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# Strategic Asset Valuation for Better Partnership

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# Strategic Asset Valuation

## *What is it?*

***Making the right decisions...***

***At the right time...***

***With the right information...***

***In the most efficient way...***

# Strategic Asset Valuation

## *Why is it important?*



# Strategic Asset Valuation

## Objective – Assessing Risk & Return



- **Project Characteristics**
- **Technical Analysis**
  - Product Profile
  - Development Plan
  - Time to Launch
  - Probability of Success
- **Development Cost Analysis**
- **Commercial Value Analysis**

- **Expected:**
  - NPV
  - Revenue
  - Commercial Cash Flow

# Better Partnership

## *Case Study - Background*

### Situation:

- TopTech is finishing preclinical studies for SC-125 and expects to file an IND within 6 months
- The mechanism of action of SC-125 could potentially address multiple indications in Cancer and Inflammation (e.g., NHL, CLL, and RA)

### Complication:

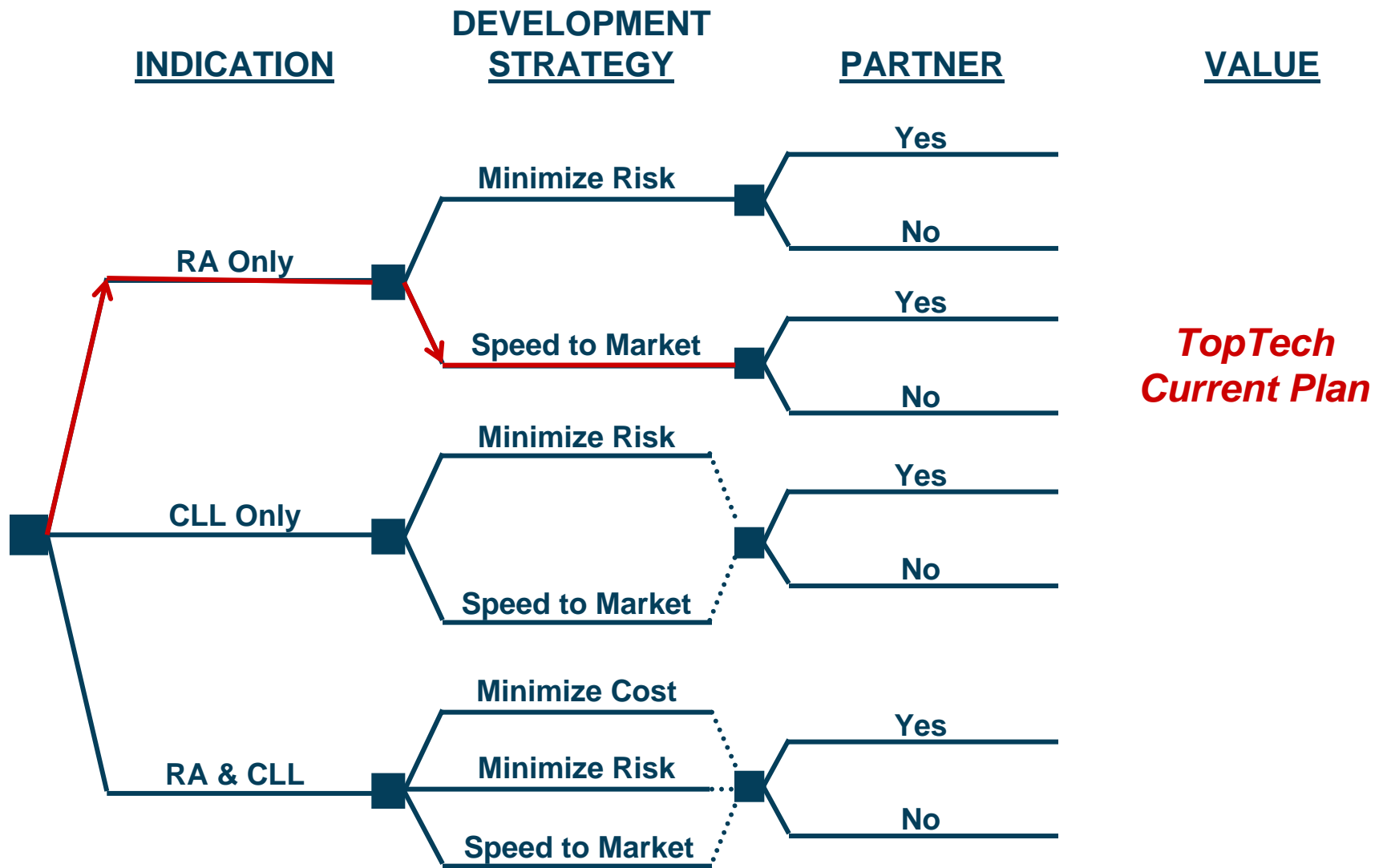
- TopTech has limited budget for new development opportunities and management believes partnering could be the best strategy
  - However, they are unclear as to what indication in what timeframe would result in the best partnering deal

