

## **Letter from Milano: Pierluigi Paracchi**

# **The challenges facing biotech from the coronavirus**

Like many people in northern Italy, I have experienced symptoms resembling those of the coronavirus – also known as SARS-CoV-2 – but didn't know what to make of them at the time. In late 2019 I made multiple business trips abroad in my role as chief executive of Genenta Science SpA, a gene therapy company working on new treatments for cancer.

My travels took me to Beijing, Hong Kong, Shanghai, and finally to New York. This all happened in October and November – before the first reports of coronavirus infection emerged from the Chinese city of Wuhan in the province of Hubei. During my travels I suffered from a strong and very noisy cough, but there was never any fever. Thinking that I was harbouring a bacterial infection, I consulted a doctor who put me on two consecutive rounds of antibiotics. The cough abated, a fever never emerged, and I returned to normal. Yet to this day, a thought still lingers. Could I have been hosting SARS-CoV-2? My wife, who is a clinical researcher, noted ironically: perhaps I was Italy's patient zero.

I mention this to underscore the uncertainty we all face in confronting this new virus which has entered the human species via a still to be identified animal. Most people who contract the virus do not show symptoms immediately. When symptoms do appear, they can be mild and people can recover. On the other hand, a proportion of people develop serious lung infections and die.

As I write this article, I am at home in Milano with my wife and two young children helping manage Genenta using digital technology. The first lockdown affecting the northern provinces in Italy took place in late February. Two weeks later, the government extended a quarantine to the whole country. During the first lockdown it was still possible to go outside for a run provided that you kept a healthy distance from other joggers. The parks were open as were, grocery stores, pharmacies and manufacturing plants. As a result, we were able to enjoy the open spaces.

At the time of the first measures, the World Health Organization recorded 322 cases of the COVID-19 disease and 11 deaths in Italy. By the time the country-wide quarantine was introduced on 9 March, the number of cases had increased to 7,375 and deaths had risen to 366. By 28 March, cases had risen to 86,498 and deaths to 9,136. The lockdown was tightened with the result that it was only possible to leave home for urgent business, groceries and medicines. Instead of running in the park, my wife and I used the stairs of our building in the city centre to exercise.

### **Biotech entrepreneur**

I like to think of myself as a biotech entrepreneur with a financial background and an understanding of risk. In addition to founding Genenta, I ran the Italian venture capital firm Quantica SGR, helped the investor Aurora Science and worked as a venture consultant at Sofinnova Partners in Paris. Aurora Science was launched in February to support Italian and other European biotech companies

and has the financial backing of two important Italian financiers: Lucio Rovati of Rottapharma Biotech and Francesco De Santis of Italfamraco.

Genenta is a small 'global' biotech. Our chief medical officer and head of development lives in Princeton, New Jersey, US, while his deputy lives in the UK. A part of our business has been virtual for some time, and during the pandemic this has shown itself to be an advantage. We work from home in order to keep Genenta up and running. Our company has two Phase 1/2 trials ongoing and enrolment is continuing. The first trial is for patients with glioblastoma multiforme, and the second for patients with relapsed multiple myeloma.

The glioblastoma patients are being treated at Istituto Neurologico Carlo Besta and San Raffaele Hospital in Milan while the multiple myeloma patients are at San Raffaele. We have enrolled 11 patients so far and the pace of enrolment is close to one patient per month. Our focus is on keeping the oncology trials running; on the other hand, trials of treatments for non life-threatening diseases are a lower priority. One thing that we have noticed: some patients are fearful of going to the hospital on recurrent visits to have data collected. This is undoubtedly due to the presence of the virus.

### **The risks for biotech**

Overall, the risks for biotech in the short term mostly revolve around the safe conduct of clinical trials. Over the longer term, however, there are financial risks relating to how quickly the major economies of the world can recover from the pandemic.

The recent battering of financial markets due to the economic slowdown is likely to affect the ability of biotech companies to raise new financing in the future. Companies such as ours, which have cash covering operations for more than 18 months, will be able to handle the crisis. But there will be others that are not so well placed and will be looking for support and collaborations. In the meantime, we will all need to be vigilant about cash-burn.

Summing up, the opportunity for biotech start-ups to raise cash at low interest rates and remain independent is likely to collide with a desire by the large pharmaceutical companies to acquire new assets cheaply. The world has already changed and biotech executives should adapt fast in order to survive. If new funding becomes difficult to obtain, perhaps there will be a renaissance in partnering. This pandemic is a great challenge but also an opportunity for our generation.

This article was written by Pierluigi Paracchi, chief executive officer of Genenta Science SpA in Milan, Italy.