



Biotech Daily

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Daily news on ASX-listed biotechnology companies

GBS Ventures: Building Australian Medical Technologies

Australia's leading boutique venture capital company has more fingers in more pies than principal Dr Geoff Brooke can recall.

Discussing the history and development of GBS from its 1997 creation as part of Rothschild Bioscience Managers, in the GBS board room five floors above the Paris End of Collins Street, Geoff Brooke occasionally says "check the website" to see which companies are recipients of his and Brigitte Smith's company's considerable funds.

The ASX-listed companies include Chemgenex, Cogstate and Sunshine Heart. Biotech Daily notes that Cogstate is the only company related to former Coalition Health Minister Dr Michael Wooldridge to make money and is the only one with GBS involvement.

GBS has supported Alchemia, Amrad, Bionomics, Peplin and Pharmaxis, but no longer has investments in those companies. Among the private and public unlisted companies GBS continues to support are Hatchtech, Spinifex, Chemgenex spin-out Verve and Xenome. Checking the GBS website, Biotech Daily found a further 20 companies, including several US-based companies, which we did not previously know.

At 54, Geoff Brooke is very reluctant to talk about his personal background, but allows that he grew up in a "musical entrepreneurial family" in Middle Park and started school at Glenferrie State School. He says his move to one of Melbourne's leading private schools came as a surprise from his parents, the day before he was due to start.

Geoff says that as a child he was well aware that the local doctor bought a new white Jaguar each year and implies it was no accident that he ended up studying medicine at the University of Melbourne. He sat next to another young would-be medico, Brian McNamee and they have been friends ever since.

The young Dr Brooke enjoyed his residency at Melbourne's St Vincent's Hospital, working in cardiac surgery, anaesthetics and intensive care.

Wondering "what else was there outside the medical channel" Geoff took a year off went to Europe and enrolled in an MBA at Lausanne in Switzerland "and that just changed my world, my options".

“The day I walked into the business school was the day I stopped practicing [Medicine],” Dr Brooke says, but he keeps his registration current.

Initially he thought he would run a few clinics to better manage the part of medical practices that doctors aren’t very good at. But job offers came including the offer he didn’t take up as an equities trader with Salomon Brothers in London.

Geoff worked with Roger Buckeridge in Melbourne for about five years and in that time did a couple of deals with Johnson & Johnson Development Corp and told them he wanted to get experience in the US venture world and they said they wanted an East Coast venture seed fund which became Medvest.

The Medvest office was in Washington DC, specifically sited near the National Institutes of Health.

“We did lots of little startups – I was one of the founders of Allos Therapeutics an oncology company now worth more than \$US500 million. I did other deals including a couple that were great successes. They were pretty good investments.”

At the end of 1996 Geoff Brooke was hired by Jeremy Curnock Cook at Rothschild to run a biotechnology venture business in Australia – Rothschild Bioscience Managers which started with \$20 million. Investments included Amrad and seed funding with Fauldings for Bionomics.

Along the way Geoff hired Brigitte Smith into Rothschild. She already had 10 years experience in business strategy and management of start-ups, including several years at the strategic management consulting firm Bain & Co.

Brigitte came with a Bachelor of Chemical Engineering from the University of Melbourne and a Master of Business Administration from Harvard. She is also a Fulbright Scholar with a Masters of International Relations from the Fletcher School of Law and Diplomacy in Boston.

Together Geoff and Brigitte have created a formidable office of talented and very highly qualified staff, including Dr Andrew Baker, Dr Joshua Funder, Ben Gust and Dr Steve Gourlay.

“About 2000, Rothschild didn’t want to do funds management anymore and we had the chance to take Rothschild Bioscience Managers out of Rothschild.”

“Then in 1998 the [Federal Government Innovation Investment Fund] program was created and we raised \$42.5 million with the government contributing two-thirds.

“In 2001 we raised our second Australia-only fund of \$65 million, primarily raised from the industry superannuation funds and in between the two raised funds with a Federal Government pre-seed fund.”

It was also in 2001 that Geoff Brooke and Brigitte Smith combined their initials to create the name now synonymous with serious investment in Australian biotechnology.

“Our strategy was no different then to now,” Geoff says, proud that the size of the fund has increased with a \$150 million fund in 2005 and a more recent raising of \$122.5 million in 2009 with the market effectively at bottom. “A lot” of the funds from the 2009 round are still available for the right companies.

“The strategy is to invest only in healthcare, with 45 percent in pharmaceuticals, 45 percent in medical devices and the remainder in a mixture of other medical related technologies, like Cogstate, AI Medics and Applied Physiology (see the website).”

Geoff Brooke describes the Sydney-based AI Medics technology as a non-invasive hypoglycaemia monitor particularly targeted at children. The technology senses pulse and electrocardiogram data and can detect trends to alert parents, particularly at night.

“The aim is to go into partnership and together provide capital and our expertise to grow them from just an idea or like Peplin take them to phase III trials.”

Geoff says GBS Ventures started with in vitro and in vivo level companies but “now we can invest in clinical trials with \$US30 million raisings”.

“We work with these companies for three to five years and then do an orderly exit, so we don’t affect the stock price.

“We take at least one board seat and are on the audit committee and remuneration committee.

“We help with introductions to stock brokers and analysts and help with recruitment.

“We’re as involved as you can be form a board point of view. We’re very actively working with the companies in our portfolios.

“It’s an extremely tough environment at the moment, but we still have 50 to 60 percent of the \$122.5 million fund.”

Geoff Brooke speaks very enthusiastically about his companies, especially Chemgenex and Sunshine Heart and gives great credit to the team he and Brigitte have built.

Asked where he sees GBS in a decade’s time he says: “Our plan is that it will keep on trucking and be no different. It won’t become an investment bank or an advisory service.

“We’ll continue to help people start and build companies based on Australian medical technology.”

David Langsam

* Dr Geoff Brooke has never owned a Jaguar, white or otherwise.