### Resolution:

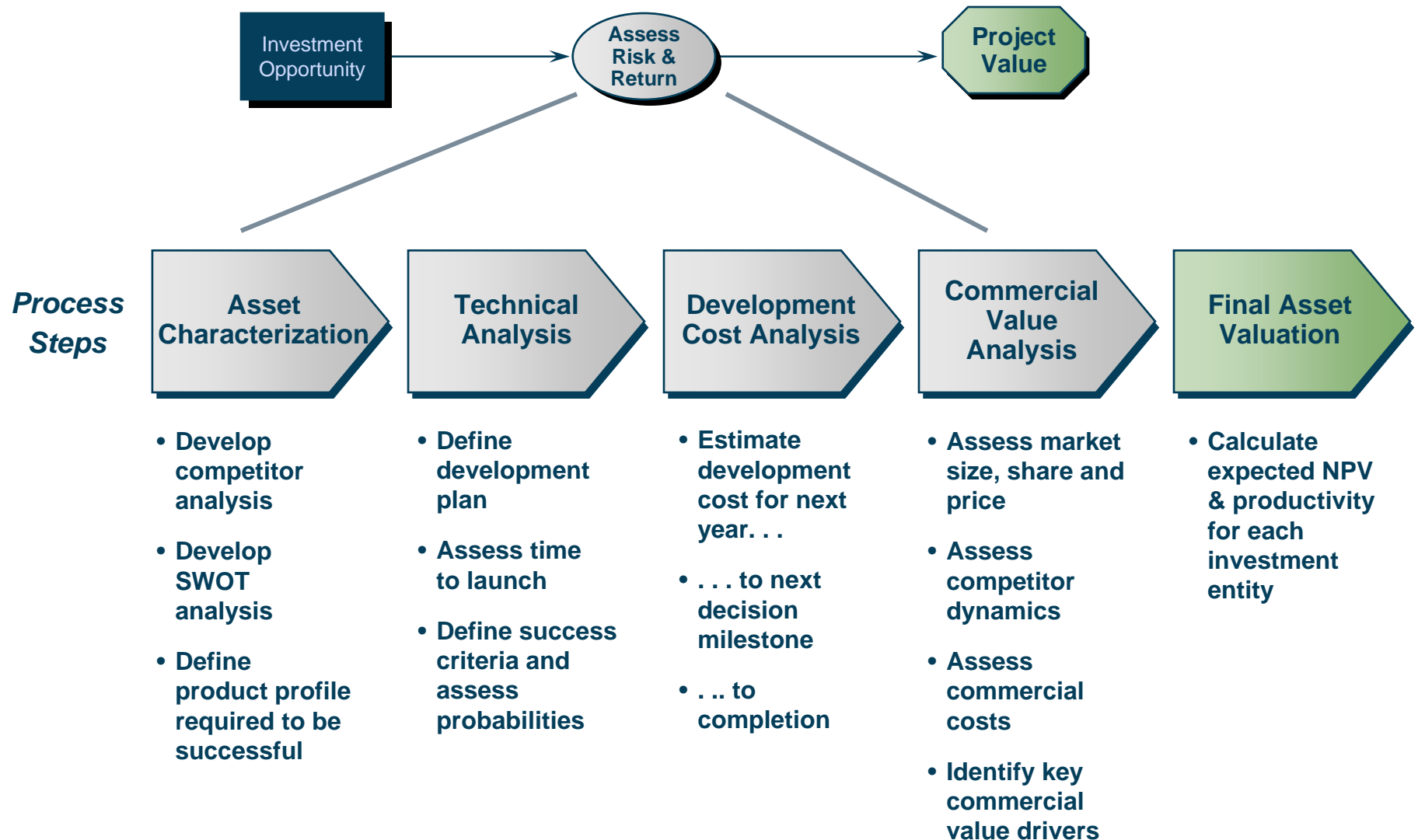
- Analyze alternative SC-125 development strategies to determine the:
  - Optimal development plan for each indication
  - Implications to TopTech of maintaining the asset in its own portfolio
  - Potential partnering strategy

