



# ASSESSMENT AND RENEGOTIATION OF PURCHASING AGREEMENTS TO REDUCE COSTS

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## COMPETITIVE DEMANDS

Organizations harvesting the greatest results from enterprise wide sourcing initiatives will achieve a significant cost advantage over the competition.

Driven by New Realities

Cost savings  
are *the*  
priority

Purchasing has the  
largest potential  
for impacting total  
enterprise costs

Purchasing core  
competency  
*equals*  
competitive  
advantage

Institutionalized,  
standardized  
enterprise  
Strategic  
Sourcing is the  
vision

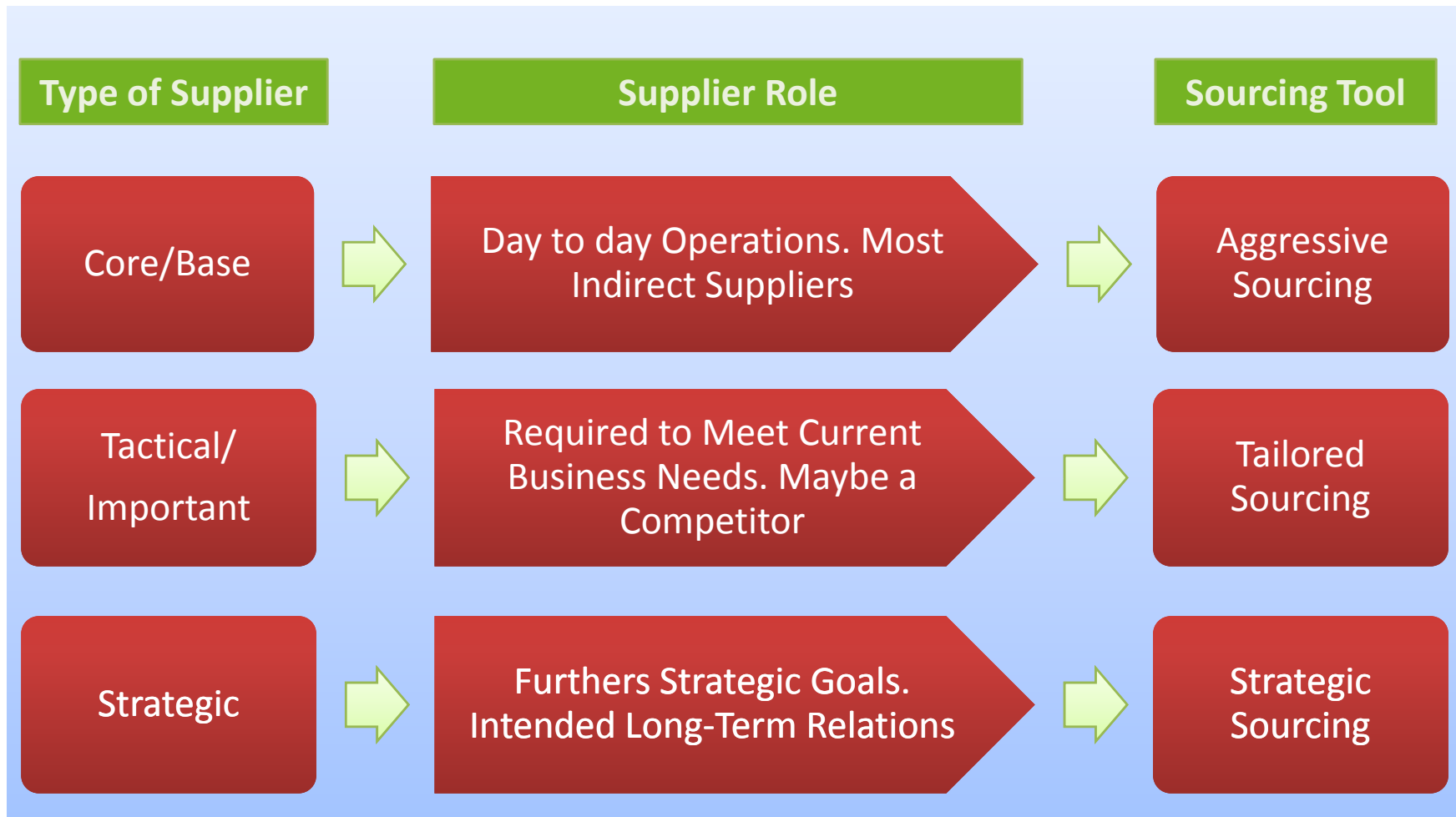
Technology is  
a critical  
enabler

### ***Recessionary Pressures***

A reduction in cost can result in an increase in the organization's overall profitability.

Given recessionary influences, suppliers may be more motivated to provide attractive price concessions.

