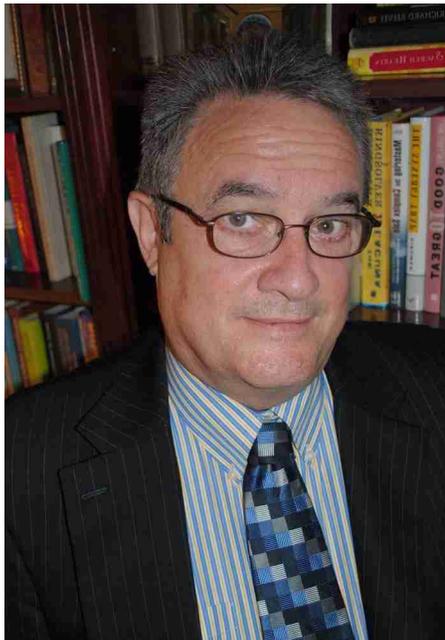


In a New Category with a New Business Model integrating a L.P. Venture Fund with an Operating Biotechnology Development Company, BioPoints Alliance LLC is bridging the Innovation Gap in the United States between Discovery and Industry Commercialization

### Biotechnology Venture Capital

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**Richard Basile**  
CEO

#### BIO:

Mr. Basile is a Biopharmaceutical executive with 30 yrs international experience within early stage and Fortune 100 Pharma/Biotech including licensing, M&A, product development and commercial launch in anti infective, cardiovascular, immunological, dermatologic and metabolic disease segments. Mr. Basile has participated in the launch of more than 15 pharmaceutical and biological products

including two top 5 global products, ciprofloxacin and nifedipine, as well as leading biotechnology and protein therapeutic products including rVIII and IV immune globulin. Appointed VP of corporate strategy, finance, and business development of a \$1.2 billion international biologics business unit with responsibility for licensing, M&A, JV, financial planning and reporting, and R&D Alliances, Mr. Basile played a leadership role on the senior executive team in the consolidation of a new global business unit at Bayer AG. (Bayer Biologicals). Prior to that appointment, Mr. Basile served in several senior marketing, sales and strategic marketing capacities' at Bayer Pharmaceuticals, and was President and General Manager of a Bayer subsidiary, Rhein Chemie Corporation. More recently, Mr. Basile was the founding CEO of Entegriion (formerly Hemocellular Therapeutics), an early stage biotech company founded on UNC-CH invention in homeostasis, Executive VP at Mylan-Bertek, and was the global commercial head of Diosynth Biotechnology, part of Organon Biosciences where he also served on the executive management team of Organon (now Merck & Co) responsible for biotechnology business development, with focus on oncology and immunology.

#### About BioPointis Alliance:

A new business model formed to address the challenge of how to both finance and develop academic discoveries into viable drug candidates that can be commercialized by the biopharmaceutical industry. The industry has significantly reduced its internal drug discovery research, trig-

gering it to become permanently dependent on accessing new biomedical discovery science from academic and research institutes. Not only is this creating a rapidly growing market demand, but existing models such as traditional venture capital backed start ups and accelerators are not structured to satisfy it. BioPontis Alliance is the firm capable of bridging the Innovation Gap in the United States. The key to BioPontis Alliance accomplishing this objective is the integration of the scientific and commercial expertise of the principals of BioPontis Alliance with that of its University Alliance Partners (UAPs) and Translational Science Network members, along with BioPontis strategic relationships with industry.

**Interview conducted by:**  
**Lynn Fosse, Senior Editor**  
**CEOCFO Magazine**

**CEOCFO:** What is BioPontis Alliance?

**Mr. Basile:** BioPontis Alliance is a new enterprise which focuses on translating discovery research conducted at the major academic research institutions in the United States into potentially transformative medical treatments for serious human diseases. BioPontis Alliance brings the pharmaceutical industry into alignment with the creative academic scientists through our system of integrating investment funding with product development expertise. BioPontis Alliance integrates two entities: BioPontis Alliance LLC, an operating development company whose management team directly develops the portfolio of assets sourced from the Bio-

Pontis University Alliance partnerships, and provides translational development through the BioPontis Alliance contract research partners, guided by strategic translational agreements with Celgene, Janssen, Merck, and Pfizer, and, BioPontis Alliance FUND I L.P., the investment fund that capitalizes the BioPontis Alliance portfolio's development and provides investor returns.

**CEOCFO:** What role is BioPontis Alliance playing in development, strictly financial, or advisory? In which category does BioPontis belong?