# Better Partnership

## Key Decisions for SC-125 Strategy



# Strategic Asset Valuation Methodology



# Better Partnership

## RA Competitor Analysis

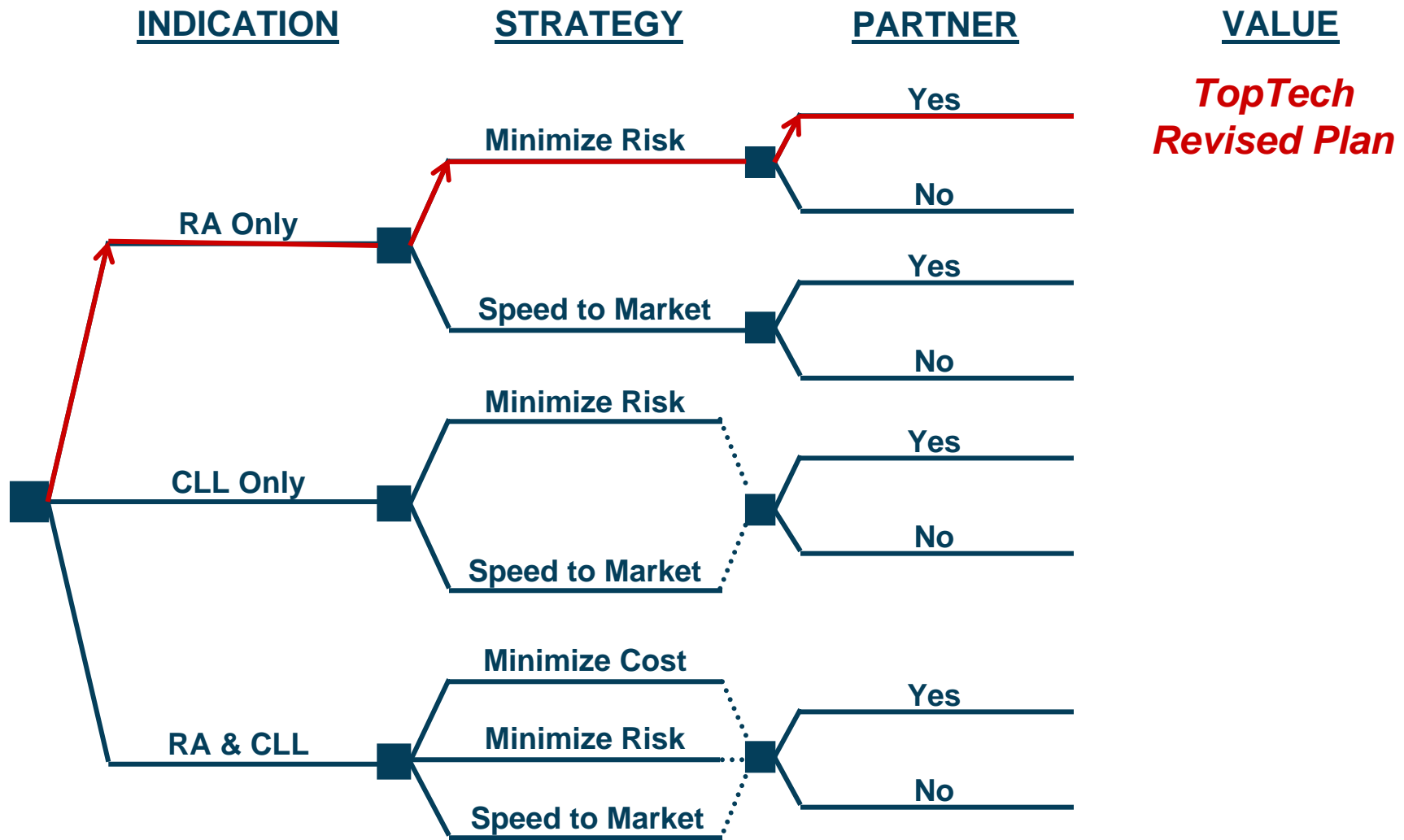
	Label Claims in US Package Insert for RA					
	Reducing Signs and Symptoms (≥6 mo Tx)	Inhibiting the Progression of Structural Damage (≥12 mo Tx)	Improving Physical Function (≥6 mo Tx)	Inducing Major Clinical Response (≥7 mo Tx)	Complete Clinical Response/ Remission (≥12 mo Tx)	Prevention of Disability (2-5 yrs Tx)
Enbrel	✓ 1998	✓ 2000	✓ 2005	✓ 2005		
Remicade	✓ 1999	✓ 2000	✓ 2002			
Humira	✓ 2002	✓ 2002	✓ 2004	✓ 2005		
Orencia	✓ 2005	✓ 2005	✓ 2005	✓ 2005		
Rituxan	✓ 2006	✓	✓	✓		
SC-125	✓ 2009					

