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Product Licensing Partnerships: Don't Try This at Home!

By Dr. Robert C. Keefer

If you look at the numbers, product and technology licensing is one of the best ways to boost the value of your company — as well as obtain excellent upfront money. However, if out-licensing is a key part of your company's business plan or your job, you need to think creatively about the tactics of actually developing and closing those deals given today's product licensing environment.

Product licensing marketing is a different animal. You will fail if your focus is on the company you want to target for a licensing deal, rather than the one individual in that company who will help you sell that deal. That person is your primary customer, and it is more critical to know each and every particular need of that person than the company's mission, goals or strategy.

This is a bold assertion, so here is the rest of the story.

Always think small, and no matter how small you think, think even smaller. Don't get lulled into feeling over confident because you have a long list of companies as prospective licensing partners. Yes, you still have to sell the company, but you need to focus on the "granular" needs of the person who is going to champion your concept and opportunity to the people who will make the final decision. Until you get down to the negotiations, the odds of your selling to the decision makers are highly remote. If you haven't marketed well to your primary customer, you will never get that far.

Let's say there are 25 companies that could be good development or marketing partners for your new product. The first step is to determine exactly who your primary customer is in those 25 companies. This will vary from company to company, so titles and job functions aren't always a clue. Once you have the right

contacts, your job is to become an expert on exactly what those 25 people need to help sell your deal.

For example, exactly what threshold criteria about your opportunity do they need to see before they will pass it up the line to the scientists and commercial team for the first evaluation? Or, exactly what managed care concerns do they have, and do they need to be ready with the answers before they ask the marketing department to evaluate the opportunity? Or, what level of information and data do they need before they sign the non-disclosure or confidentiality agreements?

The list of questions could contain anything, but the point is that you must find out what they are and be up to the challenge of dealing with difficult dynamics. The people who screen the deals and can become your champions are not always properly resourced, have competing priorities and little time to talk. As a result, when you do get the chance to talk, you must have the skill to probe to learn anything about the decision criteria while at the same time delicately planting the seeds for a strategy to sell your opportunity up the line.

This kind of marketing is both a science and an art. Your success in developing a personal, helpful relationship with your champion is not something you can do in your spare time. There are plenty of deals out there but getting to the deal is a high wire act where one slight misstep can send you tumbling with no way to recover. The answer is to do it right from the beginning and you won't lose your balance.

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.

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