

Making the Right Match

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Partnership synergy is key in the new age of pharmaceutical development.

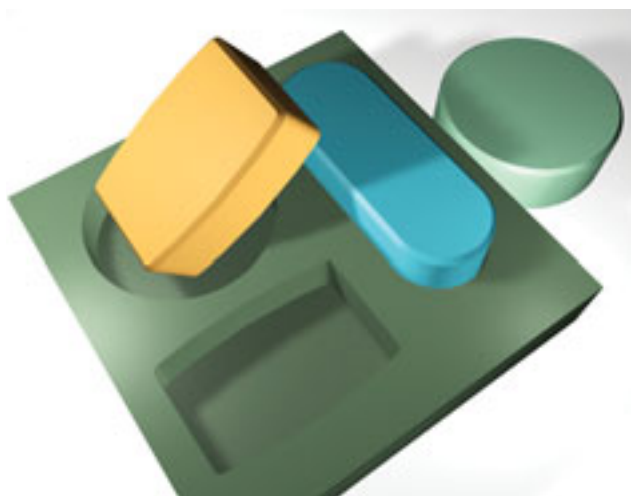
New technologies such as gene sequencing, gene mapping, and pharmacogenetics, as well as advances in drug screening and testing, are increasing our understanding of biochemical and pharmaceutical strategies to fight disease. As modern medicine grows increasingly complex, however, innovations in R&D require the sharing of ideas and collaboration among myriad medical and scientific specialties. No single organization can do it all.

To optimize progress and innovation, pharmaceutical companies, research institutions, and others are seeking partnerships to bring varied perspectives and skills to the task of drug development. For those engaged in breakthrough science, choosing the right partner can be as important as choosing the right compound for testing. In the world of drug discovery, a company doesn't have to be "big" to have a powerful influence on the evolution of health care. A small company or research group can be the world's leading expert in a focused area of inquiry, such as a specific enzyme target or a single chemical class. And with access to the resources and infrastructure of the right corporate partner, the smaller company can maximize the practical benefits of its scientific discoveries.

The Match Game

A business partnership is as simple—and as complicated—as a personal relationship between two individuals. Although the official "partners" might be two organizations, the foundation of the partnership is the day-to-day interaction of the individuals who do the work. At first, the formula is a simple matter of mutual attraction: Both must like what the other has to offer. But the attraction will not endure unless

both partners confront the inevitable issues that arise. Prospective partners must be attuned to the cultural and temperamental differences between them, articulate their expectations of each other, and determine if their combined resources are



adequate to sustain mutual satisfaction over the long term. In the end, success depends on teamwork among people who like and respect each other and whose mutual understanding keeps the relationship growing toward the goals that benefit both partners.

The needs of a large corporation in developing partnerships are relatively straightforward. Often, the company has identified the diseases that it wishes to investigate and the junctures of the disease process where pharmaceutical intervention might be useful. This accomplished, the company seeks partners with the necessary experience and scientific know-how to affect a potential breakthrough in drug development applicable to the identified disease and target.

For the individual researcher or small company, however, the task of selecting a partner can be more complicated. The goal is typically to marry the scientific

excellence and innovation of the smaller research group or company with the development and marketing resources of the larger corporation. The right corporate partner can secure the long-range scientific and financial success of a smaller entity; choosing the wrong partner, on the other hand, can lead to disaster. The individual researcher or small company should ask a series of questions before making the partnering decision (see box, "Partnership Checklist").

Priorities

The individual or small group must determine whether the partnership is a top priority of the larger company by assessing the importance the company has placed on prior partnerships. One way to do this is by taking a look at the company's organizational chart to determine where partnership relations rank in the hierarchy. For example, do the company's senior managers publicly acknowledge the partnership through communication activities such as media

relations, corporate newsletters, and annual reports? Alternatively, does the staff responsible for partnerships report to senior management, and is their success at establishing and maintaining partner relations part of their performance evaluation?

