

# **Business Planning for Research Commercialization**

## **Jason Ding**

Part of the Allergan webinar series: *Planning for Research Success*

*Jason Ding (TEC Edmonton) delivered a webinar in Allergan's Planning for Research Success series on November 13, 2015, providing an introduction to business planning principles, methods and tools as applied to the commercialization of health science research outputs. His key messages and his tool and resource recommendations follow.*

## **COMMERCIALIZING YOUR RESEARCH OUTPUTS**

### **Use your local innovation system to improve your commercialization efforts.**

Those who access the resources in the innovation system (like those offered by TEC Edmonton) are consistently more successful. No matter where you are across Canada, support is available to researchers and companies.

**Ensure that your value proposition articulates the needs you are solving with your product or service:** how it will benefit people and how it is better than existing solutions. When pitching to potential investors, industry partners or granting agencies, your value proposition is vital.

**Craft your value proposition pitch to answer the most critical questions:** Who are you? What is the problem you are addressing? What is your solution/technology? What is your product? Does it work? How do you know? What is its clinical relevance? What will be the workflow for its production? What is your market? What competition is there in the market? How is your product differentiated from those of competitors? What is novel about it? What IP is involved? What challenges will the product face in terms of: IP costs, the manufacturing process, regulatory requirements? What is the expected reimbursement? What is your business model?

What are your next steps? What are you seeking from an industry partner or investor?

**Analyze in detail your market, your competition and your operations.** In business planning, people often jump immediately to thinking about pricing their product and marketing it, but you first need to understand your potential customers and market size, to really drill down to the details: for instance, what the sales cycle of the product will be, and how you will get that product to market, taking into account (for example) how long it takes to sell into government or into a large company.

**Think in broad terms about what your competitors might look like.** Think about what other technologies might be in the market that could make your technology obsolete. Entrepreneurs often think that they have no competitors, but this is almost never the case. There are very few products for which there are no alternatives. There are usually other ways to solve the same problem, some of which may involve different ways of thinking about that problem.

**Assess market access issues in terms of how products are purchased and who ultimately pays for them.** Health technology procurement and purchasing is uniquely complex. The patient, the prescriber/

practitioner, the procurement agency within the health systems of the provinces, and the payer are all different. The needs of all these customer groups need to be satisfied when thinking about getting your product to market.

**Move your product to market as quickly as possible.** The challenge with IP assets, particularly in the technology and life sciences industries, is that patents have a shelf life: they are valid for 20 years. When researchers take their time getting a product out the door by asking additional questions and thinking about how to further improve it, they shave value off their IP at the back-end by extending the time during which they hold a valid patent, but fail to generate cash flows from it. You need to aim to

get out a “minimum viable product,” one that is better than any existing alternative, as soon as you are able—you need to get the “generation 1” product out the door before thinking about generations 2, 3 and 4.

**Develop a business model.** The value of doing so is in the process--in thinking through each of its component parts. Typically, after the model is developed, it is set aside and used as a guide, or as a plan against which to check your progress. Modify your business model to better fit the circumstances as external and internal factors change. Business models change all the time; they need to be flexible and capable of pivoting.

## TOOLS FOR BUSINESS PLANNING

*Jason Ding discussed key concepts and introduced useful business planning tools in the course of his presentation. These are listed below. For each concept or tool, links are provided to: 1) the video segment in which it is discussed, and 2) the corresponding slide in his presentation.*

### Intellectual Property (IP)

- Different forms of IP: [webinar](#), [slide](#)
- IP value creation options: [webinar](#), [slide](#)

### Business Plan

- Business plan outline: [webinar](#), [slide](#)
- Business plan details: [webinar](#), [slide](#)

### Value Proposition

- Value proposition design tool: [webinar](#), [slide](#)
- GSK pitch template: [webinar](#), [slide](#)

### Business Models

- Business Model Canvas Tool: [webinar](#), [slide](#)
- Growth Wheel Tool: [webinar](#), [slide](#)

### Assessing competition / market / customers

- Porter's Five Forces: [webinar](#), [slide](#)
- SWOT analysis: [webinar](#), [slide](#)
- Market Planning Process: [webinar](#), [slide](#)
- Customers: The 4 P's: [webinar](#), [slide](#)
- VRIO Model (for assessing long-term competitive advantage): [webinar](#), [slide](#)
- GE-McKinsey 9-box Matrix (for prioritizing among different products): [webinar](#), [slide](#)

**Available for this webinar: [slideshow \(in PDF\)](#) | [video recording](#)**

**Jason Ding** (CA, CBV, BSc, BCom) is a Chartered Accountant and Chartered Business Valuator with expertise in the technology industry. He is Executive-in-Residence with TEC Edmonton, Director of the TEC Health Accelerator, and owner of H2 Technology Consulting Inc.