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incorporate  
increase  
increment  
incubator  
indeed  
individual  
induce  
industrial  
infinity  
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information  
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Integrating intelligence

***Alliance Management***

***ICIC Nimes France***

***22 – 25 Oct 2006***

***Hansruedi Kottmann***

# Agenda

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- ❑ The Stage
- ❑ The Players
- ❑ The Processes
- ❑ The Decision Making
- ❑ Summary

# The Evolutionary Revolution of R&D

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## Today

- ❑ Streamlined processes
  - Efficient – yet too few successes
  - Well understood, but
  - Innovation output not adequate to feed commercial needs
- ❑ Predominantly inhouse
- ❑ Centralized command & control
- ❑ Internal & external efforts are treated in different ways
- ❑ Internal & external decision making criteria are different (no common currency)
- ❑ Alliances/Partnerships are critical for business success

## Future

- ❑ Do the right thing versus doing things right
- ❑ Portfolio optimization, relative to
  - In-house or In-licensing
  - Risk & Attrition
  - Cost, Resource, Potential Outcome
  - Time-to-market
- ❑ Go-to-market criteria built into early project decision making (Inventor, Developer, Regulator, Payer)
- ❑ New product may come from own labs **or through** own labs (P&G)
- ❑ Establishment of a common currency for decision making regarding internal and external opportunities

