Buy- and Sell-Side Partnering Strategy & Support
About Cello Health BioConsulting

Cello Health BioConsulting is a knowledge-based consultancy deeply rooted in science and the unique and ever-evolving challenges and opportunities facing the biopharma industry.

Cello Health BioConsulting provides strategic advice for corporate growth strategy, disease area selection, indication prioritization, early market access strategy and early value profile development.

Cello Health BioConsulting is known for “unconventional insight” – forward thinking, independent, objective and actionable strategic advice to realize value across all therapeutic areas and stages of development.

*Let’s work together.*
Early Strategic Focus Can Drive Significant Value Prior to Traditional Inflection Milestones

We consult with the world’s most innovative biopharma companies, applying our strategic insight to early-stage platforms and programs. Our advice reduces development and commercial risk, increases stakeholder leverage and value, and enables achievement of corporate development goals.

Our strategic advice, given early in development (pre-PoC), drives value along the development continuum and influences ultimate outcome, whether your goal is a high-value exit through partnering or acquisition, to in-license to augment pipeline or to go-to-market and book sales.

Key strategic considerations at the earliest point in development can accelerate value step-ups, de-risk the program overall and position the company for the next round of financing. Early strategic considerations include:

- Disease Area Selection
- Indication Prioritization
- Early Market Access Strategy
- Early Value Profile

TIME & CASH BURN

VALUE

Traditional Regulatory & Data Value Drivers
Pre-Clinical & Early Clinical Programs
Defining a Target Product Profile that Passes the Proof-of-Relevance Test (Early Relevance Profile)

The goal of developing a drug through the clinical/regulatory process is maximizing value, not just FDA approval. Clinical failure cannot always be predicted or prevented, but strategic failure often can. Thus strategy should be considered at an early stage when making critical decisions to de-risk and drive value, especially as the deployment of capital exponentially increases.

It is imperative that R&D and commercial objectives are aligned and that early-stage product profiles focus on not only scientific rationale but also commercial value (Early Relevance Profile), understanding and conveying the value of attributes that meaningfully differentiate the product in the future competitive landscape to all key stakeholders, including investors, potential partners, regulators, payers and, ultimately, patients.

Achieving clinical PoC is an essential milestone in therapeutic development, but it is insufficient to establish commercial relevance and success.

Value and Relevance Drivers:

- How do we best deploy effort and capital toward longer-term value?
- How do we best realize value from our platform? For what indication(s) should we develop our asset(s)?
- How do we drive company valuation and remain relevant and differentiate from competitors?
- Do we partner our program or go it alone? If the choice is partner, when is the best time and how do we best establish, support and articulate the value of our program?
- How do we identify and evaluate external innovation/assets?
Early Strategic Decisions Minimize Risk and Drive Value

Cello Health BioConsulting advises and supports early-stage biotech companies at the point in which strategic considerations can be profound value drivers for core/platform assets, clinical programs and the company overall.

- **COMPANY STRATEGY**
  - Business Model Development
  - Business Development / Partnering Strategy & Support
  - Pipeline Build

- **PRE-CLINICAL & EARLY CLINICAL PROGRAMS**
  - Developing Target Product Profile to Establish Early Proof of Relevance
  - Market Access Considerations to Inform Early Development

- **PLATFORM DEVELOPMENT**
  - Disease Area Selection
  - Indication Prioritization and Sequencing
Early Relevance Profile
TPP for an Early-Stage Program that Focuses on Value to Key Stakeholders

Early Relevance Profiles focus on key considerations associated with key stakeholders

**Physicians**
- Clear value proposition and position in treatment algorithm
- Label indication
- Strength of data/evidence
- Safety/tolerability profile
- Clear differentiation from alternative treatment options
- Requirements for access

**Partners**
- Clear and compelling scientific and commercial value proposition vs competitors
- Thoughtful and defensible valuation and forecast
- Strong rationale for favorable patient access, pricing and reimbursement
- Successful traversing of due diligence to ID and bridge gaps
- Deal benchmarking and support to secure desired deal structure and value
- Execute deal that increases stakeholder value and advances corporate development objectives

**Patients**
- Patient segment that will derive the most value
- Journey to treatment
- Dosing/administration requirements
- Level of access to treatment
- Impact of out of pocket expense

