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Welcome to the May 2008 Issue!

The **PharmSource PERISCOPE** provides valuable insight into sales issues and trends for companies that sell goods or services to bio/pharma. It helps you recognize new business opportunities, and overcome sales obstacles. Enjoy the May issue.

The PharmSource Team

Pharma Sales: Lead Activity Report

PharmSource Lead Sheet: April Opportunities

254 overall leads for pharma vendors were reported by the *PharmSource Lead Sheet* in April.

Lead Type	Apr-08	2008 Y-T-D
Non-US Leads	86	330
Early development candidates	55	207
Late development candidates	58	247
Large molecule candidates	37	163
Small molecule candidates	79	315
Newly-funded companies	47	199
New sourcing executives	23	89
Parenteral dosage form candidates	53	184
Oral candidates	39	186
Total Leads*	254	946

* Total leads include product acquisitions/alliances, company acquisition/alliances and other sponsor events. Pipeline leads shown are categorized by development, API and dosage form.

Lead Sampler

Below are two actual leads from a recent issue of the *PharmSource Lead Sheet (PLS)*, the weekly, web-based information service that delivers new business opportunities and key market intelligence information to companies serving Bio/Pharma. It reports new information on products in development, acquisitions, alliances, financing transactions, and more, and delivers 40-70 fresh leads each week.

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Use the *PLS* to stay on top of opportunities as soon as they're announced to keep attuned to market activity and trends, and as a key resource for targeted marketing.

FOR WEEK OF:
03-30-2008

- Products in Development ●
- Product Acquisitions ●
- Corporate Finance ●
- Other Sponsor Events ●
- Key Appointments ●

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Products in Development

Phase I	
Company:	ESBATech
HQ Location:	Zurich-Schlieren, Switzerland
Product:	ESBA105
Dosage Form:	Liquid - Sterile
Nature of API:	Biologic - Monoclonal antibody
Therapeutic Area:	Ophthalmic
Comment:	ESBATech initiates a Phase I trial of ESBA105 for ophthalmic indications. Delivered via eye drops, the product is a single-chain antibody fragment directed against tumor necrosis factor-alpha, a rapidly emerging target in ophthalmology. ESBATech hopes to advance the product as an anti-inflammatory ophthalmic medicine.
Clinical Research Contact:	Peter Lichtlen, MD, PhD
Research Contact:	David Urech, PhD
Print Lead Email Lead	

Corporate Finance, Alliances, and Acquisitions

Corporate Finance	
Company:	Argos Therapeutics, Inc.
HQ Location:	Durham, NC
Financing Type:	Venture capital investment
Amount Raised:	\$35.20 million
Description:	Argos raises \$35.2 million in a round of Series C financing. Proceeds will support the development of Argos' CD83 protein immunology program and aid in the completion of Phase II trials for its Arcelis immunotherapy candidates in renal cell carcinoma and HIV.
Strategy:	Argos is developing therapies in the areas of oncology, infectious diseases, autoimmune disorders and transplantation.
Research contact:	Charles Nicolette, PhD
Clinical Research Contact:	Lothar Finke, MD
Print Lead Email Lead	

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Sales Article

How Continuous Contact with Your Client Makes the Difference

By Steve Kraner

The Challenge: A client expressed frustration about the fact that they had some customers who complained about 'product problems'—yet other clients who used the same series of products had no complaints.

One Answer: As I was considering the possible answers to this riddle, I sat on a plane beside a self-described 'CEO Consultant.' He showed me an article he was writing on 'Why CEOs Fail'—which I subsequently saw published—based on researching about 30 CEOs who had failed in the last 10 years. One of the most persuasive things he said was that once a failed CEO resigned, many of the organizations quickly rebounded under a new CEO. It would seem the CEO was the difference.

Why CEOs Fail

The consultant's study of this phenomenon led him to a fairly simple conclusion. CEOs don't fail due to lack of strategy or a grand vision. They fail in execution: The mundane day-to-day details of how to get it done.

