

Business Plan Company X

Developing a business plan for a spin-off project in drug development

Background

The mission at Company X is to prevent cancer mortality through earlier detection by liquid biopsies. Recently, they generated IP with the potential to develop new early stage cancer drugs, which is outside the core business focus. Animal studies have been made with promising results. Company X now has to decide how to best address this opportunity with the ultimate goal to decide whether a spin-off company should be created or if the IP should be out-licensed/co-developed or if the project should be closed.

In the biotech-/pharmaceutical industry all companies are dependent on immaterial properties and are facing high risks, but potentially also high rewards. In order to obtain these potential rewards however, large investments in R&D during several years has to be made and therefore the rewards are first obtainable after a long period of clinical trials and testing. Considering this, a high uncertainty of the result is unavoidable until approval of the drug. Consequently, questions arise regarding whether to obtain new investors in order to continue R&D, when, or if, to sell off to Big Pharmas and patenting to name a few.

Therefore, the decision that Company X is facing requires a preliminary evaluation of the value created by pursuing the drug discovery and development project versus the cost of R&D. This in turn depends on testing some market assumptions and developing an initial business plan for the project.

Purpose of the study

The purpose of the study is to develop an initial business plan that accommodates different alternative strategies for Company X's way forward in this project and then suggest a recommendation that we believe is the most favorable depending on the interests of Company X. Our objective is also to contribute to the ongoing cancer research, which is important to us and the society as a whole.

Method

Interactions with Company X management will define initial assumptions on the business plan for this project.

Literature review and interviews if needed on general information about biotech-/pharmaceutical industry, meaning its structure and phases of drug development.

Interviews with pharmaceutical companies regarding historical approaches to drug discovery and development, risk/reward in selling off to other parties or to continue developing different projects internally. For a broader perspective, literature reviews will also be done regarding the same topics.

Literature review on innovations, entrepreneurship and business strategies. Some examples are:

- Financing and investing
- Commercializing innovations
- Different technology acquisition/exploitation strategies

The report will be written in English at the request of Company X.

Members

August Ekström

Stina Torell

Erik Jonasson

Preferred division

Entrepreneurship and Strategy

Contact TME: Erik Bohlin, Examiner