

The R&D Portfolio: Managing multiple CRO relationships



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Some details

- GoToWebinar download
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 - (605) 772-3434,
access code 533-479-434
- Submit questions
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DETAILS

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AGENDA

- Welcome !
- Let's set the stage
- Managing the CRO portfolio
- Q & A
- Wrap-up

1:30pm – 2:30pm Thursday, 25th



Today's panelists

PANELISTS

- Cindy Kearney
 - Founder/President, CJKearney, LLC – outsourcing advisory
 - Former VP, R&D Procurement, Johnson & Johnson
 - Current research and advisory service is focused on sourcing skills and strategies and business model innovation.
 - Frequent speaker at outsourcing industry and management strategy events.
- Jim Diggs, *VP of Strategy, Janeeva*
 - 30 years in technology companies
 - VP, Janeeva, ADP, IBM
 - CEO, Adapted Wave Technologies
 - International Association of Outsourcing Professionals (IAOP), Chapter founder/chairman for the *Outsourcing Tools Interest Group*.



Outsourcing relationships are evolving

Outsourcing
Non-core



1990's

ADP

Focused scope
Low price
Labor arbitrage
SLA Mgmt
Penalties

Core & Customer-
facing functions



2002

Convergys

Multi-vendors
Multi-processes
SLA Mgmt
Variable pricing
Incentives, CSAT

Transformation &
Integrated Services

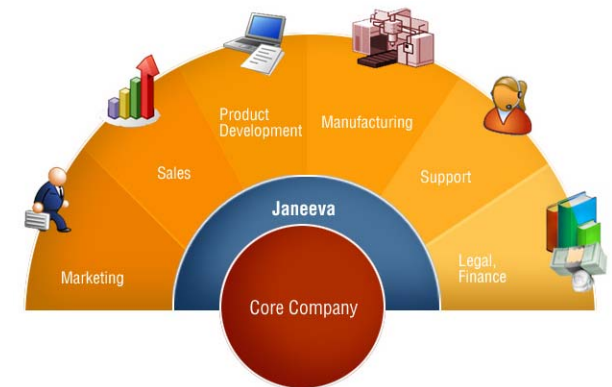


2006

GenPact

Complex integrated svcs
Bus. transformation
Gain share
Revenue growth

Extended Enterprise



Tomorrow

Extended Enterprise

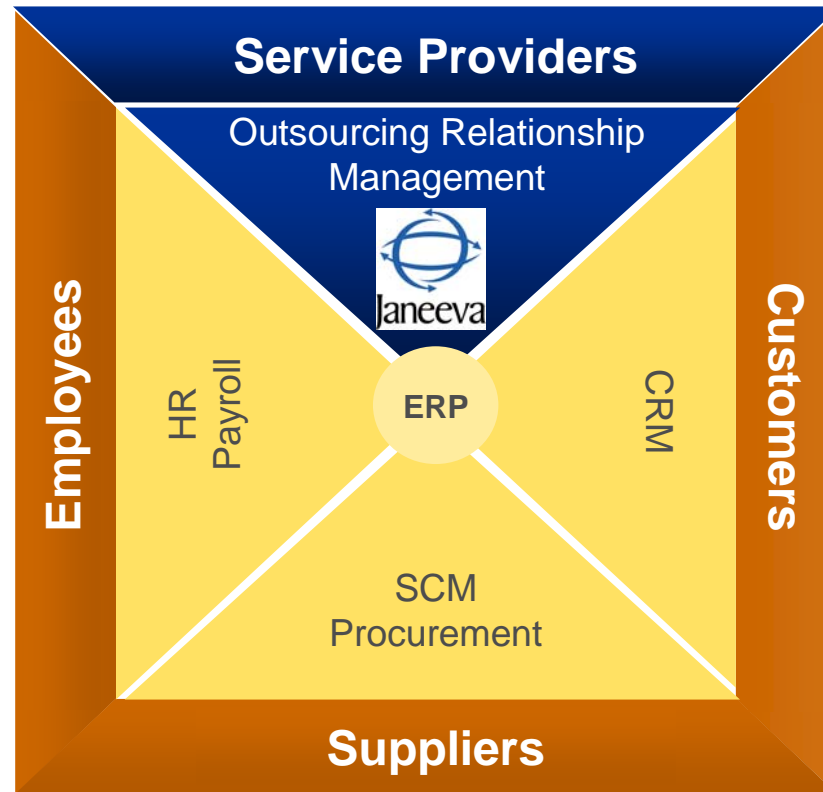
To meet rapid change, companies will need to:

- Dynamically implement new services, new providers and new projects
- Build collaborative relationships with their service providers
- Manage to overall business goals

“Outsourcing relationships are typically structured in a very tightly coupled manner, requiring lengthy negotiations and detailed contracts . . . (however) **collaborative business processes** create very different kinds of relationships, much more flexible in nature.”

John Hagel III, et al

Business models have changed
... and so have the relationships



The R&D Portfolio: Managing multiple CRO relationships

1. The Ever Changing Landscape
2. New Challenges, New Business Problems
3. Meeting the Challenge – Strategies for the New Landscape



The Ever Changing Landscape Competition is driving Pharma's and CRO's



- Multiple mergers, consolidations and acquisitions in Pharma's, CRO's and Labs
 - Existing partner relationships/agreements are changing
- Pressures from the market and the FDA
 - Consolidations and workforce reductions
 - Pressure to continually innovate and extend revenue
- New business models are evolving
 - Organizational re-alignment
 - New Biotechs and Pharmas emerging

*"The world is changing very fast.
Big will not beat small anymore.
It will be the fast beating the
slow."*

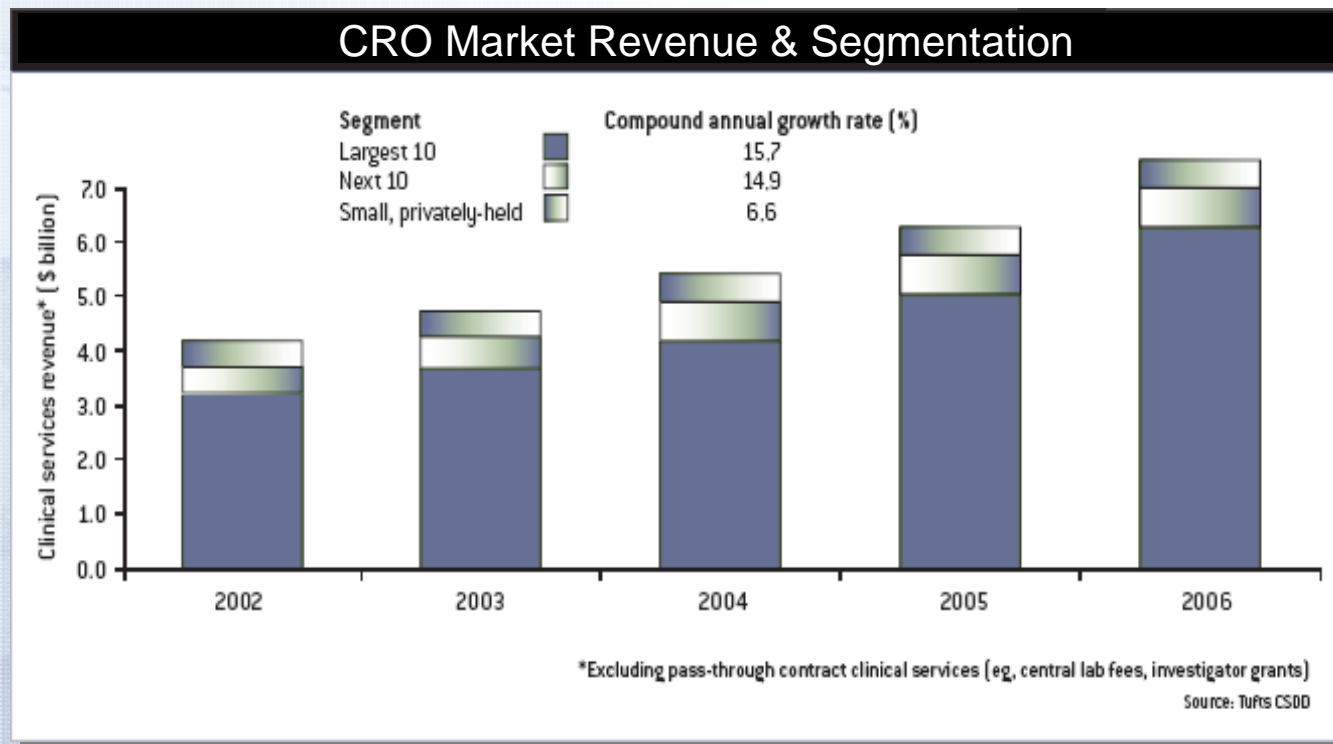


C.J. KEARNEY, Inc.

Yet, the demand keeps growing

Growing outsourcing adoption and demand:

