



GATC Health

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## **Testimony in Support of HB 2003**

Economic Diversification Research Fund

January 21, 2025

Senate Appropriations Education and Environment Division

Tyrone Lam, Chief Business Officer

Chairman Sorvaag and Members of the Senate Appropriations E&E Division,

Thank you for the opportunity to offer testimony in support of the Economic Diversification Research Fund today. For the past six months, GATC Health has been working with leaders at UND and NDSU in hopes of accelerating their research in partnership with our AI platform.

### **GATC Health Overview**

GATC Health is a tech-bio company leveraging artificial intelligence (AI) to significantly reduce the risk, time, and cost of drug discovery. We are now partnering with research universities to help them generate revenue from their drug discovery research.

As background, less than 10% of drug candidates are approved by the FDA. It takes 10-12 years for a drug candidate to get approved by the FDA and that process costs an average of \$2.6 billion per drug. Over the last three years, less than 50 new drugs were approved per year by the FDA while it's estimated that over 10,000 diseases lack FDA-approved drugs. Also, although universities perform roughly 70-80% of the basic early research in pharmaceuticals, only about a quarter of the drugs approved by the FDA originate in universities. So, the economics and results of traditional drug discovery and development must be improved.

A University of California Irvine study (journal article attached) demonstrated our platform's 90% accuracy in predicting compound activity, compared to the less than 10% success rate of traditional clinical trials. Based on these unprecedented capabilities, Lloyd's of London syndicate Medical & Commercial International (MCI) selected GATC as its exclusive AI platform to predict clinical trial endpoints for underwriting the world's first insurance-backed clinical trial financing program.

GATC's AI platform has successfully reduced the risk, time and cost of drug discovery by simulating billions of biological interactions to enable rapid, accurate target discovery, drug identification, and validation at the earliest stages of drug development—before costly lab work begins. This technology, which is all based in the U.S., empowers researchers to predict safety, efficacy, and off-target effects, essentially simulating clinical trial outcomes before applying for trials.



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In addition to these achievements, in less than three years our AI platform discovered and advanced drug candidates in areas such as addiction, PTSD, diabetes, obesity, glioblastoma, Alzheimer's, and cognitive decline. As an example, our AI predicted a novel set of three targets for addiction less than three years ago and our AI discovered and tested a novel, non-opioid compound to treat Opioid Use Disorder (OUD). This candidate had very successful animal trials with University of CA Irvine, is preparing for IND, and is expected to be in phase 1 clinical trials before the end of this year. Of note, it costs an average of \$300 million to complete pre-clinical work on a prospective drug. As comparison, that process cost us less than \$4 million for our OUD drug candidate.

### **University Research Accelerator Program Overview**

GATC has launched a Research Accelerator Program to greatly improve the probability of early-stage drug research transitioning to clinical trials. In essence, this programs partners GATC's AI platform with universities to de-risk science research and accelerate revenue opportunities for the universities.

GATC's Accelerator Program supports universities by:

- Screening and advancing early-stage research using our AI platform.
- De-risking investment decisions early in the discovery process.
- Accelerating research commercialization timelines.
- Connecting projects to Lloyd's-backed financing for clinical trials.

Under this program, universities focus on incubating research while GATC's AI identifies projects with the highest commercial potential. These projects are then rapidly advanced through pre-clinical and clinical stages. Through a purpose-built North Dakota corporation, the university, GATC and investors each contribute and profit from the accelerated R&D process for each project.

Working with UND and NDSU's research enterprise, we believe we can:

- Generate revenue sooner by commercializing research faster than traditional methods.
- Reduce development risks and save time by focusing on high-probability projects.
- Expand research capacity with fast-fail AI analysis.
- Gain recognition as leaders in AI-driven research commercialization.

Just this week, GATC signed a Master Services Agreement with West Virginia University (R1 research institution) to implement this JV-based program across departments, with a joint announcement is coming soon.

### **Conclusion**

In summary, GATC's AI can help UND/NDSU commercialize research by identifying high-potential projects, accelerating discovery, and de-risking decisions—bringing new



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revenue opportunities to universities. We offer our support of UND and NDSU's request to fully invest in the Economic Diversification Research Fund as we hope to be a part of their impressive research enterprise.

### **Exhibits attached:**

Learning to Discover: The Impact of AI in Preclinical Drug Development. (2024, November 15). *American Journal of Biomedical Science & Research*.

AI-Based Predictions of Molecular Target Activity from Blind Chemical Structures. (2024, June 21). *American Journal of Biomedical Science & Research*.