

IN brief

Elan's Irish tax allure

Dublin-based biotech Elan in July agreed to a takeover bid from US drug maker Perrigo in a deal worth \$8.6 billion. The buyout gives Perrigo a royalty stream from Tysabri (natalizumab), a blockbuster multiple sclerosis drug developed by Elan. The deal also allows Perrigo to move its domicile from Allegan, Michigan, to Ireland, where there is a comparatively lower corporate tax rate. That bonus likely drove the acquisition, says Eric Schmidt, an analyst with Cowen Group in New York. "Elan is not worth the price that Perrigo is paying," Schmidt says. "So I have to believe that Perrigo is willing to pay the higher price because of the tax benefit." Perrigo, the largest maker of generic drugs for major US retailers, will likely see its tax rate drop from 30% to the high teens, according to the company. Elan positioned itself for an acquisition earlier this year when it sold much of its stake in Tysabri to its partner, Biogen Idec in Weston, Massachusetts. Biogen paid Elan \$3.25 billion for the full rights to the drug and agreed to pay royalties on sales. "Elan said it would reinvest the proceeds [from the Tysabri sale] and investors were uncomfortable with that," says Cowen. "That put a lot of pressure on them to be sold." Elan's board in May rejected a bid from Royalty Pharma for \$13 cash per share plus \$2.50 more contingent upon Tysabri sales milestones. Perrigo's bid gives Elan's shareholders \$6.25 in cash and 0.076 of a Perrigo share for each Elan share. Elan shareholders are expected to vote on the acquisition by the end of the year. *Emily Waltz*

IN their words



"Why call off the World Series when there's no rain and everybody's healthy, and the stadium is full of people?" George Church, commenting on the decision by organizers to cancel the \$10-million Archon Genomics X-Prize,

a competition to sequence 100 genomes, in 30 days, at less than \$10,000 per genome, just two weeks before it was due to start. (*LA Times*, 24 August 2013)

"The royalty play illustrates the 'new normal' in life sciences VC investing." Steve Dickman opines on the move by some VC firms into investing in royalties in search of faster returns and sure-fire deals. (*Xconomy*, 16 August 2013)

"You get these windows, you get companies funded, you get shareholders that are interested in an approach, a strategy, a technology, a management team, and often, you really get big winners." Sam Waksal who, after serving jail time, and although banned for life from operating a publicly traded company for insider trading in 2003, is looking to China for his latest spin-out, the gene therapy firm Kadmon. (*Bloomberg*, 3 September 2013)

changing, shifting sands on the industry side, [we decided] our interaction could have been more focused," says Forrest.

"We are trying to reach out and bridge the basic research that is starting to produce a lot of commercially useful assets, while retaining academic independence," says Schimmel. In addition to Sigma-Aldrich, Scripps now has focused collaborations with Crucell, in Leiden, The Netherlands, for vaccine development, and with New York-based Bristol-Myers Squibb around synthesis of new drug candidates. Under this scheme, there's involvement and ownership of the work plan by both senior leadership at Scripps and at the companies, Forrest says. The Sigma-Aldrich deal fits the category. With no lingering first-rights deals, Scripps is also looking more to spin out more disruptive projects as startup companies, although it has no such plans in the reagent development space (Box 1).

Among the academic community, Baran notices much more willingness to collaborate

with industry. "When you work with a company there's more accountability. If you do a good job you can be assured your funding will continue. With grant money from NIH, however, no such safety net exists," Baran says. He urges companies to "strike while the iron is hot," adding that, "the academic community will be more receptive than when the NIH pay line is high." It's rewarding on multiple levels: students are inspired to work more diligently when they can say they are working on something funded by a company instead of taxpayer money, he says.

Indeed, students are emotionally affected by "the overhang of negativity that is out there now in terms of the lack of support for research and the lack of society interest in research and graduate education," adds Schimmel. "That drives a lot of students out of the field." But agreements such as the one with Sigma-Aldrich, that show the utility of what they are doing, are "a real morale booster," he says.

Mark Ratner Cambridge, Massachusetts



Facebook gamers race against fungal menace.

Thousands of citizen scientists logged on to Fraxinus in August to help save the UK's ancient ash woodlands. The game aims to discover genetic variants that resist the fungus *Chalara fraxinea*, known as ash dieback. Scientists at the Sainsbury Laboratory, University of Cambridge, have identified 100 trees from Denmark that have resisted the disease. The gamers will be matching on-screen patterns that correlate with genetic data. They will be comparing patterns from trees that resist with those that succumb to identify DNA sequences most likely to be useful in breeding programs.