



SPECIALIZING IN CI FOR PHARMA AND IT/TELCO SINCE 1992

The Case for Systematic Primary Intelligence Tracking with Tangible ROI

By Marc Limacher, Founder & CEO of INOVIS, Inc.

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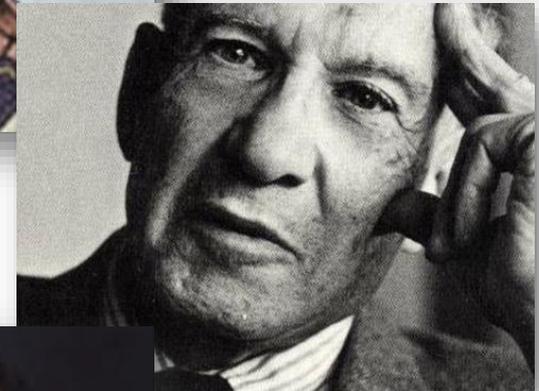
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To get started, some food (quotes) for thought

“If you know the enemy and know yourself, you need not fear the results of a hundred battles.”
(Sun Tzu’s “Art of War”)

“While the future can’t be planned, events often can be foreseen.” (Peter Drucker)

“Great leadership isn’t about solving problems after the fact, but foreseeing potential problems and eliminating them before they occur.” (James A. Belasco, business leadership strategist & author)



Overview

Being able to anticipate – rather than react to – competitors' next moves is mission-critical in any industry, but particularly so in the biotech industry, where the costs for drug development is estimated to exceed \$1 billion.



Being number two in the marketplace is no longer good enough, and failing to notice competitive blindspots can be very costly or even destructive.

Therefore, even smaller and start-up biotech and medical device firms do increasingly allocate resources towards a systematic competitive intelligence (CI) capability at the very early stages of the clinical development cycle of a compound in order to avoid “me too” scenarios and misappropriation of precious funds.

Overview

WHY DO COMPANIES OF ALL SIZES NEED CI?

- ▶ To more fully understand the competition
 - »»» outthink and outperform them
 - ▶ To minimize surprises by competitors & avoid blindspots
 - »»» to pre-empt or neutralize their initiatives
 - ▶ To profit from the competition's successes
 - »»» take advantage of their failures and weaknesses
 - ▶ To take the appropriate actions to improve operations – through competitor benchmarking
 - ▶ To optimize R&D and commercial resource allocations to compete more effectively
- ▶ While the focus of market research tends to be on problems associated with the profitable marketing of a product, CI is a value-added discipline that layers over the top of business development, market research and strategic planning.
 - ▶ CI supports future-oriented decision making for all primary and support activities of the company's value chain, at all organizational levels (corporate, divisional, business unit), and for a wide array of purposes (including R&D, business development, M&A, marketing, and strategic planning.)
 - ▶ An effective CI program gives managers the foresight and insight they need to make a difference.

Scenario Planning to Support Clinical & Commercial Plans

If we stay with the life sciences industry for illustration purposes, consider the development of new compounds by your firm's competitors.

In order that your company's senior management is equipped to assess the merits of starting or continuing with the development of one or more compounds, it is essential to know exactly the status of competitor compounds being developed for the same indications, when these compounds will move into the next development phase, the clinical trial design, patient enrollment criteria, any trial results (e.g., dosage, efficacy, side effects, tolerability, therapeutic advantage, etc.), and key opinion leaders' (KOLs') perceptions of each compound vis-à-vis yours and others.



Scenario Planning to Support Clinical & Commercial Plans

- ▶ Based on the synthesis of the intelligence collected, one of several possible, actionable CI deliverables can be the definition of different scenarios for optimal trial design and product positioning strategies (i.e., best, worst and realistic case scenarios based on each competitor's clinical and commercial priorities and intentions).
- ▶ In the IT industry, with its extremely short product lifecycles, such ongoing monitoring and tracking of competitors' activities and product development plans is equally critical and can yield substantial, measurable ROIs to management, using the opportunity cost concept to quantify ROI.



Scenario Planning to Support Clinical & Commercial Plans

This type of primary CI investigation and scenario planning can also identify competitive threats to your company's R&D and long-term commercial plans, enabling you to accurately forecast sales and create offensive or defensive counter strategies in anticipation of competitors' moves.

