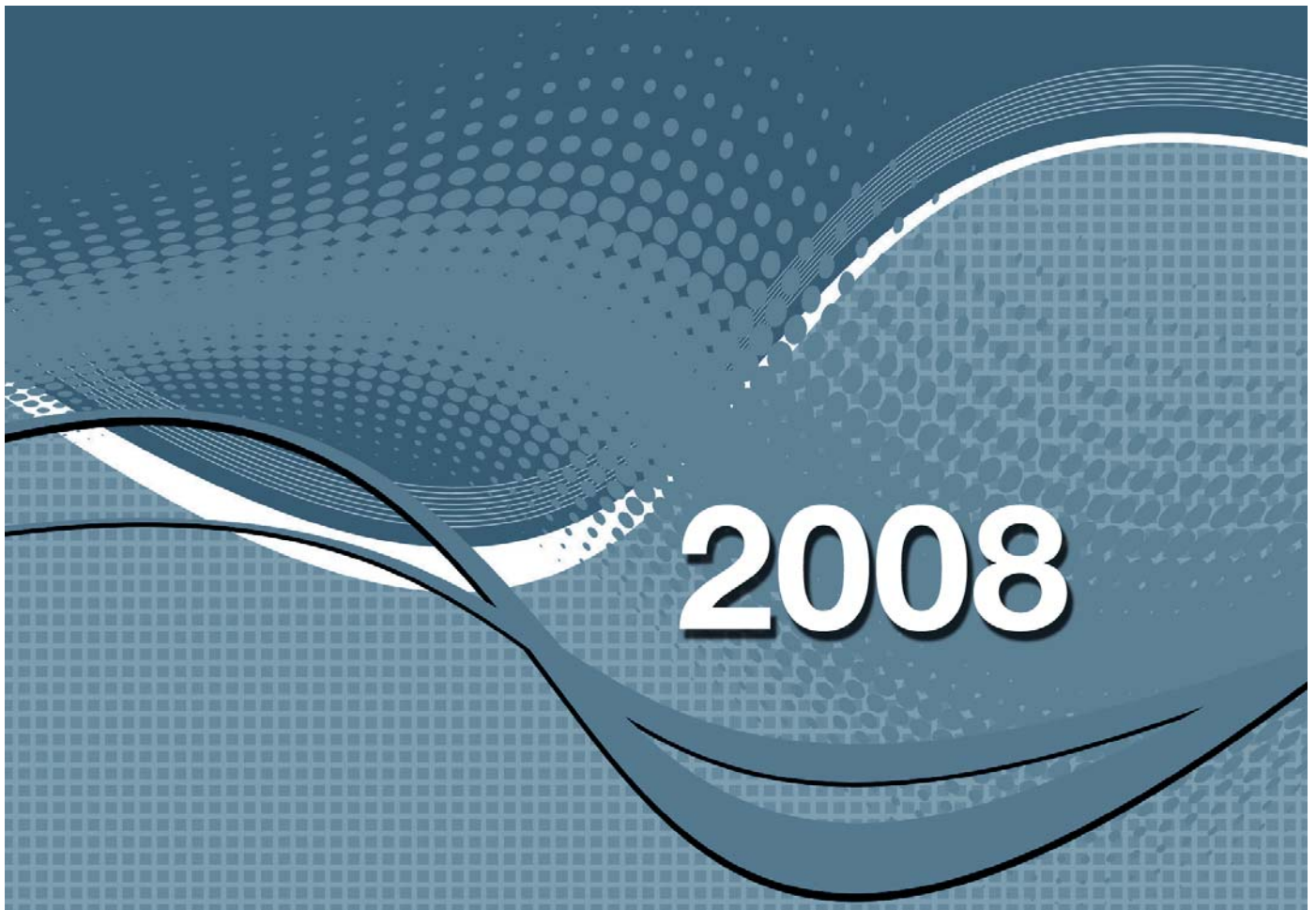




# WHITE PAPER



## 10 Business Trends to Observe in 2008

by  
Dennis Burns  
Dr. Robert Keefer  
Kenneth West

# 10 Business Trends to Observe in 2008

2007 was a very successful year for many companies in the Life Science Industry including Pharmaceuticals, Medical Devices, Diagnostics and Biotechnology. This is especially true for those companies that correctly predicted the changing trends in their market and then used these trends to build greater competitive advantage. In 2008, the worldwide health care markets will continue to grow and undergo dramatic change, providing great opportuni-

ties for the companies that understand and use these trends to their advantage. In this special White Paper, TCG identifies 10 trends that can create significant opportunity for you in 2008.

## Trend 1: Take advantage of the weak dollar

The dollar is at historic lows against the Euro and other major currencies, and 2008 will continue to provide excellent opportunities for European and Asian companies to invest in the US. This investment can include the purchase of US companies and technology, or the creation of new US market channels and subsidiaries. The value of the dollar is cyclical; and when it returns to more normal levels, the low-cost investments made in 2008 will be delivering a strong financial return in the years ahead.



**The ups and downs of the Dollar-Euro-Rate. 2008 will be perfect for investments.**

## Trend 2: Baby boomers need drugs and devices

In 2008, 78 million US baby boomers will begin to reach the retirement age of 62, and they are the richest retirees in history. Health care will be one of the most impacted areas. 60% have a chronic illness which will drive growth for drugs at 7-8% per year while devices could reach 15% as young retirees look for improved quality of life compared to their parents. Manufacturers need to change to meet this better educated and more demanding US audience with clearer patient benefits but lower costs.



**US baby boomers will hit the early retirement age of 62 in 2008.**

## Trend 3: Early stage technologies in demand

Over the past few years, the pharmaceutical and medical device industries have added late-stage, less risky products to their portfolio to grow their sales. Now, the number of available later-stage products is limited, and healthcare companies know that long-term value comes from a pipeline with new technologies that can deliver value. 2008 will be an excellent time for the owners of breakthrough technologies to partner with companies that can further develop and market these technologies.



