

Medical Sector Report

September 2009

Sector Characteristics

- 22 Companies
 - 10 New since October 2008
 - 20 US HQ
 - All w/some track record of Govt funded programs (DOD, DHHS)
- 13 Drug Development
 - 5 Small-Medium Size Companies
 - 1 Systems Integrator
- 7 Service Providers
 - 2 CMO's & 1 Release Testing
 - 4 Tool Companies
 - Target ID, Molecular Biology, Analytical Development
- 2 Drug Delivery

Sector Characteristics 2

- 8 – 10+ year product development cycle
- 98% of early stage candidates never make it to licensure (commercial product)
- \$500mm - \$800mm to bring product/program from pre-clinical to licensure
- Heavy FDA oversight
- IP protection is fundamental to the process
- Liability protection is a concern

Primary Concerns/Issues

(In order of importance)

1. Available DOD/CBD funding for drug development
 - 12 months – 5 year time frame
2. Funding mechanism
 - Preferential or equivalent to other channels
 - Reliability of funds
 - Coordination/compliance requirements
 - Predictability of follow-on funding
 - Small Companies: Greater response to CBD programs during challenging financial times
3. ROI
 - In competition with other priorities
 - Limited perceived value by investors
 - Other customers for the MCM

Current Hot Topic

- Filovirus Vaccine RFP
 - Why small business only?
(Appears to increase the DOD's risk)
 - How can a small business meet the compliance requirements?
(Diversion of limited resources)
 - How does this coordinate with the BARDA award against the same target?
(Reliability of funding)