawel Przewiezlikowski and Bogdan Sieczkowski decided to set a new challenge for themselves – to establish a biotech company in Krakow, their home city. Now it is the largest biotech drug discovery company between Germany and India developing innovative first-in-class drugs.

- Selvita S.A. is a drug discovery and development company which researches and develops therapies, primarily in the area of oncology, and provides integrated drug discovery services worldwide.
- It was established in 2007 by former managers of Comarch, one of the leading IT companies in Poland, Pawel Przewiezlikowski and his colleague Bogdan Sieczkowski.
- Today it employs more than 400 researchers, has opened offices in the US and UK and is listed on the main market of the Warsaw Stock Exchange.
- The company has alliances and partnerships with more than fifty large and mediumsized pharmaceutical and biotechnology companies in the USA and Europe,

#### The Origin of the Open Innovation

The business was founded at a time when only a few companies were active in the biotech industry in Poland. The founders had little experience of the biotech industry themselves, but they had faith in the excellent biotech research being carried out in Krakow, home to the best universities and research institutes in the country. Among them, they have the highest share of cited publications on molecular biology in Poland. The two entrepreneurs saw the potential to turn this accumulated scientific knowledge into a viable business.

There were many challenges along the way, but they starting by employing two scouts who helped to make a list of 700 of the most promising Polish scientists. Later Selvita met with 400 of them, looked closely at 100 research projects and ended up buying two of them.

It was not easy at the beginning since the company had no clients, no managers with experience of the industry and no known brand – in a country that had little reputation in the biotech field. In addition to having to overcome these barriers, Selvita had to raise capital, a serious issue in this sector in this part of Europe, combined





with the fact that the search for new drugs is very risky in itself.

#### Open Innovation Journey

Open innovation was at the core of Selvita's initial strategy and business model. The founders decided to rely on collaboration with research institutions and other partners in sourcing ideas and developing products. The idea was to select promising research projects and to develop them to a stage where they would be interesting for big international companies, either to buy or to undertake further collaborative research funded by the corporate partner. The two entrepreneurs saw themselves in the role of commercialization intermediaries between public research and the pharma industry.

In 2007-2008 Pawel and Bogdan launched a strategic search process for promising projects. In these early years, they selected two strategic project: one of them known as SEL103, a compound for treating Alzheimer's disease, was licensed in from the Institute of Pharmacology of the Polish Academy of Sciences (IF-PAN). However, later on Selvita's strategy shifted. As they started hiring scientists, they developed their own internal research capabilities.



They found that they could generate project ideas in-house and therefore there was no longer any need to license in research results. Nowadays, most of the projects in their pipeline originate internally.



On the other hand, the company has developed partnerships with other businesses downstream in the value chain. These partners include both medium-sized biotech companies and large pharma companies around the world. One example is Selvita's proprietary project SEL103, a symptomatic Alzheimer disease treatment, which since July 2010 has been developed in partnership with the Finnish company Orion.

Under the terms of their collaboration agreement, Orion committed to fund the further development of the drug by Selvita over a period of two years. After that Orion took an option on the further development of the drug. Selvita's deals with Merck Serono as well as H3 Biomedicine are based on co-discovery collaborations. Selvita receives up-front and/or milestone and royalty payments.

In 2016 Selvita, together with Epidarex Capital, established a joint venture, Nodthera, headquartered in Edinburgh, Scotland. Nodthera

### KEYLESSONS

took over the technology developed internally by Selvita. It has potential applications across several health conditions with high unmet needs, such as cancers and non-malignant diseases like diabetes, rheumatoid arthritis and Alzheimer's disease.

Today, Selvita has alliances and partnerships with more than fifty large and medium-sized pharmaceutical and biotechnology companies in the USA and Europe, including R&D partnerships with Merck, H3 Biomedicine, Nodthera Therapeutics, as well as Menarini Group and The Leukemia and Lymphoma Society.

#### Impact of the OI Collaboration

Today Selvita is a company focused on providing its third-party partners with comprehensive solutions in the fields of chemistry, biotechnology and bioinformatics, thereby enabling them to reduce the costs of marketing their innovative products. The services provide Selvita with stable growth. The company is also implementing its own projects aimed at developing original chemical molecules with therapeutic effects. They have already started clinical trials of their first drug candidate based on the molecule that they had licensed in in 2009. Selvita started making a profit in the fourth quarter of 2013.

By 2020, the company aims to have one thousand people on its payroll (800 in services and 200 working on its own internal pipeline). They are targeting fully owned Phase II programmes in oncology, and a market capitalization of roughly EUR 365 million. Selvita is also planning for 30 percent annual growth and significant advancements of their pipeline.



PAWEL PRZEWIEZLIKOWSKI CEO

## IDEAS MAY COME FROM PUBLIC RESEARCH BUT VALUEIS GROWN BY THE COMPANY

Starting from a licensed-in molecule in 2009 and after synthesizing around 1300, Selvita started pre-clinical trials in 2015 and commenced clinical studies in 2017.

# FUNDING THE LONG DEVELOPMENT CYCLES IS POSSIBLE WITHOUT VENTURE CAPITAL

Selvita was funded by the founders' equity, R&D services, and government grants. Later, the company raised capital on the NewConnect exchange in 2011 and then the main market of the Warsaw Stock Exchange in 2014.

#### STRATEGIC COLLABORATIONS MAY TAKE DIFFERENT FORMS

It is important to learn how to manage them.

## IN COLLABORATIONS, REPUTATION IS AS IMPORTANT AS IP

Once you work with big pharma or a world-known company, it gives you proof of concept and validates your work and your existence for the rest of the pharma world.

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The INSPIRE project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 691440 – INSPIRE.