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Welcome to the October 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 October issue.

The PharmSource Team

Pharma Sales: Lead Activity Report

PharmSource Lead Sheet: September Opportunities

253 overall leads for pharma vendors were reported by the *PharmSource Lead Sheet* in September.

Lead Type	Sep-08	2008 Y-T-D
Non-US Leads	98	802
Early development candidates	52	483
Late development candidates	53	536
Large molecule candidates	32	320
Small molecule candidates	74	715
Newly-funded companies	54	481
New sourcing executives	28	200
Parenteral dosage form candidates	52	446
Oral candidates	40	429
Total Leads*	253	2,172

* 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:
09-28-2008

Products in Development ●

Product Acquisitions ●

Corporate Finance ●

Other Sponsor Events ●

Key Appointments ●

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Products in Development

Phase I	
Company:	Synvista Therapeutics, Inc.
HQ Location:	Montvale, NJ
Product:	SYI-2074
Dosage Form:	Semi-solid - Sterile
Nature of API:	Chemical - Normal potency
Therapeutic Area:	Dermatologic
Comment:	Synvista receives approval to initiate a Phase II trial with a topical formulation of SYI-2074 for mild-to-moderate plaque psoriasis. The trial will begin enrollment in Q4 of 2008 at three sites in Israel. SYI-2074 blocks TNF-alpha activated expression of cell adhesion molecules I-CAM and V-CAM.
Marketing and sales:	David C. Tantillo
Corporate:	Noah Berkowitz, MD, PhD
Print Lead Email Lead	

Corporate Finance, Alliances, and Acquisitions

Corporate Finance	
Company:	MacroGenics, Inc.
HQ Location:	Rockville, MD
Financing Type:	Venture capital investment
Amount Raised:	\$25.00 million
Description:	MacroGenics raises \$25 million in a Series D-2 financing. Proceeds will fund the cancer stem cell program the company obtained through its acquisition of Raven Biotechnologies in July, advance the portfolio, and support general working capital purposes.
Strategy:	MacroGenics develops vaccines and antibodies for the areas of oncology, inflammation and infectious diseases.
Research contact:	Kathryn E. Stein, PhD
Research contact:	Ezio Bonvini, MD
Print Lead Email Lead	

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Sales Article

What Drives Client Loyalty?

By Andrew Sobel

Several years ago I was in the midst of a long-term engagement with a CEO who suddenly received an attractive offer to sell his company. After several weeks of negotiations, it appeared the deal would go through. That morning my client pulled me into his office for a talk. I was, in truth, a bit nervous: the company owed me some money for past work, and we had a signed contract for services that extended several months into the future. A change of ownership could throw everything into disarray!

"Andrew," the CEO began, "I just want you to know that if this deal goes through, I've arranged for you to be paid for the work you've already completed--I don't want that to fall through the cracks, which it might; I'm going to ensure that you are treated fairly." He then added, "I have already spoken to the chairman of our new potential owners about how much you've helped us and suggested he meet you to see if you could be a resource for the combined entity." I breathed a sigh of relief and thought to myself, "Wow, this guy is sticking up for me--he's loyal!" In truth, it was a wonderful feeling--and one that we all wish we might experience more often.

When I set out to write my most recent book, *Making Rain*, I started to wonder: What is client loyalty, really? People certainly talk about it a lot--there's employee loyalty, brand loyalty, customer loyalty, and, for this discussion, client loyalty. The conventional wisdom about what inspires loyalty for products or companies, however, isn't all that relevant for professional-client relationships: the reasons why we're loyal to a brand of toothpaste or to an employer are somewhat different from those that compel a client to demonstrate loyalty to a professional who is providing a complex service or sophisticated product.

