

GETTING SCENIC IN SWITZERLAND:

A Roadmap for Integrating the Business Development and Alliance Management Lifecycle

Swiss Healthcare Licensing Group Distills Collaborative Input from 500-plus Business Development, Licensing, and Alliance Professionals into 'Good Partnering Practices' Guidelines

By John W. DeWitt

There might still be licensing deals agreed to by CEOs over drinks, forged with little forethought by business development, and “tossed over the fence” for hapless alliance executives to somehow implement. But a broader consensus is emerging—among alliance managers, licensing executives, attorneys, and others who touch

some aspect of pharmaceutical partnering: It's time to follow what the Swiss Healthcare Licensing Group (HLG) simply describes as “Good Partnering Practices.”

For many years in the ASAP community, there has been a push for more seamless integration of business development with alliance management—including the

Practices” initiative by the Swiss HLG indicates just how much traction has been gained by advocates of integrated business development and partnering.

The Swiss HLG recently published the “Good Partnering Practices” guidelines, an 11-page (including cover) distillation of input from more than 500 executives involved in business development and alliances who participated in a series of face-to-face meetings. Appropriate to their country's famous landscape, Swiss HLG members conceived of a “SCENIC” five-chapter framework for integrated partnering:



earlier involvement of alliance professionals in the business development and licensing (BD&L) process. Efforts to advance this goal include numerous presentations at ASAP conferences, ASAP's partnership with the Licensing Executives Society (LES), and a number of articles on the topic in this magazine. The “Good Partnering

“Good Partnering Practices” deliberately speaks about business development and alliance practices in terms understandable to broad biopharmaceutical and healthcare business audiences. Longtime ASAP member Anthony Hörning, CSAP, considers the document a useful framework for alliance managers to discuss integration of BD&L and alliance management within their organizations. Hörning was one of the 500-plus executives who participated in table discussions, initially while serving as global head of alliance management at Novartis, then subsequently as founder of Strategic Transactions Advisory AG based near Basel, Switzerland.

“The document is fairly broad—it doesn’t only touch on people who are BD specialists, but people who do business development in companies,” Hörning explains. Furthermore, “different companies do BD differently, some specialized, some very unspecialized with a more general role. Because of those differences, each will look at these recommendations in a slightly different way.”

After his positive experience as a participant in the Swiss HLG initiative, Hörning now is helping to gain broader exposure for the “Good Partnering Practices.” His efforts include serving as the Swiss HLG’s liaison to the ASAP community and leading an interactive workshop based upon the document at the September 24-26, 2018 ASAP BioPharma Conference in Boston.

Recognizing the Interdependence of Partnering Practices

The “Good Partnering Practices” initiative formally began in 2015 as talking tables at meetings of the Swiss HLG, a national organization for Swiss licensing executives founded in 2001 under the leadership of permanent board members Roche and Novartis. In recent years, the board recognized that “BD&L activities and alliance management activities definitely are linked and cannot be seen as separate—they are dependencies,” explains Christoph Sarry, global alliance director at Roche Partnering, the 80-member BD&L group at F. Hoffmann-La Roche. When Sarry joined the Swiss HLG board about five years ago, he already was searching for “best practice guidelines for the partnering process—scouting, due diligence, negotiation.” Even at that time, he says, “it was clear we needed to add alliance management” practices into an integrated BD&L approach.

“After lengthy discussions, it was clear for all of us on the Swiss HLG board that these dependencies are very strong in partnering—maybe you could postulate that you can only do alliance management and BD&L if you know the other’s process,” Sarry says. “BD&L is often under extreme time pressure, whereas alliance management is building and keeping relationships over a long time. Sometimes you have to amend, change, do things differently than normal in BD&L” to ensure the long-term success of the partnership. Likewise, he continues, “If you as an alliance manager have a good understanding of key characteristics of BD&L, it provides a better basis for you

to influence the deal” and thereby foster long-term alliance success.

Viewing Alliance Management from the BD&L Perspective

Integration and alliance management practices form the fourth chapter of the five-chapter “Good Partnering Practices” handbook, each short chapter of which is organized in an executive-friendly outline format with succinct bullet points under topic headings. Sarry served as lead author of this chapter, which hones in on several crucial points often emphasized by alliance managers, including:

- “BD&L is not only about closing the deal; integration and implementation are often underestimated within the BD&L community.”
- “Important to have alliance management established as a dedicated function/role within the organization and separated from project organization and product teams.”
- “Alliance management role is critical and necessary to guarantee the overall and long-term success of the partnership.”

Sarry’s chapter goes on to describe, in two pages, what you might consider “alliance management as viewed from the BD&L perspective.” Specific focus areas and recommendations include:

PLAN INTEGRATION

“Planning of post-closing activities needs to start ahead of deal execution. Integration and implementation plan has to be ready at the time of deal signing,” the guidelines say, underscoring that integration “represents one specific aspect of alliance management (AM) activities—this initial role is short-term and process-driven and should be completed as quickly as possible!” Alliance managers are encouraged to have follow-up meetings with BD&L “up to six months after the deal is closed,” to conduct post-deal assessments around integration milestones, and to facilitate “knowledge transfer between due diligence team and project organization.”

ESTABLISH ALLIANCE GOVERNANCE

“Alliance management to be involved in late-stage negotiations to influence governance provisions,” the Swiss HLG guidelines continue. “Establish governance bodies as outlined in the contract and as soon as possible upon deal closure. ... Strive for appropriate senior management representation and get commitment for continuous participation in JSC [joint steering committee] meetings and events. Ahead of each meeting, arrange for optimal briefing of JSC members on contract as well as project matters. Establish clear responsibilities between alliance management and project organization.”

