

Life Sciences Companies Are 'Voracious' Consumers of Capital, Driving \$500M in Annual Revenue at Cooley

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By Jessie Yount

It's no secret that the life sciences sector has fueled demand for Big Law firms even as the legal sector grappled with the initial shock of the pandemic. This work is particularly core to Cooley, where the life sciences sector touches a third of the firm's \$1.5 billion in annual revenue, with 95% of its attorneys serving life sciences clients.

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Many law firms expect continued growth in the sector in 2021, leading firms to poach talent and expand cross-disciplinary teams to tackle the full needs of life sciences and health care companies.

One recent sign of the trend: Cooley said on Thursday it nabbed Latham & Watkins partner Alan Tamarelli to join the firm's life sciences corporate partnering and licensing practice in New York.

Tamarelli spent three years as a corporate partner at Latham and previously served as counsel and director on Merck & Co.'s life sciences transactions team. He brings expertise in technology-driven transactions for a variety of life sciences companies and has advised on licensing, collaboration and commercial transactions, the firm said.

Cooley is "the market leader" in the life sciences partnering and transactions space, and has a platform that meets life sciences companies' needs across their entire life cycle, Tamarelli said.

The firm not only has "the broadest team with the deepest experience," but also has strategic plans in place to "preserve its status" as a leader with an emphasis on building its team on the East Coast, he said.



(L-R) Christian Plaza and Kay Chandler of Cooley.

Courtesy photos

Since its 1920s founding in San Francisco, Cooley has led the charge in advising technology and life sciences clients on a broad range of legal issues.

Today, the firm's life sciences practice spans hard-core pharmaceuticals and biologics, medical devices, medtech, diagnostics and digital health. It's a big and integrated vertical, with all of its legal practices rolled into it.

"All things life sciences-related captures the breadth of our practice and how big it is," Kay Chandler, chairwoman of the

firm's global life sciences group, said.

Chandler and Plaza caught up with Law.com to discuss how Cooley continues to foster connections within the life sciences ecosystem and lead deals in the fast-growing sector.

How has Cooley historically approached the life sciences industry? What practice areas does the industry touch?

Plaza: Life sciences is core to who we are as a firm. It goes back to the beginnings of the industry. We were involved from Day 1 in the life sciences field. We helped incorporate Amgen and Genentech; the first two true biotech companies. That has helped us understand the needs of life sciences companies and build out practice areas around those various needs.

These companies are voracious consumers of capital and need counsel on how to raise money through private and public transactions. Acquiring, protecting and commercializing intellectual property is a critical part of who those companies are. Further, there is a regulatory overlay that touches all of those areas.

Chandler: We've noticed as science progresses, there is an overlap between the traditional life sciences space and the technology world. For instance, technology companies developing wearables. As a firm, we feel really embedded in these areas that are overlapping. We can bring knowledge to bear when these companies expand, even if it's not their original area of business.

From a client perspective, a company wants support and

advice regarding the whole business. Sometimes you need help fundraising, sometimes you need transactional advice, and sometimes someone sues you and you need a litigation team. From that perspective, the vertical concept makes perfect sense because these companies just want to know we've got them.

How did the pandemic and the remote work environment impact the firm's life sciences group? Was there a broader impact on the industry as whole?

Plaza: When everyone went home on March 13 last year, it took about two weeks to settle into the new normal and adjust to remote work before we were right back at it. We took the first three life sciences companies public in April last year. We worked on 44 life sciences IPOs last year, and there were 99 life sciences IPOs last year. That is close to a 50% market share. In 2019, which was a very busy year for us as well, we handled 31 life sciences IPOs. That shows you how busy we were last year.

Chandler: That is not only true for the corporate practice. Part of what I do is work with companies looking to partner to advance their business along the development path and into commercialization. There are all different kinds of financial arrangements outside of financial investment approaches, and you can be endlessly creative in how you structure these deals. The partnering and licensing practice is on fire, like M&A and everything else. That is really remarkable. In 32 years, I've never seen that happen in the world before.

