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Welcome to the January 2010 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 January issue.

The PharmSource Team

Pharma Sales: Lead Activity Report

PharmSource Lead Sheet: December 2009 Results

258 overall leads for pharma vendors were reported by the *PharmSource Lead Sheet* in December, 2009.

| Lead Type | Dec-09 | 2009 Y-T-D |
|-----------------------------------|------------|--------------|
| Non-US Leads | 113 | 1,463 |
| Early development candidates | 50 | 784 |
| Late development candidates | 63 | 759 |
| Large molecule candidates | 39 | 492 |
| Small molecule candidates | 82 | 1,150 |
| Company Financings | 50 | 859 |
| New sourcing executives | 12 | 218 |
| Parenteral dosage form candidates | 67 | 736 |
| Oral candidates | 44 | 713 |
| Total Leads* | 258 | 3,632 |

* 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 up to 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.

Products in Development

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FOR WEEK OF: 01-03-2010 | Phase I |
| Products in Development ● Product Acquisitions ● Corporate Finance ● Other Sponsor Events ● Key Appointments ● Download Preferences Comments/Questions? Full Database Search Qualifying Info Search PRINTER FRIENDLY [Export All] [Clear All] Export help | <p> Company: BioInvent HQ Location: Lund, Sweden Product: BI-505 Dosage Form: Parenteral Nature of API: Biologic - Monoclonal antibody Therapeutic Area: Oncology - Immunotherapy Comment: BioInvent initiates Phase I trials with BI-505 in patients with advanced multiple myeloma. Administered intravenously, BI-505 is a fully human antibody that targets the adhesion protein ICAM-1, inducing cell death through direct cell cytotoxicity. BI-505 also stimulates the immune system to eliminate tumor cells. BioInvent will recruit between 30 to 40 patients in the US for the trials. Research Contact: Steven Glazer, SVP, Development Regulatory Contact: Per-Anders Johansson, VP, Quality Assurance and Regulatory Affairs Print Lead Email Lead </p> |
| Corporate Finance, Alliances, and Acquisitions | |
| Corporate Finance | |
| | <p> Company: Fosun Pharma HQ Location: Shanghai, China Financing Type: Private equity placement Amount Raised: \$92.94 million Description: Fosun expects to raise \$92.9 million from no more than ten institutional investors, including parent company Fosun International. The proceeds will support: the recombinant human insulin industrialization project, for which \$54.3 million will be allocated; \$27.8 million for the Artesunate hi-tech industrialization project; and the in-vitro diagnosis manufacturing facility using \$10.8 million. Strategy: Fosun focuses on hepatic medications, gynecological therapies, diabetes treatments, clinical diagnosis products and stomatological therapeutic equipment. Corporate: Liang Xinjun, CEO Corporate: Wang Qunbin, Executive Director and President Print Lead Email Lead </p> |

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User Tip

User Tip: New Enhancements to Geographic Filters/Searches

If you're interested in simultaneously tracking or researching leads both in North American states/provinces and elsewhere in the world, we have good news for you. You can now track or search for leads from territories around the globe in a single search. As always, you also have the option of doing highly targeted geographic searches. If you're a Corporate- or Premier-level subscriber, you can make use of this as follows:

- On the **Preferences** page, use the *Geographic Criteria* tab to select any options, global-wide, for states/provinces/countries you wish to show in your weekly filtered *Lead Sheet*. This will hide leads for territories that have not been selected, but you can easily toggle to the full weekly Lead Sheet from the **Preferences** page by clicking on the *View Complete Lead Sheet* link.
- On the **Full Database Search** page, use the *Geographic Criteria* tab to search the database for leads based on location, global-wide. You no longer have to do separate searches for leads in North America vs. leads elsewhere in the world. You can also use this feature to cross-search by development phase, dosage form, API and/or therapeutic area. Be sure to select a date range relevant to your search!

We are continually working to enhance the *PharmSource Lead Sheet* to better meet your information needs. Please contact account manager Blythe Moore with your ideas at blythe.moore@pharmsource.com. We value your feedback!

