

BIOBUSINESS

## The Matchmaking Market

Wanted: Small biotech, enjoys sequencing antibodies, manufacturing, and other temporary services. Call me.

Last August, Kunhua Chen, CEO at Exon Biosystems—a San Diego-based contract research organization (CRO) specializing in protein services—got a request from Elan Pharmaceuticals for a quote to sequence 14 antibodies. Recognizing the fit between his company’s abilities and the requested work, he responded right away. Two weeks later he got an email that Elan was ready to order. A month after that, he struck a deal for \$80,000—the biggest project in the company’s three and a half year history.

The request came through an online service called Assay Depot, which Exon Biosystems had joined when Assay Depot started the year before. When the service’s sales team came and pitched their idea to Chen—basically an online marketplace for service providers in the biotech and pharmaceutical industries—he immediately thought it would be good for his company, which doesn’t have much of a marketing team. “Our company’s basically focused on research,” he explains. So he jumped on board, and less than a year later, the projects generated through Assay Depot account for approximately one quarter of their revenue, costing only a small percentage of whatever work the site brings in.

Assay Depot is one of a handful of online marketplaces and directories that have been cropping up around the globe with the goal of connecting researchers in need with the service providers that have the capacity to take on their projects. The accelerating growth of the \$20 billion CRO industry—currently about 17% per year—is a testament to

the need for an efficient system to aid this process. Typically, CROs post what they can do on the sites, and companies looking for a particular service (or the consultants helping them find it) scan the site for compatible providers and request bids.

“Especially in the current economy, [there] is the constant need for innovation and more efficiency,” says Jeffery Smith, president and CEO of another matchmaking company called BioAssayLINK. “It’s a business imperative for more outsourcing and collaboration. This is where the online matching stuff comes in.”

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### Finding a suitor

Each matchmaker takes a slightly different approach, but the objectives vary little—find the best provider for the project in the least amount of time with the least amount of effort. Business development consultant Joe Payne, who helps companies find vendors, says he spends 80% less time helping his clients strike deals with service providers by using Assay Depot’s services. It was a “dra-

matic change,” he says. Assay Depot is so straightforward, he adds, his services may no longer be needed for some.

Additionally, some online marketplaces, such as Assay Depot and goBalto—another site launched in April 2009—provide a rating system where customers can submit feedback about the services they received from a particular company. Before starting goBalto, the company’s founder Jae Chung was frustrated by the fact that it was “so hard in this industry to find out who’s good and who’s bad.” So he designed goBalto with a rating system modeled after Yelp, the online site where users can write reviews and recommendations for restaurants as well as a variety of entertainment and service vendors. This ability has “shaved weeks off of [a company’s] initial search” for a service provider, he adds—what used to take 4 to 6 weeks can now be done in a couple of days, all at no cost to the researchers and companies seeking services. Service providers can use goBalto’s services for free as well, or pay up to \$600 per month for additional services, such as posting more detailed information and video content about their company.

Biotech consultant Heidi Hoffmann says goBalto has cut the times she spends searching for contract manufacturing organizations (CMOs) in half. “In terms of project time,” she adds, “[that’s] probably on the order of a couple of weeks,” which saves the firms that hire her a significant amount of money.

But it’s not just the efficiency of the search that’s improved, says consultant and Assay Depot user Tim Gahman, ▶

it's also the breadth. "Having been in the industry for a while, I know of particular vendors that are out there," he says. "[But] one thing I didn't realize is there are a lot of vendors out there that I hadn't heard of." Now, thanks to online matchmakers, when searching for the best service providers for his clients, Gahman has "so many more options" to choose from.

Some of these matchmaking sites also let companies post a service needed, for which the service providers themselves can search. That's how Keith Russell of Global Pharmaceutical Services found out about a potential project with a Chinese medical technology supplier, who advertised on goBalto for an independent facility to test a new blood pressure-measuring device. Russell contacted them to begin

discussions, and had a proposal in their hands 1 week later. Without goBalto, "I don't know if we even would have [seen] the opportunity," Russell said.

One matchmaking company in particular embraces this need-driven perspective. "We're called an antisearch engine," says Pamela Wertalik, founder and CEO of Contract Laboratory. While Contract Laboratory does offer a searchable directory of over 20,000 service providers, it also fields calls from a range of businesses looking for a scientific service, and helps them find the lab that can meet their needs within their timeframe.

A major benefit to matchmakers, says Wertalik, is that "small labs can compete" where normally big CROs would swipe all of the business. "It kind of levels the playing field among labs," she says.

## Benefits to Service Providers

### Increase visibility

"The benefit to us has been wide exposure for the products and services [we offer]," says goBalto user Keith Russell of Global Pharmaceutical Services. "That has generated interest from companies that we normally would not have received interest from."

