

# Pharsight inks Aventis for drug research strategy.

BY JED SELTZER, 30 April 2002

NEW YORK, April 30 (Reuters) — Pharsight Corp., whose software helps drug companies develop new medicines more efficiently, said on Tuesday it signed a pact with French drugmaker Aventis SA, the company's largest deal to date.

Tiny Pharsight is part of a movement within health care to streamline research operations by predicting how effective drugs are going to be and what dosage might be the preferred regimen. The company sets up models for pharmaceutical firms to foresee the outcomes of clinical trials based on earlier trials or even animal testing.

Pharsight President and Chief Executive Dr. Michael Perry said he could not disclose the value of the Aventis deal, but he said Aventis and Pharsight would initially work together on four projects in four different therapeutic areas, part of an attempt by Aventis to transform the way it does research.

"It's very significant for the company. It's the largest multi-year deal we have done to date," Perry told Reuters.

"This is the type of relationship we're really looking for as far as the deployment of our methodology more broadly by our customers."

Pharsight is hoping Perry, formerly the research chief at Baxter International Inc.'s biosciences division and an executive with Novartis

AG, can boost revenue at the fledgling company, which currently generates only about \$4 million per quarter. Perry was named CEO on Feb. 25, but Pharsight's relationship with Aventis dates back about a year.

Pharsight, based in Mountain View, California, said on Tuesday its fourth-quarter loss narrowed to \$3.4 million from \$6 million a year ago, on revenue of \$3.8 million. The company hopes to be profitable by the end of next year.

## CEO Sees Bright Future

Perry is still optimistic that using software and modeling strategies is the wave of the future in pharmaceutical R&D, which has traditionally plodded along, methodically testing various drugs until they fail or succeed.

"There's a whole lot of historical precedent here," Perry said. "Just look at the electronics industry, the automotive industry, aerospace, the military. These industries have been transformed by using this type of technology. And development in the drug industry is way overdue."

Some pharmaceutical R&D operations have already employed computer modeling methods, but many have stuck by traditional research strategies.

Perry said he believes companies can save time and money by using technology from Pharsight to establish the proper goals, or endpoints, for clinical trials, thereby setting reasonable expectations for the safety and efficacy of drugs.

Several drug and biotechnology companies in the last few months have reported a slew of clinical failures, as drugs failed to reach their primary endpoints in clinical trials. And large drugmakers, experiencing a slip in revenue growth because they are not quickly compensating for patent expirations with new blockbusters, need to speed drugs to market.

"There's not just the opportunity sitting out there, but the desperate need. If you look at just last year, there were just 0.7 new chemical entities developed per company," Perry said, referring to new discoveries that could become drug candidates.

"We're focused on increasing the productivity of the process at a very fundamental level. There's a huge, huge value proposition here. In some of the products we've been able to touch, the type of value added is in the range of hundreds of millions of dollars per new drug," Perry said.

Pharsight's other customers include Eli Lilly and Co., Pfizer Inc, Johnson & Johnson and Millennium Pharmaceuticals Inc.

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