DEPENDING ON THE TYPE OF SUPPLIER, DIFFERENT SOURCING TOOLS CAN BE APPLIED TO REDUCE COSTS AND INCREASE EFFICIENCY

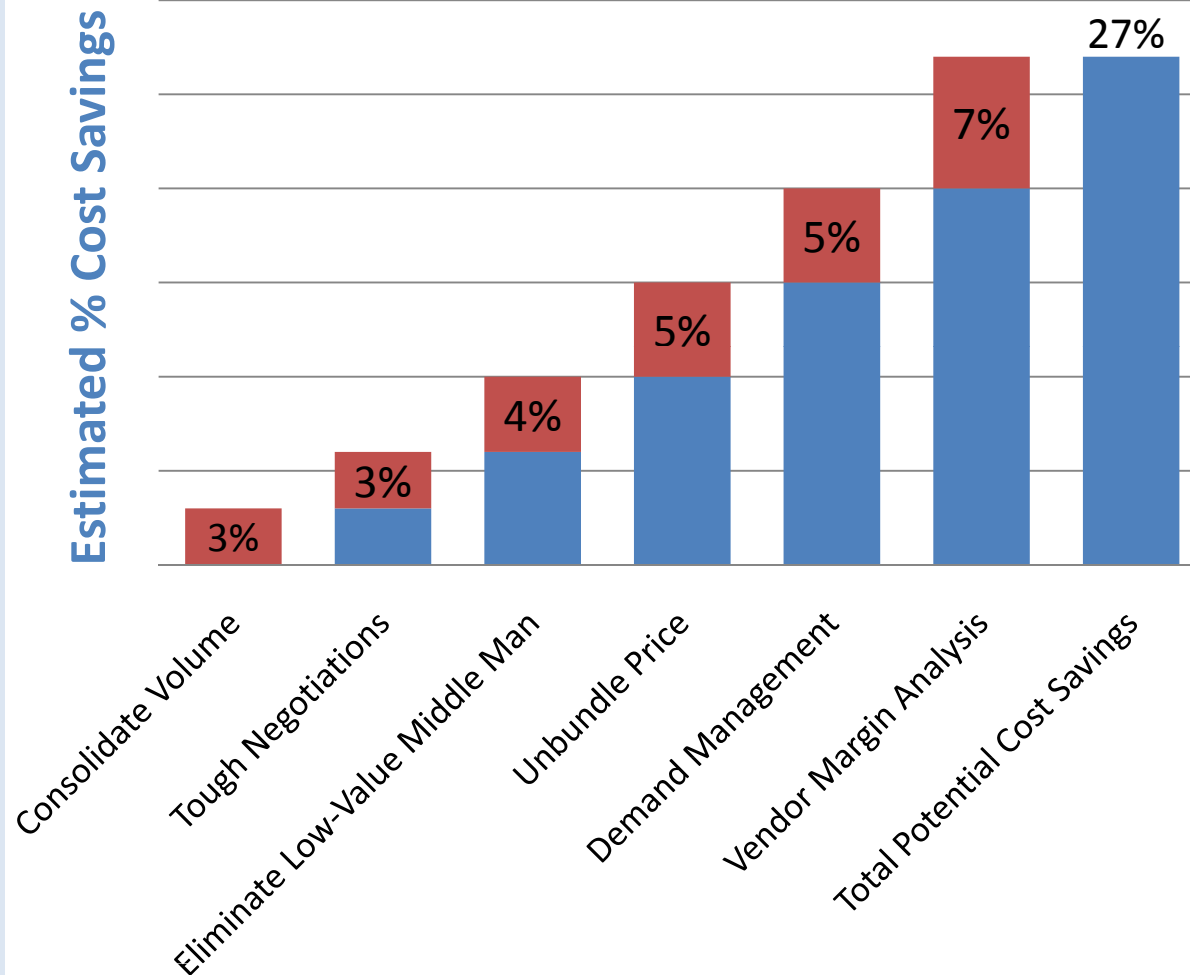


## AGGRESSIVE SOURCING

❑ *Traditional aggressive sourcing techniques* rely on volume consolidation and tough negotiations.

❑ Other *aggressive sourcing techniques* rely on an understanding of the micro-economics of the buyer-supplier relationships.

❑ Implementation of *aggressive sourcing techniques* can result in over 20% savings on indirect expenses.



□ **Strategic sourcing** is a process that helps companies analyze how they produce products to lower costs, improve profits and enhance their supply chain.

*Most companies uses a significant portion of its budget to purchase raw materials, reagents and other supplies necessary to produce its therapeutic products.*

□ **Strategic sourcing** can also be used to identify supply chain risks and minimize exposure to these risks.

*These are certain supply components that are essential to any company's manufacturing and without them the company's production would have to be shut down. Some of these components are sourced from a single supplier, and as such, a company is subject to significant risk in the event of the supplier's default. Identification and contracting with alternative suppliers can reduce such company's risk.*

# TRANSFORMATIONAL ROADMAP

## THE EVOLUTION OF PURCHASING PRACTICES

Performance Area	Traditional Purchasing	Competitive Purchasing	Strategic Sourcing
Supply Base	Large for safety	Rationalized by process	Optimized
Contracting	Annualized and by Contract	Multi-year with Teaming	Long term relationship
Supplier Interaction	Primary buyer but includes "anyone"	Driven and focused by Procurement	Multi-functional and parallel efforts
