



Situation

ERYTECH Pharma is a French biopharmaceutical company that designs and manufactures innovative treatments for acute leukemia and other forms of cancer. Its major innovation is a “tumor starvation” technology that promises to be an effective alternative to more invasive and painful treatments. Its therapies are in various stages of clinical trials worldwide for different forms of cancer.

As the company’s flagship leukemia treatment progresses through the clinical trial process in Europe and North America, the company must expand operations in those geographies and accelerate its research and development efforts. To raise capital for these activities, ERYTECH Pharma planned an initial public offering (IPO) for early 2013.

As part of its IPO, ERYTECH Pharma wanted to increase the total capital raised by recruiting a strategic partner to become a major shareholder in the company. “Having a strategic partner take a stake in ERYTECH Pharma would provide proof of their confidence in our company to the rest of the investor community,” said ERYTECH Pharma’s Financial & Administrative Manager Sébastien Rouhouse. “It was an important component to the success of our IPO.”

As is common in the French biotech industry, the company was evaluating two options for negotiating strategic deals: setting up a physical data room vs. a Virtual Data Room. Its auditor, KPMG, recommended a lean approach: Using Intralinks Dealspace® as a Virtual Data Room (VDR). “We had never considered using a VDR before,” Rouhouse said. “KPMG advised us that it would be a more efficient and effective way to negotiate the deal, so we decided to use Intralinks Dealspace.”

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“Intralinks Dealspace enabled us to give each potential partner a customized view of our most sensitive corporate information. We could also analyze how each company was viewing their documents, which gave us visibility into their thought processes and enabled us to find the best possible partner.”

Sébastien Rouchouse,
Financial & Administrative Manager
for ERYTECH Pharma

Solution

KPMG helped ERYTECH Pharma set up Intralinks Dealspace for its strategic transaction process. It did not take long, however, before ERYTECH Pharma was self-sufficient on the solution. “Intralinks Dealspace is really easy to use. It’s simple for us to upload documents, set access controls and generate the reports we need,” Rouchouse explained.

Rouchouse said five potential partners were actively engaged in the negotiating process, and he was able to set up customized workstreams for each one. “It became a very important tool for us, because we could provide a customized view for each prospective partner and expose more information to each company as the negotiations progressed,” Rouchouse said. “For example, we initially did not expose intellectual property to anyone until the negotiation passed a certain point. Likewise, we would not expose financial information until it reached an even more advanced point. This enabled us to control the flow of sensitive information on our journey to find the right partner.”

Intralinks Dealspace also provided visibility into each company’s document viewing behavior, which provided valuable intelligence for the negotiating process. “We could see which folders companies were accessing, and what parts of our technology were of most interest to them,” Rouchouse said. “These reports gave us great insight into what each company was thinking, and we could structure our offers and counteroffers accordingly.”

Ultimately, ERYTECH Pharma closed a deal in which one of its distribution partners, Recordati-Orphan Europe, took a 7.8% stake in the company in the form of convertible bonds. The deal played a major role in helping ERYTECH Pharma fund its expanded operations. After setting up this key partnership, ERYTECH Pharma decided to set up an IPO in April 2013 and raised €16.7 million, which exceeded the €15 million target set by its underwriters.

Benefits

Rouchouse said the use of Intralinks Dealspace saved an enormous amount of time and effort in the negotiating process. With the physical data room approach, ERYTECH Pharma would have had to engage each potential partner sequentially, physically produce and deliver all relevant documents, and maintain physical security of the deal room. With Intralinks Dealspace, the company could engage in negotiations simultaneously and manage access and security through a single platform, enabling it to close the deal with Recordati-Orphan Europe and expedite the IPO process.

In France, it is also required that each party in the deal receive a certified copy of every document used during the negotiating process. Intralinks Dealspace’s content-management functionality made it relatively simple for Rouchouse’s team to quickly assemble the documentation and have it certified by their legal representative.