Interview: Bryan Morton CBE – Executive Chairman and Founder, EUSA Pharma, UK



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21.05.2018

Tags: UK, EUSA Pharma, Biotech, Internationalization, Rare Diseases, Oncology

With an appetite to take the next step in its rapid development, EUSA Pharma has already established itself as a leading rare-disease and oncology biotech company in just a short period of time. Currently active in both the UK and Europe, EUSA is set to further expand internationally, notably in the USA. Its founder and executive chairman Bryan Morton shares some of his plans for the company, while also elaborating on his experience as a 'serial entrepreneur' and his thoughts on what needs to happen to enable Britain to nurture and maintain its locally developed biotech companies.

Can you please introduce yourself, your career path and experience in the healthcare sector?

I originally studied pharmacology and became fascinated with understanding the mechanisms by which drugs worked and provided benefits to doctors and their patients. They are far more complex than many people think, and developing drugs takes huge understanding of science and biology before you can treat disease well. As I was never good enough to become a researcher, I went on to become a pharmaceutical sales representative.

As a 'rep' I learned how doctors diagnose and treat disease, sometimes with drugs, and I met many hospital clinicians, especially ophthalmologists and endocrinologists who depend on specialist drugs to treat difficult diseases. Following a period selling, I then went on to do an MBA to

understand more about the background of creating and running a business. After my studies, I joined MSD and spent a wonderful 20 years in four countries with the American corporation.

During my time at MSD, I learned a huge amount about the workings of the pharmaceutical industry in Europe and the USA. Working in Belgium, I was head of certain corporate functions related to the regulatory environment, and spent time getting to know the EMA and finances of Europe, patent extension and parallel trade. Wanting to move back to the UK, and looking for a change, I subsequently joined Bristol Myers Squibb (BMS). Although I really liked its medical device business, I felt the company had lost its way strategically. Hence, after five great years at BMS I started to test my entrepreneurial skills at the age of 48 and with two young children! A somewhat scary step to take.

But one you were highly successful in. Can you tell us more about your business ventures after becoming an entrepreneur?

The first company I set up was called Zeneus. We created a pan-EU commercial business through the acquisition of certain assets from the Irish company Elan Pharma. We created a fabulous specialty pharma company, which we operated successfully and profitably for just 22 months when we then sold to Cephalon.

My next venture consisted of setting up EUSA ‘1’ as I call it today. This was in 2006, and in 2012 we sold EUSA to Jazz Pharma. EUSA was a transatlantic firm, which alongside its portfolio of specialty drugs, registered and commercialized a paediatric cancer drug, Erwinaze®. Following the sale of EUSA, I went on to gather board experience, with the clear goal of continuing my business education. I chaired the board of ReNeuron, a public company active in stem cells, and sat on the board of Wellcome Trust Syncona, where I gained insights into early-stage investment and company creation.

During this time, I also gained experience with more original technology companies such as Aircraft Medical Ltd, a start-up using aircraft technology to design a video laryngoscope, which was later sold to Medtronic. I also worked for a company called Oxitec that created genetically modified mosquitos that, when released into the environment, can reduce the population of mosquitos that carry the dengue virus. This company was subsequently sold to Intrexon.

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Today, I am again the chairman of EUSA Pharma, which I call EUSA ‘2’, having re-acquired a number of the original company’s assets from Jazz as a base to build an exciting new growth

business. I am also chairman of VH², a spinout from the Sanger Institute of the University of Cambridge. Backed by European and British funders, it is focusing on Crohn's disease and has developed an interesting oral anti-TNF drug that is currently in phase II development. I have also created a company called Izana Biosciences, which was set up through the licensing of a drug called namilumab from Takeda. We are on the verge of starting our Phase II trial in ankylosing spondylitis, a spinal inflammatory disease that typically affects young adults causing severe pain and discomfort. The entire clinical trial will be conducted in the UK, at six different NHS hospital sites, truly exemplifying the potential of the UK Life Sciences Industrial Strategy (LSIS) Professor Sir John Bell has laid out to encourage investment post-Brexit.

What are your thoughts on the LSIS?

I really believe in the LSIS. I think it is something the UK is capable of delivering and something that should be a clear priority for the industry and government. I have long been a strong advocate of seeing accelerated strategies implemented in the British approach to the life sciences industry. We need to pay more attention to developing the people needed to deliver on the strategy. In particular, it has to be our goal to foster tomorrow's global CEOs. We cannot expect them to deliver on their promise if we do not educate them for the task and provide them with the required resources and opportunities.

I also hope we will see a shift in how we finance innovation. I hope there will be a stronger focus from government, and hopefully also private markets in the UK, to drive innovation forward. Like the US, Germany or Switzerland, we need public markets that are more receptive to, and understanding of technology businesses, especially health technologies.

Britain needs to improve its speed of translating great ideas from the academic field into commercial opportunities. At the moment, we are struggling not only with academics who do not always see the commercial opportunity, but also with unbalanced economic incentives at universities. Compared to US universities, many in Britain insist on taking too high an equity stake making funding more challenging than for our US competitors. The mindset has to change, or we will not see great innovation translated in the UK as successfully as it might.

