

In Prime Position

With M&A activity playing an increasingly important role, biotech startups and development stage companies must establish a clear message and positioning strategy that conveys the value of their pipeline and sets them apart from the pack in order to survive the changing market.

Joleen Schultz at
321 Medical Launch

Access to traditional venture capital remains difficult for life science companies, particularly for biotech startups. Opportunities to forge licensing agreements or corporate partnerships with large biopharmaceutical companies are becoming increasingly vital for biotech startups hoping to grow their drug-discovery businesses.

On the other side of the equation, declining research budgets, shrinking pipelines and blockbuster drugs coming off patent continue to haunt Big Pharma. The companies best equipped to deal with these challenges are those with robust pipelines capable of offsetting the impact from patent expirations.

To be sustainable, pharma companies need a continuous pipeline of new drugs. Because of the uncertainties inherent in the drug development process, they need to have a multitude of programmes in parallel at any given time. Unfortunately, large organisations tend to stifle innovation. The solution to this problem for Big Pharma is either in-licensing deals or acquisitions with biotechnology companies.

Pharma must look to biotechnology company pipelines as a way to secure future pipeline growth and gain access to new niche markets. In addition, cost-savings facilitated by M&As with biotechs provide the opportunity to bolster pharma profits. For these reasons, the significant growth of in-licensing, collaborations and M&A activities for the development of pipeline candidates is expected to continue.

Defining and Communicating Competitive Advantage

Biotech merger deals are off to a strong start in 2012 and analysts expect the merger wave to continue. In today's market, a biotech company's differentiation of their technology platform or pipeline is more important than ever. Biotech CEOs and business development executives must adopt tools utilised by their marketing colleagues in the positioning and promotion of their company or select drug candidates.

With the increased partnering activity in the market, biotech start-ups and development stage companies must establish a clear message that sets them apart from the pack and attracts the attention of a viable suitor. However, attracting that attention has become increasingly difficult due to the

growing number of biotechnology companies vying for pharma's attention and resources in an effort to survive in the changing market.

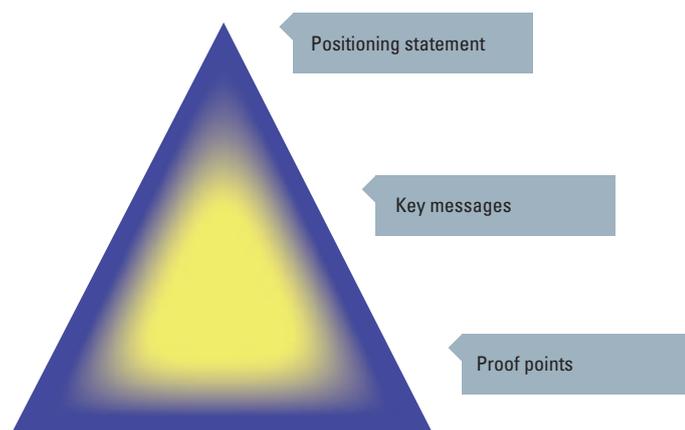
This article provides an overview of the levels of positioning and guidelines on how to construct a positioning platform that conveys the value of a pipeline and the resulting benefit to Big Pharma.

A Multi-Layered Approach

Corporate positioning should be constructed and then fine-tuned to work at a number of levels (see Figure 1). The first is a single statement that defines the company; many executives think of this as their elevator speech. The positioning statement is the clearest distillation of the unique benefit that a company provides for a distinct audience. The benefit should address a primary deal driver for Big Pharma, such as entry into a high growth therapeutic area, access to a new technology platform, the ability to extend a patent, or an opportunity to increase market share.

The process of developing this one- or two-sentence statement is potentially one of the most difficult tasks that an executive team will tackle, and certainly one of the most critical. The biggest challenge is accurately analysing your technology platform, pipeline and competitive advantage. Once the competitive differentiator is identified and consensus is achieved among the team, the foundation is in place for the development of your entire communications platform.

Figure 1: Levels of positioning



The second level of positioning is the development of key messages that will address the most relevant areas of the company, such as technology platform, mechanism of action, competitive differentiators, growth strategy and pipeline. Key messages will be drawn upon depending on the audience and their particular interest. These messages will provide details on the benefits outlined in the positioning statement.

The last level includes the three to four tangible supporting proof points and/or application scenarios to support the key messages. Supporting points should include defensible facts, such as clinical trial results, statistics on market potential, and comparisons to competing technologies. These supporting points will lend credibility to positioning and enhance the audience's understanding. Supporting points can be utilised for follow-up questions during a media interview, web page copy, and supporting statistics or during a partner meeting.

Key Communication Drivers

A clearly defined and engaging corporate and/or product positioning will be critical to attract the right audiences, differentiate drug candidates from competing technologies and solicit the desired action. This positioning should be forward-looking to the next two to five years, depending on corporate goals.

The following points are the six drivers of a successful positioning programme. Each should be carefully considered when determining a company's differentiation and value within their niche.

What is the Current State of the Industry?

What are the macro trends? What is motivating Big Pharma to do deals (see *Deal Drivers for Pharma*)? Are they looking for a complete pipeline or just one drug candidate to fit into their programme? What is deficient within pharmaceutical companies that can be provided by a biotech?

Determine What Position You Own Now

View this from your potential partners' and investors' perspective. What are you known for? Is your company recognised for its leadership within a particular category? Do you possess an outstanding research team or is your expertise in drug development? What does your technology do best? What value do you, or could you, bring to pharma? Do you

Deal Drivers for Pharma

- Increasing market share
- Gaining control of a blockbuster drug existing or potential
- Gaining entry into a high growth therapeutic area
- Enhancing R&D productivity
- Access to new technology platform
- Management efficiency

Positioning Statement Questions

- Who: who is the company?
- What: what need does it fulfil?
- For whom: which people does it serve?
- What need: what are the special needs of the people served?
- Against whom: with whom does your company compete?
- What's different: what makes your company different from those competitors?
- What's the benefit: what unique benefit does a partner/investor/patient derive?

offer an ability to address a new market? Increase drug safety? Extend patent life? Improve delivery mechanisms?

