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New Firm Alacrity Sets Sights On Growing Ophthalmic Market

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Alacrity Biosciences Inc.'s President and CEO David Power said he expects 2007 to be "a banner year" for the young firm, which recently raised \$8.4 million in private financing as it positions itself as a player in the rapidly growing ophthalmic field.

The Laguna Hills, Calif.-based company was founded in 2005 by Paramount BioSciences LLC, with the in-licensing of the first drug candidate, ALTY-0501, a topical metalloproteinase inhibitor for dry eye syndrome. So it was fitting that, soon after, the company recruited Power, who previously worked at Irvine, Calif.-based Allergan Inc., where he led the development and launch of Restasis, a cyclosporine ophthalmic emulsion approved as the first treatment for dry eye.

ALTY-0501 is in Phase II testing in dry eye patients, and results are expected in the third quarter. The drug, which was licensed from the University of Miami, is designed to work by "maintaining the barrier on the ocular surface" that can be eroded by insufficient or abnormal tear production, Power told *BioWorld Today*, adding that an earlier pilot study revealed promising results "about the mechanism of action and potential" of the product.

Dry eye disease, which is estimated to effect 3.2 million people in the U.S., can lead to permanent damage to the ocular surface, resulting in vision impairment. Alacrity believes that ALTY-0501 might be "applicable to a broad range of dry eye patients to prevent" that long-term damage.

The market potential for dry eye drugs is projected to range from \$500 million to \$1 billion by 2009. While Allergan's Restasis currently represents the only therapeutic option, there are a number of would-be competitors, such as Alacrity's ALTY-0501, looking to gain a share of that market. Durham, N.C.-based Inspire Pharmaceuticals Inc. received its second approvable letter in December 2005 for its diquafosol product for dry eye, and is working with the FDA to provide additional trial information, while ISTA

Pharmaceuticals Inc., of Irvine, Calif., is in Phase II testing with escabet sodium, a compound licensed in 2004 from Japanese firm Senju Pharmaceuticals Co. Ltd. French company Novagali Pharma SA is in late-stage development with Cationorm, which it anticipates submitting for U.S. and European registration.

Following its dry eye product, Alacrity is in preclinical development with ALTY-0601 for glaucoma. That product aims at reducing intraocular pressure (IOP) in glaucoma patients, and results from an initial pilot study showed that IOP was lowered by up to 34 percent within one month of treatment and maintained for up to six months.

"We're also looking to expand our pipeline with other potential products, particularly those targeting retinal diseases," Power said, adding that the company's focus is on "sight-threatening diseases."

Alacrity's initial funding came from a seed round provided by Paramount BioSciences, which also supported much of the company's early general and administrative operations and "allowed us to take the capital and spend it on the products," Power said.

The company has two full-time employees, though it is in the process of hiring a chief scientific officer and plans to expand its staff within the next year to accommodate its late-stage drug development efforts.

The recent convertible note financing of \$8.4 million should "take us through the third quarter," he said. By then, Alacrity should have Phase II data from ALTY-0501 in hand and be ready to conduct a Series A round.

At this stage, Power said Alacrity's plan is to take products to the market itself, though the company might consider partnering opportunities should they arise. "There are a lot of big ophthalmic companies out there that are interested in what we're doing." ■

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