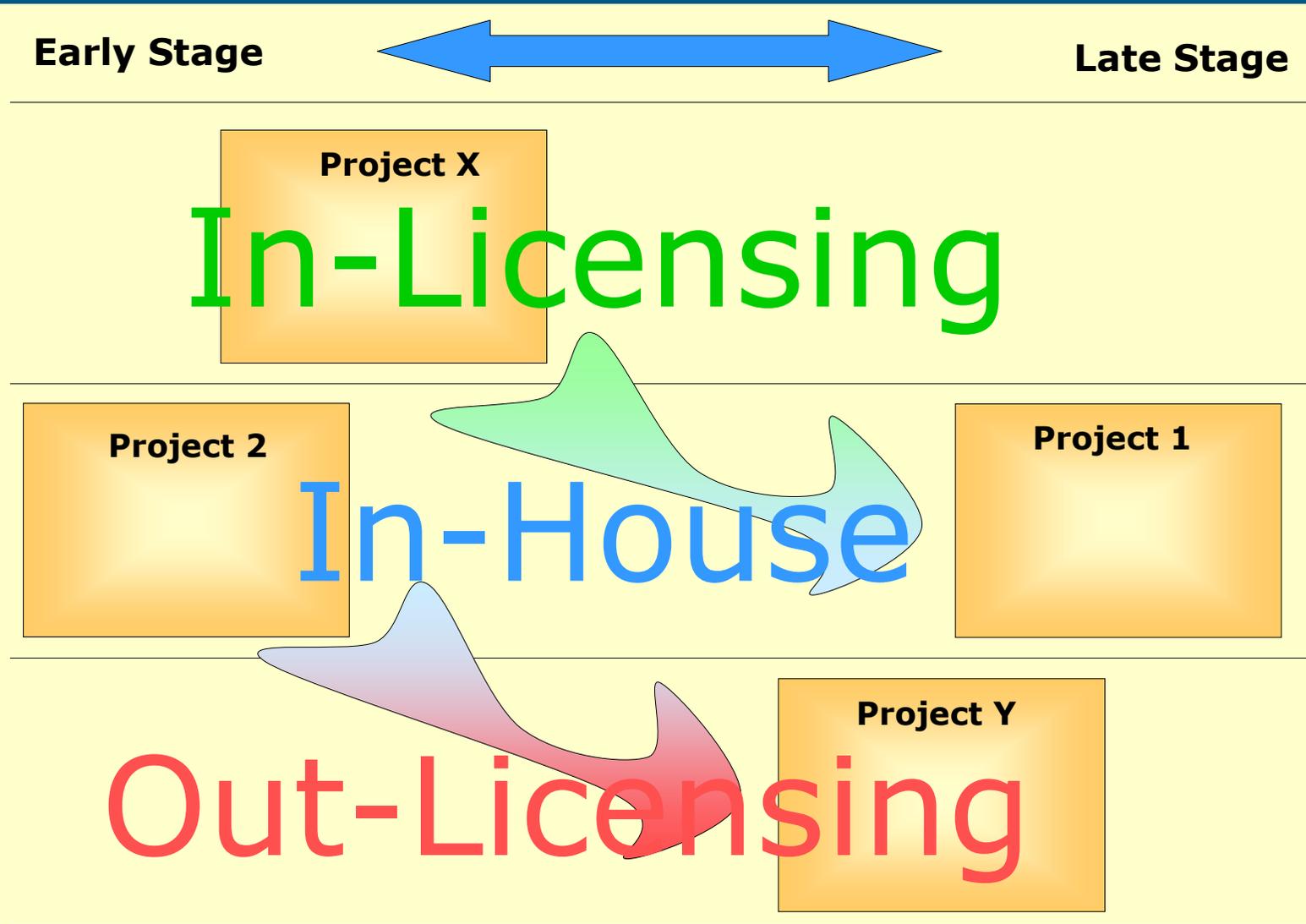
# Why Alliances – Life Sciences

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- ❑ Optimize a project/product pipeline
  - Might be more cost-effective than in-house projects
  - Typically tactical – late stage projects (clinical development)
- ❑ To establish a presence or know-how in a new field
  - Example Biologics
  - Example Antibody Technologies
  - Strategic – earlier stage projects (discovery or pre-clinical)
- ❑ Risk Mitigation/Share Risk
- ❑ Pharma; Shorten time to market
- ❑ Biotech; Access to Markets, Funding, Development Resources
- ❑ Competitive Pressures

# The Deal-Flow

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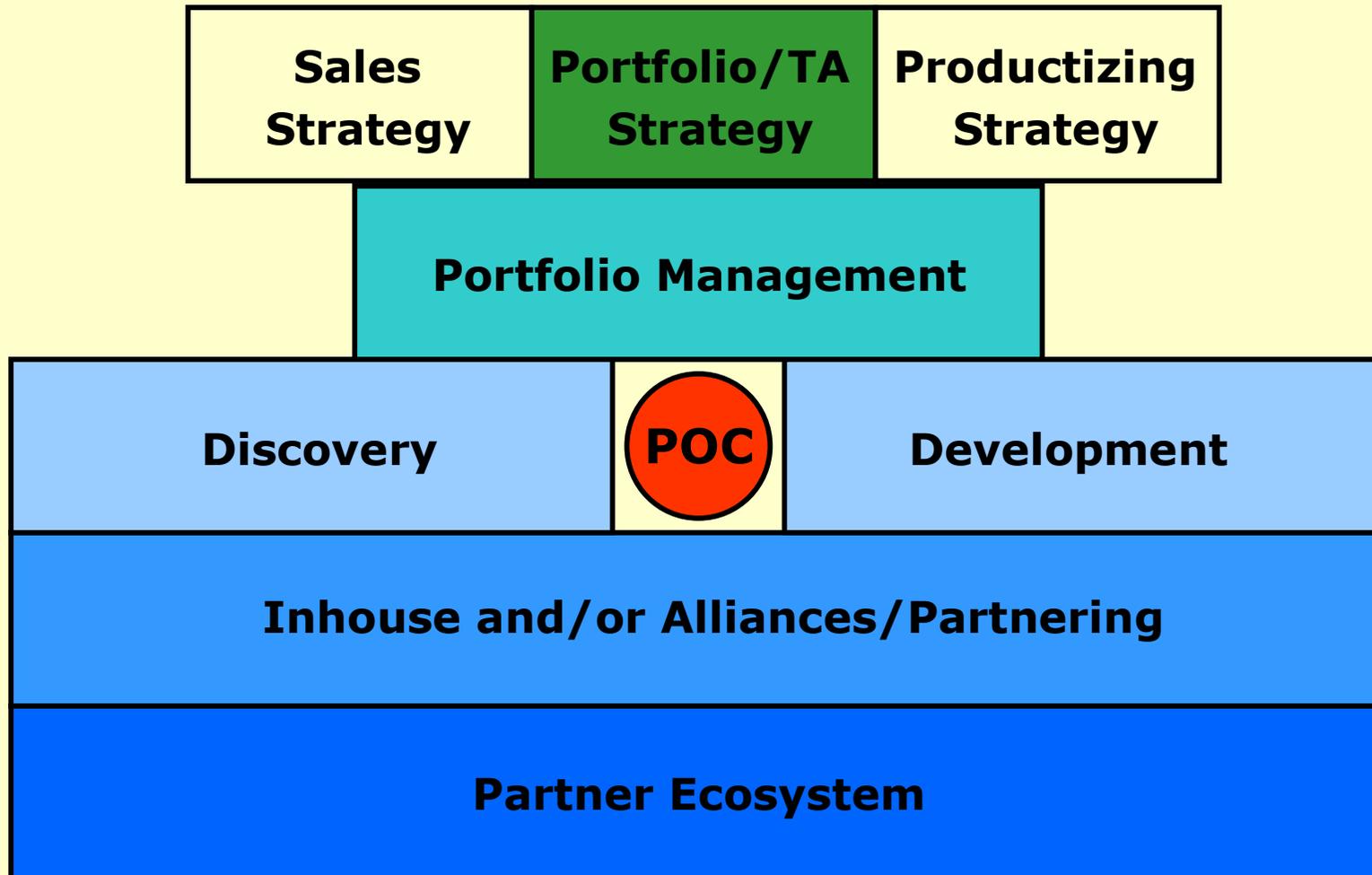
# External Opportunities > Stakeholder Interests: Controversial? Sometimes!

