

**PREMIER**

**VivoRx**



## **Anatomy of a Strategic Alliance Between Biotech & Managed Care/IHS**



**Powered by:**

*MasterDraft*

Palmer Ford, Premier

S. George Simon, VivoRx

John Chiatlas, Karditsa Resources

Seth Rowland, First Draft

# The Panelists

John Chiatalas, Esq.

- ☞ Karditsa Resources
- ☞ Kohn & Associates

Seth G. Rowland, Esq.

- ☞ Basha Systems LLC



Palmer Ford

- ☞ Premier Medical Partners Fund, L.P.



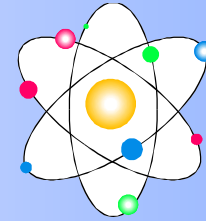
S. George Simon

- ☞ VivoRx™





# Agenda



- Alliances with Biotech
- VivoRx: Innovator in Biotech
- Premier: The Ultimate IHS
- VivoRx/Premier Alliance
- Building and Negotiating the Collaboration



# Strategic Alliances with Biotech Companies

- ☞ Traditional Alliance: Big Pharma and Innovative Biotech
  - Access to Capital
  - Clinical & Regulatory Expertise
  - Sales & Distribution Network
- ☞ New Model: Collaboration with Providers
  - Access to Patients & Clinical Trials
  - Access to Patient Outcomes Data
  - Access to Centers of Excellence



# VivoRx: The Technology

## VivoRx, Inc.

- ☞ BetaRx
  - BetaRx-H
  - BetaRx-PR
  - BetaRx-P
- ☞ Pharmacoeconomics of Diabetes

## VivoRx Pharmaceuticals, Inc.

- ☞ Capxol
- ☞ ProtoSphere CRADA with NCI
- ☞ Lupus Vaccine
- ☞ MDS
- ☞ HHT



# Objectives of VivoRx

## Capital Requirements and Expense

- Staying Private vs. Going Public
- Short Term Capital Requirements  
(Burn Rate)
- Strategic Investors
- Long Term Capital Requirements
  - Initial Public Offering
  - Label Expansion
  - In-licensing Diabetes Products & Technologies



# Mylan Pharmaceuticals

Strategic Investor / U.S. Marketer

## ☞ North American Rights

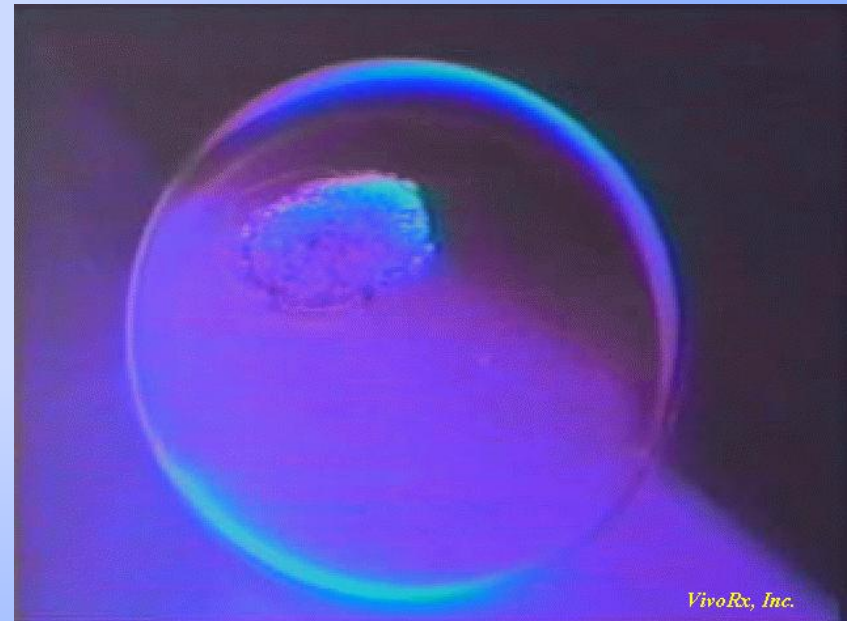
- Up-Front License Fee
- Equity Investment
- Product Development Funding



# Goal: To Develop Centers of Excellence

## ☞ BetaRx™

- Living Cell
- Administered on Outpatient Basis
- At Diabetes Treatment Centers



## ☞ Capxo1™

- Novel formulation of Paclitaxel



# Centers of Excellence (Cont.)

- ☞ Clinical Development
  - Expansion of Orphan Drug Indication
  - Participation of Leading Clinical Research Centers
- ☞ Market Approval and Product Launch
  - Physician Training
  - Facility Training (QA/QC)
  - National Product Roll-out
  - Establish Centers of Excellence



# Centers of Excellence (Cont.)

- ☞ Illustrates Need for Strategic Partner
  - Access to Patients & Centers
  - Access to Capital
  