You are the CEO of Your Territory

The same is true of sales professionals and their account relationships. I was recently doing interviews for a client to determine why some customers had defected to the competition and others hadn't. Many of the sales people at the company made reference to prior problems with the product. My investigation showed the only correlating variable to be (can you guess?)—the account manager. The difference between an account set with no history of product problems and those with enough dissatisfaction that they had gone over to the competition was—not the problems—but how the rep had handled the problems—the mundane details of account management.

Continuous contact, including contact after the sale:

1. Insures satisfaction—the sale is done when the customer's pain is gone.
2. Gives you the chance to address problems as they arise.
3. Provides warning of competitive attempts to penetrate.
4. Helps you find new opportunities.
5. Lets you take advantage of windows of opportunity, when the competition is vulnerable to displacement due to dissatisfaction.

Why isn't it done more often? The most common thing I hear is, "I don't have time. I have to make this month's number." It's the same reason people don't exercise. It's a false economy of time. It makes selling as hard as digging a hole with a bowling ball.

Here's How to Make it Work

Triage your accounts into A, B, and C customers. I suggest using an estimate of potential life time value as the basis of the triage. The top 20% are "A's"—the middle 60% are "B's"—the bottom 20% are "C's." Then develop a contact plan for each tier—and put it on your calendar.

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Dig your well before you're thirsty

A's—Meet or call your main contact at least monthly. But don't let a key account relationship dangle by the thread of a single relationship. Set goals to expand your contacts both vertically and horizontally. Map the account. Get an organization chart and put it on the wall. Highlight who you know in green. Highlight who you don't know in red. Pick new people to meet—especially senior people in new departments or divisions—use gold to highlight these people. Initiate and maintain executive relationships a level or two above your current contact level.

Develop a personal plan to increase your value as a trusted advisor to these senior people. Read their trade press—know something about their business. Read their Annual Reports—know their company. Go to Google and search on their names—you'll find most senior people on the Web—know them. In the end you should have breadth and depth in your personal relationships in the account and you should engineer relationships between your technical people and theirs and between your executives and theirs.

B's—Meet or call your main contact at least quarterly. Develop one new contact in another functional area this quarter. If you call mainly on IT, then develop a contact in another department. Also set a goal to make a contact at least one level higher than your current contact.

C's—I suggest taking a good look at these customers. As tough as it might sound, it's often best to either fire them (burning bridges isn't necessary or desired) or promote them to the next level. The best reps learn there's no use winning new accounts if you don't retain them. They know they have to wisely spread their available time and attention across both new accounts and existing customers. I think this is what Vince Lombardi meant when he said, "Gentlemen this is football." He was often chastised in the NFL for having a thin play book. He wasn't considered very creative. But he won. Maintain a relentless focus on the fundamentals and a maniacal focus on the customer.

About the Author

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Prospect Profile - IPO Spotlight

Zogenix (ZGNX)

Zogenix is a specialty pharmaceutical company developing treatments for central nervous system disorders and pain. The company incorporates innovative technologies to uniquely enhance and differentiate medicines. R&D expenditures in 2007 were over \$24.3 million.

Corporate Highlights

- Formed as a Delaware corporation on May 11, 2006 as SJ2 Therapeutics, Inc.
- Commenced operations on August 25, 2006.
- Changed name to Zogenix on August 28, 2006.
- 27 total employees (Sales & Marketing: 2; Manufacturing Operations: 8; R&D: 10; General & Administrative Activities: 7).
- Facilities include: Corporate Headquarters, San Diego, CA: 4,193 sq. ft. Other facility, Emeryville, CA: 7,416 sq. ft.

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Manufacturing Status

- Zogenix does not own or operate a manufacturing facility.
- Zogenix outsources all manufacturing and packaging of its clinical product candidates to third parties:
 - Fill, finish, assembly and packaging of sumatriptan DosePro are performed by Patheon.
 - Clinical materials for planned ZX002 program will be manufactured by Elan Drug Delivery, Inc.
- Zogenix does not currently have a long-term commercial supply agreement with any of the third-party manufacturers for its product candidates in the U.S.

Business Relationships

- In November 2007, Zogenix in-licensed exclusive US rights to ZX002 from Elan Pharma International Ltd.
- In March 2008, Zogenix entered into a licensing and distribution agreement with Desitin in which Desitin was granted exclusive rights to develop and obtain regulatory approvals, and commercialize sumatriptan DosePro in the European Union and select countries.
- Zogenix seeks to establish partnerships with pharmaceutical companies or contract sales organizations in the US.

