From Blue Skies to Pots of Gold:

"Picking the Winners - Risk Analysis and Product Development in the Pharmaceutical Industry"

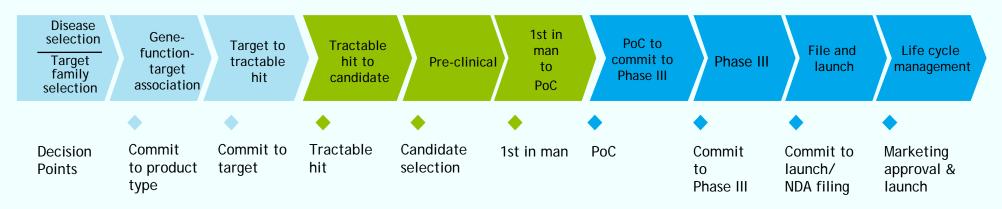
o o o o o o o v e s c o

Brussels, November 3rd, 2009

**Thomas Gottwald** 

Thomas Gottwald Ovesco Endoscopy AG From Blue Skies to Pots of Gold Brussels Nov 2009

#### Numerous obstacles and risks alongside the value chain



#### Phases of product development

• Numerous players:

academia, clinicians, financial world, foundations and grants, governments, industry, insurers, media, mother nature, patients, regulatory bodies...

00000

ovesco

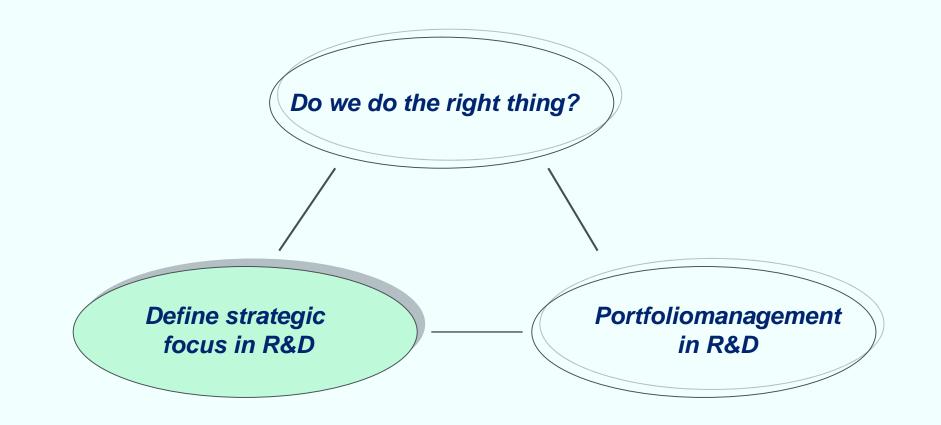
#### • Each player pursuing their own agenda!

Source: in part GSK

Thomas Gottwald Ovesco Endoscopy AG From Blue Skies to Pots of Gold Brussels Nov 2009

#### Do the right thing !

Strategic Focus and Portfoliomanagement define the "What"?



ovesco

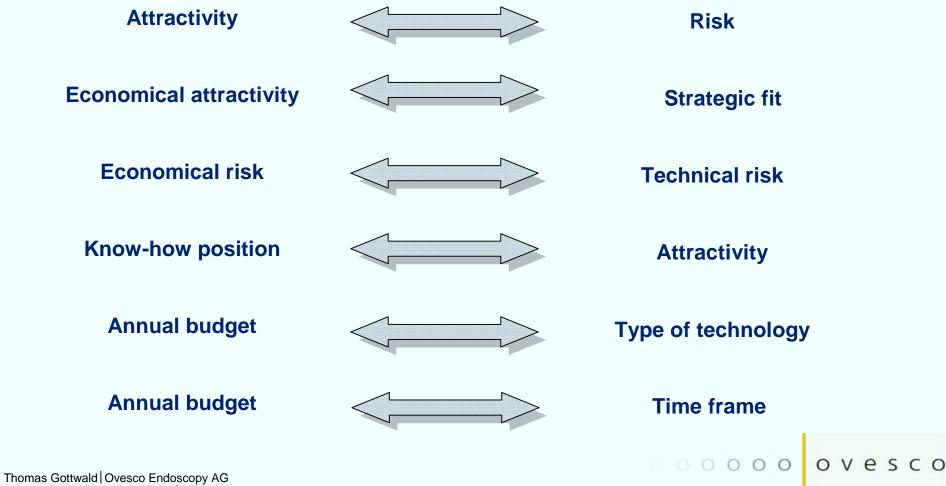
000000

# Portfolio management: business specific evaluation criteria Criteria to assess economic risk Portfolio management: business specific evaluation criteria