Resources

The smaller group also has to determine if the larger company has the vast resources and infrastructure needed to support rapid and efficient drug development on a global scale. The company should have a proven track record of drug discovery and development, such as international development of compounds in many therapeutic areas through all phases of research, development, and marketing, including access to patients for clinical trials. It is important to look at not only the successes, but also how failures have been addressed. How does the partner manage surprise adverse events that might arise in development? When a

compound fails in development, is there a push to find a solution and continue the effort, or is the program dropped? Does the company make full use of product line extensions to maximize the commercial potential of the molecule?

Bureaucracy

No matter how impressive a corporation's size and resources might be, a partnership will not work if the smaller partner finds itself lost in a bureaucratic maze or is shuffled from one staff member to another. Personal attention also means that the partner is sensitive to cultural differences, whether they are differences in the organizational structures of the partners or in the social dynamics of their respective nations. U.S. and Japanese companies, for example, approach business differently. Successful partners have an understanding of these differences and experience in managing them successfully.

The partner company should also be willing to sacrifice some of its goals to reach common ground. The partner must be forthcoming with information because no partnership can be successful without open communication, including understanding each other's "hot spots", expectations, and company processes.

Fit

Simply put, do the prospective partners "like" each other? When you sit down at the table to talk, it is not two impersonal entities that are communicating—it is the mutual give-and-take of individuals. Both partners must like what the other people say and ensure that trust and compatibili-

ty are established. If you can't trust the people who represent the company, you ultimately cannot trust the company.



History

The individual or small group must determine whether the company has a proven track record of successful partnerships. Recently, many companies have been forced into partnerships because of pipeline deficiency, but it's one thing to establish a partnership simply by licensing a new compound, and another to make it work over time. Watch for signs of the "not invented here" attitude, which is hard to excise from a company's culture no matter how great the contribution of a partner. Beware of partners that have not demonstrated consistent success in maintaining their long-term relationships.

Flexibility

It is also crucial to determine if the company's partnership relationships are flexible. There is no "one size fits all" in synergistic relationships. Each should be unique and suited to the needs and capabilities of both partners. The best partnerships are tailored to take advantage of the strengths and address the needs of the individual relationship. For example, licensing for royalties allows smaller companies to focus on their expertise and research while capitalizing on the marketing and development strength of bigger companies.

Co-promotion agreements allow midsize

companies to fully leverage their chemical assets by partnering with a company that has the full infrastructure to maximize product awareness and communicate benefits. Research partnerships involving a company of chemists can be established for the purpose of discovering molecules to be developed into new treatments for a specific disease, such as HIV.

Similarly, joint ventures allow the licensing company an opportunity to establish a foothold in a market and build its infrastructure while focusing on the long-term collaboration between the two entities rather than on a specific scientific development. By sharing scientific and developmental resources and sitting down at the table together as equals, both companies broaden their base of knowledge and expertise.

The GSK Experience

The choice of the right partner is a crucial one for all concerned. For large corporations, partnership is the key to finding new molecules to advance the field of medicine and maintain its leadership position in the industry. At GlaxoSmithKline, relationships with partners are a top priority because we know that if we are to remain "big" and maintain our leadership position in the industry, we must respect the power of the small. The creativity that springs from the new ideas and focused efforts of individual researchers and small companies is essential. We also understand that a successful partnership must respect and work toward the needs and goals of both partners. For the smaller company, the goal is not only to transform scientific creativity into a new drug, but also to establish its reputation and financial success over the long term. For both partners, the shared goal is to advance the health and well-being of people everywhere.

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Partnership Checklist

- The partnership is a top priority of the company.
- The company has the vast resources and infrastructure needed to support rapid and efficient drug development on a global scale.
- Partners receive personal attention.
- The prospective partners "like" each other.
- The company has a proven track record of successful partnerships.
- The company's partnership relationships are flexible.