



Health Blog



Wall Street Journal's blog on health and the business of health.

November 11, 2009, 10:15 AM ET

Sanofi's Research Shift: Billion-Dollar Deal, Venture Capital Fund



By **Jacob Goldstein**

Chris Viehbacher, the CEO of Sanofi-Aventis, [told the Health Blog](#) a while back that he planned to shift a big chunk of research funding away from Sanofi's internal labs and toward external partnerships with smaller, more nimble biotech shops. That strategy was in evidence yesterday, in a few ways.

Sanofi said it would fund more than \$1 billion in research at a biotech shop called [Regeneron](#). The funding will be spread over eight years, and expands on an existing partnership between the two companies, the [WSJ reports](#).

The company is also likely to create a venture capital fund, Viehbacher said Tuesday. He was in Cambridge, Mass. — a big biotech hub — talking about the company's need to make more partnerships. He suggested VC fund would be more about building relationships with promising companies than about looking for quick financial upside, [Dow Jones Newswires reports](#). "There's a wooing process in all of this," he said. "You've got to get to know one another."

Other big pharma players have been taking a similar tack recently. [J&J's CEO recently described](#) how partnerships allow the company to spread its bets more widely than making outright acquisitions. And [Merck's CEO has been saying](#) for a while that the company needs to shift toward a more external research culture, with an eye to buying or partnering with small-ish biotech shops.

Photo: Associated Press