IPO Filing

- Registration statement filed with the SEC for an initial public offering (IPO) of its common stock (as reported in the March 23, 2008 issue of the *PharmSource Lead Sheet*).
- As of May 15, 2008, the number of common shares offered and the price range for the offering had yet to be determined.

Use of Proceeds

- Establish a sales and marketing infrastructure for sumatriptan DosePro in the U.S.
- Fund research and development of ZX002 and future product candidates.
- Fund working capital and other general corporate purposes.

Sourcing Opportunities

- A commercial partner for sumatriptan DosePro in the United States.
- Manufacturers for clinical product candidates.

Pipeline

Product Candidate	Indication	Dosage Form	Status	Next Anticipated Step
sumatriptan DosePro	Migraine and Cluster Headache	Drug-Device Combination	NDA Filed	After approved, product launch in H1 of 2009
ZX002	Chronic Pain	Oral	Phase II	Initiate Phase III clinical program in H2 of 2008

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Finances

(In \$ thousands)	Period from August 25, 2006 (Inception) through December 31, 2006	Year ended December 31, 2007
Revenues	—	—
R&D Expenditures	4,902	24,323
Selling, General & Administrative Expenditures	1,474	4,702
Total Operating Expenses	6,376	29,025
Capital Expenditures	4,335	4,018

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David W. Nassif, CFO
Stephen J. Paroutka, MD, PhD, CMO
John J. Turanin, VP, Operations
J.D. Haldeman, VP, Commercial Strategy and Corporate Communications

User Tips

Get the Most Out of Your Resources

Here are some of the top user tips for the *PharmSource Lead Sheet*. These will help boost the usefulness of this great resource for you, and ensure you're getting the most out of it.

- Use the weekly *PLS* as a market intelligence tool: know who's getting new financing, how money is being spent, and pick up early on other pharma industry trends you can readily track simply by reading the *PLS* every week.
- Get monthly sales tips from the **PharmSource PERISCOPE** e-newsletter. To see *PERISCOPE* archives, click www.pharmsource.com/page.cfm?name=periscope
- Use the *spreadsheet download* feature to do targeted marketing: select prospect lists by development phase, dosage form, therapeutic area, nature of API, and create a message for each group that speaks directly to their needs. Research shows that targeted marketing is far more effective and productive.
- Refer to the step-by-step info sheets on how to use the *Preferences* filters, how to *Export & Download* leads/data into spreadsheet format, and how to conduct *Full Database* Searches. If you need a copy, just contact us.

If you have any questions or suggestions, we'd welcome the opportunity to speak with you. Call us at **1-703-383-4903**, or send an e-mail to info@pharmsource.com.

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PharmSource Lead Sheet Special Offer

The *PharmSource Lead Sheet (PLS)* is the weekly web-based information service that identifies fresh business opportunities for companies serving pharma and biotech. Respected, endorsed and depended on by the top companies, the *PLS* informs you of new business opportunities. It lowers your prospecting costs, raises the productivity of your sales staff, and helps keep your lead funnel full.

If you're not yet a subscriber to the *PharmSource Lead Sheet*, we invite you to take a **complimentary test-drive** to see for yourself how this service can be a vital tool for growing your market share.

*** Subscribe by May 31st, 2008 and
Get a 10% discount!**

Here are just a few things the *PharmSource Lead Sheet* can do for you:

- **Save money:** The *PLS* costs less than exhibiting at a single trade show, and far less than an internal prospecting staff.
- **On-going source of fresh leads and current market information:** The *PLS* alerts your sales staff of fresh leads every week, and keeps you on top of pipeline product activity and Bio/Pharma financings.
- **Excellent resource for targeted mailing/contact lists:** The *Full Database Search* feature can be used to create targeted lists of pharma companies for marketing campaigns or to contact for site visits.

* This offer is for new subscribers only at the Corporate- or Premier-level.

To schedule your **free test-drive**, call Judy Miller at 703-383-4903, ext. 103 (ET).

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