- ☞ The Challenge
  - Identification of Ideal Clinical Development Partner

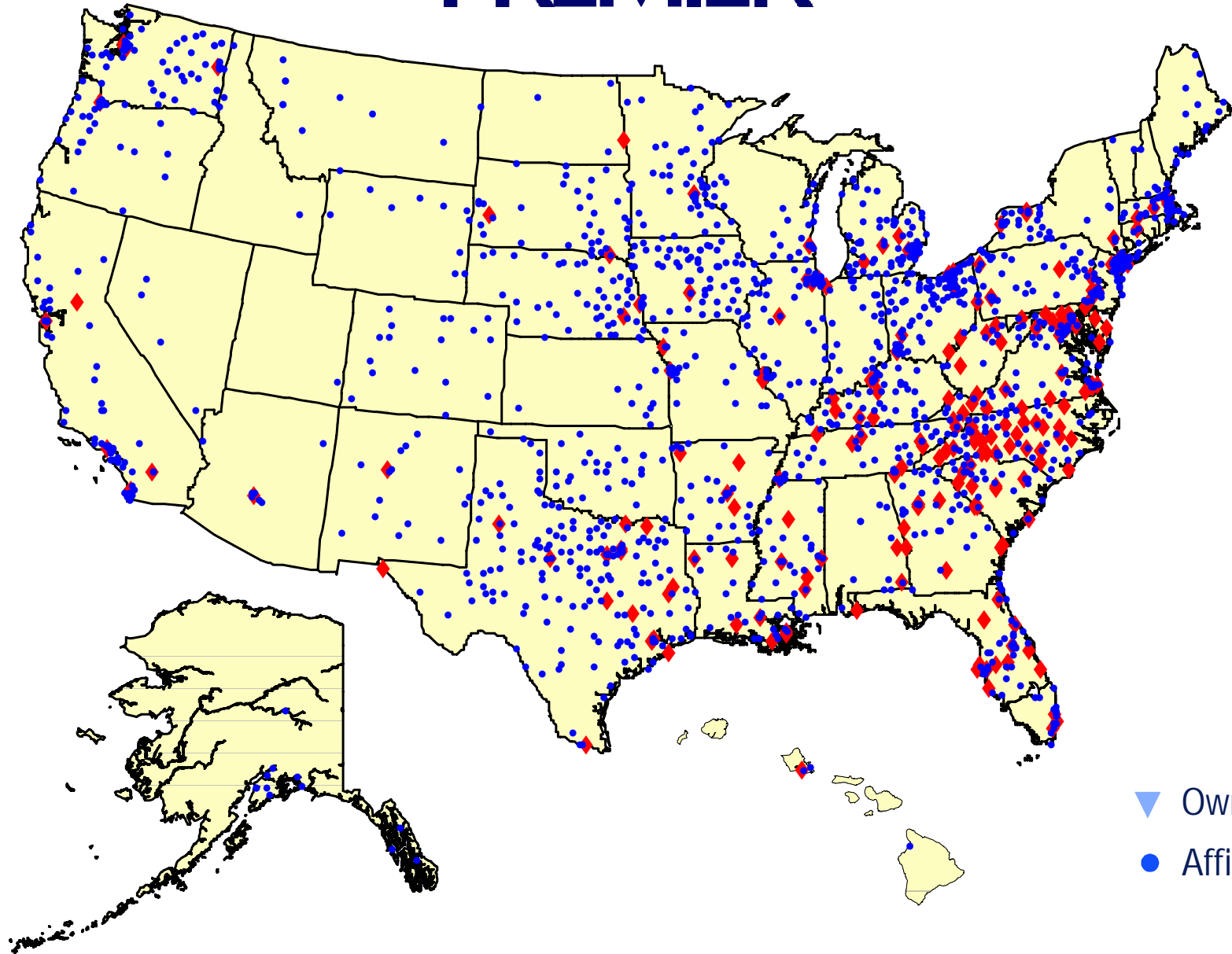




- Premier as a Partner
- Premier as an Investor
- Nature of the Integrated Health Care System
  - Continuum of Care
  - Best Cost Outcomes
- Outcomes Management: New Model
- Barriers to Entry/Strategic Partners



# PREMIER



- ▼ Owners
- Affiliates



<b>Gross Revenues 1996</b>	<b>\$71 Billion</b>
<b>Total Alliance Organizations</b>	<b>1800+ Hospitals</b>
<b>National Group Purchasing</b>	<b>\$10 Billion</b>

**Services:**

**Group Purchasing**

**Insurance**

**Consulting**

**Investments**

**Governance Education**

**Benchmarking/Outcomes**

**Managed Care**

**Premier Institute**

**(Washington, D.C.)**



# Premier Medical Partner Fund, L.P.



## Charter:

- 📖 Invest in innovative products and services that reduce the overall cost of healthcare, while promoting patient well being.
- 📖 Financial Return for Limited Partners

**Funds:** \$36 Million  
(Venture Capital)

**Investments:** \$2-5 Million  
(Non Public)

## Targets:

- ☒ Strong Patent Position
- ☒ Later Stage Development Companies (Phase II)
- ☒ Pre-Money Valuation starting at \$10-30 Million