Based on hundreds of interviews I've conducted on this subject with both senior corporate executives and individual advisors, and it's clear that there are three main drivers of client loyalty:

- The value you add
- The degree of trust you develop
- Going the extra mile

Let's look at each of these in turn:

Value Added

First, a client's loyalty is tempered by how much value you've added. Generally, adding value means improving your client's business condition: helping her to solve problems, achieve personal and business objectives, and get critical work done. Keep in mind that there are three types of value you have to add:

- **Core value:** this is what you explicitly contract to do for your client. If you don't deliver on this, you're in big trouble.
- **Surprise value:** Surprise value is when you identify and solve problems that aren't part of your contract. It's when, in the course of your work, you help your client out in unexpected ways that add value.

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- **Personal value:** Every client you work with gains something personal from the relationship. Robin Bidwell, who is the chairman of the global consulting firm Environmental Resources Management (ERM), sums this up very well: "Different clients value quite different things. One client of ours most valued our ideas and intellectual capital, and was constantly spending time with our consultants and sitting in on workshops. Another wanted to feel important, and we had to treat him like a V.I.P. Yet another wanted personal coaching, and was constantly asking us for feedback and suggestions. You've got to figure this out right at the start if you want to be successful."

Trust

The trust a client reposes in you will depend on several important factors. First of all, do you have integrity? Integrity is when you consistently adhere to a set of sound values or ethics, you are honest, and there is a wholeness or an "integral" quality to your behavior. Integrity also implies reliability and discretion--you follow through on what you say you'll do, and you assiduously keep client confidences. Second, trust is based on a client's perception of your competence to do a particular job. I might trust a babysitter to take care of my children for an evening, for example, but not to take them on a three-day rafting trip. Similarly, a client has to feel that you or your company has the skill to effectively tackle the job at hand. Third, a client's trust in you will depend on whether you are focused on your own agenda (you have a self orientation) or on his agenda. Finally, trust is also based on knowing each other personally--on some degree of intimacy and "face-time." We need first-hand experience with an individual in order to sense whether there are shared values, personal chemistry, and mutual respect.

Dan Scharre, the CEO of telecommunications equipment supplier Larscom, highlighted this element of trust when I asked him about his loyalty to various professionals: "I look at their ethics," he told me. "The professionals I'm loyal to demonstrate the highest standards of ethical behavior. Yes, they have to do a very good job, but if they don't have integrity, it doesn't matter. They have to honestly represent their capabilities to me and follow through on what they say they'll do, every single time."

The Extra Mile

When you set aside your own interests and do something extra for a client--when a client perceives that you have helped him in some out-of-the-ordinary way and gone the extra mile--then loyalty grows.

The extra mile can be represented by many different gestures and acts, and sometimes they have little to do with your formal contract with a client. As Steve Pfeiffer, chairman of leading law firm Fulbright & Jaworski says, "If you leave your vacation a day early to help a client meet a critical deadline, it shows you're dedicated and you care, and this builds loyalty. On the other hand, I have counseled several clients' children on the college application process, and helped them find and get into the right school--this has nothing to do with the business aspects of the relationship but everything to do with the human side. It's appreciated and valued."

If you can add great value, build both professional and personal trust, and go the extra mile for your clients, your reward will be long-term client loyalty. Loyalty, of course, doesn't mean that a client will do business with you when she doesn't need your services, or choose you over others she thinks are more qualified for a particular task. Dan Scharre, the CEO at Larscom, says this about what loyalty does mean: "For many years I've had a good relationship with a very effective sales trainer. Recently, he's

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spoken to me several times about doing some work for my company, but it's really not the right time for the kind of service he offers. I feel loyalty to this guy, but that doesn't mean I'm going to hire him when I don't have a real need. In the last few months, however, I have strongly recommended him to three or four other executives at other companies. Later this year, when the timing is better, I will probably hire him to do some work with us." What more could you ask for?

So add value in multiple ways—core, surprise, and personal. Build trust. And go the extra mile for your clients. If you do these things consistently, the loyalty you experience will grow.

