

Establishing a US Sales Force Through a Strategic Alliance



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In October 2007, ProStrakan Group plc, a fast-growing European-based specialty pharmaceutical company, announced its intention to establish its first US sales force through a strategic alliance with NovaQuest. Dr. Wilson Totten, ProStrakan's chief executive, said, "The establishment of a US sales force is a transforming step forward for ProStrakan and is the realization of a long-held ambition. Our own sales force, marketing our own product in the world's largest market, will take ProStrakan onto a new level. The structure of this deal effectively balances out the risk for ProStrakan and enables us to take this important step while retaining our ambition of reaching break-even during 2009."

ProStrakan is an international specialty pharmaceutical company, headquartered in Galashiels, Scotland, with marketed products in various European countries.¹ Its Sancuso transdermal patch delivers granisetron, an established 5-HT₃ receptor antagonist, steadily into the bloodstream, preventing nausea and vomiting side effects in patients undergoing chemotherapy without the need for injection or having to swallow pills.

NovaQuest is the strategic partnering group of Quintiles Transnational Corp. Since 2000, NovaQuest partnerships have committed more than \$2 billion US in capital to biotechnology and pharmaceutical companies of all sizes.²

The alliance is designed to support ProStrakan's US launch of Sancuso, which is targeted for the second half of 2008 and contingent upon FDA approval. It leverages NovaQuest's experience with launching US pharmaceutical brands.

This article discusses ProStrakan's decision to pursue this collaboration, key issues addressed by the deal, highlights of the collaboration and potential ramifications for other European biotechnology companies.

Keys to the Collaboration

The parties entered into discussions to determine an optimal partnering solution addressing

the following needs of ProStrakan:

- ability to retain intellectual property for its key assets
- ability to establish a commercial presence in the US while meeting other company growth needs
- desire to start selling Sancuso in the US in 2008, possibly followed by other products, as approved
- desire to focus on ongoing pivotal trials for two other strategic products for US markets (see "Highlights" below) in 2009
- intention to break even in 2009 while pressing ahead with the launch of a new brand in a new country

Key Issues Addressed

In addition to the concerns listed above, several other key issues proved instrumental in propelling the collaboration:

- ProStrakan's need to identify a strong commercial partner within the contract sales organization and big pharmaceutical industries
- ProStrakan's need to invest in its own sales structure and management, including key new hires, to market in the US and establish commercial infrastructure
- ProStrakan's need for capital to fund the US sales force
- ProStrakan's desire to delay payment until it gained a solid financial footing while pursuing other assets in late-stage development

Highlights

Key elements of the deal include:³

- exclusive, 75-person US ProStrakan sales force, provided by NovaQuest, prior to the Sancuso launch
- NovaQuest's up-front and milestone payments totaling \$10 million (US) in cash over the partnership's first three years

to support marketing and promotion of Sancuso's scheduled second-half 2008 launch

- ProStrakan's tapering royalty payments on Sancuso sales to NovaQuest over seven years
- ProStrakan's capacity to market and promote future products in the US

ProStrakan and NovaQuest will jointly select the 75-person sales force to drive sales of Sancuso. NovaQuest will pay for the sales force for the first three years following product launch, after which ProStrakan will have the option to absorb the sales force into its own staff.

Two further ProStrakan products are currently in US clinical trials in pursuit of FDA approval. Fortigel (branded as Tostran in most of Europe) is a 2% testosterone gel used as replacement therapy for male hypogonadism when testosterone deficiency has been confirmed by clinical symptoms and laboratory analyses. Cellegesic (branded as Rectogesic in Europe) is a rectal ointment for the relief of pain associated with chronic anal fissures. Contingent upon FDA approval, ProStrakan is targeting 2009 to launch Fortigel and Cellegesic in the US.

Ramifications for other European Biotechnology Companies

This deal exemplifies the benefits of alliance between US companies and European companies seeking entrée into the world's largest pharmaceutical market without relinquishing significant equity, as is typical with traditional out-licensing agreements. This sort of partnership is particularly attractive for European companies wishing to move into the US market but lacking infrastructure and immediate capital for such an expansion. This novel transaction has attracted attention from notable representatives for international trade and investment.

In a press release issued by ProStrakan on 14 February 2008, Prince Andrew, Duke of York, who serves as the UK's Special Representative for International Trade and Investment, said of the partnership, "It gives me great pleasure to see ProStrakan establish itself in the US. I was hugely impressed by the company's ambition and drive when I visited the headquarters in Galashiels last year. I am committed to doing everything I can to help UK companies like ProStrakan expand still further into the global marketplace."⁴

Key Points

- European biotechnology companies

prefer to retain control over intellectual property and their assets in the global marketplace.

- To expand into the US market without sacrificing resources for planned pipeline development, some European biotechnology companies need financially balanced and innovative solutions.
- NovaQuest, with its alignment with a global sales force (Innovex) and CRO capabilities (Quintiles), is in a unique position to craft individualized, mutually beneficial solutions permitting its European pharmaceutical partners to establish a commercial presence in the US market.
- ProStrakan has pioneered this innovative option for European companies to gain access to US markets without diverting critical development resources.

References

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