
VENTUREWIRE**Elcelyx Therapeutics Closes \$40M Series E***Brian Gormley**October 01, 2015*

Elcelyx Therapeutics Inc . has raised \$40 million to initiate Phase IIb clinical trials for a Type 2 diabetes drug that could help patients who don't benefit from the widely used medicine metformin.

New investor Sailing Capital led the Series E round, which included new backer Clough Capital Partners and prior investors GSM Fund, **Kleiner Perkins Caufield & Byers** , **Morgenthaler Ventures** and **Technology Partners** , according to a news release.

Venture investment is rising in products for diabetes, which affects more than 29 million Americans, according to the **Centers for Disease Control and Prevention** . Venture investors put \$661.3 million into products for diabetes and other diseases affecting the **endocrine system** in the first half, according to Dow Jones VentureSource. Last year companies in this industry raised \$862.9 million.

The disease's most common form, Type 2, draws particular interest. In Type 2 diabetes, the body doesn't use insulin properly. As a result, the patient has trouble controlling blood sugar levels. Recent venture financings in Type 2 diabetes include a \$100 million round disclosed by **CeQur SA** in September. CeQur is advancing an insulin-delivery device for Type 2 patients.

Insulin is usually reserved for Type 2 patients who have struggled to control blood glucose levels through other means. The preferred initial treatment is metformin. Many patients, however, don't benefit from this medicine, according to Elcelyx. The drug is contraindicated in some patients because their kidneys are impaired.

When the kidneys are impaired, metformin isn't eliminated from the body effectively. As the drug accumulates, patients can develop a dangerous condition, metformin-associated lactic acidosis, Chief Executive Dr. Alain Baron said. Lactic acidosis is a condition in which lactic acid builds up in the blood more rapidly than it can be cleared away.

Some Type 2 diabetes patients develop gastrointestinal intolerance to metformin that leads their doctors to reduce the dose or discontinue metformin therapy altogether. Reducing the dose of metformin also diminishes its efficacy, according to Dr. Baron.

Elcelyx's product, Metformin DR, lowers glucose levels by targeting the lower bowel and limiting absorption into the blood. As a result, the product isn't expected to pose the same risks to kidney-impaired patients as metformin products that travel throughout the body, according to Elcelyx.

In addition, Elcelyx's drug eliminates the nausea and vomiting that some metformin-treated patients develop, Dr. Baron said.

The new financing will enable Elcelyx to initiate a Phase IIb study that will enroll about 550 patients. The San Diego company expects to follow this trial with two pivotal Phase III studies. One of these Phase III trials will include Type 2 patients with moderate kidney impairment, the company said.

Liang Tsui, managing director and partner of Sailing Capital, is joining the Elcelyx board.

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