| Criteria / Rating  | 1   | 2                   | High                       |                                    | ctiveness 5   | Percentage               | Weighted    |  |
|--|---|---------------------|----------------------------|------------------------------------|---|--------------------------|-------------|--|
| Criteria/Rating of huw   | trants (entr  | harriers            | Low 3                      | <ul> <li>Competitive In</li> </ul> | 5   | Percentage               | Weighted    | ety<br>sity<br>Tesensity               |
| robability of struces of sin   | gle buying<br>(< 40%)   | 20-40               | ennotimpor                 |                                    |   |                          |             | <u>Summary</u>                         |
| it to the the interaction in the second s  | hingho <u>80%</u><br>bud bigh   | 20-40%              | · · · ·                    | 60 80%                             | ising in the second   | Percentage               | Weighted re | sult                                   |
| otential free and the free free free free free free free fr  | (< 40%)   | buver F             | ehler n 9 mayeny           |                                    | (> 90%)*  | portant                  | Device      | of humans                              |
| otential foree arbadira file<br>s. potential cadership<br>Miller and cadership   |   | uzersonab           | tedit 50-numierie          | able stron                         |   |                          | Power       | of buyers<br>Threat of new<br>entrants |
| voe of Television  | unceoperion dy inc  | lustry              | ehler possible t           | ng-3                               |   | aiy                      |             |  |
| Antage <b>Compared</b> to the second se   | wite <b>169</b> Supplier  | 5-10 % F            | ehler and Stans            |                                    | >20 topbor  | tive                     |             |  |
| Antape, Ouwnard A of s<br>st. products/technologie<br>and st. and project<br>sousion and project<br>any coemics segm.<br>Profitability of bu   | ofrictoriganescofrict<br>available.                                   | yers`s F            | ehler in by solution       | 9 9                                | 3 available   |                          |             |  |
| HOFS STORE WAREFILDS   | Age ifficult to   | Mature              | ehiembay hid               | roytha                             | 3 available<br>empryce<br>early Growth  | onic/growth              |             |  |
| vzergies bowee of supp   | oliers <sup>none</sup>  |                     | lacharbeit <sup>nech</sup> |                                    | high  |                          |             |  |
| bevelopmenterate Styl  | igle supplier   | nor                 | nown potentiala            | 2.0-3.0                            | state and state | tly losing volume        |             |  |
| Market with a stal rivairy   |   |                     | noss                       | - <u>1 32-9 3</u>                  | strong  | 100 %                    |             |  |
| TIESS  | The structures  | 5-10                | ehler nave                 | 3 3 9 9                            | o high 3 ighy/s   | mall                     |             |  |
| Market with high   | lugsrywesakbuyer  | tenab               | ehler n favewyg            | ble strong                         | and Welling   |                          |             |  |
| hate of change in overeand   | un eiseserige   | -                   | SULBH GRAM                 |                                    |   | e2th%pat 100 %           |             |  |
| ocial acception for a finet  |   | 70                  | 102                        |                                    | hi <b>gh</b> gh (>  |                          | Intern      | Power of supplie                       |
| <b>Device no providence in the second s</b> | , Involutional Selfond<br>Involutional Selfond<br>Isunovirtic Sompet. | ductispote<br>Marke |                            | annch expendit                     | highren h   | <b>840%)</b><br>20<br>nt |             |  |
| Gross Domestic, Product  | ostitute raw mater  | ials 🦉              | nbryonic/growth            | 354                                | 327 <b>Bayin/igc</b> i  |                          |             |  |
| - Protitability of em  |   | 20                  | nigh                       |                                    |   | 0000                     | 000         | vesco                                  |
| omas Gottwald Ovesco Endon Blue Skies to Pots of Gol   |   |                     |                            |                                    |   |                          |             |  |

### **R & D portfolio – selection process**

Portfolios can be tailored to reflect the situation. Specific decision to be made with regard to...