In terms of the LSIS, I believe in the Department of Health and Social Care and welcome the drive of Professor Sir John Bell to transform more ideas into flagship commercial initiatives. Our company Izana Biosciences is an example of Britain successfully trying to create something new. In the UK previously, industry has built companies to then sell them to big American corporations. This is something I believe can change if we build several British healthcare companies with significant

size and value. In order to do that, we have to do a better job not only at mentoring British entrepreneurs to be more global, but also to improve funding with experienced, focused investors. FTSE and AIM can sometimes lack sufficient understanding of the risks and rewards of biotechnology and pharmaceutical companies, which NASDAQ arguably possesses.

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After selling EUSA in 2012, why did you decide to reacquire it in 2015 and can you introduce to us this 'new EUSA'?

EW Healthcare, a successful private equity firm of which I am an Operating Partner, had the idea to re-acquire certain assets of EUSA '1' in order to create another specialty pharmaceutical and biotechnological company. The idea was to buy back part of the EUSA infrastructure in Europe and US, which did not include the main leukemia drug that Jazz Pharma retained. The goal was to create a platform on which to build by adding new oncology drugs.

The venture has been very successful, and today EUSA is a profitable British biotechnology company focused on oncology. The first drug we brought in was Qarziba® for neuroblastoma, which predominantly affects children hence we are working with a number of patient organisations and charities in raising awareness and bringing the treatment to patients. We are making good progress, and we registered Qarziba® in Europe at the end of last year. The other major approval we received last year was for Fotivda®, a drug for kidney cancer. We need reimbursement for our products to drive our success, and Fotivda® is already NICE approved, a status we hope to achieve for Qarziba® as well. Both drugs will be further developed to bring new treatment choices to patients suffering from cancer, and Qarziba® will be filed for approval in the US in due course allowing us to take advantage of our infrastructure in the USA.

As a result, from nothing three years ago, we have built a company that today employs 130 people of which 71 work in the UK, and 61 percent of our employees are female. We feel we are making a contribution to new science 'made in Britain' and are a good example of the LSIS translated into action. Indeed, this British Management Team would stand in good company with the best in the world in biotech.

What is attractive about EUSA as a place to work?

Three things we offer continue to be quite unique. First, we are very focused on what we do and do not get lost in big committees or endless meetings: we are very focused. Secondly, we have a great culture of learning and implementing. Thirdly, EUSA tries to make a difference to people's

lives and employees in the firm really appreciate that, driving them to achieve. Finally, putting these three things together, we pursue a long-term plan to make employees feel like they are part of the company and incentivize our co-workers to share in the value of EUSA.

For now, EUSA Pharma is in large part funded by EW Healthcare. Do you plan to sell the company in the future?

There are no plans currently to sell EUSA Pharma since this company is an asset we can build upon. Of course, one option is to seek an IPO. We have great ambitions, and funds to grow are essential to deliver on our potential to be a big success story. I have seen many companies become huge corporations from just one initial product success, which they then build a portfolio around. I see EUSA Pharma as having this potential, and we are very good at what we do.

The timing has to be right, and the best time to go public is when you have forecastable growth and profits with news flow to come. We are just coming to that point now. We are already getting significant expressions of interest from people wanting to merge with us, because we are one of the best UK-headquartered, global commercial businesses in the oncology field, and we know how to succeed in the international arena. Commercialization in Europe is tough, and you have to think regionally but act nationally based on direct experience in individual markets. When you follow the right steps however, as EUSA has done, this approach works well, and we have been successful in registering two oncology drugs with EMA and achieving subsequent commercial success.

EUSA Pharma is a British company with an international focus. Can you please outline your international strategy?

In Europe and the USA, we will manage our own sales and distribution. In the Middle East, Africa, Far East, and Japan, we work with partners that know the local markets, and those partners are in place now. While we have no plans to venture into China yet, we remain attentive to potential trade deals between the British and Chinese governments.

Our geographic focus today is on the EU, the USA and the UK, and commercially on bringing in phase III or marketed assets to continue building our oncology product portfolio. Our specialty expertise is in registration and commercialization, and while we are developing our research experience with Qarziba®, for now our business remains focused on acquisition or in-licensing of oncology drugs. In this we have a key advantage. EUSA is a good alternative to big players as we will have an intense focus on the product and we have broad experience and expertise in the registration and commercialization of rare and orphan disease drugs.

What are your ambitions for EUSA Pharma?

I would like to see us bring in more oncology drugs and further develop our ability to register and supply products globally. Right now, we are looking at five or six new drugs to take into our portfolio. In parallel, I have the ambition to foster talent. I personally like to find people who do not know their true capabilities and superior talents and show them their own capacity, giving them the required skills and resources to deliver on the world stage.

I have great ambitions for EUSA and look forward to it taking the next step. In Europe and the USA there is a multitude of companies that are purely R&D oriented with no commercial skillset to speak of. I like the idea of EUSA acquiring one and becoming vertically integrated. We would immediately gain an R&D capacity that would complement our strong regulatory and commercial excellence, creating an exciting UK-based, global innovative biotechnology pharma company.

More broadly, with the implementation of the LSIS there will be much more translation from universities to the business world, and when tied to the ability to accelerate drug development in the NHS we may be creating the next generation of successful British healthcare companies. This is my vision for Izana Biosciences. While for EUSA, I see the path of vertical integration on the way to building a very significant, valuable British company.

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