Key Appointments: December 2009

This new section of the *PERISCOPE* summarizes just a small sampling of the many recent appointments of new people to high-level positions in pharma/biotech. For more information of this nature, see the "Key Appointments" section of the weekly *PharmSource Lead Sheet*.

Key Appointments

Company: [Amsterdam Molecular Therapeutics \(AMT\)](#)
HQ Location: Amsterdam, Netherlands
Appointee: Hans Preusting, PhD
Position: Director Operations and Project Management

Company: [CSL Ltd.](#)
HQ Location: Parkville, Australia
Appointee: Russell Basser
Position: SVP, Global Clinical R&D

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Company: [ImmunoGen, Inc.](#)
HQ Location: Waltham, MA
Appointee: Suzanne Cadden
Position: VP, Regulatory Affairs & Quality

Company: [Opexa Therapeutics](#)
HQ Location: The Woodlands, TX
Appointee: Jaye Thompson
Position: SVP, Clinical Development & Regulatory Affairs

Company: [Medivation, Inc.](#)
HQ Location: San Francisco, CA
Appointee: Karen Reeves, MD
Position: SVP, Clinical Development

Company: [Merck and Company, Inc.](#)
HQ Location: Whitehouse Station, NJ
Appointee: Michael Rosenblatt
Position: EVP & CMO

Company: [Seaside Therapeutics](#)
HQ Location: Cambridge, MA
Appointee: Tanya N. Lewis
Position: VP, Regulatory Affairs & Quality Assurance

Sales Article

It's the Risk, Not the Price!

by Dave Kahle

"Low price, low price, low price." It's the mantra that sales people in every industry segment are hearing more these days than ever before. Customers, looking for ways to contain costs, naturally pressure their vendors for lower costs.

But, is low price the motivating factor in a customer's decision to buy?

In every survey of buying motivations I've ever read, low price is never the primary motivation. Yes, it's important. And, when everything else is equal, it will be the deciding factor. But very rarely is everything else equal. And very few people in this world buy only on the basis of low price. How many of you are wearing a suit you bought at a garage sale? Or watching a 12-inch black & white TV?

If low price were the only motivator, you would have gone with those lower priced options. But, you don't always buy on the basis of low price, so why should you think that all your customers do?

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The truth is, they don't. And here's a secret that almost nobody knows, including all those gurus telling you to sell value. They don't always buy the best value. But, they can invariably be counted on to buy the lowest risk!

The biggest issue in the minds of your customers and prospects is not price, and it is not value – it is risk.

What's risk?

It is the potential cost to the individual customer if he/she makes a mistake. It's not just the money, although that is part of it. It is also the social, psychological and emotional cost that your customer will pay if your choice isn't the best one. The lower the risk of the decision, the more likely your customer will say yes to you – regardless of the price.

Let's become comfortable with this concept of risk first, and then discuss how to use it in your sales efforts.

In order to really understand risk, you must first see this issue from your customers' perspective. Try to put yourself in their shoes, and calculate the amount of risk that you expect your customers to take when you offer them an opportunity to say "yes" to you.

Here's an illustration to help you understand this concept. Imagine that you are under orders by your spouse to pick up a package of disposable cups on the way home from work today because you're having friends over for a casual evening of dessert and drinks tonight. You stop at the local grocery store, and make a selection between brand A and brand B. You pick brand A.

What happens to you in this instant in time? What is the consequence of your decision? I don't know about you, but I would be the recipient of some negative emotion. My spouse would be upset with me. That may be the most painful cost of your decision. But there are other costs.

You're going to have to fix the problem. If there's time, you'll have to run back to the store and replace the cups. So, in addition to the emotional cost, you must also pay in terms of extra time and additional money. All because of your bad decision. Those costs -- negative emotions, time wasted, extra money spent - all combine to form the risk you accepted when you made your decision.

Here's a simple exercise to help you understand this concept. Draw a short vertical line. At the top of the line, write the number 25. At the bottom, write the number zero. Now on a scale of 0 to 25, with 0 being low, and 25 high, where would you put the risk of buying a package of disposable cups? You'd probably say it is close to zero. So, put an X on the line from 0 to 25 where you think the risk of buying those cups would be.

