

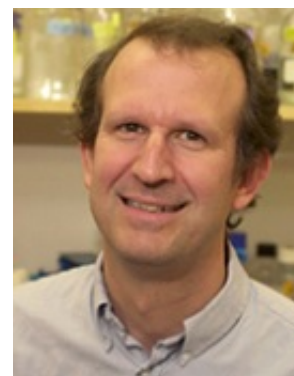
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Novartis tackles immuno-oncology with a \$750M Aduro deal for new R&D group

March 30, 2015 | By Damian Garde

Novartis ([\\$NVS](#)), a leader among companies using the immune system to fight cancer, is betting up to \$750 million on a promising therapeutic approach from [Aduro Biotech](#), widening its arsenal of potential treatments. And the pharma giant coupled the deal with the announcement that it recruited Dana Farber's Glenn Dranoff to run a new in-house R&D group for cancer immunotherapies that will recruit about 50 investigators in the coming months.

Under the agreement, Novartis is paying \$200 million up front to kick off a collaboration on small-molecule therapies that target a pathway called STING, or stimulator of interferon genes. Aduro's preclinical candidates are cyclic dinucleotides--chemicals naturally expressed by bacteria and immune cells--that stimulate a STING response and thereby help the body's natural defenses better recognize and attack tumors, the company said.



Dana Farber's Glenn Dranoff

Aduro is in line for up to \$500 million in milestone payments through the life of the partnership, and Novartis is taking a 2.7% stake in the company for \$25 million while promising to invest another \$25 million down the road. If everything goes according to plan and the pair get some products on the market, Aduro will handle sales in the U.S. while Novartis manages the rest of the world. The pair will share American profits, and Novartis will pay Aduro a mid-teens royalty on all international sales.

For Novartis, buying into the promise of CDNs further fleshes out its big bet on immuno-oncology, which includes an industry-leading effort to develop CAR-T therapies and a stable of checkpoint inhibitors soon to enter the clinic. Immunotherapies for cancer have shaken up the landscape in oncology over the past few years, with stellar clinical results galvanizing more and more R&D investments around the world.



And Novartis wants to position itself as the world's premier immuno-oncology player, tapping Dranoff to take the reins of its sprawling work in the field. Dranoff inherits a fast-moving operation interrogating every angle of the immune system's relationship to malignancies, and the partnership with Aduro provides another arrow in the quiver, Novartis Institutes for BioMedical Research President Mark Fishman said.

"Immunotherapy is one of the exciting frontiers in oncology today," Fishman said in a statement. "Current approaches with checkpoint inhibitors and T cell modulation are potent but only in select tumor types. STING agonists have the potential to fully activate the immune system to attack a broader range of tumors."

Novartis' Mark Fishman A spokesperson for Novartis tells *FierceBiotech* that it plans to assemble a team of about 50 researchers in Cambridge, MA, by the end of this year, some of whom already work at the company. "The team will drive the discovery and early clinical efforts in cancer immunotherapy in three main categories," says Novartis. "They will search for ways to "prime" or "educate" the immune system, so that it can recognize a threat. They will attempt to unleash immune cells that have already been primed. This is called immunomodulation. And finally, they will find ways to make the tumor microenvironment more hospitable to immune cells, which must infiltrate the diseased tissue to be effective."

As for Aduro, a [2014 Fierce 15](#) honoree, the deal is the latest affirmation of its proprietary technology, following an oncology collaboration with Johnson & Johnson ([\\$JNJ](#)) worth roughly \$1 billion. And the Berkeley, CA, biotech has held onto what might be its most valuable prospect, a pair of Phase II immunotherapies recently granted the FDA's coveted breakthrough designation. Aduro has queued up to join the long list of biotechs marching onto Wall Street, this month filing for an \$86 million IPO to bankroll its pipeline.

- read the [statement](#)

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John Carroll contributed to this story.

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