

EQUINOX



Equinox Group Supports Venture Capital Firms

The health care startup environment is difficult and risky. Now more than ever—given the number and complexity of competing opportunities—it is critical to make fast and reliable assessments of future value.



Equinox Group helps investors evaluate pharmaceutical and biotechnology opportunities by blending scientific expertise with best-in-class product forecasting.

“With Equinox Group’s expert analysis of the scientific and business implications of our investigational agent—and the company’s rapid turnaround time—we were able to evaluate market opportunity and conclude our due diligence process.”

Nick Simon, General Partner, MPM Capital

About Equinox Group

Equinox Group is a specialized consulting firm founded in 1995 to serve the pharmaceutical, biotechnology, and venture capital industries. We forecast the commercial outlook for drugs in R&D to help clients make crucial product development and investment decisions. Equinox differentiates itself by offering:

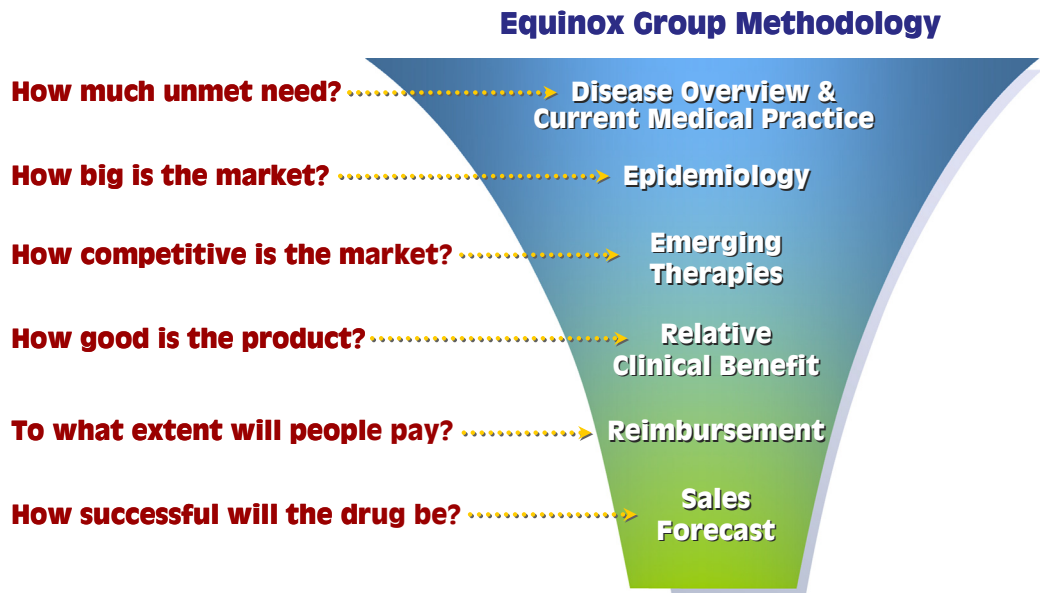
- ✓ Innovative analysis, cutting-edge forecasting techniques, and substantial experience to help clients evaluate opportunities in all therapeutic areas
- ✓ In-depth knowledge of oncology, cardiovascular, metabolic, neuroscience, and respiratory markets
- ✓ Leadership from three principals who bring >50 years consulting and forecasting experience to the biopharmaceutical industry
- ✓ Experienced research staff with backgrounds in biology, forecast modeling, economics, and other technical fields
- ✓ Superior service and support that translate into fast, accurate, objective, and cost-effective assessments of product opportunity
- ✓ Access to global network of thought-leading physicians and payers



RESULT: UNPARALLELED FORECAST ACCURACY

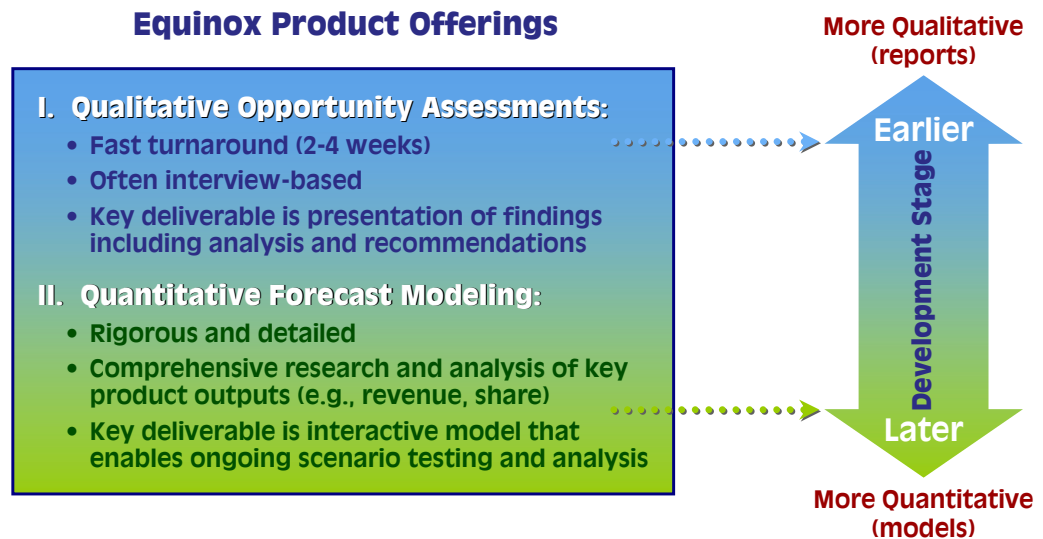
Equinox Group's Methodology and Product Offerings

The Equinox Methodology is based on years of success answering the most critical product development and investment questions.



