Engaging Strategic Partners in Reproductive Health

This document is meant to serve as a companion guide to the Engaging Strategic Partners in Reproductive Health Masterclass, hosted by Rhia Ventures and RH Capital (April 2023). The recorded Masterclass series will be available on our website, www.rhiaventures.org

This guide will:

- Provide an overview of Strategic Partners in Reproductive Health.
- Cover partnership structures (such as joint ventures, licensing and development agreements, contract research, equity investments, and acquisition).
- Review a case study of how Cirqle Biomedical negotiated a licensing and development deal with Organon.
- Discuss considerations for selecting appropriate partnership structures, expectations for process and timing, and best practices for strategic partner engagement.

What is a Strategic Partnership?

Strategic Partnerships are a type of organizational or business relationship. They are usually defined by the following parameters:

- Partners remain independent; share the benefits from, risks in and control over joint actions; and make ongoing contributions in strategic areas.
- Usually established when companies/organizations need to acquire new capabilities within their existing scope.
- In the pharmaceutical startup space, they are interested in rights to the IP. They can take the form of licensing deals, minority equity investments, joint ventures or non-traditional contracts (such as joint R&D, long-term sourcing, shared distribution/services).

Types of Strategic Partnerships:

- **Joint Venture:** In a joint venture, two or more companies create a separate legal entity to collaborate on a specific project or business. This allows the partners to share risks, costs, and profits associated with the venture.
- **Licensing Agreement:** A licensing agreement enables one company to use another company's industry knowledge or previous study data, or intellectual property- such as patents, trademarks, or copyrights- in exchange for a fee or royalty. This type of partnership allows businesses to expand into new markets, products, or services without investing in research and development.
- **Marketing and Distribution Partnership:** This type of partnership focuses on co-marketing or co-branding initiatives, where the partners collaborate on promoting and selling each other's products or services. This can include cross-promotion, shared advertising, or joint product development.
- **Supply Chain and Manufacturing Partnership:** In this partnership, companies work together to optimize their supply chains, share manufacturing facilities, or collaborate on product development. This can lead to cost savings, increased efficiency, and faster time-to-market.

Types of Strategic Partnerships (cont.)

- **Technology and Innovation Partnership:** Companies in this partnership collaborate on research and development, sharing expertise and resources to create innovative products or services. This can be particularly beneficial for smaller companies looking to access a larger partner's resources or for businesses in rapidly evolving industries.
- **Affiliate Partnership:** In an affiliate partnership, one company promotes and sells another company's products or services in exchange for a commission. This type of partnership is prevalent in the e-commerce and digital marketing sectors.
- **Merger and Acquisition:** While not a partnership in the same sense, mergers and acquisitions can be strategic moves where two or more companies combine to form a single, more competitive entity. This can result in synergies, cost savings, and expanded market presence.
- **Nonprofit and For-profit Partnership:** This type of partnership involves collaboration between nonprofit organizations and for-profit companies, often with the goal of achieving a social or environmental impact. These partnerships can help nonprofits access resources, expertise, and funding, while companies can benefit from positive public relations and enhanced corporate social responsibility.

What Makes a Good Strategic Partner?

- **Mission and value alignment**: Do we align ideologically on core values, goals, and objectives?
- **Capacity and expertise**: What skills or knowledge do they bring?
- **Reputation and trust:** Are they established and credible in relevant communities?
- **Access to networks:** Do they bring access to networks that can amplify our impact?
- **Access to financial resources:** Access via upfront payment, research contributions, milestone payments, and royalties.
- **Geographic and demographic reach:** Can they help you reach a broader audience or range?
- **Organizational fit:** Are they a good match? And can you work together effectively?
- **Sustainability:** Do they have a strategic plan for resource allocation, evaluation, and adjustment over time?

Additional Resources

- Improving the Management of Complex Business Partnerships (McKinsey)
- Getting Strategic Partnerships Right (Forbes)
- What Makes a Good Strategic Partnership and How to Succeed (IMD)
- A Practical Guide for Implementing a Human Rights and Reproductive Justice Approach to Research and Partnerships (Ibis Reproductive Health)

Case Study Key Takeaways

Frederik Madsen, CEO of Cirqle Biomedical, a contraceptive technology company, worked with consultant Dr. Ulrich Koch of Venice Pharma Consultancy to secure a strategic partnership with Organon, a large Women's Health pharmaceutical company to license and develop their lead product, a non-hormonal contraceptive. The Masterclass provides an overview of the process. Additional information on this strategic partnership can be found here.

- **Engaging strategic partners early in your journey can be extremely helpful, but it may not make sense for everyone.**
    - Consider where your company or organization is in terms of funding, resources, and human capacity to propel your business forward. Additionally consider how far the company is in development to be an attractive strategic partner. Sometimes it can be beneficial to delay seeking a strategic partner until you have an attractive offering (product, service, resource, skill, etc.).
- **Consider your capacity.**
    - This is especially relevant for companies that are fundraising and seeking strategic partners in unison. Engaging strategics is a very time intensive process, if there is not someone on the team who is able to devote their time, seek the support of a consultant. Additionally, consider retaining legal counsel for the contract and negotiations process.
- **Keep an open mind when thinking about who to partner with – you never know what opportunities may materialize.**
    - This is especially important for an early-stage company. Even if a potential partner doesn't make business sense in the present moment, they may later down the line**.**
- **Know and organize your options when preparing to approach strategic partners.**
    - It may be helpful to have a list of all potential strategic partners and approach them separately but at the same time, as opposed to sequentially. This ensures that all options are available at once as you make your decisions about strategic partnerships. It may also be helpful to have potential strategic partners organized by "priority"- e.g., first choice, second choice, etc.
- **Gather your materials.**
    - Prepare a "one-pager" document outlining your project, focusing on the value-add to target strategic partners. Have a pitch deck, CDA template, and electronic data room to share with potential strategic partners. Sharing information early on will inform the specifics of the partnership, should you work together.
- **Prepare for due diligence**
    - The due diligence process is crucial as it leads to an offer being made, though it can be time-consuming and take a year or more. During this phase, teams from different departments review the data room, ask questions, and attend meetings to address their concerns and follow-up inquiries. It is very important to be transparent with your data in this process. This process may start quickly and then slow down, especially as the deal begins to emerge.