Part of the reason we're proud to be part of the industry is, think about how much time and attention has been paid to life sciences innovation and the critical nature of it in our world. Could there be a better time to be coming up with solutions for pandemics and critical issues such as ag-tech and sustainable farming? Are we part of something that is solution-oriented for the future? Yes, we are.

As lawyers, we often get asked about what we're doing to help the world. In this practice, we feel it directly. We see the work we do in helping these companies move the world forward. It is incredibly worthy. We're proud to be part of a firm that made that bet back in the day and is still following through on that.

What are some changes in the life sciences landscape that have created new opportunities for biotech companies in recent years?

Chandler: Partnering to access capital, knowledge and resources—all variations on that theme are at play these days. Sometimes companies choose not to access capital markets because they want more than money. Maybe they need supportive expertise. Ultimately, these companies team up with pharmaceutical companies that engage in commercial activity.

Plaza: Historically, 10 years ago, life sciences companies would develop a product to a certain point, probably through the first two phases of clinical trials, and then partner with a Big Pharma company to take it through later-stage clinical trials and commercialize the product.

An interesting trend is these companies have been able to raise lots of capital in the public markets and then take the products further and commercialize assets themselves.

On top of that, there is a regulatory scheme that often doesn't require significant clinical trials by the companies themselves. For example, a company can develop a therapeutic for a specialty indication in oncology that might get approved through a clinical trial with 150 patients. That has changed companies' needs significantly. As a result, we've added three regulatory partners this year, and we continue to build in that area.

We're also seeing companies using artificial intelligence and data analytics to narrow the therapeutics they go after and expedite the clinical trial process on the back end. The health-care-data play fits nicely with our life sciences focus, and we have a very large digital health practice as well.

How have your relationships with life sciences companies fueled the firm's corporate group in recent years? What is the nature of the work the firm wins in corporate transactions and capital markets?

Plaza: We're seeing more venture transactions and IPOs in life sciences than ever. Since 2018, we've done over 150 life sciences IPOs. We have more than 1,800 life sciences companies as clients, which includes more than half of the Nasdaq biotech index.

On the M&A side, the majority of our work has typically been on the sell side because a lot of buyers are the Big Pharma companies, and our clients are typically the innovator. Then again, a lot of our clients are growing up and becoming the acquiring company, such as Horizon Therapeutics and Jazz Pharmaceuticals.

The beauty of the sell-side practice for us is that it fits nicely with our innovative client base. Part of the challenge with the buy side and working for Big Pharma is that it is very fee-sensitive and most of the work is done at pretty heavy discounts. There is also a large conflict footprint; every day of the week our clients are adverse to Big Pharma on the intellectual property or collaboration deals we do and those conflicts can be tricky to navigate.

We get to know teams of investors and investment bankers for these companies and work across the table depending on the type of transaction. We have relationships with investors on the boards of these companies and management teams. By working with so many companies in the space, as opposed to a select number of Big Pharma companies, we interact with a huge number of people who are active participants in life sciences.

On the IPO side, our work is pretty much split between the issuer and underwriter side. A New York firm usually has more on the underwriter side. In our practice, about half of our work is for the banks and half is for the issuers. We think that's a nice balance.

How profitable is the life sciences group?

Plaza: The life sciences group often is more profitable than nonlife sciences work. We tend to work on bigger "bet-the-company" deals, and in those matters, we see less rate and fee pressures because of our industry expertise. These companies tend to use a broader range of our services because everything is intertwined. For instance, intellectual property ripples through all of these companies. So, it can be a much more lucrative practice area for us in terms of revenue and collections.

Cooley had a stellar year in 2020, in large part due to life sciences demand. What does that indicate for revenue and headcount growth in 2021?

Plaza: Everything we're seeing indicates revenue growth again in 2021. We've already worked on north of 40 IPOs this year alone, including 26 for issuers. Once you are deeply embedded in life sciences like we are, companies continue to come for a lot of different services. More than half of the companies we have taken public, we hadn't represented before they went public. We see that continuing, and we're well positioned to be industry-leading in the space.

We've continued to expand in corporate, intellectual property and regulatory practice areas in the last year. Since the beginning of 2019, we've added 18 lateral partners, covering all the various areas related to life sciences.