**Owners of breakthrough technologies should now look for mature partners.**

## Trend 4: Point-of-care diagnostics speed up

While nearly every segment of the overall 2008 in vitro diagnostics (IVD) is attractive, deals in the point of care market will produce the best investment returns for developers and acquirers. It is growing 33% faster than the rest and represents about 40% of the total. It also has the greatest number of customers at 200,000. Growth will be sustained because of the high reimbursement value to physicians and long-term care facilities, more accessible and lower cost products, and lower regulatory hurdles.



**In vitro diagnostics grow in nearly any segment, the point of care market being most attractive.**

## Trend 5: FDA procedures changing?

This new FDA Amendment Act of 2007 could impact product development plans for drugs and devices. The law re-authorized the collection of user fees from companies, and new clearance procedures are in place. Pediatric and antibiotic products are particularly affected, as are PET imaging drugs. Also, the 2007 law imposes stricter requirements for post-market surveillance, with required Risk Evaluation & Mitigation Strategy (REMS) for drug manufacturers. More FDA laws are expected to be passed in 2008.



**The new FDA Amendment Act of 2007 could impact the approval process.**

## Trend 6: Information technology creates value

Information technology (IT) has been revolutionizing the healthcare marketplace. New market segments – like disease management and telemedicine – have been created by the convergence of information technology and high-speed communication. 2008 will see a continuation of this trend, and companies who harness the power of IT to add value to traditional products and services will be in great demand. This is especially true for the medical device industry.



**The power of information technology changes many processes in the healthcare industry.**

## Trend 7: Pricing pressures become stronger

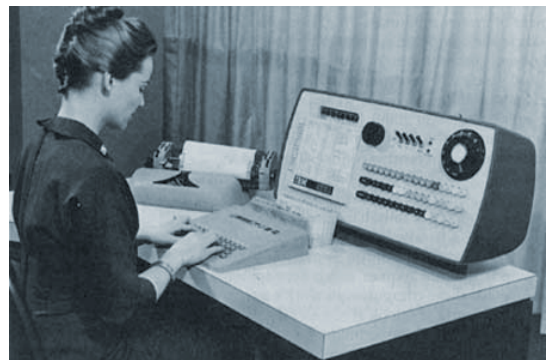
The healthcare industry in the US is fast approaching 20% of the US economy and the financial and political pressure to decrease these costs will intensify in 2008. The pharmaceutical industry will move toward generics and the medical device industry will move towards more rational reimbursement patterns. Companies that have products and services that can demonstrate an ability to reduce the cost of health care will continue to see a strong demand.



**Products and services that might reduce costs will see a strong demand.**

## Trend 8: Outsourcing presents an opportunity

The US economy has embraced the concept of outsourcing for just about every product and service, and this is true in all segments of the health care industry as well. The question is: Why develop a product or build a service organization in the US when it can be obtained from overseas at a better price? European and Asian companies that have existing medical products and services that can be sold at competitive prices in the US will have excellent prospects in 2008.



**In need of a new product? Think about partnering with European and Asian companies.**

## Trend 9: Re-formulated pharmaceuticals

The FDA's 505(b)2 regulations are great for drug developers. Drugs that take advantage of these regulations cost less, are less risky to develop, and improve the therapeutic ratio because of frequently improved pharmacokinetics. Assuming good marketing and business development, physician interest is piqued, and patient compliance improved, resulting in faster market uptake and higher sales. That's good news, when big pharma is losing over 35% of patent-protected sales over the next years.



**Re-formulated pharmaceuticals are the fastest and least expensive route to market.**

## Trend 10: Executive staff on part-time basis

For European and Asian companies entering the US market, finding the right executives is one of the major challenges. On one hand, companies need experienced people with a well developed market network; on the other hand they don't want to invest too much upfront in the new market. 2008 will see an interesting trend: smart companies will fill more strategic senior positions, like CEO or Marketing VP, on a part-time basis with experienced professionals, while they hire a full-time sales staff.



**Looking for a new executive? Think of a part-time solution to save money and gain experience.**

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[www.t-c-group.com](http://www.t-c-group.com)





**With more than 65 years of business experience in the Life Science Industry, TCG experts support the projects of their clients: Dennis Burns, Kenneth West and Dr. Robert Keefer (from left to right).**

## Your Expert Team in Research Triangle Park

To get the most out of 2008's opportunities, you should take advantage of professional business support. At TCG, our experience is our most important credential. We've been on your side of the desk as executives at multi-nationals as well as start-ups, where we successfully steered pharmaceuticals and other medical products from inception to market. With us, you get that experience in helping to establish winning products and companies in the high-stakes biotech and biomedical industry.

Everyone on our team is a seasoned and senior professional with operational experience. We bring you 150+ years of industry experience and "lessons learned" that many consultants simply do not have. We apply that experience to license technologies and products (or even entire businesses) cost effectively, develop superior sales & marketing strategies, and serve you in a wide variety of ways. Whatever your needs are, you

won't waste time and money educating us. We grasp the situation quickly while partnering with you to plan and execute clear, sound business strategies and tactics. And the same people who work with you on the strategy work with you to implement the tactics. Unlike other consulting firms, we don't hand the work down to a young MBA on a lower level.

Our solutions are unique to each client because each client's situation is unique. And our services are cost effective because we save you time and money in the long run. We know how to plan for all contingencies so that you are prepared and the plan will work – the first time and every time.

Whether you are entering a new market, launching a new product or making changes in your business direction, TCG will help you achieve your goals. If you seek a no-compromise SWAT team who can deliver results, call us today to see how we can help.