Design Process	Serial effort: design then buy for life of the Contract	More proactive but still limited	Parallel effort: involvement up-front
Pricing	"Steel toe" negotiations	Cost reductions via competition	Price modeling with cost targets
Information Sharing	"We'll tell you what we want you to know"	Limited access to manufacturing build plans	"Real time" access to build plans, forecast data, and inventory balances

STRATEGIC SOURCING

## DEVELOP THE STRATEGY

### Define Objective and Scope

- Define objectives and identify critical success factors. Align operational goals with business strategies and begin developing plan

### Collect, Cleanse and Analyze Data

- Clean up data, perform spend analysis, supplier and product consolidation, rank opportunities

### Identify Internal Requirements

- Identify specific commodity requirements, standardization opportunities, product specs, operational requirements, term and conditions

### Classify Supplier Type and Sourcing Tool

- Classify suppliers differently by stratifying the supply base and establishing each supplier's role, determine the appropriate sourcing tool to be applied

### Understand Supply Market

- Evaluate market trends, new suppliers and supplier consolidation; conduct market surveys; develop RFI attributes, template and distribute; review impact of current long term suppliers; identify possible value added services

### Develop Strategy and Quote Process

- Develop commodity strategies using total cost model, target cost, bundling, risk assessment, supplier relationship strategy



RfX Event

- Identify commodity specific terms; develop RFP attributes, template and distribute; establish evaluation criteria and evaluation template