**Mr. Basile** We are a new category-a new business model which is the integration of a L.P. venture fund with that of an operating biotechnology development company specifically designed to bridge the 'valley of death' between academic discovery and industry commercialization. Let me expand on this: sometimes, the space between academia and industry is referred to as the "valley of death", indicating a chasm between academia's ability to develop the discovery research towards standards of applied development that meets the robust requirements of the commercial industry; with respect to its interests in investing in new science which has promise, but is still quite a distance away from proving itself to treat human disease. The industry, at the same time, has a deep and long-term interest in accessing such academic science if it is developed adequately to meet their standards for human clinical trials. BioPontis Alliance represents a hybrid structure which for the first time integrates and aligns the interest in the stakeholders in the community. This includes the faculty inventor and his/her institution, biopharmaceutical companies with interests in accessing the science after its been thoroughly, fully, and pre-clinically developed and demonstrates the robustness to enter human trials, and both strategic and financial investors that can participate in generating financial returns through an asset based portfolio of pre clinical therapeutic technologies. In order to bring a new solution to

early stage therapeutic asset development and address the 'valley of death', BioPontis Alliance found three things had to be achieved: 1) a new capital model had to be established which met very high efficiency and productivity standards in order to overcome the risk in early stage conversion of scientific discoveries into tangible candidates for drug products; as well as a sustainable capital model which could return capital gains to investors confidently. 2) We had to establish a very robust technical scientific development platform, which would provide access to the complex and required scientific laboratory and development resources to develop this science, yet avoid the overhang of fixed costs. As you know, this is a complex area, and the scientific capabilities necessary to develop new drug targets and candidates for the human clinic require access to a very broad and diverse set of competen-

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cies. BioPontis Alliance has done so by establishing a global best-in-class network of contract research partners who have also made unique commitments to BioPontis as part of this model. And finally 3), BioPontis had to overcome what academia sometimes calls the "relationship gap" between academia and industry. That is to say, a structured partnership that aligns the interests of research faculty seeking new knowledge to uncover the underlying mechanisms of disease with industry stakeholders interested in identifying new approaches to treating unmet clinical needs of patients suffering from diseases in areas such as cancer, neurology, inflammation and infectious disease. Hence, BioPontis Alliance can provide opportunities to treat such disease in new and novel ways needed to bridge an industry culture much more focused on investments and returns, budgets, timelines, and meeting regulatory requirements to

advance science to the market. In doing so, we have constructed BioPontis Alliance to be a GP/LP structured fund which will invest in a portfolio of assets, and will be capital efficient by avoiding redundant G&A investments and independent companies. Rather, it will house intellectual property from our university partners in subsidiary special purpose vehicles of the FUND, which the fund invests in. The FUND will also provide the ability to generate returns back to our academic partners and our investors upon exit of those portfolio assets that succeed in getting to an exit point. BioPontis then forms a very elaborate and best-in-class capability to develop each scientific asset. We integrate the inventing faculty into this process. We have come on to a novel paradigm with academic partnerships, both economic and scientific, and brought some of the leading global pharmaceutical companies into partnership on the market side who ultimately are the customers of this science. In turn, we enjoy the ability to screen and vet academic science that marries well to the world's leading pharmaceutical companies' priorities to commercialize new products to treat disease across global markets. We have access to confidential information from our industry partners, which allows us to screen, select, and develop technology assets in a way not done before in the industry. We believe we are on the verge of a new paradigm breakthrough with what we are doing in this early stage space.

**CEOCFO:** When BioPontis is looking at the technology to take into the fold, what are the criteria; and where does gut feeling and instinct fit in with the intangibles?

**Mr. Basile:** I will answer that in two ways: First, our university partners inform us of new intellectual property, developed by their researchers in the fields we are focusing on: cancer, neurology, inflammation and infectious diseases. We evaluate those discoveries against criteria, which include input by our translational development partners, which are cur-

rently Pfizer, Merck, Janssen and Celgene. These companies and their scientific research experts contribute to the evaluation by our own scientific experts and those of our contract research partners. BioPontis is comprised of a team of drug discovery and development experts who have many years of experience in developing and translating early scientific discovery into products in the industry. They in turn have access to a broader universe of knowledge capital, if you will, to help in the assessment selection and final decision of what BioPontis Alliance will invest in. This is the process I just described. Second, gut instinct is a small but real component of making decisions on which nascent science to 'place a bet on'. But no one would or should be investing real capital on a 'hunch'.

**CEOCFO:** Does BioPontis Alliance have right of first refusal to all the technologies or all of the concepts which come out, or is it selective in what a university might present to you?

