BUSINESS BRIEFS

Sanofi Seals Deal for Monitors

Sanofi-Aventis will codevelop blood glucose monitoring devices with the French pharmaceutical company AgaMatrix in a deal that could provide leverage to Sanofi if it pursues agreements with larger partners in the diabetes arena, said David Kliff, founder of the Web site Diabetic Investor. AgaMatrix will develop a portfolio of glucose monitors exclusively for Sanofi, benefiting in return from Sanofi's global brands and marketing reach. Sanofi executives predicted that the addition of blood glucose monitors and insulin pumps would give the company's diabetes business a competitive edge. Lantus, Sanofi's long-acting insulin, brought in $4.6 billion in sales last year, and Apidra, its short-acting insulin, yielded $185 million. Providing a system connecting pharma products, devices, and patient education "is the way diabetes management is going," Mr. Kliff said.

Forest Labs, Phenomix Split

Forest Laboratories Inc. of New York has ended its agreement with Phenomix Corp. in San Diego to develop and market dutogliptin for type 2 diabetes. Forest canceled the agreement "for business reasons," according to its quarterly earnings report. The $340 million deal, initiated in the fall of 2008, provided Phenomix $75 million up front and split the development and commercialization costs between the two companies. Phenomix' phase III trial demonstrated that dutogliptin met its primary goal of lowering hemoglobin A_{1c} levels. "We are disappointed that on the heels of such positive data that we will not be moving forward with our collaboration with Forest," said Laura Shawver, Phenomix's chief executive officer.

Alimera Misses IPO Target

Alimera Sciences, which is developing drugs for ophthalmic diseases, raised $72 million at $11 a share in its IPO last month. The company had targeted a $96 million IPO with shares priced at $15-$17, but incurred 2009 operating expenses of $19 million and debt of nearly $48 million. Some of the funds will be used to pay debts to pSivida, an Australian company that acquired Control Delivery Systems, which had partnered with Alimera to develop Iluvien for diabetic macular edema. Alimera also will spend about $13.4 million to finish phase III trials of the drug. If the drug gains Food and Drug Administration approval, Alimera will have to make a $25 million milestone payment to pSivida. Based in Alpharetta, Ga., Alimera had raised $88.6 million as of July 2008 in previous funding rounds. "If we are not successful in commercializing Iluvien … our business will be materially harmed and we may need to curtail or cease operations," the company reported in a filing.

Charles River Nabs Chinese Firm

Charles River Laboratories International, based in Wilmington, Mass., will buy WuXi PharmaTech of Shanghai, China, for $1.6 billion. The proposed combination would allow drug developers to conduct preclinical studies in the United States, Europe, and China. The acquisition, through a combined cash and stock transaction, would provide a premium of at least 28% to the closing price of WuXi's stock on the New York Stock Exchange as of April 23, according to executives at both companies. "Outsourcing seems to be an inexorable trend," said Ge Li, WuXi's founder and CEO. James Foster, CEO of Charles River, agreed, citing lower costs and the availability of trained scientists in China. The merger, subject to approval by China's Ministry of Commerce and by shareholders, is expected to be completed by year's end.

Merck Names New President

Merck has named Ken Frazier as its new president, replacing Dick Clark, who will remain as CEO and chairman. Mr. Frazier had served as Merck's president of global human health after serving as the company's general counsel for 8 years. He led the implementation of "important improvements in the efficiency and effectiveness of the worldwide sales and marketing organization" while maintaining sales momentum, according to a company statement. Under his leadership, Merck launched a new commercial model in the United States and in key markets in Europe, Latin America, and Asia Pacific; improved the division structure; and expanded the company's reach in emerging markets, the statement noted. As part of a restructuring program to reduce costs by $3 billion, the company plans to reduce its workforce by 15% by 2012.

—From staff reports

Reporters and editors from Elsevier's "The Pink Sheet" contributed to this column.