

Portland, Maine

Putney To Develop Generic Animal Health Drugs With \$21M Series C

By Brian Gormley

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Venture firms are investing \$21 million into Putney Inc. to enable the company to secure U.S. approval for a series of generic pharmaceuticals for cats and dogs over the next several years.

New investor Safeguard Scientifics Inc. is investing \$10 million into Putney and co-leading the Series C round with new investor NewSpring Health Capital. Undisclosed existing investors also participated in the round, which closed on Wednesday. Putney, based in Portland, Maine, has raised a total of about \$33 million since forming in 2006.

Putney, which raised \$7 million in a Series A round in 2007 and a \$5 million Series B financing in 2009, expects this new funding to carry it to profitability, said founder and Chief Executive Jean Hoffman. She declined to discuss specifics about financial matters such as valuation, revenue, Putney's previous investors, or when the company expects to be profitable.

Some biotechnology venture investors see animal health as a large and accessible market. About 73 million American households own a pet, according to the American Pet Products Association. The association projects that pet owners will spend \$12.2 billion for veterinary care this year, up from \$11 billion last year.

In December another drug company, Aratana Therapeutics Inc., raised a \$20 million Series A round led by Avalon Ventures and MPM Capital to acquire animal-health rights to drugs and advance these products to regulatory approval.

Part of the appeal of animal health is that people pay for medicines out of pocket, so there's no concern about reimbursement, said James A. Datin, managing director of Safeguard's life sciences practice. Though not recession-proof, the sector has held up relatively well because people are willing to spend money on their pets' health, he said.

The lack of insurance coverage for animal-health medicines also means that pet owners are price-sensitive, said Hoffman, who said she plans to use this round to promote a pipeline of some 20 products over the next several years. She didn't discuss the prices Putney would charge, but said consumers can expect significant savings by choosing generics.

Yet the discounts for generics used in animals aren't as steep as they are for those given to humans. In the human pharmaceutical industry, branded drugs face multiple generic competitors as soon as they come off patent. Because fewer companies target animal health, there are fewer generic versions of branded drugs and the price differential is less significant, according to Hoffman. In some cases Putney's products will be the first generic version of a branded medicine to reach market, she said.

Putney's biggest competitors, in fact, are not generics companies but the sellers of branded animal-health products. These include the animal-health divisions of companies such as Pfizer Inc. and Merck & Co.

Hoffman declined to reveal which drugs Putney would bring to market, but said the company targets cats and dogs, the most common pets, and develops medicines in major indications such as antibiotics, pain, parasite control, and products used for anesthesia and sedation.

Datin is joining the Putney board.