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In conversation with Triana, Tamar shares her experience and makes recommendations for biotech companies in the wake of the market downturn of 2008.

T: *Currently, Triana is building out one of our core service verticals by helping pharmaceutical and biotechnology companies in France enter the US markets. In particular, we identify smaller and mid-size companies and gauge the global business development opportunities for their products. What is your view of this landscape?*

TH: Well, my world consists of licensing, buying, and selling. A large part of selling products involves identifying a buyer for whom the product delivers value. In the pharmaceutical industry, even smaller companies can behave very much like larger ones. So even though the company is small, they can still suffer from inefficiencies that reduce opportunities for business development and market growth. Behaving like a big company means looking at the big picture of the pharmaceutical market and immediately wanting to eliminate risk or reduce it to a point of comfort. It's important for smaller companies to innovate a little and to not worry too much about risk. So it goes back to identifying the right target markets and focusing on delivering value to those markets. Few biotech companies get their blockbuster product through clear strategy, a lot of times it is simply pure luck, though there's nothing wrong with luck.

T: *When are licensing deals the most suitable strategy for a company?*

TH: Licensing only works in situations where it truly makes sense. When one company has an asset and another needs the asset; it is really about pairing companies. If you have that balance of asset and need, then licensing might be the way to go in the deal structure. However, licensing is very risky and there is entirely the possibility that you may not succeed. You must have the right components in place to make these types of deals successful. Also, there are a very different set of rules for products that are in-license versus products that are out-licensed. If a company prefers to divest chunks of the business, then they are really going the M&A route. It's important for companies to zero-in on one issue. The M&A deals result in a distant relationship, while with licensing you are still linked to the originator. The deal continues even long after the license period and you will continue to negotiate and renegotiate.

AL: *How can companies identify potential licensing partners and where are the opportunities?*

TH: Players in the industry now have world-wide opportunity. For instance, Japan used to be a great market and was considered a growth market with strong innovation and many [licensable] products. There are still strategic areas; it is just a matter of indentifying them and finding new markets. The US pharmaceutical market is going to go through dramatic change over the next few years. We will see an extrapolation of certain elements that has plagued the industry in the past. The result, of course, will be that the differences among pharmaceutical companies will diminish.

T: *What changes in the competitive landscape for pharma do you see on the horizon?*

TH: The pricing structure will come under fire. This creates a scenario where drugs that do not have a significant competitive advantage can no longer compete in the market. So if you do not have differentiators, then don't even think about entering a new market. Also, there are the regulatory hurdles. The FDA has a huge backlog of approval applications to go through, but really the FDA is involved with a wide range of health issues from food safety regulation to nutrition, and is beyond approving drugs. Do we need a new federal institution that deals with drug approvals? Perhaps that is the answer, perhaps not. The industry is going to have to deal with the pipeline in some way. And if one thinks that perhaps devices are a safer route, I'd suggest focusing on niches within the device market, for instance the female health market and various other underserved markets.

T: *How do you think the market will play out and how do these companies adapt?*

TH: With only a few differentiated products being able to survive, there will be a bit of consolidation in the industry. The existing infrastructure simply cannot tolerate the costs of research and development, so revenues will have to justify the size of the organization. This should create a further increase in the amount of M&A activity and there will be no escaping the reduction in size, post merger. This will give rise to a whole other set of bureaucratic issues. Firms will be unable to decide what should go and what should be preserved.

T: *What factors will determine which products should go and what should be preserved? How should companies handle their pipeline?*

TH: People love their own projects, scientists are caught up with their own studies and ideas, and the presentations of findings and progress are often biased. There is bureaucracy. There is ego. There should be a transparent process in how companies evaluate what projects are underway and any decisions to move forward should be reinforced by data driven results and the pipeline should be reviewed objectively. Now more than ever, pharmaceutical companies need to be more critical of what they put in the pipeline.

T: *Triana is eager to guide our pharma and biotech clients on what the landscape looks like in the near term. What is your outlook, given the current economic climate?*

TH: The near term is sparse and will be tough. Few large companies really are visionary enough to address the niche areas like women's healthcare, and other key gaps in the markets. Smaller companies are not able to address niche markets because they cannot afford it. Some of the bigger players may look at smaller players in the market to acquire and grow in size, but many of the better small companies in the space are under the radar. The pharma and biotech industry is certainly facing a crisis right now, but many times crisis creates opportunity and increases the market.