# Premier Medical Partner Fund, L.P.

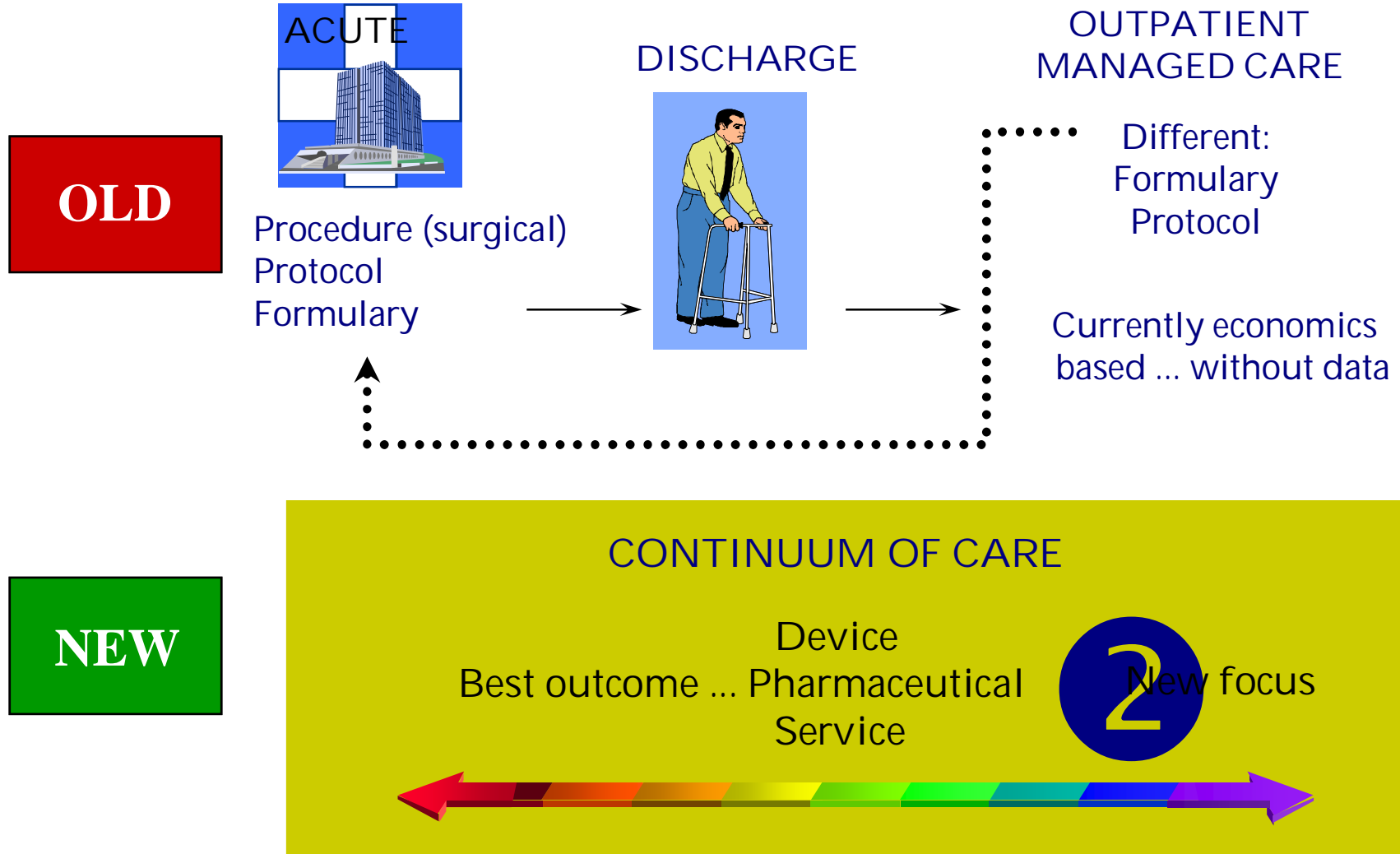


## Limited Partners:

- Becton Dickinson
- CR Bard
- Executive Risk
- Fuji
- 3M
- Johnson & Higgins
- Kendall
- Premier Purchasing Partners
- Kinetic Concepts
- Mallinckrodt
- Nycomed
- ServiceMaster