In the life sciences industry, for later stage compounds, a CI investigation on competitors' pricing structures, reimbursement, product promotion and distribution, impact of generics, biosimilars, competitors' commitment to a given therapy market as well as manufacturing issues and their impact on production costs and margins allow you to optimally position and price your product upon launch.

Furthermore, rigorously enforcing IP by obtaining solid regulatory intelligence on a generic contender's submitted dossier for a new product can help extend the brand's lifecycle and extend the time to LOE (loss of exclusivity) – again, a solid case for measurable ROI from regulatory intelligence.

The Case for a Systematic Early Warning System

The inherent limitation of conducting a one-off competitive assessment of competitors' activities and intentions – in any industry - are obvious: the results are rapidly out of date in today's dynamic marketplace.

Therefore, a one-time baseline CI assessment is typically followed by a systematic monthly, bi-monthly or quarterly monitoring of specific KITs (Key Intelligence Topics).

Monitoring systematically the regulatory timelines, ongoing clinical trials of current and future competitive products, competitors' sales and marketing strategy, filing plans and launch strategies, competitors' e-health and social media activities, KOLs' changing perceptions and preferences, and the changing reimbursement environment provides early warning signals on competitors' activities that would otherwise “fly under your radar.”

Other benefits of systematic CI tracking are the fast implementation of urgent CI ad hoc inquiries and the rapid dissemination of “red alerts” in the case of suddenly detected, previously not considered competitor targets.



The Case for a Systematic Early Warning System

The need for a systematic CI monitoring program is greatest if the following signs are present at your company:



- ▶ Company has only a few traditional competitors
- ▶ Company usually reacts to market changes
- ▶ Competitive attention is on sales & other immediate concerns
- ▶ Company thinks it knows everything about its competitors
- ▶ Nobody has overall responsibility for understanding competitors, predicting their moves, and recommending actions

An Ethics Policy Is Mandatory in CI Collection

- ▶ How does one obtain CI data ethically and legally? Solely relying on databases and other secondary data channels provides only the foundation for a CI effort, and puts your firm – at best – at par with your competitors since this type of information is easily and readily available to all market players.
- ▶ The true competitive advantage can only be obtained through primary, human intelligence data by talking to KOLs, equity analysts, target company representatives, managed care pharmacy directors, specialty pharmacists, and other relevant sources as well as visiting conferences and symposia.
- ▶ Whether you are conducting such primary CI collection internally or through an agency, it is critical to ensure – in writing – that strict ethical guidelines are being adhered to.
- ▶ While larger companies do typically have their in-house code of ethical conduct for data collection, a good starting ground to develop such a code is the Code of Ethics defined by the Society of Competitive Intelligence Professionals (SCIP), which can be found at www.scip.org



Conclusion

Clearly, life sciences companies that cultivate CI as a core capability systematically collect, analyze, and use future-oriented competitive insights more effectively, more efficiently, and indeed more intelligently, than competitors to shape strategy at all levels.

At the same time, safeguarding sensitive information and preventing data leakage is equally - if not more – important. CI represents the flip-side of the strategy coin. Strategy without intelligence is not strategy, it is guessing.

CI is not market research, nor is it industrial espionage. It is a legal, ethical, and creative process that generates a decision-related , future-oriented product managers can use to eliminate corporate blindspots, facilitate change, and improve competitiveness.



Final Thought

*“There is nothing more frightful
than ignorance in action.”*

(Goethe)

About INOVIS

- ▶ Marc Limacher started INOVIS in 1992 as a boutique primary CI specialty firm in Silicon Valley, focusing exclusively on the life sciences (12 therapy areas, med devices, digital medicine, genomics) and IT industries.
- ▶ As a 26-year veteran in the CI and counter-intelligence industry, he has grown INOVIS into a global leader in primary commercial, technology, clinical, and regulatory intelligence & strategic consulting services, counting a select group of global Fortune 100 companies as loyal clients.
- ▶ Prior to INOVIS, he was Director of Market Intelligence at a leading U.S. institutional investment firm for 5 years, providing primary intelligence on small- and mid-cap equities via a global network of 125 investigative reporters.
- ▶ As best practices experts in ethical strategic and tactical competitive intelligence (CI) investigations, systematic CI tracking programs, war gaming, and counter-intelligence services, Marc also provides custom seminars to companies and academia.
- ▶ Main offices are in the U.S., Switzerland, the UK, India, China and Brazil.



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