Interview: Luis Eduardo Caroli – CEO, BioZeus, Brazil



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Luis Eduardo Caroli, CEO of BioZeus, is contributing to the pre-commercial development of Brazilian-born innovations. In this interview he explains how he set up the company and documents the company's unique model of collaboration between local project managers and highly experienced senior international executives to develop academic science, as well as the products he is looking to license to large multinational companies in the years to come.

Could you tell our readers about your career and how you became CEO of BioZeus?

I changed careers from dentistry to law after a condition blinded me for two years. Having recovered from the condition, my eyesight was not precise enough for me to continue as a dentist. During the course of this reconversion, a client of the law firm I had joined after graduating from law school suggested I take over the management of a company I had helped him set up.

My new role did not have anything to do with law. Instead, I was essentially focused on the analysis of potential new drugs and acquisitions to drive the company's growth. We invested in the company's first healthcare project and I assumed the position of board member of this company. After a few years, I became one of the company's partners. The company's was then acquired by a health insurance fund and I remained in office to ensure the smooth transition of operations.

I then joined BBI Financial Fund, the first Brazilian venture capital fund dedicated to life sciences. The market analysis we conducted together concluded there was room for investment in Brazil's academic science. Indeed, most of the Brazilian pharmaceutical companies focused on the

lucrative generic sector without risking their capital while the multinational companies were not in a position to realize the large investments under Brazil’s complex market conditions. Furthermore, despite the ability of Brazilian scientists and universities to come up with innovative health technologies, they lacked the skills to commercialize these. Therefore, we decided to set up a company, BioZeus, to provide academic scientists with the necessary funds and coaching to bring their products to the market.

How does BioZeus direct its investment decision?

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Our company invests in any real-innovation projects related to new human drugs with solid science and a good chance of performing in the market. Our business model is organized into four steps. Firstly, a team of developers scouts for new projects in Brazilian universities. Over the years, we have successfully mapped which universities were the most likely to come up with the innovations we are interested in.

Next, the most important phase of our work begins. We screen all projects and select the most prospective ones with regards to their medical value for the patient, and commercial potential in terms of intellectual property rights. Unfortunately, the guarantee we have done a good job in the second step only reveals itself in the third and fourth phase of our business, which run in parallel. More specifically, our project managers and highly experienced team lead the development of the product in the third phase. Their role is to convert an academic discovery into something that can be set on the tracks of commercialization. Certain projects die during this phase. It might be because the research fails or the pharmaceutical companies we reach out to do not confirm their interest.

In parallel with the third phase, a business development team presents BioZeau projects to big pharmaceutical companies at events such as the BIO Congress. It is important BioZeus presents its projects to the pharmaceutical companies as early as possible to hedge ourselves against the possibility that they die in our hands. Also, it would be a waste of time and money to invest into something for too long before being told it is not worth the investment because BioZeus could have reoriented its investment towards more interesting projects. In the case a project is of interest for a pharmaceutical company, we will get into a commercial and development agreement. As a matter of fact, we have just recently signed a co-development agreement with a company for a diabetes molecule.

The ultimate goal of our investment is to license the production and commercialization of our products to pharmaceutical companies. As a small firm, we are not interested in producing nor commercializing the products that we are developing.

How do you choose projects with the most innovation potential and the best chance of making it to the market?

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The expertise required to assess the commercial potential of an academic discovery is yet to be found in Brazil. Therefore, my Brazilian teams are mostly involved in reaching out to potential investment opportunities, analysis and project management. In parallel, I have hired 13 consultants, mostly international senior executives, to evaluate a projects' profitability. In addition to their role as assessors, the external consultants are helping my team to develop the necessary skills to evaluate and conduct new drug management. My team in Brazil has project management capabilities but its experience in new drug management remains limited. The highly experienced managers and business consultants' support to the project management teams at each stage of the investment is essential to successfully convert a project into a licensing agreement. In the last five years, my team has also developed remarkable abilities in human science trials and formulations.

What does your R&D pipeline look like?

BioZeus has decided not to restrict its horizons of investments. In fact, the projects we have invested in cover a wide array of therapeutic areas and are scientifically grounded in different medical research fields. More specifically, the products we develop are chemical, biosimilars or bio-inspired. In the last five years, BioZeus has successfully licensed eight products and is currently supporting the development of five of them.

Three of these are related to metabolic disease and obesity, another one is aimed at erectile dysfunction and our last is a therapy for rheumatoid arthritis. In light of our current capabilities, I reckon we are capable of funding a new project's access to the market every year.

Our most advanced project is the topical ointment for erectile dysfunction. Its development started following the realization that a spider's venom provoked painful and long-lasting erections. By breaking down the spider's venom composition, the researchers were able to identify which elements of this venom caused the erection. Interestingly, this product is more powerful than its well-known counterpart already present in the market as it can potentially cause erections even in

the absence of sexual stimulation.

Most of our other products are at preclinical development stages and have not yet reached Phase I clinical trials. For example, one of our products is an API with a mere proof of concept. Having said this, I firmly believe each of the projects we are currently involved in has the potential to become a vastly successful licensing enterprise.

How do you intend to finance BioZeus' growth?

Like any developing company, we need to increase the capital we inject in our growth. Based on my forecast, BioZeus would need an additional round to advance the pipeline of products coming in the next years. Having said this, I am not looking for a partner to split the company's capital and investment risks, because I believe we have enough capital to bring the products we need through to market.

Nonetheless, my position as a CEO dictates that I have no choice but to consider the long-term financing vision of the company. Therefore, I am currently reviewing the possibility for a Series C investing round in the next few years to continue growing our investment portfolio base.

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