Analysis and Negotiation

- Follow up with suppliers, clarify supplier questions, receive quotes, analyze quotes using quote analysis template, select lowest total cost approach

Award and Contract Management

- Develop and award contract, track compliance, communicate supplier performance

Supplier Relationship Management

- Monitor supplier metrics performance, take corrective action, establish penalties/rewards



## LAWYERS ARE BEST SITUATED TO BE ABLE TO REVIEW EXISTING AGREEMENTS, UNDERSTAND CURRENT OBLIGATIONS AND DETERMINE APPROPRIATE CONTRACTING PROVISIONS

- ❑ **Sheila Mikhail** of LSL worked for A.T. Kearney, a management consulting firm that pioneered aggressive and strategic sourcing methodologies. While working with A.T. Kearney, Sheila consulted with several Fortune 100 Companies in analyzing their cost structures and renegotiating supply agreements to reduce purchase prices (on average up to 20%), decrease logistics costs, and streamline and integrate purchasing processes.
- ❑ **Nilay Patel** works with one of our client's purchasing group furnishing the legal function to support their needs.
- ❑ Several of LSL's attorneys have MBAs and CPAs degrees and business backgrounds in addition to their legal training.
- ❑ **Ann Abatangelo** has recently joined LSL to provide support for several of its consulting oriented initiatives. Ann was previously an economic consultant with Lexicon for over a decade and has an MBA from the University of Chicago.

# PROFESSIONAL BIOGRAPHIES & CONTACT INFORMATION

LSL PROFESSIONALS

9/3/2009



## Sheila Mikhail

[smikhail@LifeSciLaw.com](mailto:smikhail@LifeSciLaw.com)

Sheila has over 20 years of experience in corporate and securities law and management consulting. Prior to establishing LSL, Sheila practiced law with Ropes & Gray in Boston. She was also Law Clerk to the Honorable Martha Craig Daughtrey, 6<sup>th</sup> Circuit, US Court of Appeals.

Sheila has represented a variety of pharmaceutical, biotechnology and life sciences entities, including start-ups and publicly traded companies, as well as venture capital funds and investment banks. She has participated in numerous public offerings, venture capital investments, mergers and acquisitions, leveraged buyouts, asset purchases, technology transfer and private placements of securities. To date, she has completed over 2000 licensing, development, evaluation, research, clinical trial, technology transfer and other intellectual property agreements.

Sheila understands not only the legal challenges facing life sciences companies, but also the operational issues addressed by such companies on a daily basis. She has served as Chief Executive Officer of Asklepios BioPharmaceutical, Inc., a gene therapy company, where she was able to successfully raise almost \$8 million and take a therapeutic for Duchenne's Muscular Dystrophy into human clinical trials. She has also served as Chief Executive Officer of NanoCor Therapeutics, Inc., a spin-out from Harvard University, where she completed a \$8.5 million equity investment from Medtronic, Inc.

Prior to practicing law, Sheila worked as a consultant for Arthur Andersen in Chicago where she specialized in mergers and acquisitions, cross-border transactions and integration issues. She also worked with A.T. Kearney and the Acumen Group where she advised emerging companies on the commercialization of new technologies and Fortune 100 companies on turn around and operational strategies to improve profitability.

Sheila received a B.S. from the University of Illinois at Urbana-Champaign, with highest honors; a finance M.B.A. from the University of Chicago, with honors; and a J.D. from Northwestern University, with honors. Sheila is admitted to the bars of Massachusetts, Arizona, New York and North Carolina. She is a member of the American Bar Association Committees on business law; private equity and venture capital.

9/3/2009



***Vanessa Hamilton Anderson***[vanderson@LifeSciLaw.com](mailto:vanderson@LifeSciLaw.com)

Vanessa is an experienced intellectual property, corporate and regulatory attorney and brings a broad range of experience to Life Sciences Law. Prior to joining LSL, Vanessa was with Keller and Heckman, LLP, a regulatory firm in Washington D.C. Vanessa has also worked for boutique firms specializing in patent and complex commercial litigation and as a Technology Transfer Associate at a flagship land grant university.