Determine What Position You Want to Own

What differentiates your company and technology from the competitors? What claims can you make? What is truly unique to your company or product?

Positioning is the way you want your partners and potential partners to perceive, think and feel about your company. Brand positioning establishes, in strategic language, the competitive reason for the investor or partner to select a partner company over its competitor, and the unique position you intend to occupy in their mind. In other words, it identifies why audiences should care about your company and technology.

Figure Out Whom You Need to Outgun

Evaluate the competitive landscape and identify a position nobody else owns that provides acknowledged value to a potential partner or investor. In this evaluation, you must examine direct competitors, alternative mechanisms of action and even alternative delivery mechanisms (for example, oral versus IV). By establishing a clear view of the competitive landscape, you will be better prepared to identify where your drug or therapeutic candidate has a competitive advantage.

Can you Substantiate Your Claims?

Do you have clinical data? How far along is the drug in the R&D process? Have you validated the mechanism of action in other drugs further along in the pipeline? Keep in mind that in today's market, pharmaceutical companies are more receptive to earlier stage deals than they were in the past.

Stay on Point and Deliver on Your Positioning

Effective positioning is cumulative. Once you define your core positioning, make sure that all individuals who are communicating outside the company are on point and rigorously consistent. In addition, companies must deliver on the promise of their positioning.

Creating a Positioning Statement

With the answers to these questions in mind, distil your positioning statement into two to three sentences. See *Positioning Statement Questions* for a brief guide to building your positioning statement. Your positioning statement offers

a very high-level purview of your company and your goals. It is only the conversation starter; your messaging must dig much deeper and address the concerns of a variety of stakeholders. For a company looking to focus on licensing or selling drug candidates, it may be sufficient to focus on the benefits of your technology platform and/or the competitive advantage of your particular compound. However, the majority of companies have multiple agendas including raising money, moving drug candidates through the clinic or attracting a potential buyer.

See *Positioning Statement Validation* for a list of questions that will test your positioning statement to ensure that it is accurately defining and differentiating your company or product.

Reaching the Right Audience with the Right Message

Whether you're targeting an M&A, licensing agreement or funding round, you must communicate directly to the appropriate audiences, address the issues most important to them and speak in their language.

Corporate development and new business executives are tasked with sourcing new drug candidates that extend a product line or fill a gap in the pipeline. They form the introduction to the pharmaceutical company. In many instances, these individuals may not have a deep scientific knowledge, so the discussion should focus on the business objectives and financial benefit of licensing or acquiring your drug candidate. In today's market, the ability to extend patent life, improve drug safety or fill a gap in the drug pipeline are of the utmost interest.

The second and more discerning audience is the research team. Researchers are typically the second level of examination, once the business development team has initiated the conversation and generated interest. Researchers will require in-depth insight into the science and will closely scrutinise your pre-clinical and clinical work. They will be looking to validate all claims in your positioning. The executive team will rely on the researchers to confirm the stated benefits of your platform, drug or delivery system.

If you are pursuing a dual path of funding along with partnering or licensing agreements, you will also need to reach out to investors. This group will critique not only the scientific rigor and competitive positioning, they will also examine the credibility of industry experts with whom you have aligned for clinical research, funding and other partnering deals. This group will hone in on your market potential and the competitive landscape. It will be important to demonstrate that you have carefully examined the business proposition, as well as the scientific side of the equation.

To summarise, it is important to carefully identify the key messages for each of these specific audiences. Each audience plays a different role in the decision making process for an in-licensing, partnering, funding or even a M&A deal. All information must be defensible and readily available for each of these audiences.

Positioning Statement Validation

Questions the validation statement must answer:

- Is it a single message? What does it sacrifice?
- Does it set the company or product apart from its competitors?
- Does it re-position the product's competitors?
- Does it have a 'halo effect'? Will it translate to other product lines?
- Are industry/market trends in alignment with this statement?

Although onerous in the beginning, this will significantly reduce the amount of time and effort required when developing a partner presentation, a roadshow or even a press release.

Lastly, once the positioning and message have been established it is critical that they are communicated consistently by all persons in the company. Whether it is the CEO presenting at an investor conference, or a business development executive in a one-on-one meeting, a consistent image and message must be maintained.

Conclusion

As the life science market dynamics evolve and companies continue to shift from a fully integrated drug development model to a more virtual or focused research-based model, the competition for Big Pharma's attention is growing. Because of this increased competition for deals and funding, it is more important than ever for companies to clearly define and communicate their value proposition.

Through careful analysis of the competitive landscape and an honest evaluation of your core technology, pipeline and product benefits, today's biotechnology executive can create a compelling positioning statement that addresses a need within Big Pharma. The goal is to identify your competitive advantage and communicate it in terms of how you will deliver value, such as the ability to increase market share, enhance drug safety, improve drug delivery or increase efficiencies. This clear presentation of your technology and inherent benefits will speed the process of attracting the proper suitor and closing the deal.

About the author



Joleen Schultz is a Principal at 321 Medical Launch, a branding and product launch agency specialising in the life science and medical technology industries. With over 25 years of industry experience, she has been instrumental in the positioning of companies and products nationally and internationally, resulting in successful in-licensing, partnering and M&A deals. Joleen is a recognised speaker, author and life science advocate. She received her BSc from Purdue University and her MBA from SDSU. Email: jschultz@mentus.com