Let's look at an illustration at the other end of the scale. I once had an adoption agency as a client. When a young lady is in a crisis pregnancy, and she's making a decision as to whether or not to release her unborn child for adoption, how big a risk is that for her? Put your X on the line that represents your assessment of that risk.

Most people put their mark around 25. The risk in this situation is a lifetime of consequences for at least four people – the mother, child and adoptive parents. That's a very high risk. Compare the X's for the two different decisions, and you'll conclude that different decisions carry with them differing degrees of risk.

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Now, let's apply this concept to your customers. Remember that every time you ask your prospects to say yes to you, they are accepting some risk. And each of those decisions you ask of them carries with it a different degree of risk.

Imagine your typical customer. Then think of the typical offer or decision you ask of that person. For example, take one of your newer products. Imagine you are presenting it to your customer for the first time. Now, put yourself in his shoes, and see the situation through his eyes. On the 0 - 25 scale, how much risk does your customer accept when he says "yes" to you?

For an easy way of calculating it, just ask yourself what happens to that individual if you, or your company, or your product, doesn't do what you promise?

If your customer buys that product and it doesn't do what you claim it will, what trouble will that make for your customer? What consequences will he/she pay? What is the risk?

And don't say that there is no risk because you'll take care of any problem that might develop. You may think that, but your customer doesn't know that. And remember, you're trying to see this from your customer's point of view, not yours. The amount of risk is what your customer perceives it to be.

I had a great example of the role of risk in sales several years ago. A young man approached me to help his company with their sales efforts. They were selling a product that was, at the time, a real state-of-the-art breakthrough. The company designed computerized controls that were retrofitted on food processing equipment. As a result of the use of these controls, the savings in energy consumption would pay for the cost of the equipment in less than a year.

It looked like a great product. But he couldn't sell them as rapidly as the company wanted.

"Tell me how you go about selling them" I asked.

"We qualify our prospects to the point where we know we have someone who could use the equipment. Then I call the production engineer or the plant manager on the phone, and gather some information about the type of equipment they use. Then I create a written proposal showing the economic payback, and mail it to him. Next I call and try to close the sale."

"Let me see if I understand correctly," I said. "You're calling a plant manager on the phone. I would guess that most plant managers are men in their 50's, probably with advanced degrees, and who have been in the plant for a number of years, is that right?"

"That's right."

"OK," I said. "So, you're calling someone twice your age, asking him to spend \$30,000 - \$40,000 on equipment he's never seen, from a company he's never heard of, and from a sales person half his age who he's never met. Is that right?"

My client became a little defensive. "If you put it that way, I suppose its right."

"Well put it that way," I replied, "because that's the way he sees it."

The problem was simple – risk. On that scale of 0 – 25, how much risk would you think the plant manager would be accepting if he said “Yes” to the over-the-phone offer?

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Put yourself in his shoes. Suppose the equipment didn't work the way it was supposed to? He could shut down production lines, spend weeks trying to make things right, cause all sorts of havoc in the plant, and potentially even lose his job. Now that's risk.

If you were that plant manager, how much more than the original \$30,000 quote would you spend to reduce the risk? It wouldn't be hard to justify a price double that.

That should give you a clue as to how to fight the "low price" issue. Worry less about low price, and more about lowering the risk.

Here are four strategies to do so.

1. Build solid, deep relationships with the key decision-makers. Relationships mitigate risk. The greater the relationship, the lower the perceived risk. That's why the salesman with the longer relationship almost always has the benefit of the doubt in a competitive situation. It is not the price – it is the risk.
2. Make ample use of third party recommendations, customer lists, case studies and testimonials. All of these say to the customer that someone else, or lots of other people, have used the product or service. That means it is less risk for your customer to buy it.
3. Try to get your customer as physically involved with the product as possible. For example, if you're selling a piece of equipment, try to get the customer to trial the equipment, or at least visit somewhere its being used. The more your customer can see and feel the actual thing, the less risk is it to them.
4. Finally, work with your company to create offers that reduce the risk. Trial periods, money-back guarantees, delayed billing, warranties, service desks – all of these reduce your customer's perception of risk.