- \$7.4B CRO spending on contract clinical services in 2006
- Growing volume of clinical trials
- Proliferation of Biotechs



New Challenges, New Business Problems



- Multiple mergers, consolidations and acquisitions in Pharma's, CRO's and Labs
 - Information sharing between organizations is critical and difficult
 - Multiple suppliers and agreements are increasingly complex
- Pressures from the market and FDA
 - Need to track more data to meet reporting and compliance guidelines
 - More information generated between organizations, suppliers and relationship managers
- New business models are evolving
 - External benchmarking of fees, completeness and value
 - Ongoing evaluation of effectiveness of providers

New Challenges, New Business Problems



- Some interesting data...

- *Would you use the word 'partnership' to describe your relationship with a contract service provider?*

Yes: 71% of pharma, only 33% of biotech

87% of corp. mgt., only 63% contract managers

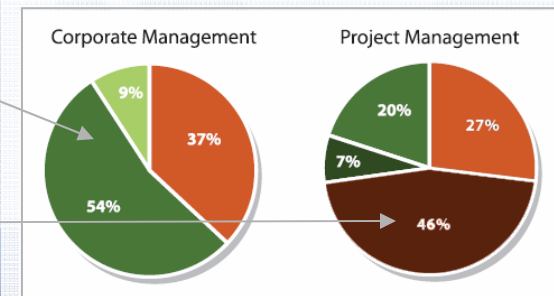
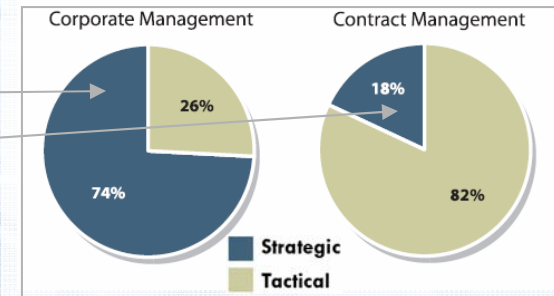
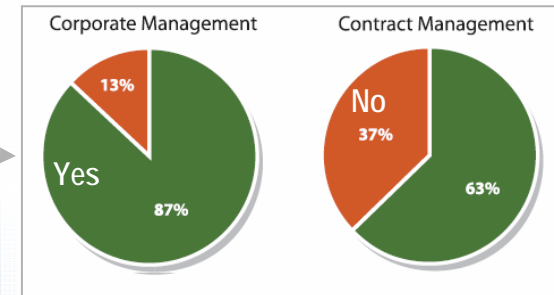
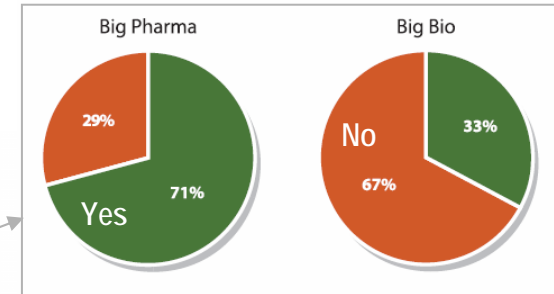
- *Would you describe your outsourcing as tactical or strategic?*

74% of corporate management says 'strategic', only 13% of contract managers agree!

- *Why do you outsource?*

Corporate mgt. thinks "focus on core competencies..."

Project managers think "because we need capacity..."



