



OCTOBER 2006

## **Fuel your New Product Plans**

### **New Money for Breakthrough Deals**

In our industry, it is hardly a secret that the best and most exciting new discoveries and products come out of our portfolio of higher risk deals. However, there is a great distance between knowing that secret and being able to actualize it. For one thing, you still have to decide which high risk deals to roll the dice on. An even bigger issue is that in today's companies, it is a challenge to figure out where to get the money to devote to those kinds of deals.

Even the business development execs will admit that their success depends on their ability to do a number of deals to account for the unpredictable hazards of scientific research. You need multiple higher risk deals to produce the big winners the company needs over the long term. However, R&D budgets today are targeted at low risk deals and later stage products because Wall Street needs to feel better about next quarter's earnings forecasts. The result is that breakthrough discoveries every company needs in ten years are jeopardized.

To shift the playing field, a number of companies are going back to the old tried and true method of using cash cows to fund their rising stars. They use money from end-of-life products to fund the acquisition of new product marketing partnerships and collaborative R&D deals. They sell the assets to a key partner themselves, or make making incremental, surgically precise investments in perhaps a tired, but true, brand to generate harvestable profits.

Doing this can be easier said than done however, so it requires changes in policy right at the top, as well as some structural changes to drive the program. If you are thinking about it, here are some questions to fuel your planning:

- Are your lawyers and dealmakers deterring potential investments in opportunities (or asset sales) with onerous deal terms?

- Are your assets meaningfully protected if a partner does not perform, or market environment changes suddenly increase the value of your product?
- Do you have a dedicated group that focuses on maximizing end-of-life profits, and do they have incentives to work with new product planners?
- Do you have a way to retain and capture the value of product loyalists who always use your products---even the “old” ones--to improve market share?
- Do you have a system for optimizing reimbursements and Payer relationships to maximize profits of older, less promoted products?

**If you would like to share your experience in these issues, or discuss how you can ensure a successful product launch, send an email to [rkeefe@tcgbiopharma.com](mailto:rkeefe@tcgbiopharma.com).**

Pulse is published by TCG LLC of Research Triangle Park, NC.  
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