MARKETING

CETUS-BEN VENUE: A DEAL WITH A TWIST

NEW YORK—Yet another biotech company has formed yet another marketing agreement with another long-established firm. Nothing new, right? Wrong. This time the upstart genetic engineering company will be doing the marketing.

Cetus Corp. (Emeryville, CA) recently announced the formation of Cetus-Ben Venue Therapeutics, a 50-50 joint venture with Ben Venue Laboratories (Bedford, OH). Ben Venue will formulate and produce generic anticancer drugs; Cetus will file Abreviated New Drug Applications (ANDAs) and market the products under its own label. "I think it is unique for the biotechnology industry," crows Cetus president and chief operating officer Robert A. Fildes.

The new partnership could help Cetus in three ways: it could provide short-term revenues, allow the company to build up a sales force, and establish Cetus's name in the anti-cancer market. For Ben Venue, which has been a toll manufacturer of pharmaceuticals for more than 40 years and a contract producer of cancer drugs for over two decades, the move will allow it to have products on the market for the first time.

With 1984's Waxman/Hatch Bill easing the approval process for generics, "it appeared to us that there was a window opening," explains Stanley L. Morgan, executive vice president of privately owned Ben Venue. He adds that Cetus was the only non-pharmaceutical house with which Ben Venue discussed its desire to produce anti-cancer generics.

According to Robert Kupor, an analyst for Cable Howse & Ragen (Seattle, WA), Cetus's *lack* of a sales force could have played an important role in clinching the deal. When Cetus does assemble such a team, its salesmen will concentrate entirely on Ben Venue-produced products, at least until Cetus's own therapeutics—such as beta interferon, interleukin-2, and tumor necrosis factor—come on-stream. After that, the plan goes, Cetus will market the two kinds of products side-by-side, because drug "cocktails" usually are used in cancer therapy. "It's an innovative way of doing things," Kupor concludes.

Although no money changed hands under the agreement, Cetus will provide initial financing to launch the business. Such costs could be relatively small: Ben Venue already has the necessary manufacturing equipment in place, and is already familiar with some of the (undisclosed) drugs it will produce. Fildes stresses that ANDAs require only that the company demonstrates chemical equivalency, and that these studies could be accomplished in under six months and for less than $100,000 per drug. In addition, only a relatively small sales force is needed to serve the hospital-based anti-cancer market.

Fildes expects the partnership to have a range of off-patent anti-cancer drugs on the market within a year. He estimates that the current annual market for such drugs approaches $150 million per year in the U.S., but that it could expand to $400 million over the next few years as more drugs come off patent. Under the agreement, Cetus will handle the U.S. market, but Fildes says discussions with potential European marketers have already taken place.

—Arthur Klausner