

Novartis and Verily promote biotech growth

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Novartis and Verily have helped Medicxi raise \$300 million (€268 million) to invest in late-stage drug developers. The fund sees Medicxi move beyond its original focus on early-stage biotechs to give European companies with drugs in phase 2 and beyond an alternative to selling up or partnering.

Medicxi, in its current iteration and as part of Index Ventures, made its name with an asset-centric investment strategy designed to hustle drugs to midphase data on a budget. But it has found that the partnering and M&A exit options available to companies at this stage of R&D are premature and generally suboptimal, prompting it to consider how it can provide biotechs with a better way to get drugs through late-phase trials.

The result is a \$300 million growth fund that will invest \$10 million to \$30 million in each of its portfolio companies. The scope of the new fund starts where that of Medicxi's first fund ends. Whereas the first fund helps biotechs get into and through early-phase trials, the new vehicle will back companies that have one or more drugs in phase 2 and beyond.?

Novartis, Alphabet's Verily (formerly known as Google Life Sciences) and the European Investment Fund (EIF) are the cornerstone investors in the fund. The presence of EIF, the European Union's investment bank, ensures that Medicxi will spend most of the money in Europe.

Medicxi also pulled in cash from most of the institutional investors that backed its first fund. The Anglo-Swiss VC shop raised €210 million from GlaxoSmithKline, Johnson & Johnson and others for that first fund last year.