Meeting the Challenge Strategies for the New Landscape



- New and Smarter Methods
 - Consolidate to a manageable amount of providers that foster growth and competition
 - Leverage the experience of specialization and knowledge in previous engagements
- Reliance on New Tools to Assist a Constrained Workforce
 - Implement Outsourcing Relationship Management (ORM) solutions to retain and modify this knowledge in a “corporate memory”
 - Use ORM solutions, such as Janeeva Assurance™ to managing performance, changes, issues, reporting and effectiveness
- Easier Information Sharing via the Web
 - Leverage the power of the Internet to facilitate information gathering, visibility and sharing between organizations and providers
 - Reduce the need for IT backlog and complex software solutions by leveraging web-based solutions



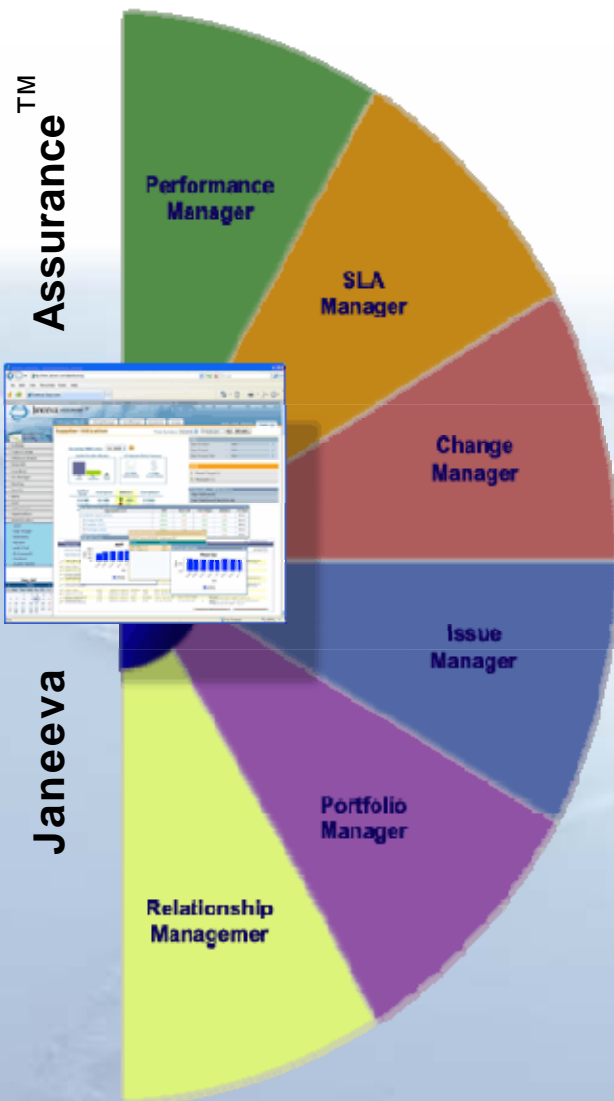
Outsourcing Relationship Management for Pharma R&D and CRO's



Janeeva Assurance™

ORM for Pharma R&D and CRO's

- Gather and acquire project data for milestones, dates, costs and key metrics updated regularly
- Track and manage spend information for decision making, investment leveraging and forecasting
- Track change orders and determine impact on trials quickly
- Easy to use Report Builder for On-Demand management reporting and analysis
- Create calls for action, issues resolution and alerts
- Repository for critical documents, provider evaluations and changes
- Compare providers and experience with other organizations and specialty areas
- Web Information area for provider news/broadcasts



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Q & A



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What we have learned . . .

SUMMARY

- The Pharma R&D and Supplier relationships are stressed with more information requirements and fewer people to manage the information
- Clinical/CRO projects are growing and the legacy supplier relationships are changing as well
- The challenges of managing these supplier relationships are compounded in multi-vendor/multi-division environments
- The good news: sponsors and CROs realize the benefits of improving their ongoing relationships, and relationship management tools are starting to get as much attention as vendor selection and contract negotiation.
- As companies evolve their competitive strategies, the leaders will implement relationship management tools to effectively manage their service providers and streamline their ongoing operations.

To learn more . . .

Thank You!



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