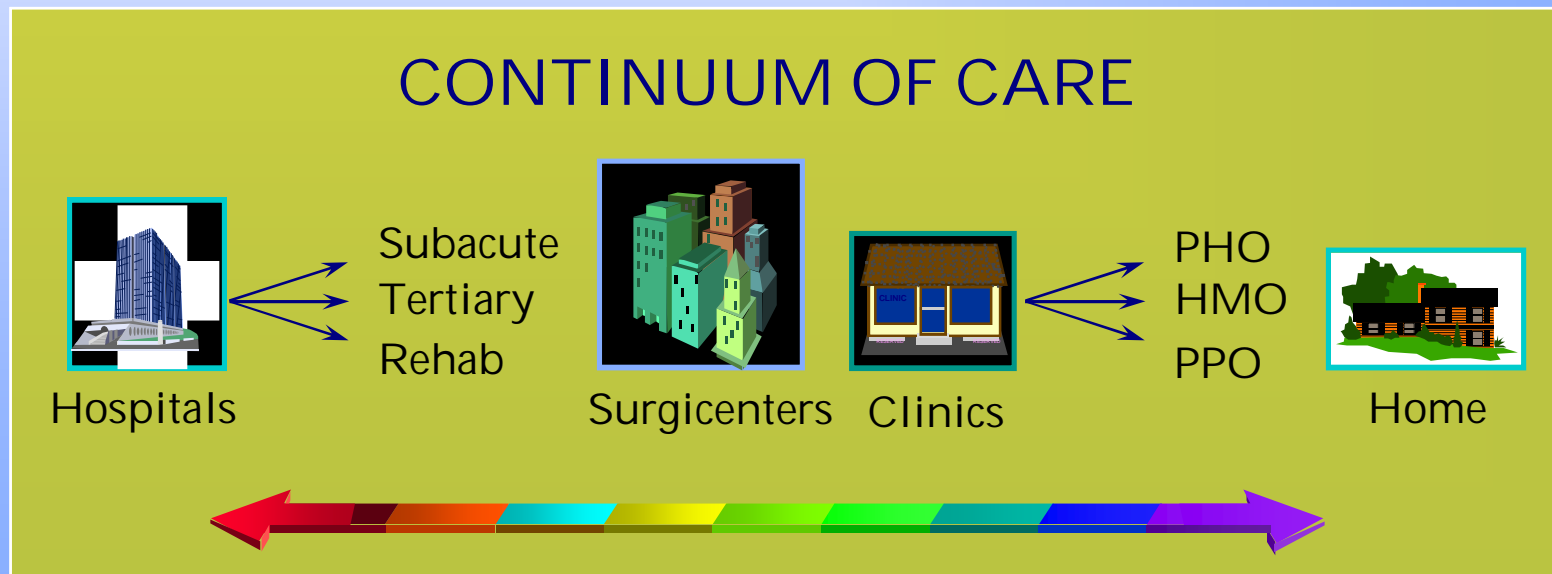
# Outcomes Management





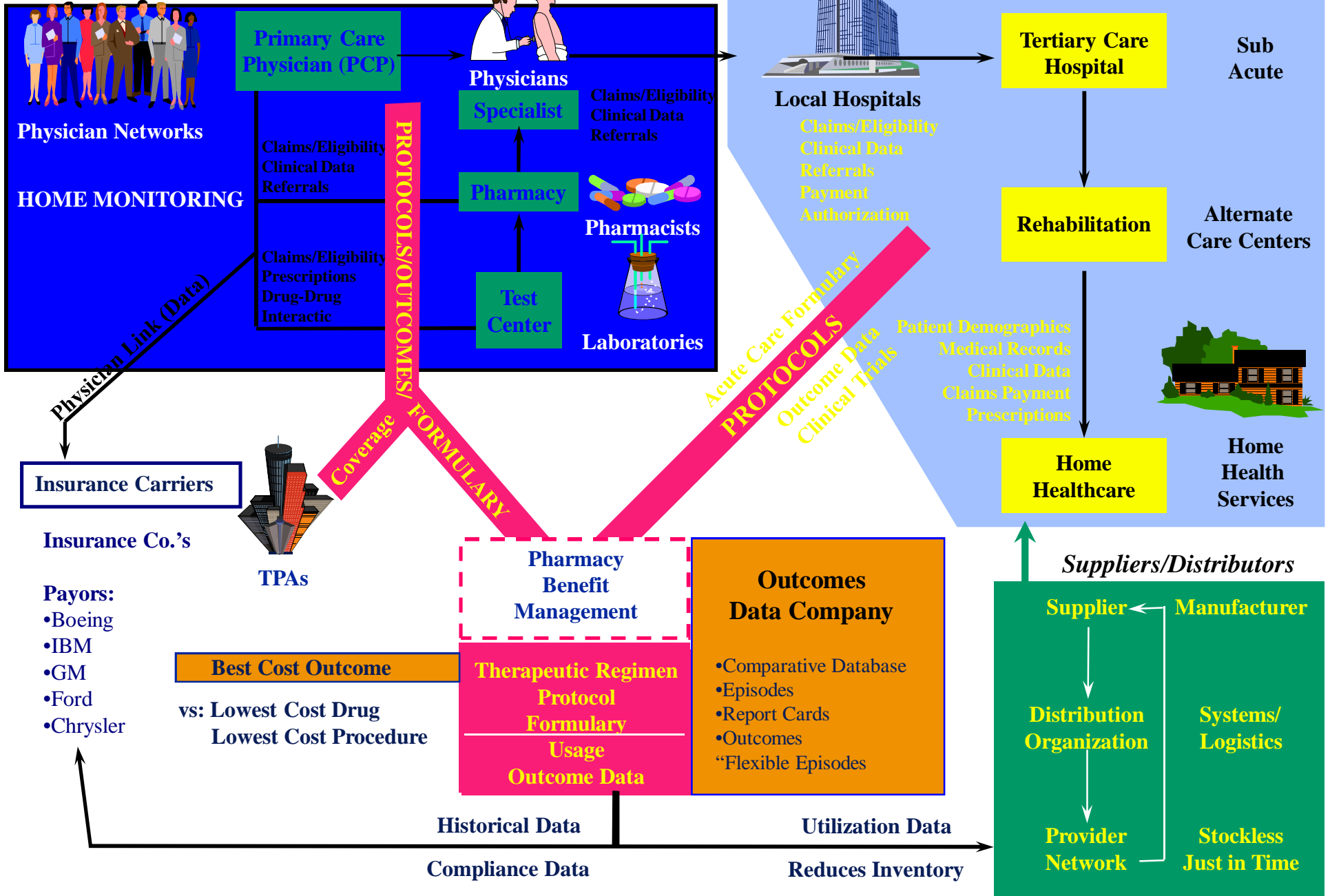
# The Integrated Health Care System

Nationwide: **Formulary** based on internal outcome data  
**Protocols**  
**Procedures**