**Mr. Basile:** Almost all of the academic research accessed at BioPontis Alliance has federal funding underneath it. As such, publicly financed research under Bayh-Dole legislation, which has been in effect for some number of decades now, precludes BioPontis or any other entity, from having a prospective exclusive arrangement of first rights on publicly financed intellectual property. We begin with non-exclusive access, but the ability to have confidential exchange under blanket confidentiality through our partnerships. As we progress, we can then go into a formal diligence, final assessment period where exclusivity is in fact in place upon agreement by our university partner. At the conclusion of such diligence period, we are able to move rapidly to a licensing transaction, because we have pre-negotiated a full license agreement with all of our universities. Such license agreement provides not only for the usual governance of the intellectual property being licensed, but also has been pre-negotiated on the economic partnership, which BioPontis has with universities as well. We are able to put in place a process of

disclosure that ends up in a license and investment in the universities' technology very rapidly. The reason this is the case is we have flipped the paradigm here. Rather than get into a debate and negotiation over what the prospective value of a discovery may be, when it is well too early to be able to address, we said, "let us share in the success. Let us agree on a simple pro rata share of the success of your discovery science that we invest in and develop. Let us provide that pro rata share back to the academic institution, and hence, the inventing faculty, even if BioPontis Alliance's investment in the scientific team actually creates and invents the IP that drives all the value. For example, if we invest in a new target in cancer the faculty discovered and we go on to develop clinical candidates that meet all regulatory requirements, which the academic institution did not contribute to as inventors, we treat them as partners, as if they did. Any liquidity, which is generated by BioPontis, is shared back to that university according to the pro rata share that we agreed upon up front. We take away the barriers of distrust and competing interests by true economic and scientific partnering. The ability to have the inventing faculty feel confident and operate in an element of trust with BioPontis for the first time really has aligned the interests and taken away the concerns that often pervade academic/industry relationships. Therefore, even though we do not have exclusive arrangements on disclosure of intellectual property, we do have a partnership that is very inviting to the faculty inventor to work with us.

**CEOCFO:** Do you find the universities understanding this concept easily, or do they need a lot of encouragement because it is a new concept?

**Mr. Basile:** In the beginning, this question was very common. When you are creating a new paradigm, and you are asking stakeholders to participate and agree to do things which they had not done before, you can imagine there was a great deal of questions, and introspections. In fact, we spent more than a year working with the initial universities' faculty,

senior administrators, and legal resources to construct the definitive agreement, which we operate on today. The charter group universities really put in a lot of effort. The charter group included Columbia, New York University, University of Pennsylvania, and University of North Carolina-Chapel Hill. We had a very sophisticated group of academic centers participating in this. Then we turned to Memorial Sloan-Kettering cancer center, one of the world's leading research institutes - as opposed to a more academic university - setting to complete the process further. Today, when we speak to universities, as I will be doing in Boston next week for example, all of these details have been successfully arranged and in fact have been piloted and put into operational deployment. It is a matter now of explaining to new academic partners how this was developed, and the reception is really quite high.

**CEOCFO:** Can you tell me about one or two of your technologies that stand out?

**Mr. Basile:** Being careful on disclosure, what I can tell you is BioPontis Alliance has identified and is working to create a portfolio of early candidate technologies which will be examined upon closing of our fund, so that we can deploy capital very quickly. We have the objective of making the first initial or two investments within a matter of months following the first close. We have access to, if you will, the most current and contemporary understanding of disease and disease mechanisms that do represent true breakthroughs, and that is what BioPontis focuses on.

**CEOCFO:** Why should investors and people in the business and biotech communities be paying attention to BioPontis Alliance?

**Mr. Basile:** I think the answer to that is BioPontis Alliance knows the following is true right now: the global pharmaceutical industry is restructuring itself, and has all but abandoned its own organic discovery research. That is not a dispute any longer. Therefore, the industry has become by design, dependant on emerging research discoveries at academic research institu-

tions that provide the foundations for products into the future. The second is that the “valley of death” is real. BioPontis knows venture capital has been under increasing pressure, and has been contracting, and is not structured to efficiently and effectively invest in early stage discovery assets generated by academia. The Legacy Venture capital model of individual companies being formed around patents with management teams is no longer capital efficient and responsive to the market pressures necessary to

convert academic research into the products of tomorrow. The market is really pressing for a new solution. BioPontis ultimately is a market-driven solution, which has been powered by these major trends. BioPontis just closed a major biopharmaceutical lead investment in our fund. This investor represents the community of the industry that says that they know they need to get great science. They need to convert that science in an efficient, methodical, robust way, but they need to do so in a way that also

meets the challenge of risk and the complexity of technology transfer in this space. The partnership paradigm BioPontis Alliance is providing now is an enabling platform that we think could be explosive in growth, and will be moving the early value chain of life science investment, investment returns, and the development of great science into great products to treat patients worldwide in a way that is very timely for 2012 and beyond.



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