Q&A

To hear firsthand from the sector, we caught up with Hsin Loke, Senior Vice President, Finance & Operations at the private pharmaceutical company OMass Therapeutics.

OMass Therapeutics focuses on identifying new medicines against highly validated but inadequately drugged targets using novel biochemistry techniques, native mass spectrometry and custom chemistry.

Q: What were the main challenges facing the biotech industry during 2023?

The main challenge in 2023 was that global economic conditions (war in Ukraine, war in the Middle East, increasing interest rates) continued to negatively impact the capital markets and the fund-raising environment. This has been demonstrated with the slowdown in the number of biotech companies attempting to IPO, but has also started to be felt in the private markets. There is continued downward pressure on valuations and all companies are trying to extend their runway to get to a larger value inflection point. Despite this backdrop, OMass was able to expand its Series B fund raise this year to a total of £85.5M putting us in a strong position to continue to progress our exciting pipeline. Finding grow-on space for scale up stage companies like OMass is also a challenge and in that respect, we have also been fortunate in moving in 2023 to our purpose design facilities at ARC Oxford.

Q: Looking forward to 2024, do you expect conditions to change significantly?

With the situation in Russia/Ukraine and the Middle East unresolved, and general elections in the US and UK towards the end of 2024, it seems difficult to imagine market volatility dissipating. Nevertheless, inflation and interest rate pressure does seem to be alleviating so there are some signs of hope. With significant backlog of companies seeking funding, the pressure on valuation and the situation of have/have nots is likely to continue. The life sciences industry is recognised by political parties as a driver of economic growth, and we are pleased to work with the UK BioIndustry Association to ensure a positive environment is supported in the UK.

Q: What attributes will a biotech company need to be successful in 2024 and beyond?

When the going gets and remains tough, strong leadership is critical to ensure the company makes smart and decisive choices on how to use cash and resources as effectively as possible. This includes focusing on the biggest value inflection milestones for the company, and ensuring the company is focusing on the right deliverables prior to their next fundraise. At the same time, leaders should continue to explore alternative options to deliver growth, e.g. through business development deals and/or grants, and continue to invest in building relationships with investors for the long term. Not to be underestimated is the need to continue to focus on company culture, team spirit and resilience. It's during these tough times that I celebrate the strength of our team at OMass and our ability to pull together.

Q: Are there any particular technologies that you expect will take centre stage in biotech over the coming years?

In the last few years, the focus has been translating new modalities into therapeutic agents – the first cell therapy was approved in 2017, the first RNAi therapy approved in 2018 and most recently a CRISPR gene editing therapy was approved in November 2023. Not to be left behind, small molecules have had a renaissance with 'new' functionalities, such as protein degraders, molecular glues and covalent binders. They are less expensive and thus remain attractive to health payers. The biggest thing going forward will be the continued evolution of all modalities, and identifying the best match of target to therapeutic modality.

Q: Is AI set to become a mainstream tool for the industry?

Over the recent years, informatics and machine learning (ML) tools have already had significant positive impacts across all stages of the drug discovery value chain, so AI is already part of our toolkit. These tools have allowed interrogation of vast datasets from genomics to optimisation of compound libraries and drug design. Application of AI/ML tools will no doubt continue to expand as researchers continue to build knowledge on how best to leverage them to enhance drug discovery efficiency.