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Lining Up for a Peek Inside the Crystal Ball

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What does the future hold? In biotech that is the 10 million dollar question. Today, a panel at the BIO International Convention, chaired by Judith Hasko, a partner with Latham & Watkins attempted to answer those questions.

In a room with standing room only, those inside, even those standing in the back could count themselves fortunate for outside in the hallway; a line was building up, with the one-in one-out rule. What were BIO conventioners lining up to hear? Will larger biotech and pharma companies be seeking pipeline-enhancing, early-stage opportunities for long-term growth, or late-stage product opportunities? And, what are the current trends?

One of the speakers, Roger Longman, a managing partner with Windhover Information, addressed some of those questions. The most dramatic change, "We've seen over the last couple of years," he said, "is the increasing valuation of early stage deals that is deals before they've achieved clinical proof of concept." That is, added Longman valuations greater than 20 million dollars - for risky products with only a one in ten chance of success. "It's

very unexpected," he said, "because early-stage stuff is so risky." There has also been an increase in the value of large molecule deals said Longman. After 2006 there were 6-7 million dollars of large molecule acquisitions - and those said Longman, are companies without products in the pipeline.

"The notion that you can buy and highly value a technology platform again is another way of showing that the kinds of difficulties that big pharma is now in, thanks to what Amgen, Genentech, and MedImmune were able to show years ago, which is that these large molecules have some significant value," said Longman. "The big challenge," he added, "a lot of us see is whether or not biotech can actually continue, on an ongoing basis, to supply the level and quality of molecules that big pharma needs." And that, everyone knows is something that only the future will tell.

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Barcelona

Avenida Diagonal 477, 10°C
08036 Barcelona
Spain
+34.902.882.222
+34.902.882.228 (Fax)

Brussels

Boulevard du Régent, 43-44
1000 Brussels
Belgium
+32.2.788.60.00
+32.2.788.60.60 (Fax)

Chicago

Sears Tower
233 South Wacker Drive, Suite 5800
Chicago, Illinois 60606-6401
+1.312.876.7700
+1.312.993.9767 (Fax)

Frankfurt

Reuterweg 20
60323 Frankfurt am Main
Germany
+49.69.60.62.60.00
+49.69.60.62.60.60 (Fax)

Hamburg

Warburgstrasse 50
20354 Hamburg
Germany
+49.40.41.40.30
+49.40.41.40.31.30 (Fax)

Hong Kong

41st Floor
One Exchange Square
8 Connaught Place, Central
Hong Kong
+852.2522.7886
+852.2522.7006 (Fax)

London

99 Bishopsgate
London EC2M 3XF
United Kingdom
+44.20.7710.1000
+44.20.7374.4460 (Fax)

Los Angeles

633 West Fifth Street, Suite 4000
Los Angeles, California 90071-2007
+1.213.485.1234
+1.213.891.8763 (Fax)

Madrid

María de Molina, 6. 4ª planta
28006 Madrid
Spain
+34.902.882.222
+34.902.882.228 (Fax)

Milan

Corso Giacomo Matteotti, 8
20121 Milan
Italy
+39.02.3046.2000
+39.02.3046.2001 (Fax)

Moscow

Ducat Place III
Ulitsa Gasheka 6, Suite 510
Moscow 125047
Russia
+7.495.785.1234
+7.495.785.1235 (Fax)

Munich

Maximilianstrasse 11
80539 Munich
Germany
+49.89.20.80.3.8000
+49.89.20.80.3.8080 (Fax)

New Jersey

One Newark Center, 16th Floor
Newark, New Jersey 07101-3174
+1.973.639.1234
+1.973.639.7298 (Fax)

New York

885 Third Avenue, Suite 1000
New York, New York 10022-4834
+1.212.906.1200
+1.212.751.4864 (Fax)

Northern Virginia

Two Freedom Square
11955 Freedom Drive, Suite 500
Reston, Virginia 20190-5651
+1.703.456.1000
+1.703.456.1001 (Fax)

Orange County

650 Town Center Drive, 20th Floor
Costa Mesa, California 92626-1925
+1.714.540.1235
+1.714.755.8290 (Fax)

Paris

53, quai d'Orsay
75007 Paris
France
+33.1.40.62.20.00
+33.1.40.62.20.62 (Fax)

San Diego

600 West Broadway, Suite 1800
San Diego, California 92101-3375
+1.619.236.1234
+1.619.696.7419 (Fax)

San Francisco

505 Montgomery Street, Suite 2000
San Francisco, California 94111-2562
+1.415.391.0600
+1.415.395.8095 (Fax)

Shanghai

4902 Jin Mao Tower
88 Century Boulevard
Pudong, Shanghai 200121
People's Republic of China
+86.21.6101.6000
+86.21.6101.6001 (Fax)

Silicon Valley

140 Scott Drive
Menlo Park, CA 94025-3656
+1.650.328.4600
+1.650.463.2600 (Fax)

Singapore

9 Raffles Place
#42-02 Republic Plaza
Singapore 048619
Singapore
+65.6536.1161
+65.6536.1171 (Fax)

Tokyo

Marunouchi Building, 32nd Floor
2-4-1 Marunouchi, Chiyoda-ku
Tokyo 100-6332
Japan
+81.3.6212.7800
+81.3.6212.7801 (Fax)

Washington, D.C.

555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004-1304
+1.202.637.2200
+1.202.637.2201 (Fax)