

# Leveraging on External Expertise

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In the US and European economies, the past four years have been testing for many biotech companies and the future remains uncertain. In addition to a tougher operating environment, companies have to cope with the difficulty of raising funds and signing deals with larger, better-resourced, global firms. Despite all the challenges, some biotech companies have managed to adapt to the situation and navigate around various obstacles to achieve their goals through 'outsourcing' strategies.

The German biotech company, BioCrea, discovers and develops novel drugs for the treatment of debilitating central nervous system diseases such as Schizophrenia and Huntington's disease. Its discovery efforts are focused on the recent finding that brain phosphodiesterases (PDEs) are key regulators of response and plasticity of the brain. Processes like memory and learning are associated with PDE function, as are dopamine- and glutamate-related signals, which are altered in diseases like

Schizophrenia. The company was set up in 2010, comprising a team with a strong track record in science, business development and commercialization. Despite these advantages, BioCrea, like their counterparts in Europe and elsewhere, had to cope with a difficult fund-raising and deal-making climate. Still, the company was able to successfully conclude an asset purchase and licensing deal with a global partner for its unique PDE platform in the first quarter of 2012.



Dr Thomas Kronbach, CEO of BioCrea, credits the firm's recent success on the management team and support from external scientific and business development experts, which were brought in as consultants, to further strengthen the company's reach and capabilities. He explains, "Our consultants have extensive experience and deep knowledge of the industry. Furthermore, they have access to a wide network of contacts in the pharmaceutical and biotech sectors." According to Dr Kronbach, BioCrea's consultants have allowed the company to operate very efficiently in reaching potential partners. He added, "As we are a small biotech company, we have limited resources that we have to utilize carefully. Working with consultants has allowed us to reach targets through their networks, giving us the opportunity to link up with potential partners. The consultants not only make the initial introductions but also ensure that the interactions between BioCrea and its partners proceed smoothly. They are there with us when we present our technologies and support us in drafting the contracts and closing the deal. If we had to do this alone, it would have taken longer and probably would have involved employing more senior managers in the long term. With that perspective in mind, the perception that consultants are "expensive" turns into "good value for money" because the assignment is tailored to the needs, resources and timelines of the company."

BioCrea's business development consultant is Dr Juergen Parrisius who has been an independent consultant since 2003. Prior to that, he has over 20 years' experience in international marketing and business development at companies such as Pfizer, Roche and Cardion. His role at BioCrea was to plan and initiate the partnering

process and to run the process smoothly with frequent reporting to the BioCrea management team.

According to Dr Parrisius, the practice of using consultants in Europe and US is quite common as it allows companies to quickly tap into additional resources and expertise without incurring long-term overheads. However, Dr Parrisius cautions that using consultants is still only part of the answer. He explains "good business development and good technology have to go hand-in-hand, and I have been able to help BioCrea because it has fundamentally outstanding technologies and a strong team that allows me to present the company in the right way, to the right people, at the right time. All the pieces have to come together."

Similarly, one company in Asia that has reaped the benefits of using external consultants is Cerca Insights, a Contract Research Organisation (CRO) based in Penang, Malaysia, which specializes in behavioural pharmacology. The company was set up in 2008 with the core focus of helping its clients to improve their drug discovery productivity. Cerca Insights now conducts a wide range of paradigms that can assess neurological and cognitive functions along with behavioural toxicity, and it has successfully leveraged the economics of Malaysia to deliver value to its international clientele.

CEO of Cerca Insights, Mr Anthony Bishop explained, "We are a Malaysia-based company that serves the global market. In our business, building relationships with clients and potential clients is very important. For a start-up company, there is never enough time for that when we are not geographically close to the markets that we serve. Fortunately, we are able to work with experienced consultants who are able

to guide us and connect us to our markets. Working with them also allows us to cut short the time needed to establish a good working relationship with potential clients." The company's consultants were former senior executives of global pharmaceutical companies and were able to augment Mr Bishop and his team with the capabilities to rapidly grow the business.

Like external consultants, interim managers are usually senior personnel who have a successful track record in a particular area. Interim managers work through interim management companies that provide them with specific assignments at an organization for a particular project for a specific length of time. Ms Susan Macdonald is the Managing Director of RSA Singapore, a global life sciences executive search and interim management firm. She noted that "Currently, the practice of using interim managers and external consultants is still less common in Asian based companies compared to the US or Europe. For example, SMEs in the region tend to want to use their own internal resources as there is a perception that external interim managers are an expensive solution." Ms Macdonald added "However, the industry in Asia is maturing and more companies in fast emerging life sciences markets like China are recognizing the benefits of using interim managers as they become more familiar with the practice and the cost-benefit balance that these experts bring to the table."

As life sciences companies in Asia mature, they will inevitably pick up industry best-practices from companies elsewhere as well as develop new strategies to adapt to the highly competitive global market. Tapping on external expertise will become an integral part of their business practices.

## About the Author

**Marvin Ng** is the Managing Director of DN Venture Partners LLP, a life sciences business development consulting firm which he set up in 2001 to help companies to expand their business, manufacturing and research activities in Asia. Marvin is a microbiologist by training but has experience in various fields including international marketing, business development, fund raising, and investment/trade promotion. For more information, please visit [www.dn-venture.com](http://www.dn-venture.com).