

Israel third only to U.S. and China in Covid-19 solutions, says life sciences expert

"We don't talk anymore about devices or drugs. We talk about healthtech convergence, which for me is the future," explains Dr. Laurent Choppe, Managing Partner at Cukierman & Co. Life Sciences

Allon Sinai 14:2817.07.20

The convergence between healthcare and high technology is the next phase in the evolution of life sciences innovation, says Dr. Laurent Choppe, Managing Partner at Cukierman & Co. Life Sciences, the life sciences arm of the leading investment house. But for anyone hoping that healthtech will solve the Covid-19 crisis anytime soon, Choppe has got little good news, saying that at the very best a vaccine will be available during the first quarter of 2021.

Choppe, who splits his time between Israel and Switzerland, knows what he's talking about when it comes to coronavirus, and not just because of his medical background or the fact that he has been keeping close tabs on life sciences progression for decades. Choppe's mother was hospitalized in Israel three months ago after contracting Covid-19. Fortunately, she made a full recovery and Choppe said that she was recently checked and it was determined that she is still carrying coronavirus antibodies. However, he said he knows of other cases diagnosed at the same time who no longer have antibodies, which is an example of another challenge with major implications presented by the Covid-19 pandemic.

"The majority of cases in Israel today are infected people without symptoms. You have tens of thousands people tested and thousands of positive cases identified and from what I see either the virus is maybe less powerful or that it is mainly young people being infected so it is less aggressive on them while the older population is being very protective," Choppe told CTECH. The fact there are fewer serious cases and less people requiring respiratory assistance has actually made clinical trials of medication for Covid-19 more complicated. "You need to move from country to country following the pandemic which is today more in the U.S. and South America. It is very complicated to follow," said Choppe. "For a vaccine it is even more complicated because the trial takes a long time as you don't see immediate results the way you do with other drugs.



Dr Laurent Choppe, Managing Partner at Cukierman & Co. Life Sciences.
Photo: Sachs Associates

"There will be several vaccines because companies are developing them from different angles of the immune response," added Choppe. "The regulatory system will help to get fast approvals, but I don't see anything before Q1 next year, assuming it works. If what they are trying today on a big number of patients doesn't work, which is very often the case, it could be even later and there is no way to speed it up. You need to show that the vaccine is protecting people for a certain time. If it protects a person for one month nobody will use it. You need to show it works for six months, a year, or more."

Many Israeli startups and companies have thrown themselves into the Covid-19 vertical, with Choppe saying that of the 1,600 life sciences companies in the country, around 180 are either fully or partially dedicated to coronavirus.

"It is coming from the base of the life sciences companies in Israel, but also from the fact that we have more and more convergence programs between software and engineering and the vibrant life sciences ecosystem," said Choppe. "When you merge these two types of technologies you get very interesting new fields of life science like robotics, telemedicine, digital diagnostics, digital therapeutics, regenerative medicine and more."

Choppe said that Israeli companies are proposing the most solutions for the current crisis after the U.S. and China. "One of the foundations of the Israeli tech industry and life sciences sector is that they are fast movers. The support system in the country, like the Israel Innovation Authority and incubators, together with the local specialized funds, help entrepreneurs to be very fast. Except in the U.S. where they have almost unlimited financial capacity, and in China where they have vaccine and drug initiatives that are heavily funded by public traded companies and the Chinese government, I would say the third country proposing solutions is definitely the state of Israel. I'm not including the big

pharma and big medtech companies because they are big multinationals that don't belong to a country. I'm talking about local initiatives and startups. Israel stands out with its number of ideas, how fast they become a reality and of course the fact there is a lot of foreign investments."

Cukierman & Co. is considered as one of the leaders in cross-border investment in Israel and provides a full array of financial advisory services, including M&A, Private Placements, licensing and partnership transactions, asset management, and strategic consulting. Choppe provides services to companies across the healthcare ecosystem, including biotechnology, pharmaceuticals, diagnostics, medical devices, and digital health companies. He said that despite the economic crisis, at least half of the VCs are still eager to invest and there is plenty of money out there that was raised pre-Covid-19 that needs to be put to work.

"We identified VCs and investors that have money they have to invest because they will not put it in bonds and will not put it in public companies as they are focusing on private companies," he explained. "There is a need and there is a will. One challenge is the difficulty to meet in person. We can meet by Zoom and we have seen some deals closed on Zoom between people who met in person previously. But today when they want to see a team, a lab facility or a device prototype and they can't travel to Israel it makes it more difficult. Many Israeli CEOs are now traveling abroad even though they know that they will go into quarantine when they come back. They accept this and are willing to make that sacrifice because they have no other choice. Deals are moving, especially in the summer, because people got used to the situation and there are more negotiations being done on Zoom."

Covid-19 has brought major disruption to companies that were in the midst of trials unrelated to the virus. "We have seen during the lockdown everywhere a lot of problems for normal programs in oncology, cardiology, women's health, neurodegenerative diseases, and more. All of those programs, especially the human clinical trials, were postponed because the hospitals were focusing on making space and time for patients with Covid-19," said Choppe. "It has been a catastrophe for some companies that need capital. Some are really stuck and the focus of the community was less for the sectors that were hot before Covid-19. At the same time, all the companies with Covid-19 solutions were in the headlines especially the vaccine and drug companies. But today this is rebalancing because the market is realizing that some companies that were developing drugs for other diseases need to move and go back to business."

Choppe said some investors are putting pressure on reducing valuations of startups as they are mainly focused on their portfolio companies and aren't investing in new companies. "In my estimation, the pool of funds that can invest in new companies is around half of what it was. So those funds have more opportunities and there is very healthy competition as they have plenty of money to invest and it is just a matter of deciding where. According to the IVC Research Center, we saw that Israeli tech investment hasn't been **impacted** too much as of today. However, the impact of the crisis could be much larger if the travel restrictions continue. What is changing a little bit is the focus and the way people are investing."

Choppe hosted a panel titled "Israeli Responses to the Pandemic" earlier this month as part of The Digital Novel Coronavirus Investment Forum organized by Sachs Associates. The panel included Jacob Keidar, Ambassador of Israel

to Switzerland and Liechtenstein, Cliff Ansel, CEO of Respinova, Yaky Yanay, CEO of Pluristem and Chuck Carignan, CEO of SoniVie. The panelists discussed among other things the rising trends in the field of healthcare.

"All the diagnostics that are using AI (artificial intelligence), as well as all the big data analytics together with AI, are helping to create new drugs," said Choppe. "The digitization of biological data will help to create new drugs that are going to result in personalized medicine which is ideally one drug for one patient for one time. The entire industry is going towards that. The combination of the software and engineering capacity in Israel together with biological expertise can bring a new type of medicine.

"You can see as well that many funds that are opening today are focusing on healthcare convergence. This is a big trend. We don't talk anymore about devices or drugs. We talk about healthtech convergence, which for me is the future. It is helping in Covid-19 and helping in many other places as well."

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