Confluence Life Sciences

Exemplifies BioGenerator’s model of leveraging multiple tools to create companies, build value, and through disciplined, staged investments, align capital with quality to help drive our strongest portfolio companies to successful outcomes.

Introduction

Confluence Life Sciences was founded after the Pfizer-Wyeth merger led to downsizing in St. Louis. A team of industry-experienced scientific leaders decided to stay in St. Louis and leverage the region’s assets to address unmet medical needs in cancer and chronic inflammatory diseases. A revenue generating subsidiary, Confluence Discovery Technologies, enabled the team to retain and recruit experienced biotech professionals and to subsidize the costs of drug discovery research, while conserving capital. Value built in Confluence, both from the profitable subsidiary and the promising drug assets that the team had advanced, resulted in an up $100M+ acquisition by Aclaris Therapeutics (NAS:ACRS) in 2017.

Company Building from Idea to Exit

BioGenerator worked alongside Confluence’s founders from the beginning, bringing to bear a comprehensive suite of tools to help launch and grow the company. BioGenerator worked with the founders to form the company, build out labs, purchase instrumentation, enable the founders’ business plan, and raise capital. BioGenerator Vice President Charlie Bolten served on the company’s Board of Directors from founding through acquisition.

Staged Capital Investment to Drive Growth

BioGenerator was Confluence’s first investor and continued as the lead investor through two Pre-Series A rounds of early financing, then continued to invest up until the exit. At various points, BioGenerator utilized all its capital mechanisms – from startup grants to pre-seed, seed, and post-seed investments – to help the founders build the company. This incremental approach helped build syndicates and attract venture investment. BioGenerator deployed a total of $1.4M, increasing its capital commitment over the two years prior to exit (with its largest investment in 2016) to generate strong ROI.

Creating a Unique Space

BioGenerator assisted Confluence’s initial launch by providing them with free lab space and equipment in BioGenerator’s facilities within the Cortex Innovation Community. This initial
support was instrumental in keeping the company’s early overhead costs down and allowing their team to focus entirely on advancing innovative drug targets. This space, designed jointly by BioGenerator and Confluence, addressed an acute regional shortage of wet lab facilities for Confluence and other companies emerging from former Pfizer scientists and was the foundation for the current BioGenerator Labs, a shared lab facility that is now home to more than 50 startups - available at little or no cost to new companies forming in the St. Louis region.

Retaining Top Tier Regional Talent

Pfizer, one of the largest pharmaceutical companies in the world, had significant research operations in St. Louis. After its merger with Wyeth, many of the existing research programs were relocated out of state, resulting in substantial workforce reductions. BioGenerator’s investments in and support of Confluence helped retain world-class industry talent. Over time this has enabled retention and attraction of leaders in pharmaceutical drug discovery and development, including deep experience in licensing, portfolio management, and delivery of New Chemical Entities to the market. BioGenerator purposefully supported their CRO operations, positioning the veteran team at Confluence to assist numerous other St. Louis startups to attain milestones that enable them to attract outside venture capital.

A Profitable Business Model: Confluence Discovery Technologies

BioGenerator was the only investor in a wholly owned subsidiary, Confluence Discovery Technologies, a Contract Research Organization. The structure was designed to enable Confluence’s highly experienced research staff to be contracted to other pharma companies to generate profits, which could then be invested in novel drug assets being developed by Confluence Life Sciences.

Successful Exit

In 2017, Confluence Life Sciences and its subsidiary Confluence Discovery Technologies were acquired by Aclaris Therapeutics (NAS: ACRS) for up to $100M plus sales royalties. In addition to creating returns for shareholders, Confluence continues to operate as a subsidiary of Aclaris and has increased the number of scientists employed in St. Louis.

“BioGenerator was deeply committed to working with the founders to build a successful company. Without the ongoing support of BioGenerator, the Confluence story would never have happened.”

Joseph Monahan, PhD, Co-Founder & CSO, Confluence

“As a startup company, we needed a lot of strategic and professional advice and services. BioGenerator brought all that to the table.”

Walter Smith, CEO, Confluence