About the Author

*Andrew Sobel is the leading authority on client relationships and the skills and strategies required to earn enduring client loyalty. Andrew is the author of two acclaimed, best-selling books, **Making Rain: The Secrets of Building Lifelong Client Loyalty** (John Wiley) and **Clients for Life: Evolving from an Expert for Hire to an Extraordinary Advisor** (Simon & Schuster), as well as over 75 articles on building long-term relationships. Andrew has worked for 25 years as both a strategy advisor to top management and an executive educator, designing numerous, leading-edge programs for senior professionals. Phone: (505) 982-0211 Email: andrew@andrewsobel.com Web: www.andrewsobel.com.*

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Prospect Profile

Proteolix, Inc.

Proteolix is a privately-held, biopharmaceutical company that discovers and develops products for cancer and autoimmune diseases. As reported in the September 7, 2008 issue of the *PharmSource Lead Sheet*, the company raised \$79 million in a round of venture financing.

Corporate Highlights

- December 2003: Business founded by Craig Crews, Raymond Deshaies, Susan Molineaux and Philip Whitcome.
- Facility: Corporate Headquarters, South San Francisco, CA.
- 85 total employees.

Business Relationships

- October 2007: Proteolix and South Texas Accelerated Research Therapeutics, a cancer research organization focused on the conduct of Phase I clinical trials of anticancer agents, initiated a Phase I trial of carfilzomib.
- August 2007: Proteolix and the Multiple Myeloma Research Consortium initiated a Phase II trial of carfilzomib for multiple myeloma.

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Finance History

- December 2003: \$18.3 million in a round of Series A financing.
- May 2006: \$45 million in a round of Series B financing.
- September 2008: \$79 million in a round of Series C financing.

Uses of September 2008 Financing

- To complete ongoing Phase II trials of carfilzomib.
- To advance carfilzomib into Phase III trials.
- To advance proteasome inhibitor candidates.

Sourcing Opportunities

- While Proteolix is a private company and has not disclosed specific needs, insight on possible sourcing opportunities may be deduced by assessing 1) Proteolix's product pipeline (see table below), and 2) their announced plans for the recent September 2008 financing (see section directly above).

Investors

Advanced Technology Ventures
 Delphi Ventures
 Latterell Venture Partners
 Nomura Phase4 Ventures
 The Vertical Group
 U.S. Venture Partners
 Westfield Capital Management

Pipeline

Product Candidate	Indication	Dosage Form	Status	Next Anticipated Step
Carfilzomib	Multiple myeloma (single agent)	Parenteral	Phase II	Phase III TBD
	Multiple myeloma (combination)	Parenteral	Phase I	Phase II TBD
	Non-Hodgkin's lymphoma	Parenteral	Phase I	Phase II TBD
	Solid tumor (single agent)	Parenteral	Phase II	Phase III TBD
Pr-047	Cancer	Oral	Preclinical	IND in 2009
Immunoproteasome selective inhibitors	To be determined	—	Research	Further preclinical studies

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Susan M. Molineaux, PhD, CEO
Lori A. Kunkel, MD, CMO
Matthew B. Ferguson, CFO
Mark K. Bennett, PhD, VP, Research
Christopher J. Molineaux, PhD, VP, Development
Stephen R. Brady, Executive Director, Business Development and Legal Affairs

Trade Show Tips

Grab Attention - Speak Up!

By Jan Koren

Speaking at your industry tradeshow will earn increased visibility and media coverage, along with unbelievable tradeshow booth visitation. One of the easiest ways to gain credibility is to participate as actively as possible in your trade shows. Keep in mind, the larger the tradeshow, the more competitive the speaking application process.

Coordinating possible speaking opportunities takes great effort and requires a long lead-time. In most instances, you must be in contact with your show organizers at least nine to ten months prior to your show. First, contact the organizers to find out their needs and application requirements for possible speakers or panel participants.

The key to your successful participation is similar to pitching to the news media. Your presentation has to teach something to someone, and not just be a commercial for your company. You must be aware of your audience, you must have a compelling topic, and you must be ready and willing to pass on your knowledge and experience of the industry. Give the audience the satisfaction of having really learned something from your presentation, and show organizers will want to have you as a presenter at their next show. Additionally, the visitation to your show by attendees will multiply exponentially.

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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 November 30, 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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