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Finance

Move to make ideas reality

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LARGE US investors have started turning their attention to Australia's young biotechnology industry.

But Government needs to plug holes in the development pipeline, which sees too many good ideas fail through lack of bridging capital.

AusBiotech chief executive **Anna Lavelle** said it was "unethical" that governments invested taxpayer funds in research but did little to ensure the research made the successful transition to commercialisation.

"The private sector are more likely to come in if they're getting more support from government," Dr Lavelle said. She suggested options such as dollar-matching private funds, less onerous taxes for early-stage companies, more investment in infrastructure and business incubators and industry mentoring.

"There's a range of things that can be done at a state level as well as a federal level to make life easier for these companies so they can live long enough - that first critical three years - to get on their feet so then they're attractive to investment communities," she said.

Private equity investors to whom The Advertiser spoke said the Australian industry was innovative and capital efficient, making it an attractive destination. But they noticed it took a long time to get ideas to a marketable "proven concept" stage.

William Shen, a partner at California-based private equity group venBio, said: "There's a high degree of innovation, a lot of good science, but I think there's a little bit of a disconnect between how to utilise that in commercialisation, how to really push that towards a product-based commercial enterprise."

This was Dr Shen's first visit to Australia to look for investment opportunities, and also a first for Anthony Sun, a partner at NY-based Aisling Capital. Aisling Capital's \$650 million fund sets aside 20 per cent for foreign investments. With none of that allocated, that represents a potential pool of \$130 million for Australian companies.

Dr Sun said his visit had produced "at least half a dozen" prospective investment opportunities he intended to pursue. "For the right opportunity, we're willing to put dollars here to work," he said.

At the **AusBiotech** national conference in Adelaide yesterday, investors listened to briefings from listed companies including Acrux, Bionomics, Neuren Pharmaceuticals, Prana Biotechnology and Mayne Pharma. Dr Shen said Australia had the inverse dynamic to the US industry - lots of good ideas fighting for too little investment capital.

Australian investor Lawrence Gozlan, head of Scientia Capital, said he would invest up to \$5 million in an early-stage company but he was only interested in products past phase II clinical trials.

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