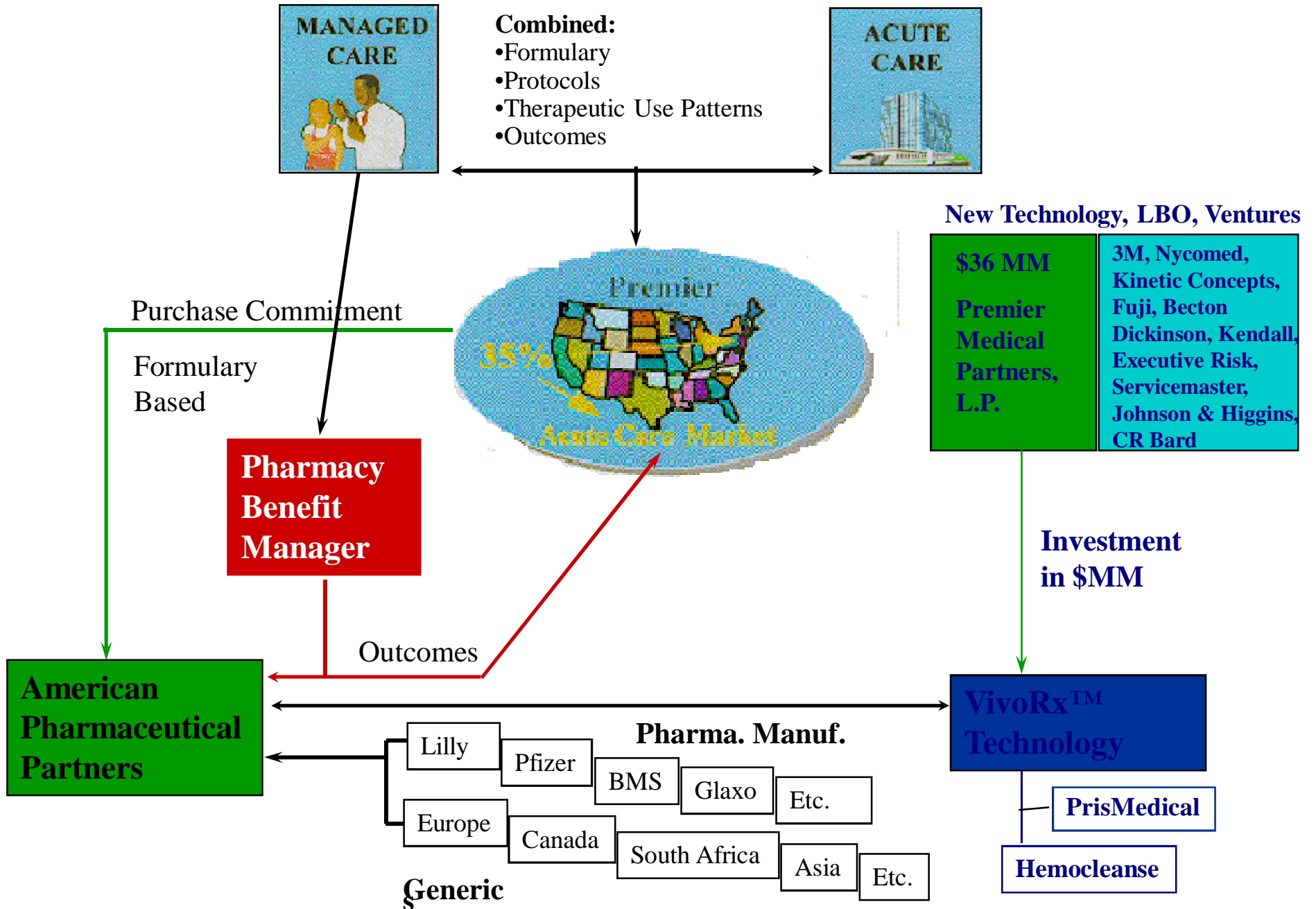


**Managed Care/Outpatient**

**Physician Link (Data) → Hospital Based Computer System**







# Pharmaceutical Joint Venture Opportunity



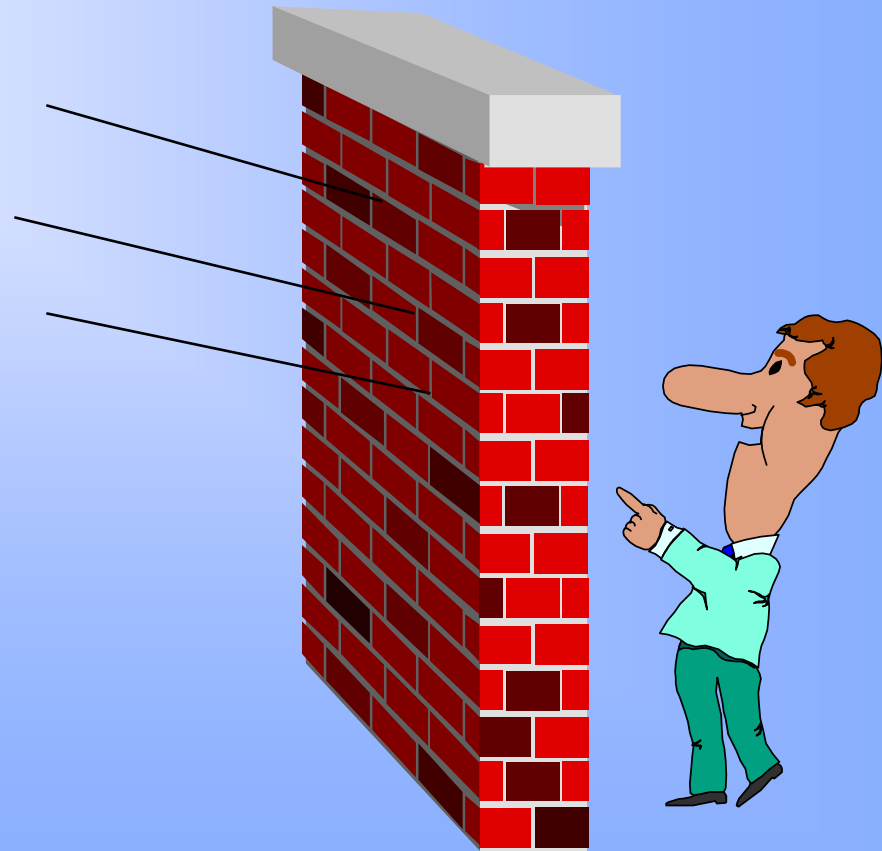
# Companies Like VivoRx™ Need a Strategic Partner