**Payers**
- Level of unmet need (e.g. how many substitutable alternatives can be “step-edited” in front of candidate)
- Indication severity (where does it fall on continuum between fatal and cosmetic
- Strength of evidence (trial comparator, structure)
- Duration of treatment (chronic, short-term)
- Medical benefit or pharmacy benefit
- Credibility and ease-of-access metrics for value-based contracts
- Patient financial assistance program relative to competitor’s programs
Buy- and Sell-Side Partnering Strategy and Support

- Decisions about **what and when to partner and at what value and with which partner**—whether your company is buying or selling (or in- or out-licensing)—are critically important to inflecting or depleting value.

- A good deal aligns with corporate strategy and inflects significant value through favorable economics, deal structure and chosen partner and assets. But a **bad deal depletes value** if deal terms do not sufficiently reward and enable the buyer or seller.

- It is therefore essential to outline and exquisitely execute a partnering strategy that aligns with and facilitates achievement of your corporate development, financing and pipeline goals and that **reflects an appreciation of the value proposition**, competitive landscape and positioning, market access / pricing and reimbursement environment, and deal benchmarks and favorable deal structure and value.
Seller Considerations

SELECT PARTNERING CONSIDERATIONS FOR SELLERS

- company’s primary partnering objectives (e.g., validation, IPO, near-term capital, advance programs off balance sheet, etc.)
- portfolio prioritization (partner or remain in-house)
- ramification of partnership and effect on unpartnered assets and company value – must-haves from any deal
- technology value proposition: scientific rationale, clinical meaningfulness, time, cost, and risk to advantage, competitive positioning, market access / pricing and reimbursement, valuation and forecast, etc.
- understanding of your leverage relative to partner: is your technology filling a pipeline gap or enabling partner to outpace competition? Do they need the deal more or less than you? Are there multiple bidders? Is there a paucity of available, similar assets or are you the only game in town?
- accurate and defensible technology valuation, forecast analyses and deal benchmarks, and deal value split with partner
- identification of best partners for delivering must-haves and optimizing value
- anticipating and overcoming due diligence challenges for technology, data, value proposition, and deal structure and value
- deal negotiation: arguments to secure desired deal terms, acceptable trade-offs to win must-haves, relative value of multiple, varied offers, determining if and when to walk away, etc.
Buyer Considerations

SELECT PARTNERING CONSIDERATIONS FOR BUYERS

- corporate development goals and primary objectives for partnering
- opportunity / deal assessment—due diligence to evaluate strength of data package and value proposition, time, cost, and risk to future value inflections, competitive and market positioning, market access / pricing and reimbursement, valuation and forecasting, etc.
- deal impact—perception of post-deal value by key stakeholders and impact of potential resource diversion from home-grown pipeline
- deal value—deal benchmarking, appropriate and defensible deal value and deal value split with partner
- deal structures that best enable you to inflect value, achieve desired ROI and realize corporate development goals
- deal negotiation—relative leverage vs. partner, arguments to secure desired deal terms, ability to offer more favorable deal terms vs. competitors (money, prioritization of partnered asset in pipeline, creative deal structure, etc.), acceptable trade-offs to win must-haves, determining if and when to walk away, etc.
Buy- and Sell-Side Partnering and Due Diligence Support
CHBC Brings Deep Scientific, Biopharma Business and Deal-Making Experience

We are deeply rooted in science. We are expert at assessing mechanisms-of-action, assets, pipelines and platforms, and comparing and positioning assets within the relevant competitive landscape. We can anticipate and help you overcome challenges from potential partners as a seller, or help you assess opportunities as a buyer.

We are deeply rooted in biopharma business. We understand your challenges and pressures and what inflects or destroys value as you advance your company and programs. We understand the competitive landscape and relevant deal benchmarks to appropriately value and position assets or programs to secure the deal you want.

We are deeply rooted in assessing and valuing biopharma assets and programs. Understanding the science, the biopharma business, the competitive and deal landscapes, and what drives value in your space, enable us to evaluate data with the eyes (and skepticism) of a potential buyer. We can conduct “mock due diligence” to prepare sellers for partnering and we can conduct due diligence for buyers to pressure-test value proposition and deal terms.