From Blue Skies to Pots of Gold Brussels Nov 2009

### Pick the right thing and decide !



ovesco

Thomas Gottwald | Ovesco Endoscopy AG From Blue Skies to Pots of Gold | Brussels Nov 2009

#### **Prioritize** !



Thomas Gottwald | Ovesco Endoscopy AG From Blue Skies to Pots of Gold | Brussels Nov 2009

#### **Partner** !



Thomas Gottwald | Ovesco Endoscopy AG From Blue Skies to Pots of Gold | Brussels Nov 2009



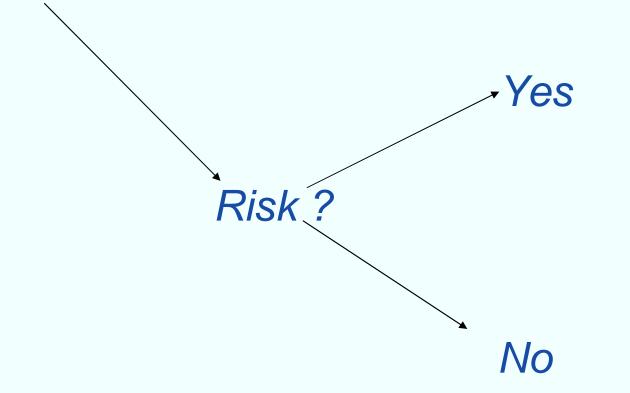
- Solid drug discovery engine/pipeline
- Capability of developing compounds to proof of concept

000000

ovesco

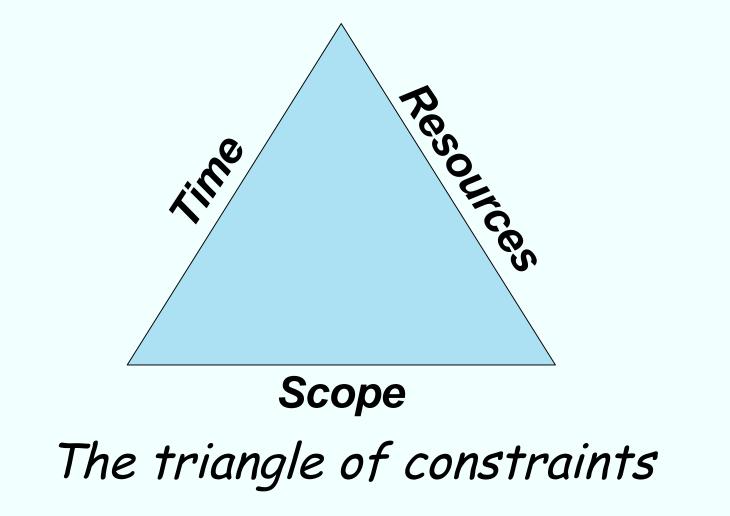
- A growing asset portfolio, ideally close to or in the clinical phase (phase II ?!)
- Leader in a specific technology or therapeutic area based on solid science
- A strong management team
- Solid financial situation

#### You have to take risks...



ooooo ovesco

#### ...but wisely!



o o o o o o o o v e s c o

Thomas Gottwald Ovesco Endoscopy AG From Blue Skies to Pots of Gold Brussels Nov 2009

#### <u>All players got to learn their lesson !</u>

#### Pitfalls and problems at a glance

ovesco

0 0 0 0 0

- Lack of Communication: pyramid versus permeability
- Lack of sense for innovation
- Risk aversion versus vision
- Resistance to change
- Partnering as a paralyzing process
- Founder syndrome
- Overregulation
- Shyness of competition in almost all segments
- Eminence versus evidence
- Lack of entrepreneurship
- Chasing the "3 month target" versus strategy
- Stubbornness
- Producing the compound
- Structure and organization

Academia

Industry

"Environment"

#### **Prerequisites for success**

| <ul> <li>"Ivory tower"</li> <li>Solid IP-strategy</li> <li>Business plan competitions, grant applications</li> <li>Open-minded founders and universities</li> <li>Partnering conferences</li> <li>Coached scientists (finance, QM &amp; structure, focus,</li> </ul> | production) |     |         |
|--|-------------|-----|---------|
| Visionary CEOs and CSOs<br>Strategy<br>Solid IP and contracts<br>Entrepreneurship  |             |     | Success |
| Facilitating governments and regulatory bodies<br>Grants and programs<br>Human factor<br>Communication, communication, communication   |             |     |         |
|  | 00000       | ονε | esco    |

You have to take risks...

## ... Pots of Gold !

Thomas Gottwald | Ovesco Endoscopy AG From Blue Skies to Pots of Gold | Brussels Nov 2009 oooooo ovesco