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# Strategy to Process to Project

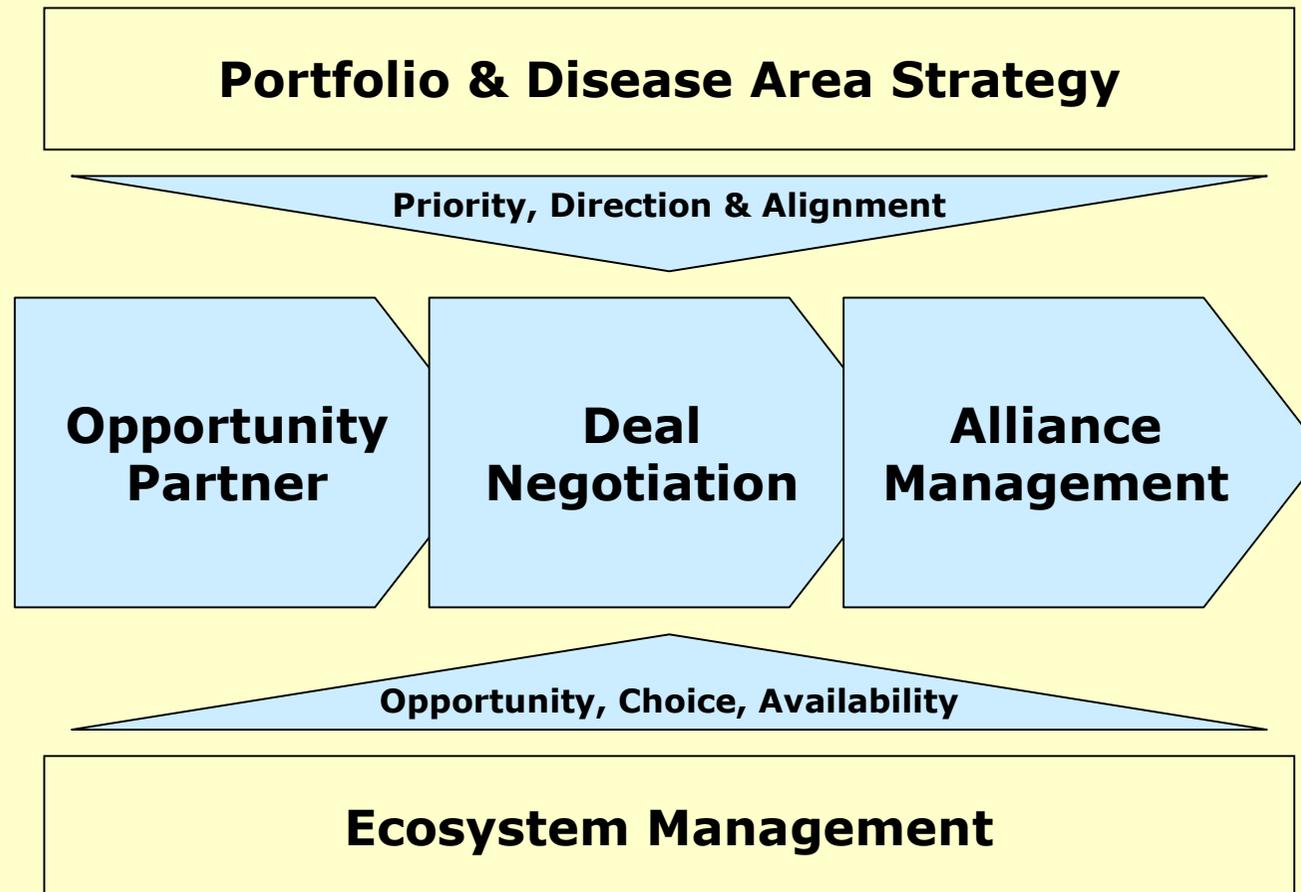
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POC=Proof of Concept  
(Point at which decision is made to go for full development)

# Alliance/Partnership Process Overview

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# BD&L and Alliance/Partnership Management

