

Biotech Daily's CEO interview

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ACRUX'S DR RICHARD TREAGUS: CRANKING THE HANDLE

IN THE 12 MONTHS since Dr Richard Treagus took the wheel at Acrux from Dr Igor Gonda, the market capitalization has more than doubled from \$79 million to \$193 million.

But Dr Treagus says it is far from all his doing. Despite legal issues surrounding Dr Gonda's departure as chief executive officer and removal from the board, Dr Treagus gives much credit to his predecessor, especially for the creation of the state-of-the-art facilities in West Melbourne which includes research laboratories, clean room and administration.

Dr Gonda led Acrux through the 2004 initial public offer which raised \$32 million and there have been no further capital raisings.

"He really did establish a very solid technology platform and intellectual property position," Dr Treagus says, also noting the commercial abilities of company chairman Ross Dobinson who incorporated the Monash University based company in 1998 and raised the capital to create the company.

The core transdermal delivery technology was invented at the Victorian College of Pharmacy by Prof Barry Reid, Prof Barrie Finnin and Dr Tim Morgan.

They were working on sun screen esters combining them with active pharmaceutical drugs with a volatile solvent.

Acrux initially licenced the patents from Monash University and acquired ownership of them in 2004. By the first quarter of 2006 the technology, initially using hormones, was ready for commercialization and Acrux needed someone to do the deals with "big pharma".

Ross Dobinson met Dr Treagus while he was at Sigma (Australia) and the ceevee spoke for itself.

The Welsh-born, South African-raised Dr Treagus holds a BSc in Medicine from Johannesburg's University of Witwatersrand, an MBChB (equivalent to an Australian MBBS) from the University of Cape Town and a Masters of Medical Pharmacology from Pretoria, as well as a Masters of Business Administration from the University of Cape Town. He says studying in South Africa during the death throes of apartheid was "a rather bizarre time in the country's history" with water cannons on campus and fellow students openly discriminated against. It all changed with the release of Nelson Mandela from prison and election as President.

In 1992 Dr Treagus became an adviser to Roche in Johannesburg then medical director of Wyeth South Africa. In 1995 the direction changed when Wyeth appointed him sales director for Southern Africa including Kenya, Tanzania, Uganda, Zimbabwe and South Africa. In 1998 he became head of marketing at South Africa Druggists which happily changed its name to Aspen Pharmacare the following year, where he was both head of sales and marketing as well as head of business development. In 2002 he migrated to Australia and joined Sigma as head of business development.

He is equally enthusiastic talking about Acrux's transdermal platform as the thrill of the chase and sealing the deal. The two key questions he says are: "Who is going to perceive value and how to extract that value?"

Dr Treagus says three key phrases are "need, help and hurry". "What are their needs? How can you help? And how do you get the deal across the line?"

He says in a big pharmaceutical company with thousands of employees you have to make sure you are talking to the right person and not just about the science of the product but the marketing. He has brought in more commercial skills to Acrux. "We do a lot of desk-work and research."

"We're doing a lot of door-knocking. There are a hundred big pharmas, hundreds of specialist pharmas and we are constantly looking at these companies and finding how we can make our technology irresistible for them. That's the knack," Dr Treagus says.

The metered dose transdermal spray (MDTS) system started with hormones, but is being developed for a range of other drug types. He says it is particularly useful for people who have difficulty with other drug delivery systems – the elderly, the infirm, young children and people who have difficulty swallowing. Alzheimer's and Parkinson's drugs are priorities along with non-steroidals, opiates and hypertensive drugs.

He says that a spray that quickly evaporates leaving the skin clean and dry has many advantages over messy gels, injectables and patches, particularly for people concerned about their appearance and less than excited about sharing their medical needs with friends colleagues and strangers.

"There are a huge number of applications of our technology beyond hormones." Dr Teagus says that small biotechnology companies aren't often noticed until a big pharmaceutical company buys in and validates the technology, intellectual property and market value.

Last month Akzo Nobel did precisely that by signing two separate deals worth more than \$US12 million each. (see Biotech Daily March 1, March 7 2007). But rather than an end to the Acrux transdermal delivery story, Dr Treagus says it is only just the beginning.

"We have an exciting six months ahead of us. \$1.40 or \$1.45 is by no means the end-game. We're seeking more products and more partners. We're cranking the handle on the research side. We're cranking the handle on the commercialization side. And our core competency is transdermal delivery."

[Acrux closed down 2.5 cents or 1.76 percent at \\$1.39.](#)