- ☞ Large Competitors
- ☞ Major Distributors
- ☞ Cost of Salesforce

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-  Contracts (5-7yr.)
-  Protocols
-  Formularies
-  Outcome studies

***“The Wall”***



# VivoRx™ - Premier Alliance

- Objectives of the Alliance
- Negotiation of Term Sheet with MasterDraft™
- Assembly of Term Sheet



# Premier - VivoRx™ Alliance

## Objectives of an IHS

- Best Cost Outcome: Technology lowers costs of providing care and improves outcome.
- Early access to cheap, effective, best-of-breed medical treatment.
- Hot new technology to distinguish IHS from other providers.
- Return on investment.
- Win-win situation



# Premier - VivoRx™ Alliance

## Objectives of Biotech Company

- Need to attract investors by demonstrating potential demand.
- Need for continued funding.
- Need for investigational sites to speed up regulatory review and approval.
- Need for access to outcomes data and clinical research.
- Need for Guaranteed Purchase Commitments.



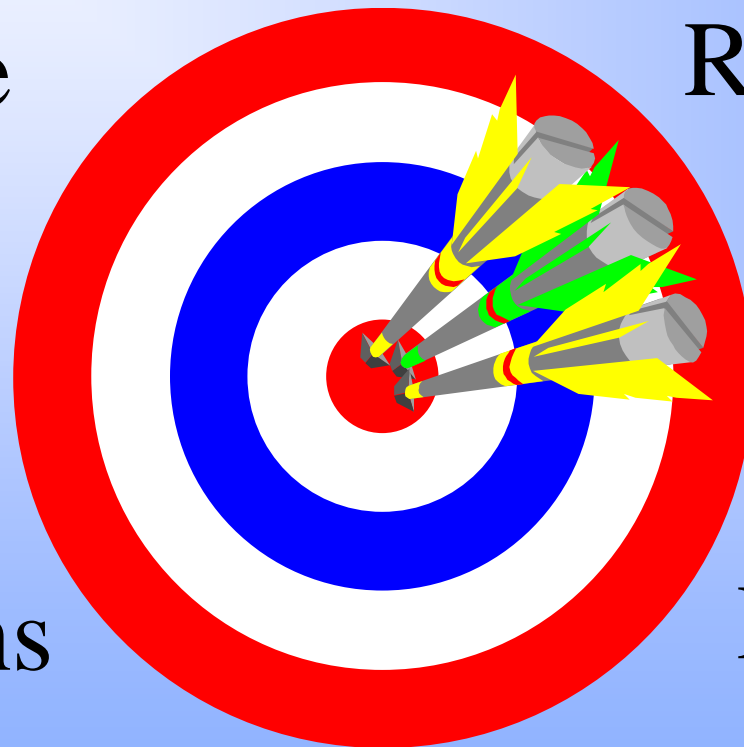
# An Expert Documentation System Allows You Ultimate Control

Standardize  
Terms

Reduce Legal  
Costs

On Target  
Negotiations

Close  
Deals Faster

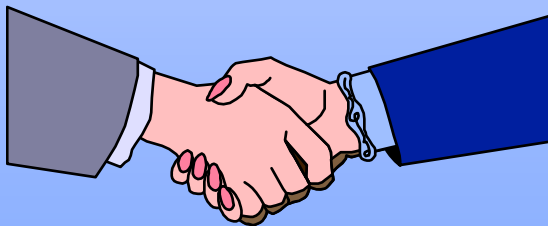


Cover Essential Points



# Standard Terms . . .

☞ Generate an Instant standard Term Sheet pre-approved by your own lawyers.



**Microsoft Word - Termsht3.out**

File Edit View Insert Format Tools Table Window Help

**TERM SHEET**

**Parties:**

<b>PREMIER, INC.</b> 12730 High Bluff Drive, Suite 300 San Diego, CA 92130 Tel: 619-793-9392 Fax: 619-793-9250 Attn: Palmer Ford Vice President	<b>VIVORX, INC.</b> 2825 Santa Monica Boulevard Santa Monica, CA 90404 Tel: 310-264-7768 Fax: 310-264-7775 Attn: S. George Simon Senior Director Corporate Development
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**Activation of Joint Venture:**  
Premier, Inc. (hereinafter "Premier") and Vivorx, Inc. (hereinafter "Vivorx") shall enter into (or shall have entered into) a Joint Venture (hereinafter the "Joint Venture") for the purposes described in this Term Sheet.