**SC-125 not likely to be competitive if approved in 2009 for reducing signs & symptoms only**

\*163 RA trials (Phase I – Phase III) listed in [www.clinicaltrials.gov](http://www.clinicaltrials.gov); ✓ = approved label claims at time of analysis (2004); ✓ = expected label claims

# Better Partnership

## Recommended Optimal SC-125 Strategy



# Better Partnership

## *TopTech Strategy Based on Asset Valuation*

- Redefined development plans to maximize SC-125 value in the competitive RA environment resulting in:
  - Increased development costs
  - Increased time to market
- Redefined plan required a partnering strategy for RA
  - Entered development and commercial partnering deal with a big pharma company in early 2006
- Pursued additional analyses to evaluate optimal strategy for CLL and NHL
  - Continuing to pursue both indications

# Strategic Asset Valuation

## *TopTech*

***Made the right decisions...***

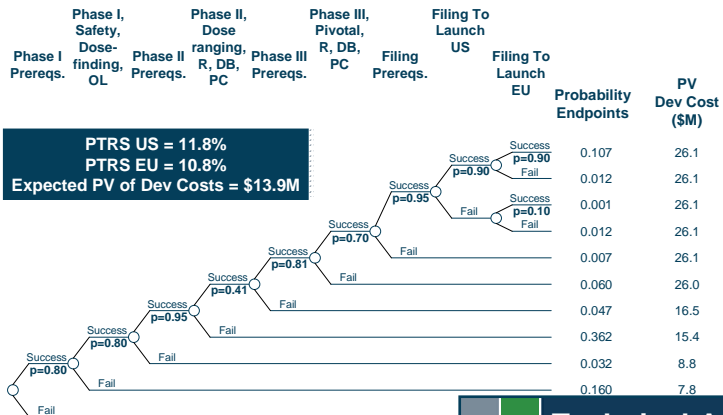
***At the right time...***

***With the right information...***

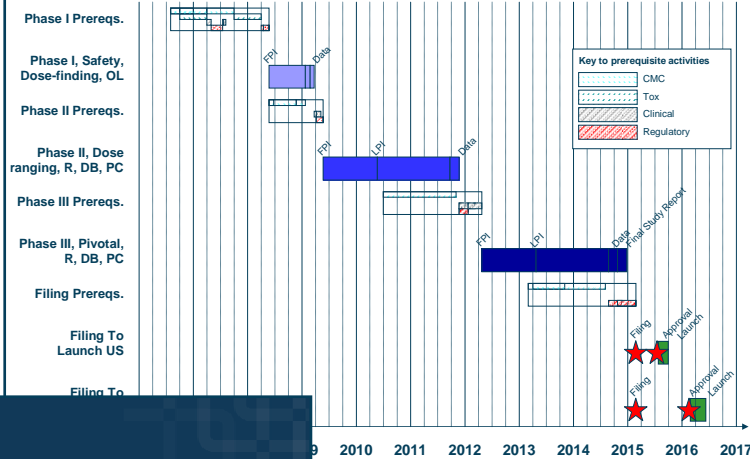
***In the most efficient way...***

# Asset Valuation Technical Analysis Example

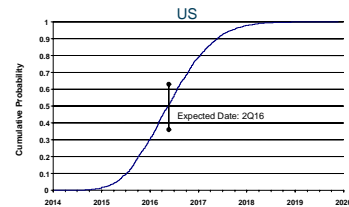
## Technical Analysis PTRS & Expected Development Costs