FOCUS ON LONG TERM

This is “different from short-term integration,” the chapter continues, emphasizing that “alliance management is very specific, and alliance set-up should be tailored, depending on organizational structure and size of partner company.” Alliance management is characterized as “less about processes, but more about best practices and guidelines to be applied in a flexible way, depending on internal and external needs.” Executives are urged to “understand the partner’s interests and needs: Important to align with partner on scope and overall objectives of the alliance.” Companies should develop partnering capabilities to “ensure alliance managers have specific skill set including experience, collaborative mindset, and ability to ‘lead from behind.’”

USE LEARNINGS

The alliance management chapter concludes with an emphasis on sharing learnings from alliances across BD&L to improve the setup of new alliances and improve the management of other partnerships. Com-

FOSTER COLLABORATIVE MINDSET

Characterizing alliance management as “partner DNA” for your organization, recommendations for fostering collaboration include “build and keep mutual trust between partners through various and regular personal interactions” and “constantly try to improve the relationship between alliance partners.” Maintaining a trusted partnership helps “prepare for alliance expansion and further deal opportunities,” the chapter notes. Partners are encouraged to establish alliance standards, such as a charter, code of conduct, and compliance rules, as well as to conduct “alliance management-specific training for all team members and partner delegates involved in an alliance project.” Other foundational advice includes recommending that you “manage internal stakeholders by communicating regularly to both senior management and project team.”

PLAN FOR RISK MITIGATION

Not surprisingly, proactively managing issues and conflicts is identified as key to successful alliance management. “Keep alliance partner close to read early signs of deviations by developing a sense of anticipation for potential conflicts,” the document recommends, noting that responsibility and risk can be shared among partners. However, risk-sharing means value also must be shared, strategic options can be limited, conflicts are “more likely,” and partners must work harder to maintain alignment (described as “paying a tax” for partnering”).

panies also are encouraged to “establish regular alliance health surveys with partners to check status and potential issues” as well as to “share learnings with partners and implement measures for improvement.”

Based on the supportive attitude of Roche leadership toward partnering, Sarry believes these “Good Partnering Practices” will find receptive audiences in more and more biopharma organizations. Alliance directors comprise about one-quarter of the approximately 80-person Roche Partnering group, which includes offices in Basel, San Francisco, and Shanghai. “Roche sees a lot of importance in the partnering functions,” Sarry says, noting that the global head of partnering reports directly to the CEO and upward of half of the company’s products derive from partnering.

Sarry also believes that as an alliance executive, you need to “get out of your box” to deepen your understanding of how your daily efforts integrate with and contribute to the overall process of business development.

“If you as an alliance director have BD&L capabilities—training in deal making and negotiation, exploring opportunities, and so on—it will be much easier for you to understand what to do in those times when you have to do something that is not normal alliance management, that goes beyond the role,” he explains. “You will realize how to set up the right processes, involve the right people, and ensure it’s going the right way.”

Learning from an ‘Old-School,’ Face-to-Face Collaboration

Hörning’s workshop at the 2018 ASAP BioPharma Conference is titled “Building Alliance Lifecycle Value: Overlapping Business Development and Alliance Management Best Practices.” Breaking into five facilitated group discussions aligned with the five chapters of “Good Partnering Practices,” attendees are being asked to “consider the implications for themselves of these recommendations,” Hörning explains and then goes on to pose some hypotheticals.

“So what specifically can I do at my company now that I’ve seen this document? Can I do an internal workshop with my colleagues? Can I copy, paste it, and send [these guidelines] to people? Should I organize a meeting in business development to see how they can be ‘translated’ into my company’s needs and situations?” As Hörning puts it, “the document needs to be adjusted, adapted, maybe translated—not necessarily into different languages, but into different scenarios, based on the kind of company that you are. Many pharma companies only do in-licensing,

they don’t do R&D, so the out-licensing process doesn’t count to you—but then maybe you will hold your partner to that standard. That translation ... will be very different for each company and what you want people to focus on.”

Hörning also believes that the face-to-face collaborative process that led to the publication of “Good Partnering Practices” offers important insights for the ASAP community.

“There was a very strong joint effort to get this going, to develop a process together, that allowed literally hundreds of people to provide input into this document,” he notes. “I find that a very interesting process story, in terms of collaborative work among people who are loosely joined in an association versus in a company that dictates how people do things.” He is intrigued by “efforts not motivated by profits or company goals, but by the overall good of the industry—establishing standards ... as a good way for everyone to do business with no specific competitive advantage to any company.”

The Swiss HLG initiative also is “very interesting in contrast with much-discussed Internet based ways of collaborating, where there is lots of co-creation happening via open access platforms. This exercise doesn’t reflect all of those digital opportunities,” Hörning notes. “This is an old-school project where people sat together in meetings that went on for three years or so. This was a slowly baked pie as opposed to some of the things that happen today where thousands of people put in their thoughts and there’s output in hours. It’s interesting for me to see that collaborative processes can be so different, yet successful.” ■

Visit <http://www.swisshlg.com/good-partnering-practices-booklet-download-form/> to register for and download the Swiss Healthcare Group’s “Good Partnering Practices” booklet, currently in version 1.4. Learn more about the 2018 ASAP BioPharma Conference at www.asapbiopharma.org. Follow the ASAP Media team’s ongoing coverage of conference speakers and sessions on the ASAP blog at www.strategic-alliances.org.