**Purpose of Transaction:**

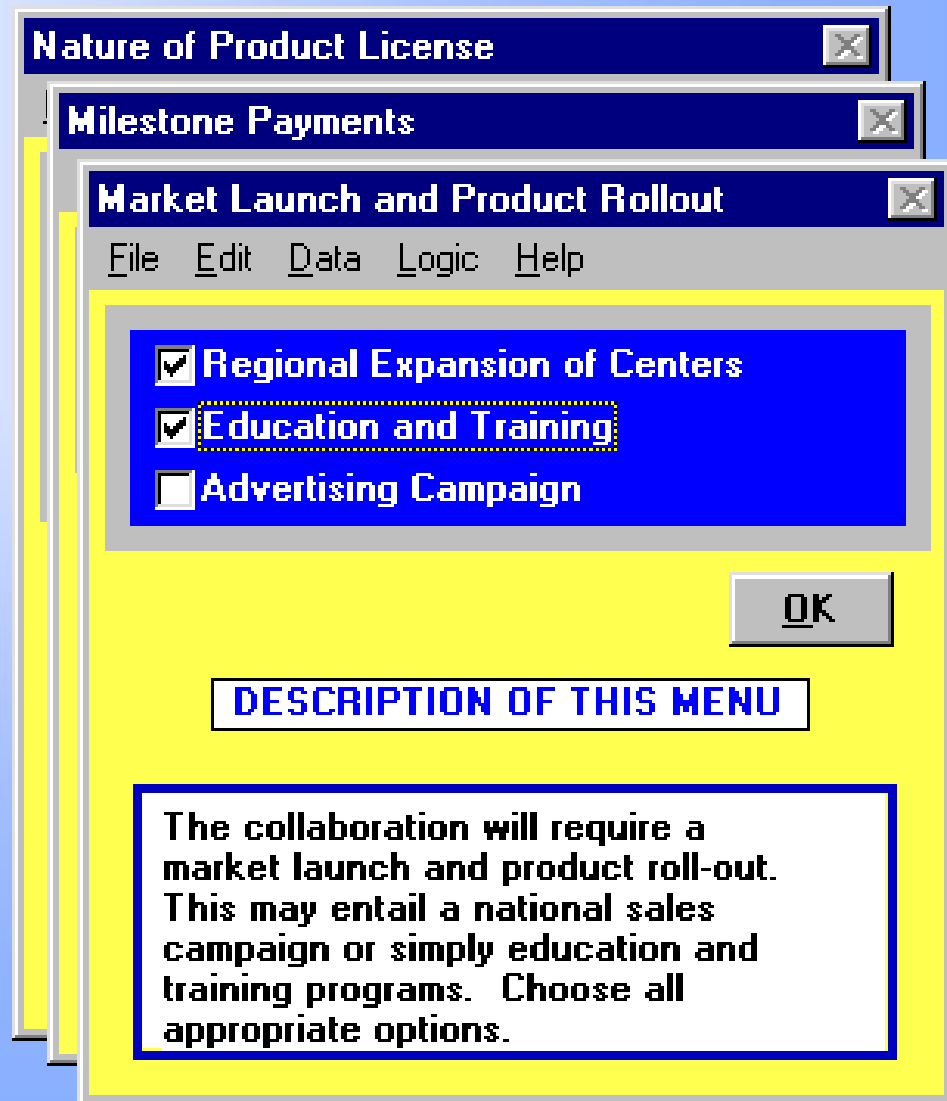
Premier and Vivorx wish to enter into an agreement to oncology centers of excellence. These centers of excellence would use cell technology and cells provided by Vivorx at facilities provided by Premier for the treatment of patients with cancer.

**Definitions:**

- "Improvements" shall mean any invention in the Field occurring after effective date

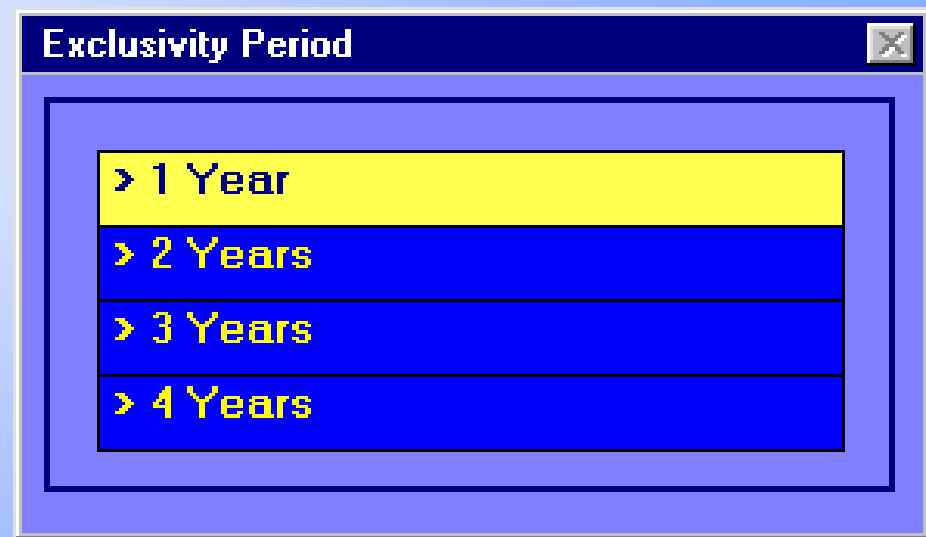
# ... adjusted to Your Needs

- ☞ Focus on Your Issues
  - Exclusivity
  - Milestones
  - Marketing
- ☞ You Choose, in the heat of negotiations
  - What Premier wants
  - What VivoRx wants



