

# Instem PLC

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## Instem on how it is taking the guesswork out of early-stage drug development

Counterintuitively, failure in the world of drug discovery can be a good thing - but only if it happens very early in the R&D journey.

Halting the progress of a flawed treatment in the embryonic phases avoids harming humans later down the line and potentially saves tens of millions of pounds of wasted investment.

Screening of this kind - weeding out the losers early - is an integral part of discovery and development.

The fact that R&D productivity within the life sciences industry is so low, in spite of the billions spent, is in part a reflection of how poor scientists have been at identifying the non-runners.

Hoping to improve the process is a £50m AIM company called Instem PLC (LON:INS).

**WATCH:** Instem duo on informatics

The group has built its reputation (and generated around £23m of revenues last year) from software that streamlines and standardises the regulatory submissions process for early-stage drug development.

On Wednesday it showcased the progress being made by its informatics service, which has seen its order numbers increase by 90%.

Informatics is a natural extension for Instem. By processing and storing data it has garnered, the company has been able to develop gene- or drug-specific target safety assessments (TSAs).

TSAs are used to assess unintended adverse consequences of potential treatments before expensive investment is made and, crucially, long before they are administered to people. In other words, it helps identify the 'failures' early.

Currently, this process is costly, particularly for small and mid-sized firms, which have to outsource it.

**Computer-based development**

Instem's 'in silico' (computer-based) methodology is cheaper than the traditional, lab-based approach and brings with it an element of standardisation lacking currently.

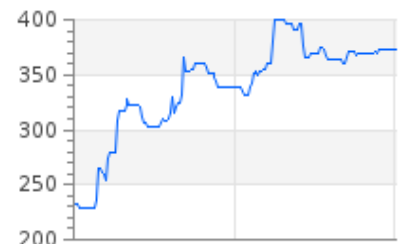
"We run a technology-enabled service where we deliver a report on the safety of a gene," explained Gordon Smith Baxter, Instem's chief scientific officer.

"There is a drive to outsourcing some of the work to establish downstream safety of targeting because R&D is so unproductive. It costs a fortune. If they [companies] fail, they want to fail early; they want to fail cheaply.

**Price:** 373

**Market Cap:** £61.65 m

### 1 Year Share Price Graph



December 2018 June 2019 December 20

### Share Information

**Code:** INS

**Listing:** AIM

<b>52 week</b>	<b>High</b>	<b>Low</b>
	410	211.51

**Sector:** Software & services

**Website:** [www.instem-iss.com](http://www.instem-iss.com)

### Company Synopsis:

*We help our over 500 international clients efficiently access, capture, analyze, report and submit high quality regulatory data, while maintaining compliance for their products around the world. This is combined with our unique ability to generate new knowledge through the extraction and harmonization of public and proprietary sources of actionable scientific information.*

[action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

"That is the business we are finding ourselves in. It was a tough start, but we are starting to see significant growth; in particular this year."

The value of new orders from informatics was a comparatively modest £840,000 in the first nine months of 2019.

But it's the growth trajectory and the longer-term potential of informatics that excites Baxter and Instem chief executive Phil Reason.

#### KnowledgeScan platform

The technology is based around the firm's KnowledgeScan platform, which enables rapid, systematic analysis of millions of available data records.

It means Instem can collect and present intelligence that is relevant to specific commercially-sensitive medical issues such as unexpected side-effects or toxicities.

The sophisticated technology uses artificial and augmented intelligence techniques and a "rigorous process and methodology", according to analysts at Progressive Research.

#### Significant potential

Over time, the company could look to sell subscription services to its growing catalogue of TSAs, providing a continuous revenue stream to augment the current "per target" model, Progressive reckons. Equally, there may be an opportunity to sell the software, it added.

"The target safety assessment process is just the first application of generic capability," CEO Reason told Proactive.

"That's a decent-sized market in itself but as our capabilities build their own momentum we will look at where next to deploy this technology."

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