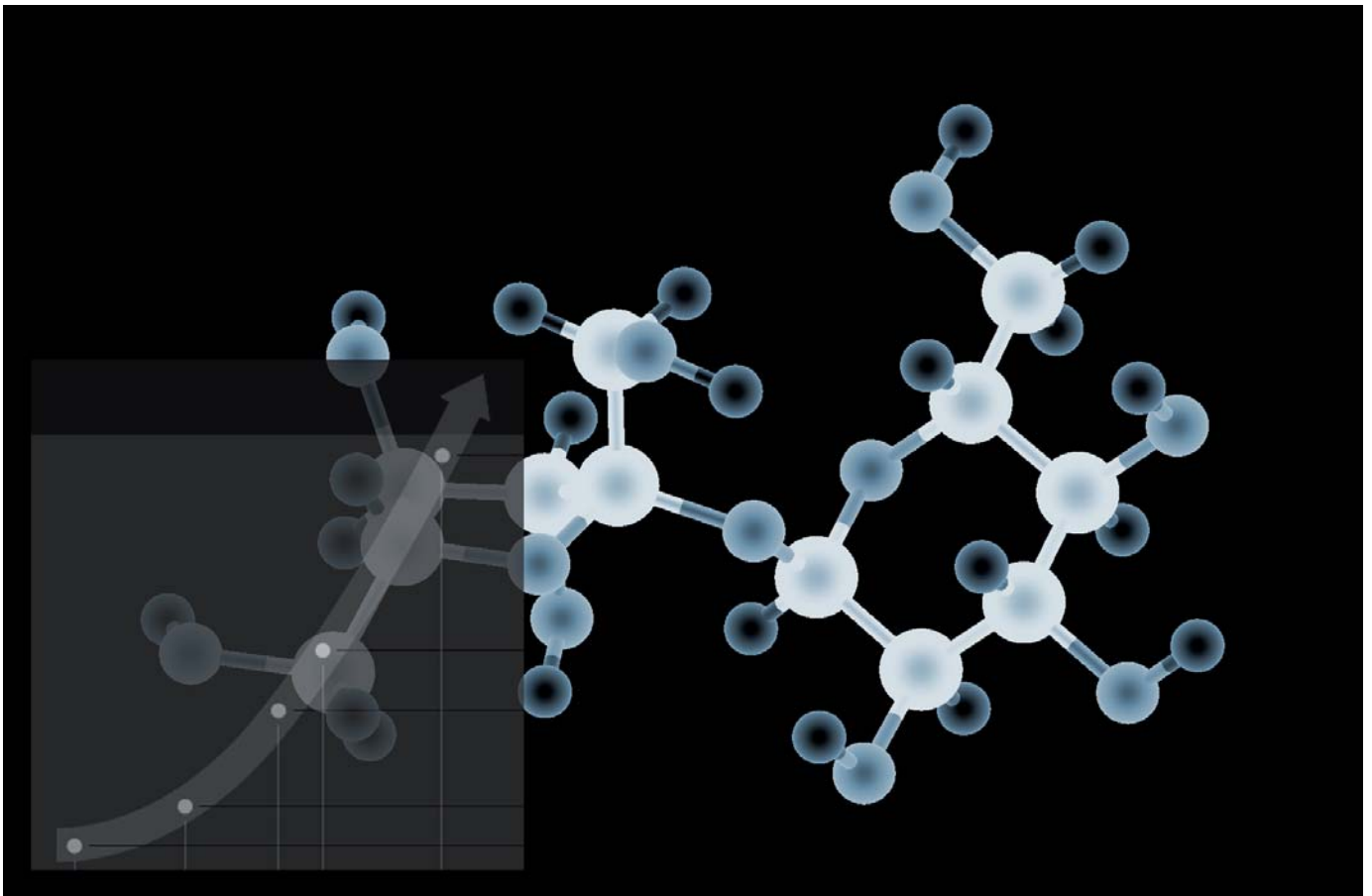


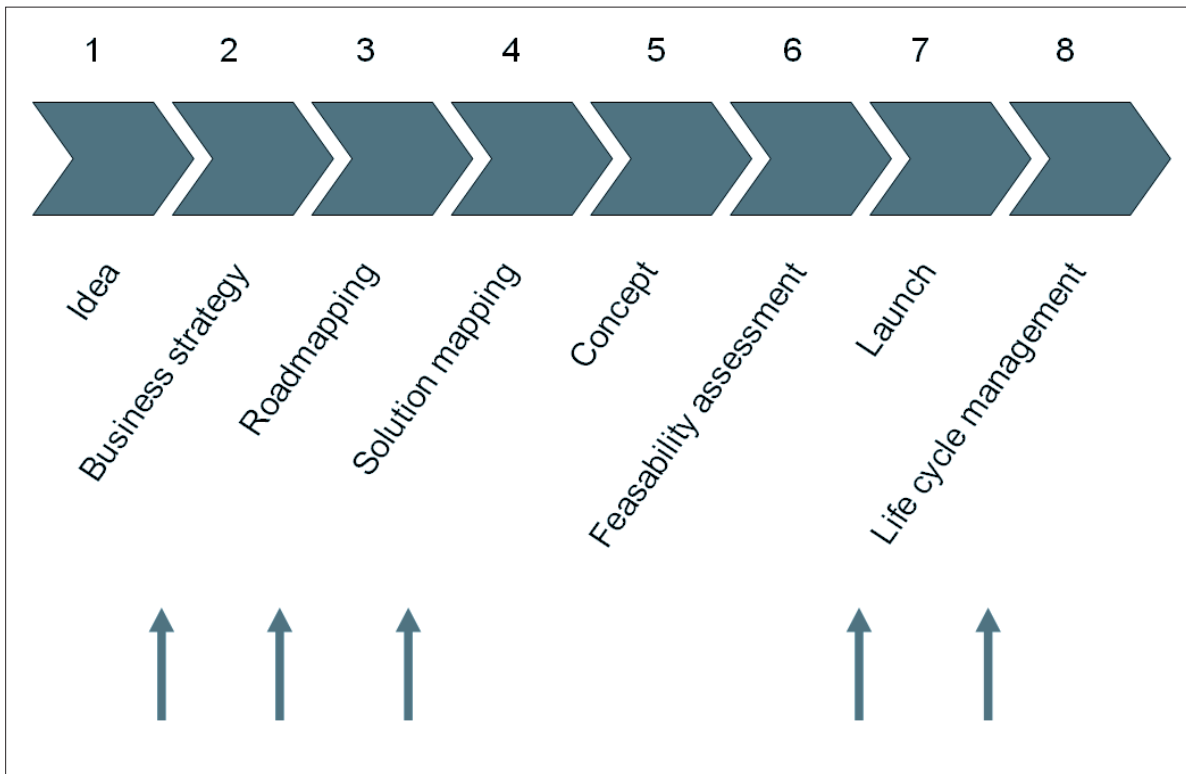


# WHITE PAPER



## Market Development in the Life Sciences Industry

by Dr. Robert C. Keefer



**From idea to life cycle management – the long way of a product. Arrows indicate transitions, where external knowledge is highly valuable.**

If you build it, they will come? Amazing how many seasoned industry professionals “drink their own Kool-Aid” when they run their own companies.

**»Most technology companies fail, because they run out of money before they get to a product.«**

With their backgrounds in large companies in a previous life, they would say they know the importance of a solid market assessment and development plan. But often, when it comes to their company’s hot new technology or product, they allow themselves to believe that it is so good it can’t fail. Invariably, they believe that potential users will welcome the product

and success is just around the corner. “This is a great, new, novel technology. Everyone will love it.”

If that seems far-fetched, let us assure you that it is not. Over 90% of the business and product plans that we see do not include research-driven evaluations of target users nor well-thought-out market development plans. Instead, some entrepreneurs believe that their initial impression of usage, often from their own university or former company environment, applies to the entire market segment, resulting in negative impacts on their companies and investors.

Furthermore, in the current investor climate, many companies don’t even reach the build stage. Most technology companies — especially life sciences — fail because they simply run out of money before they get to



**„Most young life science companies don't have a complete picture of their needs“ says Dr. Bob Keefer of TCG.**

a good working product. Or, if they do raise sufficient money for product development, they don't raise enough to fully develop the market in the US and Europe. They don't have a complete picture of what they will need; and therefore, they don't ask investors for enough support, or their lack of progress fails to attract good international partners.

