

BHARATHIDASAN UNIVERSITY

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Programme : M.Sc., Biochemistry

Course Title : Bio-Entrepreneurship

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UNIT-III

Bio markets –Business strategy and marketing

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Negotiating the road from lab to the market (strategies and process of negotiations with financiers, government and regulatory authorities)

- INTRODUCTION:

- Taking a food product or innovation from the lab to the market is a complex process, requiring negotiation with various stakeholders, including financiers, government bodies, and regulatory authorities. Each of these groups has unique interests and requirements, and successful negotiation involves understanding these needs and presenting the product or innovation in a way that aligns with their goals.

- Negotiating with Financiers
- Objective: Secure funding for scaling production, market entry, or commercialization.
- Key Strategies:
- Preparation: Understand the financial landscape and be prepared with a strong business case that includes detailed market analysis, potential risks, growth forecasts, and a clear revenue model.
- Tailoring the Pitch: Tailor the proposal to meet financiers' interests. For venture capitalists, emphasize scalability and innovation. For banks, focus on the stability of cash flow, assets, and repayment.

- **Demonstrating Proof of Concept:** Investors need confidence that the product works. Demonstrate product efficacy, consumer demand (e.g., pilot studies or small-scale launches), and scalability potential.
- **Risk Mitigation:** Anticipate investor concerns and proactively address risks, whether technical, regulatory, or market-related. Show readiness to handle these challenges with a mitigation plan.
- **Negotiation Process:**
- **Valuation and Equity:** Discuss valuation terms and decide on how much ownership or equity you're willing to offer. A fair valuation can foster trust.
- **Funding Milestones:** Often, financiers release funds in phases based on meeting key milestones. Negotiate realistic milestones that align with your project timeline.

- Transparency and Reporting: Establish clear terms for updates, reports, and accountability to maintain investor confidence over time.

2. Negotiating with Government Authorities

Objective: Obtain grants, subsidies, or favorable support programs that can help reduce initial costs or provide tax incentives.

- Key Strategies:

Aligning with Government Objectives: Government agencies are often interested in job creation, economic growth, and public health improvements. Frame your project in a way that demonstrates alignment with these goals.

- **Understanding Grant and Incentive Criteria:** Research government programs that offer grants or tax breaks for your industry. Tailor your application or proposal to align with the criteria they prioritize.
- **Showing Community and Environmental Impact:** Many governments prioritize sustainable and socially beneficial projects. Highlight your company's positive impact on the community or environment to enhance appeal.
- **Negotiation Process:**
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- **Networking with Key Officials:** Establish connections within the relevant departments or agencies. Building rapport with these stakeholders can increase support.
- **Clear Proposal Documentation:** Government negotiations often require extensive documentation. Ensure that you provide detailed and accurate documents, from business plans to environmental impact assessments.

- . Negotiating with Regulatory Authorities
- Objective: Obtain regulatory approvals necessary to legally market the product (e.g., FDA or USDA approvals, or EFSA for the EU).
- Key Strategies:
- Early Engagement: Start engaging regulatory authorities early to understand the approval requirements specific to your product category. Early interaction can prevent costly delays.
- Detailed Compliance Knowledge: Different markets have different regulations. Be well-versed in local, regional, and international regulatory standards that apply to your product.
- Risk Management: Regulatory bodies are highly focused on consumer safety. Anticipate their concerns by having robust quality and safety testing data.

- **Clear and Transparent Communication:** Regulatory bodies expect transparency. Share data on safety and efficacy openly and ensure that documentation is clear and organized.
- **Flexibility and Responsiveness:** Be prepared to adapt or make changes based on regulatory feedback. Showing willingness to address concerns and make necessary adjustments can facilitate a smoother approval process.
- **Building Relationships and Seeking Guidance:** Having good relationships with regulatory authorities can be beneficial. Seek guidance from regulatory bodies on best practices to improve chances of approval.
- **Summary**
- **Negotiating the journey from lab to market** involves balancing the needs and expectations of multiple stakeholders. Preparation, alignment with stakeholder interests, clear documentation, and transparency are crucial to success. In all negotiations, showing readiness to meet expectations while managing potential risks strengthens the position for funding, government support, and regulatory process

Bio-Entrepreneurship

Pricing Strategy and Challenges in
marketing in bio-business

Pricing Strategy in Marketing (Bio Markets)

- In bio markets, pricing strategy is crucial due to the high costs of research, development, and regulatory approvals, along with the long timeline to bring products to market.
- The pricing of biotechnology products, such as drugs, medical devices, and diagnostics, must balance profitability with accessibility, regulatory compliance strategies.

