

Managing BioPharma alliance risks

Strategic alliances are a cornerstone of innovation in the biopharma sector. They are meant to contribute to new developments and enable companies to navigate scientific and market challenges effectively.

This executive brief explains how alliance management teams can ensure risks don't prevent, delay or diminish the achievement of alliance goals.

General business risks vs alliance-specific risks

General business risks broadly fall into two categories:

- **Scientific and technical risks** exist at each stage of the drug development process and include factors such as lead compound identification, toxicology and efficacy issues.
- **Market risks** include regulatory, market acceptance, competition, pricing and Intellectual Property issues.

Although general business risks are typically managed by business unit or functional stakeholders, their potential impact on alliance value realization makes it important for alliance managers to monitor them as well.

Alliance-specific risks are those risks that exist because the activity is conducted with external partners. These risks are managed by alliance management teams and can be grouped under three categories:

- **Business risks** can be strategic or operational misalignment between partners that prevent moving the business forward in a way that maximizes value for all constituencies, and the potential that a party to an agreement will not fulfill its contractual obligations.
- **Human risks** can be differences of opinion, outlook, or perspective that result from culture, motivations, interests, or priorities of one of the partners, and interactions between individuals that result in conflict or a loss of trust.
- **Legal uncertainties** are ambiguities in an agreement that are interpreted and resolved unfavorably to a specific partner. Legal uncertainty is typically a leading indicator of business or human risk.

Establishing a process that your team can follow and tracking all relevant risks across your alliance portfolio in a consistent way are essential elements of a sound alliance risk management strategy.

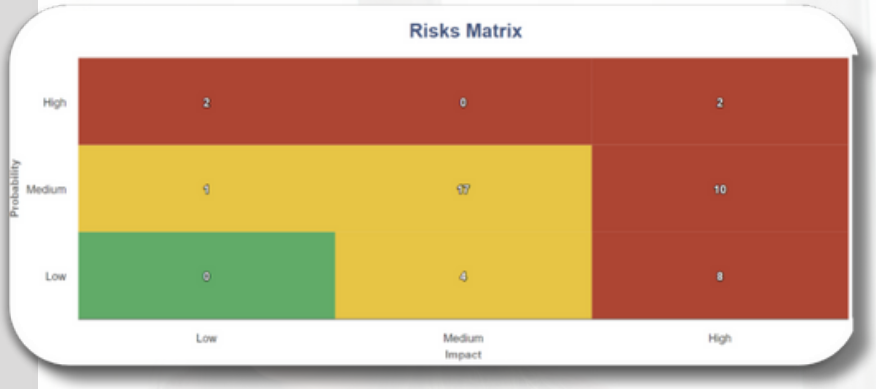
How you can effectively manage BioPharma alliance risks

Step 1. Define what types of risks to track

Not all risks are created equal. Your team should define what types of risks are worth monitoring – those risks that can have a significant impact on the success of your alliances.

Step 2: Inventory and prioritize risks

Once these risks are identified, it is important to prioritize them by establishing the level of **probability** that a risk will materialize and the risk's potential **impact**.

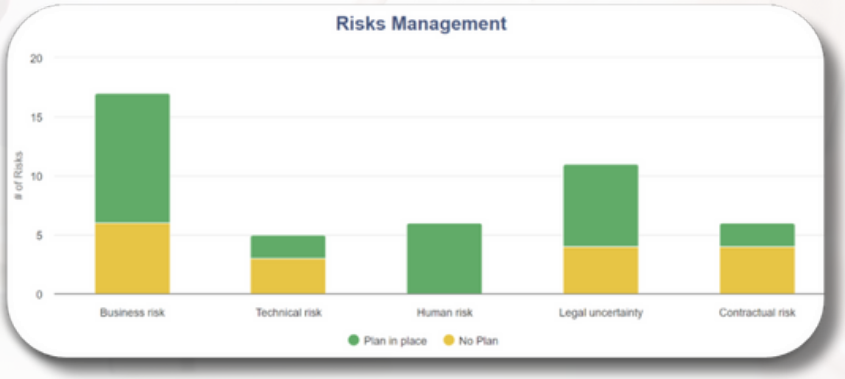


The combination of probability and impact can be presented in a **risks matrix**, which in turn can be used to assess whether resources and efforts are allocated appropriately. By identifying and prioritizing these across your alliance portfolio you ensure that your team focuses its attention on those risks that matter most.

Having a risk management dashboard enables stakeholders to see one version of the truth in real-time and facilitates collaboration to prevent alliance goals from being detracted by undesirable events or situations.

Step 3. Establish risk management plans

Each important risk should have a **risk management plan**. These can be defined with appropriate stakeholders and documented as agreed-upon and tracked plans to ensure proper actions are taken in a timely manner.



How allianceboard can help

Contact us to learn how allianceboard enables you to navigate through the above steps seamlessly to ensure your alliances stay on track and achieve their intended value.

allianceboard empowers alliance management teams to manage their alliance portfolio effectively in one intuitive platform, making it easy for your team to identify potential risks and efficiently communicate with both internal and external stakeholders to mitigate these risks before they materialize.

With allianceboard you can quickly generate powerful insights to drive alliance success at scale and demonstrate the value of your work.

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DRIVE ALLIANCE SUCCESS

www.allianceboard.com | contact@allianceboard.com
North America: +1 (857) 239 0262 | Europe & UK: +41 79 905 6550