We are deeply rooted in deal-making. We understand you have choices about what and when to partner. We understand how the right deal structure and terms for the right asset at the right time can inflect value and how the wrong deal can impede future progress. We have been where you are and have the deal sheet and case studies to prove it. Whether you are a buyer or seller, a licensor or licensee, let us help you find and secure the best deal for your company.
Buy- and Sell-side Partnering Strategy and Support
Advising and Supporting Buyers and Sellers to Right-Value Assets & Secure Value-Inflecting Deals

♦ Corporate development should drive, and be enabled by, partnering strategy.

♦ That’s why Cello Health BioConsulting begins its partnering strategy and support projects with structured, facilitated discussions with your company’s internal stakeholders—as a first step we develop a robust and nuanced understanding of your company’s corporate goals, value proposition, risks and risk-tolerance, and wants and needs in a deal.

♦ Your company’s corporate development goals are our roadmap for seeking, structuring and securing a right-valued and right-structured deal that positions your company to facilitate its ambitions and inflect significant value.

Understanding Buyer and Seller Needs & Corporate Development Goals

- Deal Structure/Value Determination
- Competitive Landscape Assessment & Positioning
- Due Diligence Support
- Deal Benchmarking
- Messaging/Pitch Deck Development
- Preparing for and Advising Through Deal Negotiation*
- Potential Partner Identification, Screening & Prioritization
- Asset Assessment & Valuation
- Term Sheet Development
- Search & Evaluation

*CHBC advises & supports clients through negotiation but does not itself transact deals
Buy- and Sell-Side Partnering Strategy and Support
Landscape Assessment

♦ What is the development and commercial landscape for your technology, or the technology your company is assessing? Are there known risks and benefits?

♦ What are the unmet needs (safety, efficacy, timing, cost, complexity) to be addressed by the technology? What are the threats?

♦ What are the leading programs in the clinical and preclinical pipeline?

♦ What are the clinical subpopulations and market niches remaining in your indications of interest? How open is the white space for next-generation therapies?

♦ What are key value inflection points and timing to watch for? How do progress, challenges and opportunities vary across modalities, mechanisms or target patient populations?

♦ Which approach is expected to dominate the treatment algorithm? Which ones will remain less tractable and for how long? What are the implications for a company looking to enter?
Cello Health BioConsulting has established a comprehensive & transparent process for identification and qualification of actionable partnering and in-licensing opportunities.

We have a strong methodological process for search projects, and we take the time to understand your unique situation, offering recommendations to customize the search to best address the ultimate objectives for your company.

Cello Health BioConsulting provides valuable insights and assists in prioritizing of the most compelling assets available to meet the client’s objectives. We have a unique depth and breadth of understanding of therapeutic categories and competitive pipelines and products, built from conducting thousands of opportunity assessments and search & evaluation projects within those categories.

We evaluate potential opportunities with our broad and nuanced understanding of the current state of scientific, development and commercial environments within specific diseases. We have developed a strong network across biotech and pharma companies which provides a deep understanding of next wave issues and keeps us well informed and ahead of industry trends.
Buy- and Sell-Side Partnering Strategy and Support

Deal Benchmarking

♦ Deal benchmarking helps right-set key stakeholder and negotiator expectations for deal value and deal structure and informs negotiation parameters and positioning

♦ Cello Health BioConsulting has developed a robust methodological process for deal benchmarking:
  • identify and assess deals relevant to the deal contemplated by your company—i.e., at a similar stage of development, market opportunity, risk, value, etc.
  • summarize relevant deals and outline their known material qualitative & quantitative deal terms
  • elucidate how the predicate deals may translate into your company's desired deal structure and value
  • provide a must have/like to have/avoid score for key deal terms (stage, scope, exclusivity, territory, diligence, etc.) and outline deal value ranges (upfronts, R&D payments, development, regulatory and commercial milestones, royalties, sublicense fees, etc.) to inform term sheet and deal structure development and negotiation parameters and priorities
  • list and summarize relevant deals and key takeaways to prepare your company for deal valuation and negotiation
Buy- and Sell-Side Partnering Strategy and Support

Forecasting and Valuation

- Financial forecast modeling is an essential component of Cello Health BioConsulting’s valuation capabilities.