PRICING STRATEGIES IN MARKETING



Types of Pricing Strategies

There are several pricing strategies that bio companies can use, depending on the nature of the product, target market, and competition:

a. Cost-Plus Pricing

- This strategy involves adding a markup to the cost of production to determine the price. The markup covers R&D, regulatory costs, and desired profit margins.
- Ensures that all costs are covered and provides a clear rationale for pricing.
- It doesn't account for market demand, competition, or the product's perceived value, which may lead to pricing that's too high or too low relative to market expectations.

b. Value-Based Pricing

- Pricing based on the product's perceived value to the customer or healthcare system. This strategy is common in the pharmaceutical industry, especially for life-saving drugs or treatments that significantly improve quality of life.
- Allows companies to charge premium prices for innovative products that offer superior benefits (e.g., improved efficacy or fewer side effects).
- Requires extensive clinical data to prove value, and customers must perceive that the product delivers substantial benefits over alternatives.

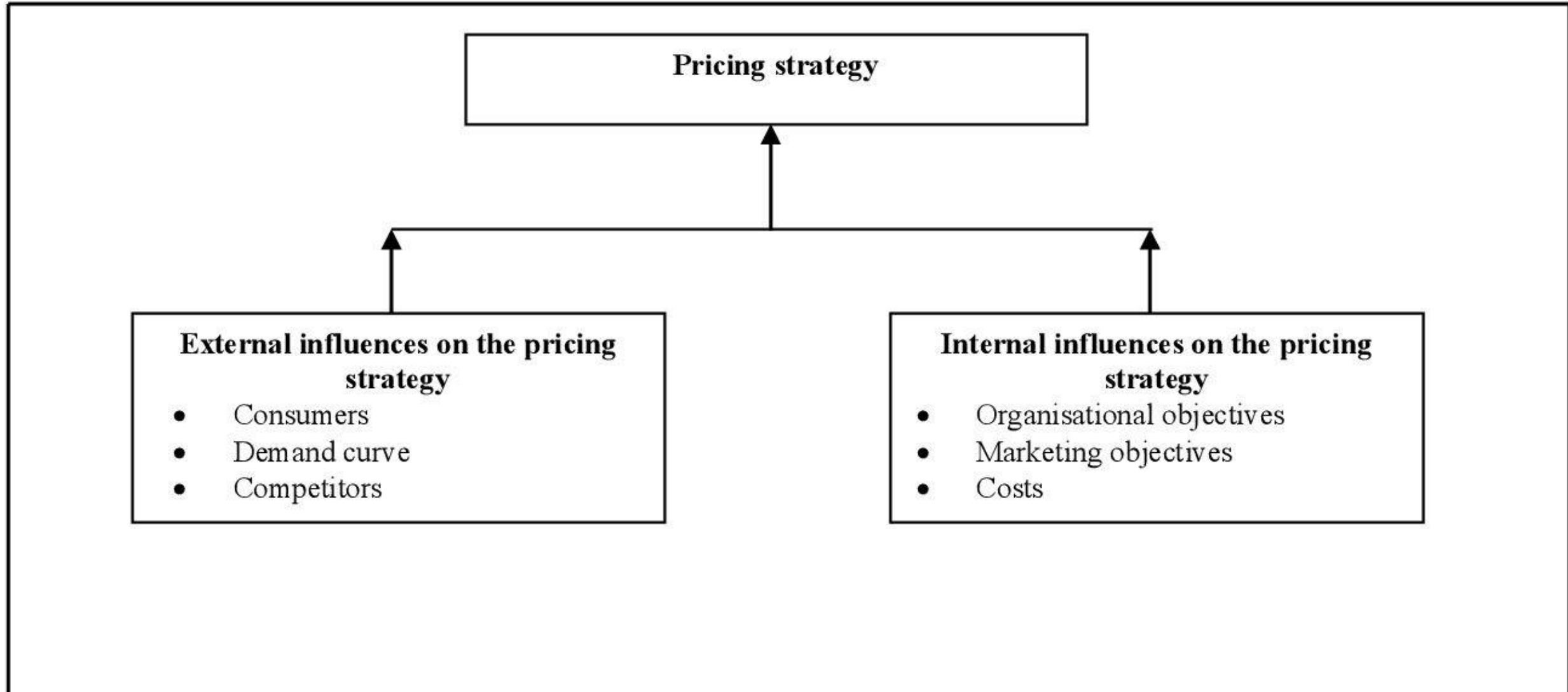
c. Competitive Pricing

- Setting the price in relation to competitors. This can involve pricing higher than competitors if the product is superior, or lower to gain market share.
- Allows companies to respond quickly to market conditions and competitor pricing.
- This strategy may not cover the high R&D costs or account for the unique value of a biotech product.

d. Penetration Pricing

- Offering a product at a lower initial price to quickly gain market share and drive adoption, with the possibility of raising prices later.
- Helps in gaining quick acceptance, especially for new innovations or in markets with established competition.
- Low prices may not cover development costs, and raising prices later could face resistance from customers or payers.

