



OCTOBER 2007

## If You Build It, They Will Come? Market Development in the Life Sciences Industry

By Dr. Robert C. Keefer

Amazing how many seasoned industry professionals drink their own Kool-Aid when they run their own companies.

With their backgrounds in large companies in a previous life, they would say they know the importance of a solid marketing, and market development, plan. But somehow when it comes to their company's hot new technology or product, they allow themselves to be seduced into believing it is so good it can't fail. Invariably, they will tell you that they know the market and success is just around the corner. "This is a great, new, novel technology. Everyone will love it."

If that seems far-fetched, let me assure you it is not. Over 90% of the business and product plans that we see do not include well-thought-out data- and research-driven market development plans. Instead, what is more common is that they build it and not many come at all, resulting in negative impacts on their companies and investors.

Furthermore, in the current investor climate, many companies don't even reach the build stage. Most technology companies — especially life sciences — fail because they simply run out of money before they get to a good working product. Or, if they do raise sufficient money for product development, they don't raise enough to develop the market. They don't have a complete picture of what they will need; and therefore, they don't ask investors for enough, or they don't get financed at all. Because so many investors have been burned in biotech, they are reluctant to fund a company if the entrepreneurs don't have realistic sales projections and viable proformas. They have not given enough thought to how the product is going to be introduced nor how it will ultimately succeed in a competitive marketplace.

Here's an example of what can happen. A number of years ago a fledgling life sciences company we know licensed an exciting, patented, novel technology. Everything went well in the beginning. They quickly solved the manufacturing

challenges and had products available for sale. Early sales were terrific because the product was featured on a well-known TV program, as well as network news and early morning shows. The product worked great and the initial patients loved it. But after the initial burst generated by publicity, sales fell flat. They had reached only a fraction of the customers, did not know how to reach the health care providers, did not have a reimbursement and pricing strategy, and did not have sound marketing and distribution plans to encourage repeat sales and create a sustainable business model.

It wasn't that they were not otherwise good business people, but somehow they were blinded. They didn't interrogate reality.

You can avoid the same mistake with a detailed market development plan that springs from a complete understanding of:

1. The market profile: Do you have a deep understanding of the prevalence of the disease and the market opportunity that exists?
2. How the product will be used by medical professionals and how it will be viewed by payors: How is the product going to change the treatment paradigm? Will it make the physician's job "cheaperbetterfaster"? What will motivate physicians to turn from the product they are using now to the new product?
3. The competition: With rare exception, any new product is already facing competition. Exactly how is your product better/unique; and can the average customer, payor, and provider understand how the product will benefit them and their patients and customers? What barriers to competition do you have? How will they respond against your product?
4. The legal and regulatory implications: I recently met with a medical device company that was celebrating the fact that they had received an FDA exemption from clinical trials. What they didn't seem to understand was that FDA approval and some well-controlled clinical studies would have given them a competitive edge.

The only way to get this knowledge is through objective self-examination and evidence-based early market research. It requires someone with the experience and wisdom of having "done it before" to again do in-depth, one-on-one interviews with prescribers, payors, and patients. An advisory board, even for market knowledgeable people, can be invaluable during your research phase to help you take off the blinders and look at your product and business objectively. Only complete objectivity can uncover the insights you need to create and sustain a successful product, brand, and company.

Armed with a good market development plan you will be able to a) secure better financing from investors in an increasingly challenging financial market; b) generate more rapid product uptake; c) realize higher peak sales; and d) establish stronger competitive barriers.

Then when you build it, you *know* they will come.

**To contact the publisher and editor of Pulse, or to learn more about how TCG can help you, please contact [rkeefe@tcgbiopharma.com](mailto:rkeefe@tcgbiopharma.com).**

## ADVA MED holds first Annual meeting in DC

By Dennis Burns

AdvaMed, the world's largest medical technology industry association with some 1,500 member companies, held its first Annual meeting in Washington DC, October 1-3, 2007.

The Advamed members, who include medical technology device, diagnostic product, and medical information system companies produce nearly 90 percent of the health care technology purchased in the US and 50 percent purchased annually around the world.

The AdvaMed 2007 meeting, at the Ronald Reagan Trade Center, covered the entire spectrum of medical technology issues with talks and dozens of panels with business leaders, policy-makers, innovators, financiers and patient groups. Some 1500 attendees, representing over 500 large and small firms, also participated in an active One-on-One product/technology Partnering program which TCG joined on behalf of several US and European clients.

The detailed schedule and participants are available at:  
[www.advamed2007.com](http://www.advamed2007.com)

## TCG Principal Presents at 20<sup>th</sup> Annual Bear Sterns Health Care Conference

### Future Licensing and Partnering Trends

September 12, 2007

Press release

Research Triangle Park, NC

**New York, NY. Dr. Robert Keefer**, Principal of the Technology Commercialization Group LLC (TCG), a leading international business development consulting firm located in the Research Triangle Park, NC, area ([www.t-c-group.com](http://www.t-c-group.com)) gave a key talk on Future Trends in Pharmaceutical and Biotech Licensing and Partnering at the Annual Bear Sterns Health Care Annual Conference on September 10, 2007.

Dr. Keefer, who is Managing Partner of the TCG BioPharma practice area, provided his insights into trends for development-stage large firm deals in the past year in North

America. He also talked about ways to maximize the value of partnerships based on his 20+ years of experience in the diagnostic, biotech and pharmaceutical segments.

The Licensing Panel was a featured event at the important Annual Conference which included presentations by nearly 100 leading health care companies to investors, senior executives, and financial leaders.

(<http://www.bearstearns.com/sitewide/institutions/conferences/2007/healthcare/>)

Since 1998, TCG has been helping life science clients in the US and Europe maximize the value of their technologies through market analysis, business development, marketing and brand management support. Recently, TCG has provided guidance to several clients who have completed significant partnerships including Addrenex Pharmaceuticals which signed a \$6MM CNS drug deal with Sciele Pharma

<http://biz.yahoo.com/bw/070712/20070712005510.html?.v=1>

and Wilmington Pharmaceuticals which completed a major gastrointestinal drug partnership with Salix Pharmaceuticals.

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For more information, please call 919-941-0700 or see our website:  
<http://www.tcgbiopharma.com/>

## **UPCOMING EVENTS:**

### **Windover's Annual FDA/CMS Summit**

*December 6-7, Washington DC Renaissance Hotel*

For the R&D and marketing executives responsible for getting **new drugs** to customers, the uncertainty index has jumped off the charts. And Washington is driving the uncertainty.

The only event with dialogue between top policy-makers (like HHS Sec Leavett & Rep Waxman) and industry leaders on commercializing your products. For full details and registration, please visit: <http://www.windhover.com/fda-cms>

## **AFFILIATES:**

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**TCG Germany** – TCG Germany is an international consulting firm based in Heidelberg, Germany. For more information, please visit [www.t-c-group.de](http://www.t-c-group.de) or contact Dr. Reinhard Merz at [reinhard.merz@t-c-group.de](mailto:reinhard.merz@t-c-group.de).