From Rapid Success to Recovery: Alnylam Pharmaceuticals' Resilience Through Key Processes

EXPERT

The Rapid Rise and Fall of the RNAi Boom (2002 - 2010)

Alnylam Pharmaceuticals hit the market in 2002 with dreams of successfully developing RNAi therapeutics. At the time, RNAi therapeutics were anything but typical in the industry. While research had significantly advanced since the 90s, the technology was still relatively new.

Four years later, the discovery of RNAi was awarded to researcher Andrew Fire and Alnylam co-founder Craig Mello the 2006 Nobel Prize for Physiology or Medicine. Plentiful industry studies were amassed around this milestone as pharmaceutical companies sought new opportunities to penetrate. The startup was soon awarded a $331M upfront investment from Roche to develop drugs for cancer, respiratory diseases, metabolic disorders, and specific liver conditions.

In 2010, the RNA market took a significant hit as investors pulled funding across the board, frustrated with the lack of results after years of research. Biotech companies, Alnylam included, were struggling to deliver RNAi therapeutics to organs accurately.

Novartis (one of Alnylam's early investors) and Roche cut funding, forcing Alnylam to terminate 25-30% of its workforce. Outside of investors, Alnylam faced scrutiny from the media, with outlets like Boston.com reporting, "at this stage in Alnylams eight-year history, it needs to show investors and potential partners more evidence that its drugs could work."

The future looked grim for the company co-founded by a Nobel Prize winner.

How, then, did Alynylam recover in 2011 and beyond?

Strategic Licensing Drives Growth (2011)

First mentions of Alnylam's strategic licensing program "InterfeRx" trace back to 2006. The program was developed to enable researchers to test RNAi methods on conditions outside of Alnylam's scope. On a mission to provide evidence to the market that their RNAi would produce tangible results, Alnylam's licensing program ramped up following 2010. What once served as an additional revenue stream now appeared to be one of the main avenues to get back on track.

To generate results within the US market, Alnylam went outside of it in 2011. After a year of hardship, Alnylam agreed to license its intellectual property to Spanish biopharmaceutical company Sylentis. Sylentis was looking to use an Alnylams license to expand its clinical research on the treatment of glaucoma.

Chief Business Officer of Alnylam, Laurence Reid, explained the decision by mentioning Alnylam's "overall strategy to create value today by leveraging our intellectual property portfolio." Sylentis is one of six companies Alnylam had licensing agreements with within 2011 as a part of the InterfeRx program.

Results from Resilience (2011 - 2018)

Alnylam's licensing program enabled the company to effectively increase the number of researchers leveraging their science while also enabling Alnylam to break into additional markets outside of their original pipeline indirectly. This program, in place early in the company's process, provided the biotech with a strategic backup plan in market volatility.

They generated revenue through licensing and helped support and fund Alnylam's internal pipeline. Towards the end of 2011, Alnylam developed positive preliminary clinical results for ALN-TTR01. The therapeutic validity that investors needed was finally within Alnylam's grasp.

Although Alnylam ended 2011 with -$89.1M in cash, cash equivalents, and total marketable securities as compared to 2010, but remained resilient to pave new pathways for the future. In 2012 this pathway came in the form of a $22.5M upfront payment from Genzyme, a Sanofi company, for the proven success of ALN-TTR studies. The deal expanded into a $700M equity investment in 2014.

In the following years, Alnylam made history in 2018 by releasing the world's first approved RNAi therapeutic; the biotech company proved its credibility while proving critics wrong.

Key Takeaways for Biotech Companies

Market volatility is an expectation, not a surprise, and your business must be prepared for it. Putting critical processes in place, such as licensing programs for areas not even within your pipeline, can be the difference between growth and failure in the long run. Avoid putting all your eggs in one basket by creating a solid foundation for additional market expansion early on.

Doing so will help ensure you can bounce back if/when investors pull funding.

- Content by the BDMT Global Team

If you are interested in potential partnerships and long-term relationships with the companies mentioned in this article or others in the U.S. and/or S. Korea, contact Suzy at sim@bdmtglobal.com.

Suzy Im

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As the head of BDMT Global in Boston, Im focuses on accelerating the innovative transformation of global companies. She is a Professor of Marketing and a member of the Advisory Board at Emerson College. Im is also co-founder of Sponsors of the Future, a non-profit organization that leads corporate social responsibility, promoting neurodiversity and inclusion. As a well-known business developer and marketing strategist in the global field for over 20 years, Im merged the two critical global business functions of Business Development (BD) and Marketing Transformation (MT) for the first time. She was recognized for her innovative business model and contribution and received five consecutive awards in the U.S. including the North American Business Awards and TITAN Business Award 2022 in Biotechnology.