

Imperfect harmony

Alliances within the life sciences industry

The number of major alliances between large biopharmaceutical companies and smaller biotech firms or academic institutes is soaring. Yet the latest biopartnering study conducted by IBM and Silico Research shows that many life sciences companies still struggle to collaborate effectively. There are four steps such companies can take to enhance their appeal. They can capitalize on areas of existing expertise to attract new partners; “sweeten” an offer with non-financial incentives; adopt a project-oriented perspective; and develop the skills to engage in different kinds of partnerships.

The 2008 biopartnering survey conducted by IBM Global Business Services and Silico Research – the fifth to be conducted since 1999 – aims to assess how well large pharmaceutical and biotech companies interact with their partners. It also shows which large biopharmaceutical companies are currently considered the best partners as well as what small biotech firms and academic institutes look for when forming an alliance (see Figure).

The search for promising new medicines has produced numerous collaborations between large biopharmaceutical companies (Big Pharma) and their smaller brethren in the biotechnology (biotech) arena over the past decade. This trend has accelerated in recent years. The projected value of the “big-ticket” deals expected to take place in 2008 is US\$45 billion, 50 percent more than the US\$30 billion that changed hands in 2006.¹

Moreover, there is no sign of any slowdown in interest, despite the new economic environment; 45 percent of the life sciences chief executives who participated in the IBM 2008 Global CEO Study plan to partner extensively over the next three years. Many large biopharmaceutical companies also have the financial strength to act on such plans.

Small biotech companies and academic institutions focus on financial remuneration, development expertise and alliance management skills, when choosing a partner.



Source: “Biopartnering 2008 Survey,” IBM Global Business Services and Silico Research. December 2008.
 Note: The importance of each driver was rated on a scale of one to seven, seven being the most important.



The survey draws on the responses of 223 people from 209 commercial and academic organizations around the world.

This latest biopartnering survey shows that many large life sciences companies have made only marginal improvements in their ability to find new partners, negotiate terms and manage the alliances they established over the past two years. This suggests that they will have to raise their sights.

If they are to attract the best scientists, develop targeted treatments and services for patients with specific disease pathologies and move into new or emerging markets, they will have to collaborate even more extensively than they currently plan on doing. And the opportunities for doing so may now be more favorable than they have been in many years, as a growing number of cash-strapped biotech companies seek

financial support. But that, in turn, means the industry leaders will have to hone their biopartnering skills, both to make themselves more appealing to potential partners with really exciting discoveries and to ensure that they attain their research goals.

So, what can large biopharmaceutical companies do to make themselves more alluring to potential partners, as the options for developing and commercializing medicines increase? IBM's analysis suggests that there are four things companies need to do:

- Start from a position of strength.
- Search for the win-win.
- Look after the "ABCs" of managing alliances.
- Develop partnering skills throughout the extended enterprise.

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Reference

¹ "Trends in Big Ticket Alliances (\$100m+) 1998-2007." Recap.com. 2008. <http://www.recap.com/consulting.nsf/ContentWebPublish/9A5A93B5D9B4080A882574440076AB44.003?OpenDocu ment>

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How can IBM help?

• **Life Sciences R&D Transformation Solution - Business Model Innovation Strategy (Biopartnering)** — We help our life sciences clients develop innovative R&D strategies driven from the intersection of business, science and technology. We address our clients' foremost R&D business challenges with deep knowledge of relevant scientific disciplines, emerging technologies and business insight. Alongside IBM Research, IBM Global Business Services works closely with our clients to solve problems in modeling and simulation, nanotechnology, proteomics and other scientific areas. Core to our work is deploying biopartnering strategies and driving innovation beyond an organization's own R&D walls by tapping into the wealth of knowledge and expertise that resides in other large companies, smaller biotechs and academia. We can help an organization assess its current bio-collaboration, funding and IP model and map out the transformation from a vertically integrated business to a network orchestrator to achieve improved R&D outputs.

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