Vanessa's experience includes providing nationally recognized consumer products clients with assistance in drafting and negotiating intellectual property licensing agreements, general business and consulting agreements, confidentiality agreements, material transfer agreements and strategic alliance and co-development agreements. Additionally, she has worked with clients to develop corporate best practices and consumer and employee privacy protocols. Vanessa also brings to the firm extensive experience providing advertising advice as well as trademark selection and prosecution assistance. Vanessa directs the clinical trials group at LSL and in such capacity has worked extensively with CROs and universities in over 37 countries.

Vanessa holds a M.S. in Biochemistry and Molecular Biology with specialization in Biotechnology from Georgetown University as well as a J.D. and B.S. from Louisiana State University. Vanessa is admitted to the District of Columbia and Louisiana Bars, and is a Registered Patent Attorney before the U.S. Patent and Trademark Office.

9/3/2009



**Cheryl Babo**[cbabo@LifeSciLaw.com](mailto:cbabo@LifeSciLaw.com)

Cheryl has more than 13 years of legal experience that ranges from complex commercial litigation to corporate transactional law in the life sciences and high technology sectors. In addition to her work with LSL, Cheryl currently serves as Assistant General Counsel to The Translational Genomics Research Institute in Phoenix, Arizona, where she drafts and negotiates research collaboration agreements; clinical study agreements; CRO, SMO and site agreements; confidentiality agreements; material transfer agreements; intellectual property licensing agreements; master service agreements; research grant subcontracts; and a wide array of general business agreements. Cheryl also advises internal clients on various issues relevant to non-profit entities as well as other general liability and risk concerns.

Prior to her work in the life sciences field, Cheryl worked in-house at Intel Corporation drafting, negotiating and managing compliance with and enforcement of enterprise-wide hardware and software purchasing agreements, licensing agreements, confidentiality agreements and related consulting and services agreements. Before going in-house, Cheryl gained extensive litigation experience counseling and defending clients ranging in size from Fortune 500 companies to small business owners and individuals on matters involving intellectual property, product liability, corporate fraud and professional malpractice claims, among others. Cheryl worked as an associate for Brown & Bain, P.A. (which has since merged with Perkins Coie, LLP) and Bowman & Brooke, LLP, both in Phoenix, Arizona, and was a senior partner with the Grasso Law Firm, P.C. in Tempe, Arizona.

Cheryl received a J.D., *summa cum laude*, from Arizona State University; joint M.B.A. and M.S. Information Management degrees from Arizona State University; and a B.A., *magna cum laude*, in Philosophy from Arizona State University. Cheryl is admitted to the Arizona bar.

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**Dr. Mary Boguslaski**[mboguslaski@LifeSciLaw.com](mailto:mboguslaski@LifeSciLaw.com)

Mary specializes in patent law and licensing and worked for Bayer HealthCare, LLC, as a patent attorney for 21 years. Her experience includes diagnostics, consumer care, biotechnology, citric acid fermentation, food ingredients, central technology, chemical synthesis of pharmaceuticals and allergy products.

Mary's practice includes the structuring, negotiation and drafting of research and development and licensing agreements. She has also substituted in an Ombudsman position (Ethics and Privacy Officer) for Bayer.

Prior to joining LSL, she was Senior Patent Counsel for the Bayer's Biological Products division, for both the North Carolina (plasma products) and California (recombinant FVIII) sites. She handled the contracting needs of the research and development group, as well as licensing transactions for Bayer's plasma products business.

Mary received her B.S. in Pharmacy from the University of Michigan; her Ph.D. in Pharmaceutical Chemistry from the University of California, San Francisco Medical Center; and her J.D. from the University of Notre Dame. She is a member of the patent bar and is licensed in Indiana.