# You Specify the Terms

- Identify the Parties
- Set the term, renewal and exclusivity periods
- Specify the Price
- Make changes on the fly



# Database Links Allow You to ...

**Microsoft Access - Provider Contracts**

File Edit View Insert Format Records Tools Window Help

## Provider Contract Assembly System

### Dr. Rudy Crew

**Primary Care Physician**

<b>Provider ID:</b>	2	<b>State:</b>	New York
<b>Form:</b>	unincorporated physician		
<b>PlanType:</b>	Managed Care Plan		
<b>State:</b>	New York	<b>City:</b>	Westchester

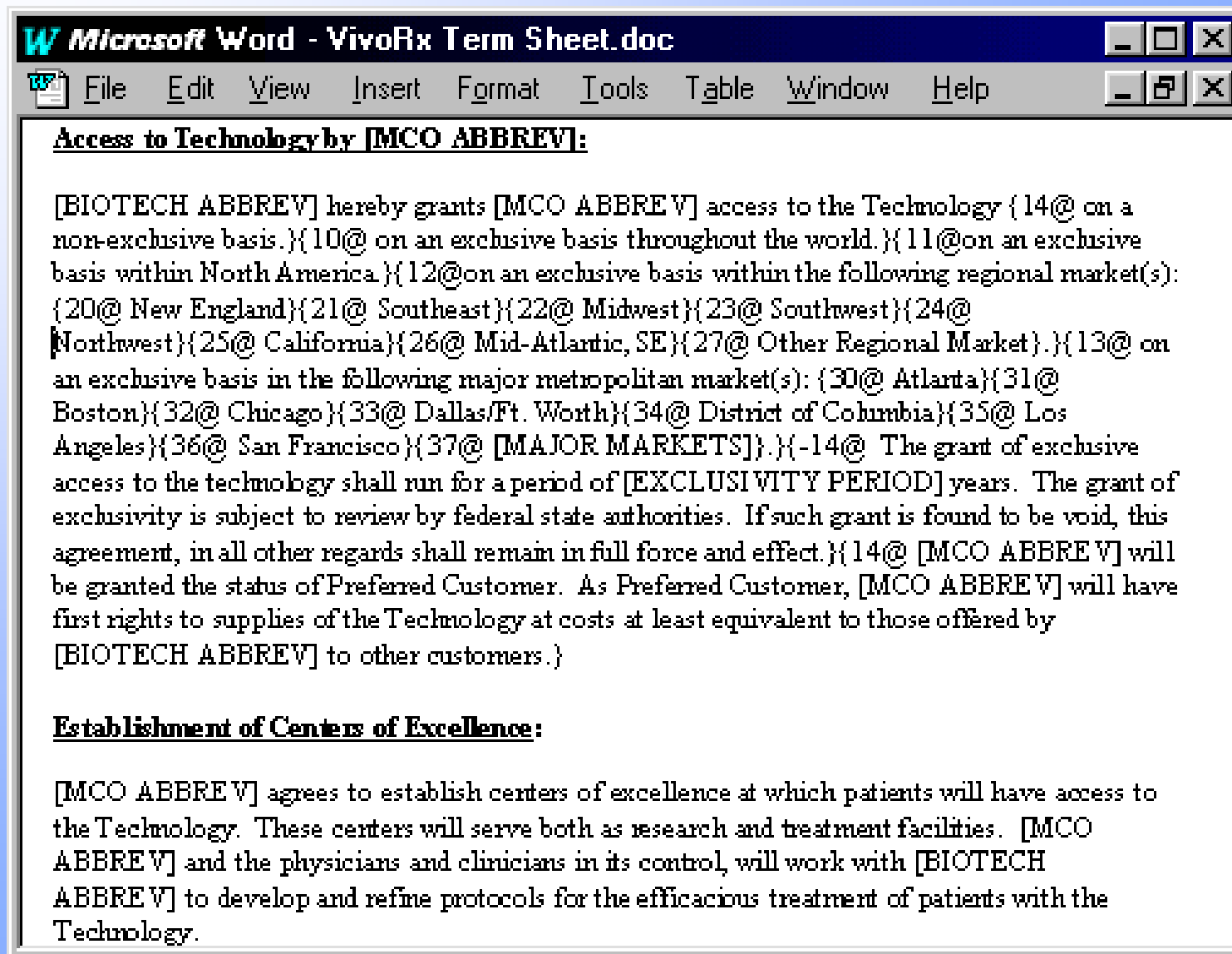
<b>Officers</b>	<b>Notice</b>	<b>Execution</b>	
<b>Name:</b>	David Smith	<b>Name:</b>	Dr. Rudy Crew
<b>Title:</b>	Administrative Assistant	<b>Title:</b>	Physician Proprietor

**Important Dates and Terms**

<b>Execution:</b>	3/24/97	<b>Renewal Term</b>	18	months	
<b>Initial Term:</b>	24	months	<b>Notice:</b>	60	days

Record: 2 of 7

# Everything Starts with a “Master Draft”



# Now lets make a deal ... LIVE!!!



# Questions?

