



## Four Tips for Successful Biotech Partnering

Given the rapid pace of innovation in the life science industry, biotech companies increasingly recognize the importance of strategic partners to successfully advance their drug candidates to market. Especially for smaller biotech companies, the essential first step for successful partnering is the development of an effective partnering strategy.

**At the heart of any successful partnering strategy is the recognition that the process should benefit both organizations, your own as well as your partner's.** During the negotiating process, parties on both sides of the table are constructing a framework to exchange information transparently, enabling each party to thoroughly understand synergies and upside potential, while at the same time minimizing risk.

For your biotech company to play the partnering game effectively, you must first decide when to enter the game to maximize the benefit of a partner. Next, you should understand the partnering process and clearly define what it is you want from a deal. Third, you must develop and understand the various alternatives for partnering. Finally, you should ideally reach out to a wide variety of partners to find one that best fits your needs.

### 1 Decide When to Play

To determine when to enter the partnering game, first decide what you want to accomplish. The typical goals of partnering are to obtain non-dilutive funding and to minimize expenses as the burden of development costs escalates. But an effective partner may also provide value by sharing expertise or providing validation of the market potential of your asset.

⇒ **As a result, a partnership often increases the probability that your drug will be approved.**

And, as you determine when to enter the partnering game, remember that investors and partners don't only value opportunities that are further along in their development. They are seeking opportunities that demonstrate maximum potential with minimum risk. Therefore, if there is proof of efficacy and safety as well as evidence that your drug can compete successfully in the

marketplace, you may have a chance to form a successful partnership even if your drug is in the early stages of development. The most important consideration for your potential partners is how well your opportunity fits within their long-term strategic plans.

### 2 Understand How to Play

The partnering game is a process for both sides, during which both you and your potential partner will be working to provide and prove a value proposition. But, keep in mind that value isn't just monetary. A good partner is one who fits with your needs and with whom you can work successfully after the deal.

⇒ **Look at the big picture. During the negotiating process it's important to communicate the many facets of value that your opportunity will bring to the partner.** Put yourself in their shoes and seek to under-

stand how your opportunity will benefit the potential partner. It will take significant preparation to understand your potential partner's long-term strategic plans and to communicate to them how your opportunity can fit within and enhance them. Remember, your partner is trying to learn in weeks everything that it took you years to create. They might not see the value immediately, so take the time necessary to guide them through the learning curve and ensure that they understand the full value of what you have to offer.

### 3 Have a Clear Strategy

The success of any partnering deal depends on having a clear strategy long before negotiations begin. This means defining what you want, making sure everyone on your team is in agreement and knowing your alternatives.

⇒ **Define your needs and wants. By doing this you're identifying those conditions that are essential to the deal**

**and those on which you're willing to be flexible.** By having alternatives, you will gain leverage in order to come to a more valuable agreement. In addition, evaluating alternatives ahead of time will give you an important barometer as the deal moves along. By comparing the terms that are developing to your alternatives, you can evaluate whether the deal on the table is still more attractive than your other options.

Throughout the negotiation process, know what makes sense for you, but also consider what makes sense for your partner. It's easier to persuade someone to jump through a hoop if you can demonstrate how it will benefit him. And always anticipate and prepare for as many scenarios as possible.

- **What happens if the deal goes wrong?**
- **What if the deal moves slower than anticipated?**
- **What if the partner decides not to develop a second indication?**

Maintain alternatives throughout the negotiation process, since deals often fall apart even at very late stages.

### 4 Play Often

As in any game, the more often you play, the more likely you will succeed.

⇒ **And just as you should play frequently, you should also play a broad field. It can be a mistake to have a pre-conceived notion of the perfect partner for your opportunity.**

A company may project a certain persona to the public, but this does not always reflect the current thinking inside the organization. Moreover, a single player can influence a decision. For example, the company may have a new VP who either has a novel strategic vision or a bias against a particular indication. Remember, corporate strategies change. Think broadly, and you could be surprised. A totally unexpected, but ideal partner could materialize out of the mist!

For more information on how a secure document-sharing solution can facilitate biotech partnering negotiations, contact a ShareVault sales representative at **1 (800) 380-7652** Toll-free USA and **+1 (408) 717-4955** Worldwide or visit [www.sharevault.com](http://www.sharevault.com).

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