## Jerrie Chiu

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Jerrie has extensive corporate and pharmaceutical experience. Jerrie began her legal career at Testa, Hurwitz & Thibault in Boston, MA and then moved on to in-house positions at pharmaceutical and other high-tech companies. Jerrie's pharmaceutical experience extends from basic research to all phases of drug approval and commercialization.

She has worked on regulatory matters related to drug approval and labeling and has significant experience in the review of marketing materials for legal and regulatory compliance. Additionally, Jerrie has worked extensively in clinical trial contracting and in contracting for pharmaceutical manufacturing and distribution, including specialty distribution contracting for biologics. Other areas of substantial contracting experience include managed markets, specialty pharmacy and Medicare Part D. Jerrie understands not only the legal issues facing a company, but also understands the business issues.

Jerrie has served as an officer for a NYSE-listed company and currently serves on the Board of Directors for a non-profit entity. Jerrie is also a registered Patent Attorney. Through her broad-reaching corporate and pharmaceutical experience and her intellectual property expertise, she has been able to successfully negotiate some of the more complex and large-scale transactions in the pharmaceutical industry. The types of transactions she has negotiated include global co-development and co-promotion agreements, technology out-licensing and in-licensing agreements, and cross-border acquisitions.

Jerrie received her BS in chemistry, with honors, from Indiana University and a JD, with highest honors, from the University of Connecticut, School of Law. Jerrie is admitted to the bars of MA and CT and is registered to practice before the USPTO. Jerrie works in association with LSL through her company, Ambitus Legal, LLC.

9/3/2009



## Jason Conner

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Jason's practice focuses on commercial and intellectual property transactions and strategic counsel in the pharmaceutical, biotech and life sciences industries, including:

- business development transactions, including in/out-licensing and development agreements, strategic alliances, product/candidate acquisition and divestitures, and research collaborations agreements;
- drug manufacturing, supply chain, processing services, distribution, and co-promotion agreements;
- pharmaceutical and biotech outsourcing arrangements, including contract manufacturing (API, finished product, and delivery systems), clinical services (CRO), and marketing agreements;
- clinical trials contracting and compliance, including master service agreements, clinical trial agreements, investigator led study agreements, central laboratory agreements, clinical packaging and distribution agreements, and advising on clinical SOP development, IRB issues, informed consent forms, and other general compliance issues.

Jason has experience advising clients in a variety of industries, including pharmaceuticals, biological such as recombinant proteins, gene therapy, plasma-based therapeutics, vaccines, ag-bio and ag-chem. Jason has completed clinical trial arrangements with hundreds of clinical sites globally, including the EU, Eastern Europe, Australia, Latin and South America, Africa, Malaysia, Japan, Korea, and China.

Prior to joining LSL, Jason managed business development activities at Becton Dickinson's research and innovation division, BD Technologies, in areas including therapeutics, cell therapy and tissue engineering, biomaterials, drug delivery/devices, diagnostics and instrumentation platforms. He also worked at the University of North Carolina Technology Transfer office, where he structured and negotiated technology transfer agreements with university spin outs.

Jason holds a J.D. from the University of North Carolina, School of Law. He received a M.S. in Technology Commercialization from North Carolina State University College of Management and a M.A. from the University of Hawaii. He holds a B.A. from the University of Pennsylvania. He is admitted to the bar of North Carolina.

9/3/2009



**Timothy Ferguson**[tferguson@LifeSciLaw.com](mailto:tferguson@LifeSciLaw.com)

Tim brings a broad range of business and legal experience to Life Sciences Law, PLLC. Prior to joining LSL, he participated in an entrepreneurial initiative designed to serve the legal and policy requirements of North Carolina's viticulture and nutraceutical industries. At LSL, he has assisted entrepreneurial companies with their organization and subsequent financings.

Tim has assisted several of LSL's clients in preparing for due diligence in connection with financings, licensing transactions and collaborations. He has extensive knowledge in electronic data room management.