"For a product, it's very simple [to advertise], but for a service, it's hard—there's so much uncertainty. Every project is different so every project [requires] lots of negotiations with customers," says Kunhua Chen, CEO of Exon Biosystems. Some companies simply don't have the means to launch such a complex advertising campaign. But sites like Assay Depot "have the resources for market team and sales," Chen says. "It's very convenient for us."

### Branch into new areas

Sai Advantium, one of the largest CROs in India, recently branched out from their primary focus of chemistry-based outsourcing into pharmacokinetics and drug metabolism. "We had to build those new relationships and new connections," says vice president Hitesh Patel. With Assay Depot, "we [have reached clients] we wouldn't [otherwise] find because we focused on a very chemistry-focused world."

### Scan for wanted business

"The critical thing for us is becoming aware of the opportunities, wherever they may be," says Keith Russell of Global Pharmaceutical Services, who scours the goBalto site a couple of times a week for potential business among the service-wanted posts.

### Find serious clients

Often companies will request quotes from service providers before they are serious about signing a contract, says Chen. As a result, "I would say probably less than 10% [of those result in] a deal." But researchers searching on Assay Depot tend to have a "specific project in mind," he says, making it much more likely for quote requests to result in business.

### Level playing field

Depending on their business model, online matchmakers can "be really favorable to small companies," says Kevin Lustig, president and CEO of Assay Depot.

### Not your type

Chen of Exon Biosystems, which only employs a half dozen scientists, agrees that online matchmakers give smaller companies a shot. "We never get a single project that big," he says, referring to the \$80,000 deal he struck with Elan Pharmaceuticals. "Usually [researchers] look for big companies with [whom they've had a] longtime relationship."

In addition, because Assay Depot offers the legal services necessary to start a project, such as setting up the contracts and confidentiality agreements, "I think the customers are more willing to make a deal," Chen says. In essence, they're striking the deal with Assay Depot directly, instead of Exon—a small company they're not familiar with, he says.

Some of these sites even go one step beyond the legalities of setting up the deal to helping the service seekers and providers manage their projects once they're underway. Depending on the company, such services can provide a means of passing confidential documents between partners, following the project's progress, and communicating any questions that arise to all of the relevant players. ►

Despite these services, some worry that a fully automated system is missing a key element: human contact. “I have yet to find a substitute for personal interaction when it comes to large-scale fields,” says Pete Latham of BioPharm Services, a technical and business development consulting company. While these sites are admittedly a great way to find leads, he says, managing those leads may be difficult.

Most who have experience with these sites disagree, however. “In my experience, [it’s] somewhat unusual to have that kind of follow-up and follow-through,” says Russell. On one occasion, he missed a relevant opportunity posted on the goBalto website and Erik Sam,

goBalto’s director of business development, brought it to his attention. Assay Depot similarly has “a warm body to contact” if any questions should arise, says Hitesh Patel, vice president of Sai Advantium, one of the largest CROs in India.

“I do think that this online match-making in the field of science is the way ahead,” says Jeanette Walker, director of letscellit.com, which just launched a UK

matchmaker called BioPharma Market last November. “It already happens at meetings; we’re trying to do that electronically.” ■

## Benefits to Researchers and Companies Seeking Vendors

Saved time and money

Comprehensive search

Access to the person directly responsible for project

Multiple quotes quickly

Reviews/ratings on vendors

### Online Marketplaces

Company	Launched	Service providers listed	Services provided	Fees to service seekers	Fees to service providers
Contract Laboratory	2004	20,000	Post requests, search directory	Free	Free to list in directory Add link to directory listing—\$1000 Full registration (web link in directory, access to contact info, and addition features)—\$3000/year for first lab + \$1000/year for additional labs
BioAssayLINK	2006	>1,500	Submit request (company does search for you and provides report)	\$400 per request (Australian dollars)	Joining + annual fees (up to 10 different capabilities): Biomedical researchers (at universities or research institutes)—\$200 + \$300-\$500 Bioassay Service providers (companies that offer services/products for profit)—\$400 + \$500-\$1000 Specialized Consultants—\$400 + \$500-\$1000(Australian dollars)
Assay Depot	2008	150	Search directory, communicate with members/request quotes, finalize contracts, complete billing, manage projects, rate service providers	Free	7% commission
goBalto	April 2009	>10,000 (7,500 registrants)	Post requests, search directory, communicate with members/request quotes, rate service providers	Free to search and communicate	Free to register Premium partner account—\$499.95-599.95/month Featured partners—2-5% commission on leads generated through site Sponsored keywords—price varies
PHARMerAID	August 2009	20	Search (directory only)	Free	Free to list in directory Logo—\$5/year per service Contact info—\$5/year per service Web link—\$5/year per service
BioPharma Market	November 2009	800	Post requests, search directory, communicate with members	Free to search directory £199 per year to have system broker relationship, search the pipeline of molecules (483 molecules currently), and access the list of biotech drug discovery/development companies and the directory of academic departments	