Because so many investors were burned in the late '90s biotech boom, many are reluctant to fund a company with unrealistic sales projections and unclear financial plans. They have not given enough thought to who will best use the product, how the product will be introduced nor how it will ultimately succeed in a competitive marketplace.

Here's an example of what can happen. A number of years ago a fledgling life sciences company we know licensed an exciting, patented, novel medical technology product. Everything went well in the beginning. They quickly solved the manufacturing challenges and had products available for sale. Early sales were terrific because the product was featured on a well-known TV program, as well as cable news and early morning shows. The product worked great and the initial patients loved it. But after the initial sales burst generated by the publicity, product revenues

fell. They had reached only a fraction of the customers did not know how to reach key health care providers and did not have a clear US reimbursement and pricing strategy. Plus, the firm did not have sound marketing and distribution plans defined to encourage repeat sales and create a sustainable business model.

It wasn't that they were not otherwise good business people, but somehow they were blinded by their own story. They had not done any detailed market research. They had not tested attitudes in different regions or other countries.

You can avoid the same mistakes with a detailed market development plan that springs from a complete understanding of:

1. The market profile: Do you have a deep understanding of the prevalence of the disease and the market opportunity that exists?

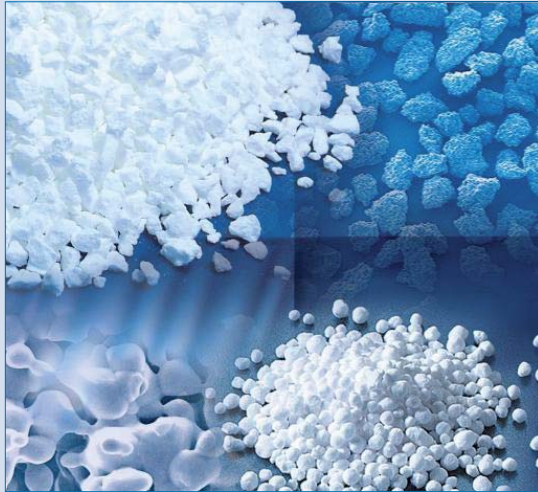
**»Even for experienced marketers an advisory board might be very valuable during research phase.«**

2. Key Opinion Leaders' views: Have you surveyed influential clinicians (KOLs) to assure that your product, as designed, will meet their needs? Will they join a clinical evaluation?

3. How will the product be viewed by payors: How is the product going to change the treatment paradigm? Will it make the physician's job "cheaperbetterfaster"? What will motivate physicians to turn from the product they are using now to the new product?

4. The competition: With rare exception, any new product is already facing competition. Exactly how is your product better/unique; and can the average customer, payor, and provider understand how the product

## Success with new bones – a case study



TCG recently managed successful the product launch in the United States for a specialty German dental product, overseeing all marketing: Key Opinion Leader (KOL) interactions, meeting exhibits, sales development, and product shipping.

The product is an implantable, entirely resorbable,  $\geq 99\%$  pure phase beta-tricalcium phosphate certified for the regeneration of bone defects in the entire skeletal system.

will benefit them and their patients and customers? What barriers to competition do you have? How will they respond against your product?

5. The legal and regulatory implications: What class of product is it and do you want it exempted from clinical trials? Yes, it is helpful to obtain a quick FDA approval but will well-controlled clinical studies give your firm a competitive edge?

The only way to get this knowledge is through early evidence-based market research. It requires someone with the experience and wisdom of having “done it before” to conduct in-depth, one-on-one interviews with prescribers, payors, and patients. An advisory board, even for market knowledgeable people, can be invaluable during your research phase to help you take off the blinders and look at your product and business objectively. Only complete objectivity can uncover the insights you need to create and sustain a successful product, brand, and company.

Too expensive to do market research—remember that a \$4 million per year pro-

duct generates \$11,000 a day in sales—how much is a good market development plan worth in faster or stronger sales?

Then when you build it, you know they will come.

### Editor:

Dr. Robert C. Keefer

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](mailto:rkeefe@tcgbiopharma.com)

### Publisher:

This white paper is published by TCG LLC of Research Triangle Park, NC.

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