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Glaucoma ROCK Inhibitor Game

By Trista Morrison, Staff Writer

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Altheos Inc. jumped onto the radar and into the increasingly crowded glaucoma field on Monday with a \$20 million Series A financing and a Rho-kinase inhibitor licensing deal.

The financing was led by Bay City Capital and included participation by Novo A/S, Canaan Partners, Life Science Angels and Atheneos Capital. It was the first money invested into South San Francisco-based Altheos, which was founded about a year ago by Henry Hsu and Ken Kengatharan. Both co-founders previously held senior positions at CoMentis Inc., a biotech best known for inking a \$760 million Alzheimer's disease deal with Astellas Pharma Inc. But CoMentis also had an ophthalmology program that got Hsu and Kengatharan excited about treating front-of-the-eye disorders such as glaucoma.

When the two formed Altheos, they evaluated other licensing opportunities in metabolic disease and neurology, but they kept coming back to glaucoma, and specifically to a Rho-kinase inhibitor developed by Asahi Kasei Pharma, a wholly owned subsidiary of Tokyo-based Asahi Kasei Corp

Rho-kinase inhibitors represent a new mechanism for glaucoma, a leading cause of blindness. The disease has been likened to a faucet spewing water into a sink with a clogged drain. Some existing drugs, like carbonic anhydrase inhibitors, seek to shut off the faucet, while others, like prostaglandin agonists, seek to open a secondary drain. But Rho-kinase inhibitors fix the drain that's clogged, known as the trabecular meshwork.

There aren't any Rho-kinase inhibitors approved for glaucoma – yet – but several are in development. Early efforts by Novartis AG and Inspire Pharmaceuticals Inc. stumbled on tolerability issues like redness, stinging and itchiness of the eyes. Asahi's compound, dubbed ATS907, is an ocular administered prodrug “specifically focused on widening the therapeutic index,” Hsu explained.

Preclinical data on ATS907 have not yet been publicized, but Hsu said his team is familiar with the data from others in the space and views ATS907 as “very, very competitive.” Clinical trials are slated to begin in about a year, and the Series A funding will last three or four years, carrying Altheos through Phase II trials.

Hsu noted that while Altheos could have completed its Series A financing with fewer investors, the firm broadened its syndicate because there was interest in raising a second round later to fund Phase III trials and regulatory filings. The strategy of building a syndicate at the beginning that can carry a company to the finish line has been adopted by many start-ups in the wake of the recent financial crisis.

Which isn't to say that Altheos would necessarily take ATS907 that far on its own. Hsu said the biotech would be “open to partnering” if its Phase II data are positive. Additionally, the license from Asahi included a series of backup Rho-kinase inhibitors that Altheos could potentially outlicense for use in other indications.

If Altheos succeeds where others have failed, the payoff could be significant. Pfizer Inc.'s Xalatan (latanoprost), the leading prostaglandin agonist for glaucoma, boasted \$1.7 billion in revenues last year. Although Xalatan will go generic next year and many other glaucoma drugs are already generic, the new mechanism offered by Rho-kinase inhibitors could be a value-driving differentiator – particularly given that 40 percent to 50 percent of glaucoma patients require more than one drug, and many develop resistance as they cycle through the existing options.

Wende Hutton, general partner with Canaan Partners, likened glaucoma treatment to the hypertension field, where there is a lot of switching between drugs and trying various combinations in search of something that works for each patient. But she noted that as multiple compounds are combined, eye irritation can build. “So if you have a drug with fewer side effects, it will be selected for first-line treatment,” she explained.

Altheos is not the only biotech hoping to tap into that opportunity. Japanese firm Santen Pharmaceutical Co. Ltd. has a Rho-kinase inhibitor in the clinic for glaucoma. And Aerie Pharmaceuticals Inc. is in Phase IIb glaucoma trials with Rho-kinase inhibitor AR-12286. (See *BioWorld Today*, March 25, 2010.)

“There is room for a couple of these drugs to open up this new class,” Hutton said. While Altheos may or may not be first to market, the biotech is hoping for best-in-class performance. ■