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## Opportunity Management

- Strategy
- Profile
- Validation – Science
- Valuation – Business Value
- Risks - Due Diligence
- Contractual Terms
- Potential Partners
- Issues List

**Signature**

## Alliance/Partnership Management

- Documents
- Milestones
- Payments
- Contacts/Staff
- Meetings
- Controlling
- Caring
- Partner Management

# Types of Alliances/Partnerships

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## Varying Level of Risk and Control

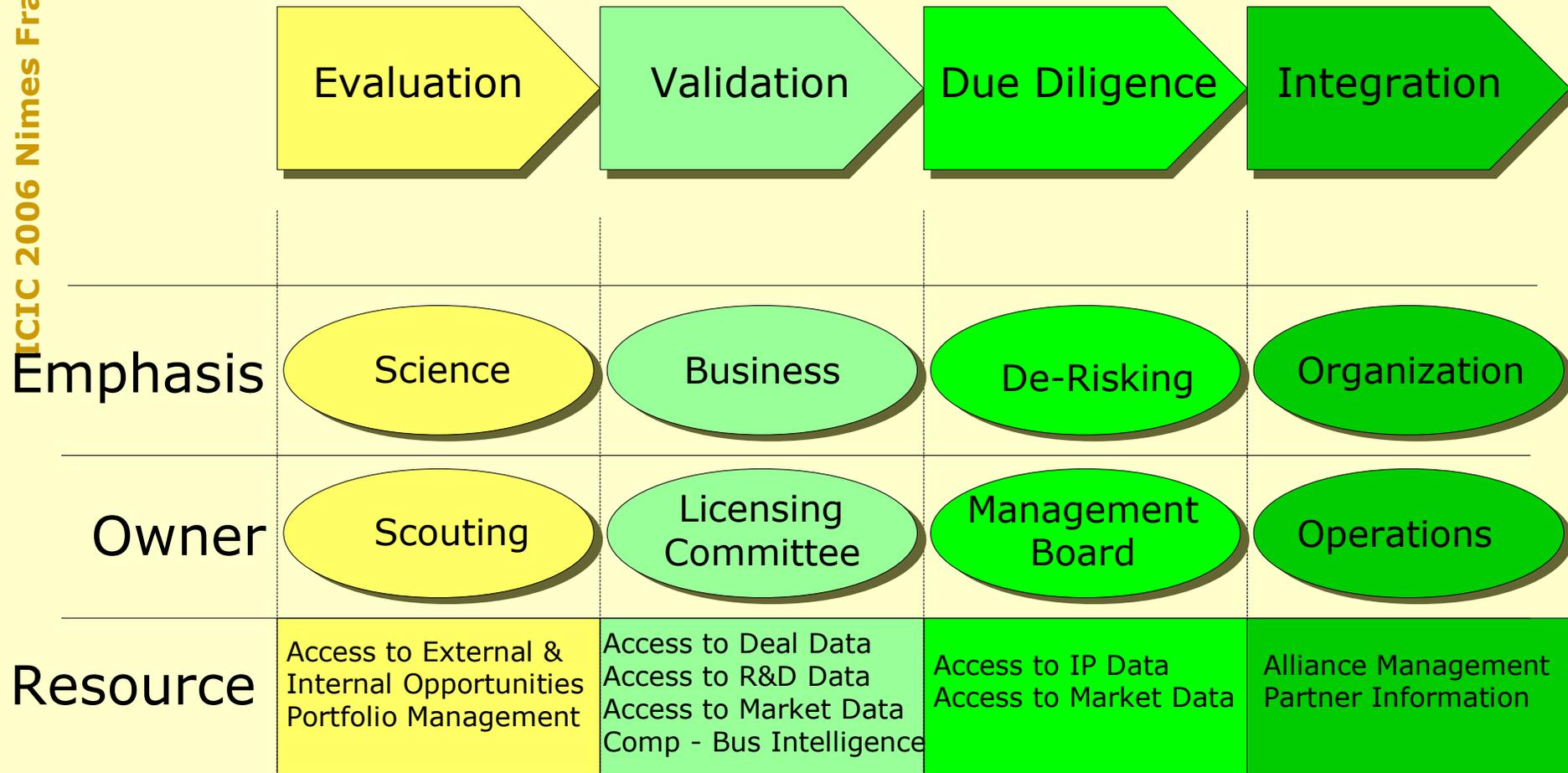
- Collaborative Marketing
- Straight In-Licensing
- Co-Development
- Minority Investment
- Merger/Acquisition

## Varying Level of Capital Investment

- Development
- Sales & Marketing
- Manufacturing
- Discovery
- Regulatory Filing

