



BUSINESS

Axcelead to Expand Overseas Biz, Shoots for 130 Billion Yen Sales and 5,000-Plus Researchers

By Tomohiro Osakabe April 13, 2023



Axcelead President and CEO Yoshinori Ikeura

Axcelead is set to propel its overseas business with a view to becoming a globally trusted CRDMO (contract research, development, and manufacturing organization). The company aims to grow the number of researchers to more than 5,000, including through alliances, in a bid to build a system that can meet the needs of customers including global mega pharma players.

Yoshinori Ikeura, who took over as president and CEO of Axcelead on April 1, shared the company's plan with Jiho in an interview held on April 3. Axcelead is a holding firm that has Drug Discovery Partners (Axcelead DDP) as its core unit, which was created in 2017 as a spinout of Takeda Pharmaceutical's drug discovery platform business. Dr Ikeura has been serving as president of Axcelead DDP, where he will become chairman next month.

Aside from Axcelead DDP, which inherited the small molecule library of Takeda, group companies include Arcalis, a CDMO focused on mRNA vaccines and therapeutics, PassPort Technologies, a biotechnology company with a new transdermal drug delivery technology, and A-Digital, an IT service provider that streamlines R&D and manufacturing processes.

In the interview, Dr Ikeura expressed Axcelead's eagerness for branching out further into overseas markets and boosting the research firepower, while also promoting a contingency fee-based drug discovery business to increase earnings. He did not reveal a timeline for achieving target sales figures, but the company is looking to eventually rack up annual revenue of 130 billion yen - or 100 billion yen from Axcelead DDP and 30 billion yen from Arcalis.

Behind the recent change of leadership is Axcelead's ambition to go public. Since former president Tomoyuki Fujisawa serves as a board member at Whiz Partners, Axcelead's main shareholder, removing him from the concurrent position as president of the holding company is expected to strengthen the governance of Axcelead Group. At a press conference held before the interview, Mr Fujisawa said that Dr Ikeura was selected as the company's new president for his extensive connections with drug makers, his global management perspective, and his ability to communicate with investors.

In the interview, Dr Ikeura said, "Up to now we've been in the startup phase. Now that I've been appointed president, I want to take us into the next stage." Going forward, he plans to promote the "expansion of scale" and "creation of a co-owned pipeline."

Axcelead Group posted sales of just under 10 billion yen in FY2022, with Axcelead DDP accounting for most of this figure. "With our current workforce, we could increase this to 12 or 13 billion yen at best. To really ramp up sales, expanding our scale will be a must," Dr Ikeura said. "Top global pharma companies won't see us as a consistently reliable CRO if our small workforce makes it impossible to take on more than one project at a time, so we want to expand our scale to meet the needs of the drug makers we do business with," he added. Around 400 researchers are currently involved in the company's contract business, but it

aims to acquire at least 5,000 in the future through partnerships and joint ventures with drug makers, according to Dr Ikeura.

Axcelead will aggressively develop a high-profit business as well. By creating a co-owned pipeline, the company will collaborate with partners in taking on drug discovery projects in their entirety from the discovery stage rather than simply carrying out a limited range of contracted tasks as it has up to now. Since this will be a contingency fee-based business, “failure’s a risk, but if we succeed the reward would be great,” Dr Ikeura said.

Meanwhile, Arcalis’ Minamisoma plant in Fukushima Prefecture will start coming online in August 2023, and the company is already in contract discussions regarding mRNA vaccines with Meiji Seika Pharma and a global vaccine manufacturer. Once the plant begins full-scale operations, Arcalis expects its business to take off as planned.

To grow Axcelead into a globally trusted company, “We’ll need to shift into a higher gear than we’re in now,” Dr Ikeura said.

With its drive to increase researchers, Axcelead entered a basic agreement with Teijin Pharma in February to establish a new joint venture. According to Dr Ikeura, Axcelead is discussing possible joint ventures with other multiple domestic companies as well. “We hope to reach deals with one or two by the end of the current fiscal year,” he said.

“Whether drug makers really need to maintain in-house research systems by paying their fixed costs has become a pressing issue for mid-sized companies in particular,” Dr Ikeura pointed out. Forming joint ventures would enable them to 1) reduce fixed costs and personnel expenses, 2) expand researchers’ skills and networks, and 3) continue research in line with their own individual strategies, he said. For Axcelead, joint ventures would enable it to acquire more researchers. “This will be a new drug discovery scheme. It’s a challenge, but we’re eager to take it on,” Dr Ikeura said.