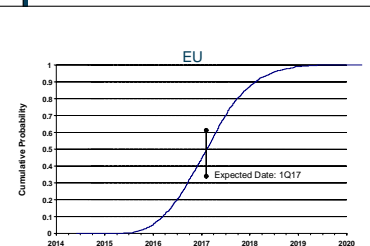
## Technical Analysis Base Case Timeline



## Technical Analysis Time to Launch Distribution

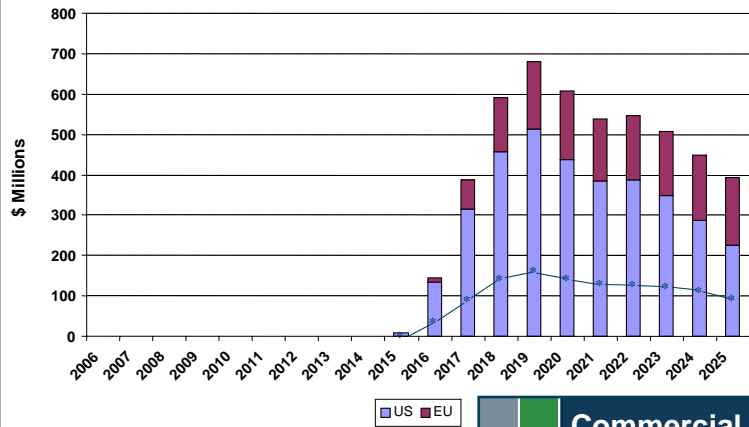


EU Base Case: 2Q16

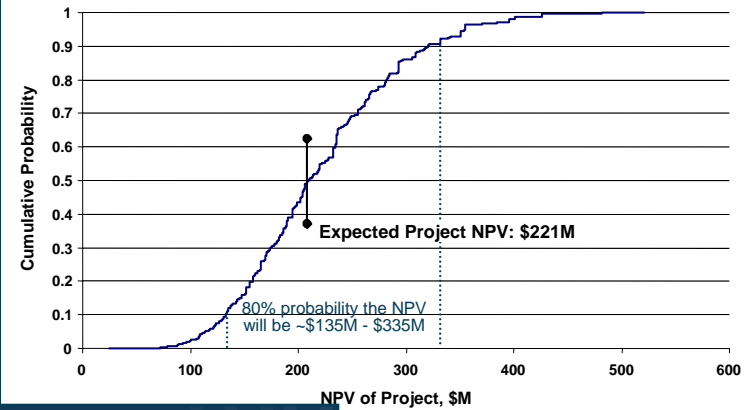


# Asset Valuation Commercial Analysis Example

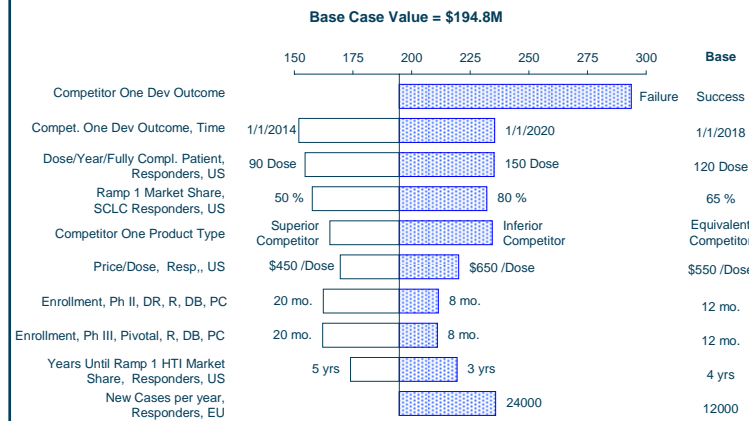
## Commercial Value Analysis Base Case Revenue by Geography



## Asset Valuation Distribution of Project NPV, Given Success



## Commercial Value Analysis Sensitivity Analysis



# Portfolio Management Resource Allocation

## Integrated Planning Process