Tim holds a Bachelor's degree from The Citadel, where he graduated with honors. He received his J.D. from the University of North Carolina, School of Law. He is admitted to the North Carolina bar.

## *Nilay Patel*

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Nilay is an experienced corporate and patent attorney with a background in chemistry. He drafts and negotiates many types of transactional agreements ranging from licensing, strategic alliance and co-development agreements to master service, supply and manufacturing agreements.

Nilay also serves as patent counsel to several biotech start-ups, providing patent portfolio management and patent strategy development.

Prior to joining LSL, Nilay practiced patent law with Cooper & Dunham LLP in New York. His experience includes global patent prosecution of small molecule and protein-based pharmaceuticals. Before practicing law, he worked as a bench chemist at a contract pharmaceutical developments laboratory.

Nilay received his B.S. degree in Biochemistry and B.A. degree in Chemistry from North Carolina State University and his J.D. degree from Columbia Law School. He is admitted to the New York bar and is a Registered Patent Attorney before the U.S. Patent and Trademark Office.

**Aaron Gard**[agard@LifeSciLaw.com](mailto:agard@LifeSciLaw.com)

Prior to joining LSL, Aaron was an associate with Wyrick Robbins Yates & Ponton LLP in Raleigh, NC. Aaron's practice focused on mergers and acquisitions and general corporate matters. Prior to returning home to North Carolina, Aaron worked for Jones Day in Houston, TX where he began his legal career. While at Jones Day, Aaron played a significant role in the representation of a leading international energy company under investigation by the Commodity Futures Trading Commission and the Federal Energy Regulatory Commission. Aaron later joined the firm's oil and gas group and focused on mergers and acquisitions and general corporate matters.

Aaron has a Bachelor's of Art from the University of North Carolina at Chapel Hill and a Law Degree from American University's Washington College of Law . He is currently admitted to the North Carolina Bar and the Texas Bar.

*Ann Abatangelo*[aabatangelo@LifeSciLaw.com](mailto:aabatangelo@LifeSciLaw.com)

Ann has more than 9 years of economic consulting experience in areas involving securities fraud, accounting and valuation matters with a background in the biological sciences. Prior to joining LSL, Ann worked in Chicago at Lexecon, Inc., (presently Compass/Lexecon), on Fortune 100 client engagements in industries encompassing: banking, consumer products, healthcare, oil & gas, pharmaceuticals, retail, technology, and financial/insurance institutions.

Ann has experience on actively managing and coordinating financial and accounting analysis-related efforts for preparing, analyzing and interpreting financial data for client's business operations and industries. Additionally, she has worked with clients to manage and evaluate ongoing projects resulting in significant cost savings. Ann has also worked in New York for the commercial bank, Swiss Bank Corp., merged with UBS AG.

Ann received an M.B.A. degree in finance and health administration as well as a B.A. degree in the Biological Sciences with honors from the University of Chicago.

## *Tamar Mikhail*

[tmikhail@LifeSciLaw.com](mailto:tmikhail@LifeSciLaw.com)

Tamar is a Contracts Administrator with over five years experience in clinical trials, including contract drafting, management, and electronic database management.

Tamar's responsibilities include the following:

- coordinate the contract review process from initial client request through execution;
- review and edit basic modifications to contracts; prepare and distribute routine correspondence, negotiation memoranda, and contract documentation;
- ensure flow of approval and execution of contracts in accordance with client guidelines;
- maintain electronic databases for both contract status tracking and executed contracts;
- assist in creating and implementing reports to clients to provide visibility and improve existing processes;
- assist in identifying and implementation of new contract policy and processes;
- conduct research to support contract audit and/or facilitate client contracting trends as needed; and
- analyze new laws, regulations and contract trends for potential impact on client objectives.

Tamar received a B.A. degree from the University of Illinois.

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