- We build revenue forecasts (patient- or prescription-based) in a user-friendly Excel format to allow our clients to see in real-time how changes and sensitivities around distinct variables impact the forecast.

- We provide benchmarking valuation of individual assets, platforms and company portfolios as well as risk-adjusted NPVs in Excel with sensitivity analysis surrounding the key inputs.

- Further, to bolster your positioning for financing or dealmaking, we contextualize the forecast and valuation based on relevant financing or deal benchmarks.

Patient Population & Treatment
- Epidemiology
- Key patient segments based on treatment practices
- Addressable patient segments

Competition
- Current and future competitive landscape
- Impact of new entrants/generics/ biosimilars
- Impact of competition on peak revenue potential

Penetration
- Anticipated use based on product’s value proposition
- Potential adoption & uptake
- Appropriate analogs

Pricing
- Appropriate/acceptable price based on current & future market
- Impact of market access landscape on pricing potential
- Potential level of rebating/discounts
Buy- and Sell-Side Partnering Strategy and Support
Advising on Deal Value and Structure

◈ It is incumbent on your company to understand what is essential or desired in a deal to **enable your company’s corporate development goals and inflect value**; to understand the **balance of power and value** between your company and your potential partner; to **understand your leverage** and pressure points; to anticipate arguments and **develop winning positions** in advance of deal negotiations; to pursue and secure a good deal, or walk away from a bad deal, for your company.

◈ Cello Health BioConsulting has significant business development and deal negotiation / transaction experience across therapeutic areas and stages of development and, while we do not **transact agreements**, we can **advise your company on potential deal value** and the **pros and cons of different deal terms, structures and provisions** for your company.

◈ **We walk alongside our clients** to **develop and refine messaging and positioning** for internal and external stakeholders to help your key executives / business development team **advocate for the deal you want** and, ultimately, for the **value of the deal you’ve secured**. We can help your team **avoid deal loss from your own board room**.
Buy- and Sell-Side Partnering Strategy and Support
Pulling it All Together: Recommendations & Delineation of a Clear Strategy for a Favorable Deal

♦ Based on the findings from facilitated stakeholder discussions, asset and landscape assessments, and deal benchmarking, what are the main conclusions and recommendations for favorable deal structure and value?

♦ What are key deal-making tactics (needs vs. nice-to-have terms) and strategy in order to ensure a favorable and successful deal? What is the relative leverage of the buyer and seller?

♦ Is the value proposition clearly understood by both buyer and seller? What should be your negotiation parameters and walk-away position? What are you willing to trade to obtain what you want/need in the deal?

♦ How can you best leverage deal benchmarking to support your position?

♦ Does the value proposition resonate with respective key stakeholders? If not, how can your company drive increased value recognition?

♦ What is the plan post-deal to mitigate risk and ensure value realization?
Buy- and Sell-Side Partnering Strategy and Support
Path to Favorable, Value-Inflecting Deal

STAGE 1
Align Business Development Strategy with Corporate Development Goals

STAGE 2
Landscape Assessment / Opportunity Search and Evaluation

STAGE 3
Valuation and Forecasting / Deal Benchmarking

STAGE 4
Advice to Prepare Your Company for Successful Negotiations

STAGE 5
Deal Value Messaging & Realization

THE DEAL
Business Development / Partnering Strategy and Support
Experience & Expertise

Biopharma Strategy and Business Development Expertise

• Leveraging over 25 years of biopharma executive management, corporate and business development strategy, IP optimization and deal negotiation experience for our clients.

Proven Deal Strategist and Transactionalist

• A Certified Licensing Professional® and LES Life Sciences Deal of the Year recipient, Beth has secured dozens of biopharma and life science deals across broad therapeutic areas and stages of development, from billion dollar deals with global pharma to early discovery deals with universities, from buy-side and sell-side.

Leverageable Resources

• Our consultants are PhD- and MS-trained scientists and/or experienced biopharma industry executives who bring a robust and nuanced understanding of your, or your potential partner’s, value proposition and differentiation.

• Our deal-making experience enables us to advise you on valuing, structuring and securing a favorable deal for your company.

BD / Partnering Strategy & Support

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Let’s Work Together

We would be delighted to connect with you.

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