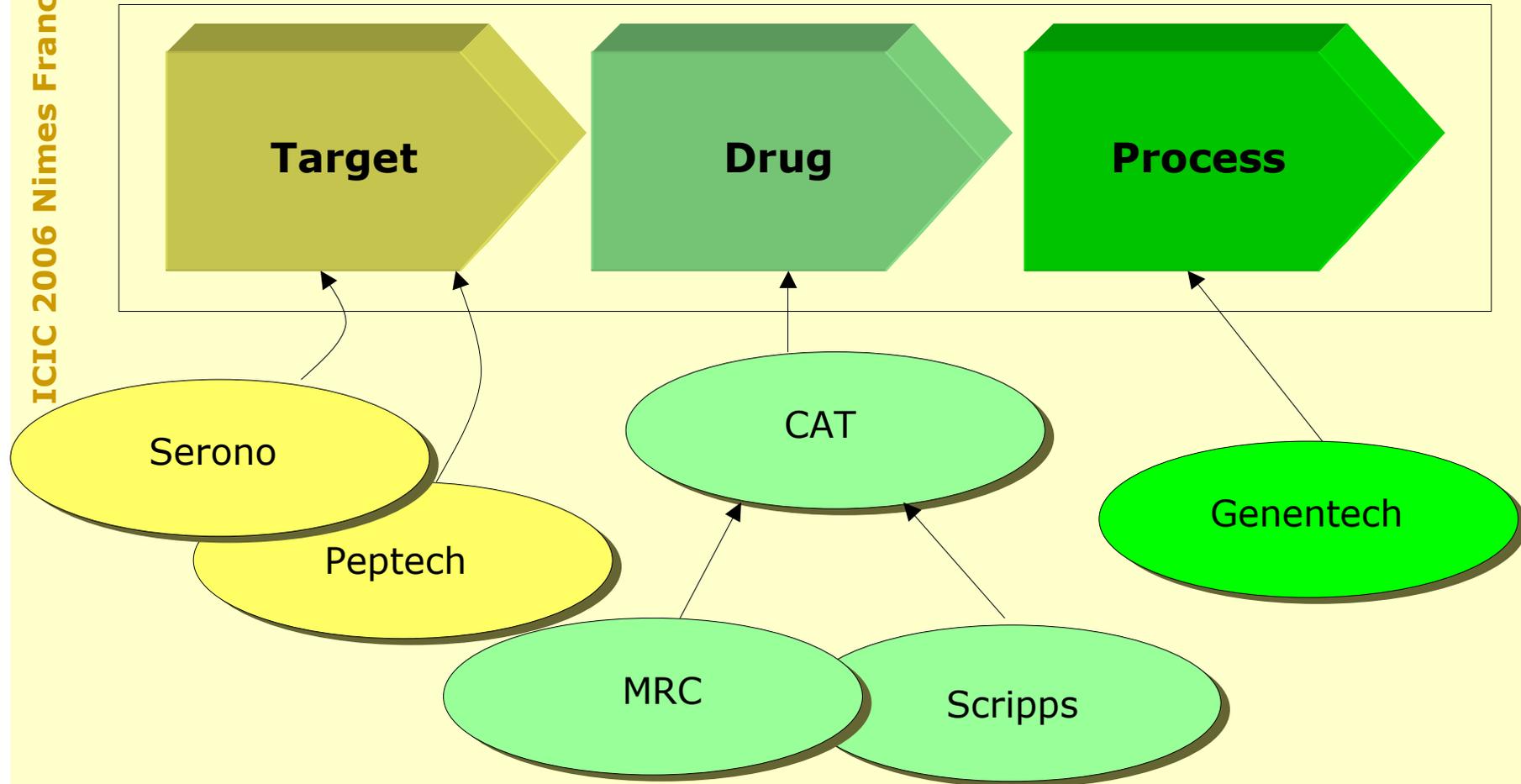
# Stage Gating Process

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# Alliances on Humira (\$1.4B Abbott)

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# Summary

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## Create and Maintain an Opportunity, Alliance and Partner Network

- ❑ Device a 'Alliance Strategy' that leads to 'Strategic Alliances'
- ❑ Establish framework & structure
- ❑ A corporate repository to store/share opportunities and alliances/partnerships in a structured, uniform and reproducible way
- ❑ Establish benchmarks & business rules to enable evaluation, profiling, comparison, due diligence & selection
- ❑ Establish a 'common currency' to compare in-house & in-licensing projects and portfolios
- ❑ Enable 'navigational' access from multiple domain's point of view
- ❑ Integration with other business systems (API's)
- ❑ Establish an organizational communications and partnering culture

# Thank You

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