Factors Influencing Pricing Strategy



A Quick survey of Regional and global strengths and capabilities

Bio-science and the bio - business sector are rapidly evolving fields with significant global impact here a look at some of the key regions and their strengths in there area

North america:

united states:

Strength : Biotechnology pharmaceuticals, and health innovations. Home to leading companies like pfizer, Amgen and gilead sciences

Key area Drug development, genomics, precision medicine, biotech startups

Canada :

Strength : Research institutions and collaborative networks. significant companies include stem-cell the alg and medicago

key area : Regenerative medicine, stem cell Research, agricultural biotech

Europe

Strengths: pharmaceuticals, medical technology, industrial biotechnology.

- companies like Bayer and Biotech care leaders.

Key areas: Drug development, medical devices. bioengineering.

United kingdom:

Strength: medical research and pharmaceutical productions. Major companies sanofi.

key areas. Oncology immunology rare diseases

Asian Countries

China :

Strength : growing biotech sector with significant government support key players include BGI and Wuxi AppTec

Key Area : Genomics, biomanufacturing, traditional chinese medicine integration

Japan

Strength : Strong pharmaceutical and regenerative medicine sectors, leading Companies: Takeda and Astellas

key Area : Drug development regenerative medicine Biomedical devices

India:

Strength : Large-scale Production of generic drug and vaccines Notable companies are Bharat biotech, Biocon.

they Areas Biotechnology pharmaceuticals, Bioinformatics

BIO - ENTREPRENEURSHIP

BASIC CONTRACT PRINCIPLES:

- Just as there are several different areas where contracts are generally used, and there are many common elements of a valid contract, there are also several different types of contracts.
- The [type of contract](#) used depends on a number of factors. Those factors range from the composition of the parties involved to the nature of their relationship and the ultimate goal of the agreement. Oftentimes, the type of contract used is dictated by the preferences of the parties involved, however, in some instances, one type of contract simply doesn't fit a particular circumstance. The Uniform Commercial Code (UCC) provides a framework for certain contracts, particularly those involving the sale of goods, within the broader area of law.

- Some commonly used types of contracts are:
- Adhesion
- Unilateral
- Bilateral
- Executed
- Aleatory
- Fixed-Price
- Cost-Reimbursement

TYPES OF AGREEMENT:

- Agreements are fundamental to any legal, business, or personal arrangement. They can vary widely based on their purpose, parties involved, and the specific terms they govern. Below is a list of different types of agreements:

1. Bilateral Agreement

- **Definition:** An agreement between two parties where each party makes a promise to the other.
- **Example:** A contract for employment where one party promises to provide services, and the other party promises to pay a salary.

2. Unilateral Agreement

- **Definition:** An agreement where one party makes a promise in exchange for a specific act by another party.
- **Example:** A reward offer for finding a lost item, where only the person offering the reward is bound by the agreement until the item is found.

3. Express Agreement

- **Definition:** An agreement in which the terms are explicitly stated, either orally or in writing, by the parties involved.
- **Example:** A written rental contract or a signed sales agreement.

4. Implied Agreement

- **Definition:** An agreement where the terms are not expressly stated but are inferred from the actions, conduct, or circumstances of the parties.
- **Example:** A customer buying a product from a store, which implies an agreement to pay for it.

5. Formal Agreement

- **Definition:** An agreement that requires specific formalities, such as being in writing or executed with certain legal formalities, for it to be valid.
- **Example:** A real estate contract, will, or a deed.

DEVELOPMENT AGREEMENT:

- A **Development Agreement** is a legal contract between a developer and a landowner (or other parties) that outlines the terms and conditions under which a specific development project will be undertaken.
- It is commonly used in real estate and construction projects, but can apply in a variety of industries where development or large-scale projects are involved.
- A **Development Agreement** is a critical document that sets the legal framework for a development project, clarifying the roles, responsibilities, financial arrangements, and legal obligations of the parties involved.
- By addressing the various aspects of the development process, it helps ensure the successful completion of the project while protecting the interests of all stakeholders.

DISPUTE RESOLUTION SKILLS:

- **Dispute resolution skills** are essential for managing and resolving conflicts effectively, whether in a professional, personal, or legal context. These skills help prevent escalation, foster cooperation, and lead to more mutually beneficial outcomes.
- Dispute resolution skills are invaluable for resolving conflicts in a constructive way. Whether you are a manager handling workplace disagreements, a mediator helping parties reach a compromise, or a business negotiator seeking the best deal, these skills help create a cooperative environment. By developing skills like active listening, empathy, negotiation, and problem-solving, you can effectively manage disputes and foster more positive, productive relationships.