The winners in the competitive selling arena of our difficult economy are those who are the low risk providers, not the low price people.

About the Author

Dave Kahle has trained tens of thousands of B2B salespeople and [sales managers](#) to be more effective in the 21st Century economy. He's authored seven books, and presented in 47 states and seven countries. Visit his [website](#) or sign up for his [weekly newsletter](#).

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Prospect Profile

AVEO Pharmaceuticals, Inc. (AVEO)

AVEO Pharmaceuticals is a biopharmaceutical company that discovers, develops and commercializes treatments for cancer. The company filed an initial public offering (IPO) of its common stock, as reported in the December 20, 2009 issue of the *PharmSource Lead Sheet*.

Corporate Highlights

- October 2001: The company was founded in Delaware as GenPath Pharmaceuticals, Inc.
- March 2005: The company name was changed to AVEO Pharmaceuticals, Inc.

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- Institutional and corporate investors include: Bessemer Venture Partners, Biogen Idec, Flagship Ventures, GE Capital, Greylock Partners, Highland Capital Partners, Lotus Biosciences, MPM Capital, Merck & Company, Merlin BioMed Group, Mitsubishi UFJ Financial Group, OSI Pharmaceuticals, Oxford Bioscience Partners, Prospect Ventures, Schering-Plough Corporation, Vatera Holdings and Venrock.
- December 16, 2009: IPO filed.
- 134 employees, including 88 in R&D.
- Corporate headquarters (includes research space): Cambridge, MA - 55,200 sq ft.
- Office space: Cambridge, MA - 7,407 sq ft.

Manufacturing Status

- AVEO does not own or operate a manufacturing facility.
- AVEO relies on CDMOs for preclinical/clinical drug supplies.
- AV-299 is manufactured by partner Merck.

Business Relationships

- Preclinical and clinical research, data collection and analyses are conducted by third parties, including CROs.
- March 2007: AVEO and Schering-Plough (now Merck) entered into a collaboration whereby Merck has worldwide rights to develop and market AV-299.
- September 2007: AVEO and OSI Pharmaceuticals entered a collaboration and license agreement to identify genes and targets associated with epithelial-mesenchymal or mesenchymal-epithelial transition.
- March 2009: AVEO and Biogen Idec agreed to develop and commercialize ErbB3 antibodies, including AV-203, to treat or diagnose cancer or other diseases outside of the US, Canada and Mexico.

Sourcing Opportunities

- Manufacturing of commercial quantities of tivozanib upon approval
- Clinical trials
- Sales
- Marketing
- Distribution

Pipeline

| Product Candidate | Indication | Dosage Form | Status | Next Anticipated Step |
|-------------------|--------------------------------------------------------|-------------|-------------|-------------------------------|
| AV-203 | Solid Tumors | TBA | Preclinical | TBA |
| AV-299 | Lung cancer/solid tumors/ gliomas | Parenteral | Phase I | Commence Phase II in 2010 |
| Tivozanib | Renal cell carcinoma/ colorectal/breast/lung cancer | Oral | Phase II | Commence Phase III in 2010 |

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Finances

| (In \$ thousands) | 2006 | 2007 | 2008 |
|---------------------------------------|--------|--------|--------|
| Revenues | 7,783 | 11,034 | 19,660 |
| R&D Expenditures | 26,845 | 29,248 | 41,821 |
| General & Administrative Expenditures | 5,161 | 6,502 | 9,164 |
| Total Operating Expenses | 32,006 | 35,750 | 50,985 |
| Capital Expenditures | 333 | 375 | 1,357 |

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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 January, 31 2009 and
 Get 10% off!**

To schedule your free **test-drive**, call Judy Miller at (703)383-4903, ext. 103 (ET)
 or send an email to judy@pharmsource.com.

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