Equinox answers these questions with a set of tools that ranges from qualitative opportunity assessments to detailed forecast models. Outputs are tailored to client requirements. In some cases, a largely qualitative snapshot of a product or therapeutic area is needed. In other cases, a more in-depth quantitative analysis that allows scenario testing for outputs such as share and revenues across diseases and geographies is appropriate. Along the way, Equinox Group professionals work closely with the client team to ensure objectives are met.

Equinox Product Offerings

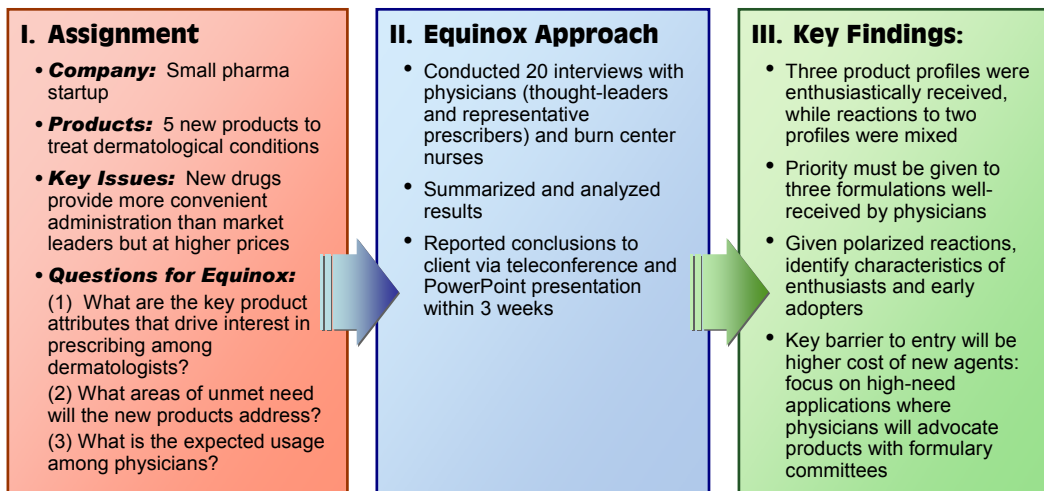


Equinox Delivers Results

Having worked with the major global pharmaceutical companies and leading health care venture capital firms, Equinox has refined its process for delivering clear insights and recommendations quickly to key decision makers.

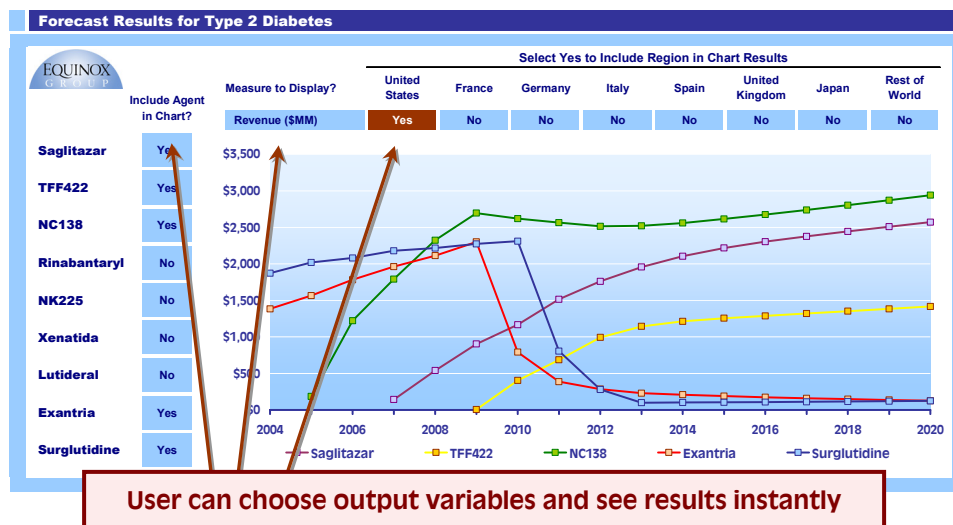
Case 1: Qualitative Opportunity Assessment—Dermatology Drug Formulations

A venture capital firm hired Equinox Group to assess market viability of a pharmaceutical startup's investigational dermatology products. After distilling the most critical issues and questions to consider, Equinox called on its global network of more than 21,000 physicians and payers to help determine the likelihood of product acceptance.



Case 2: Quantitative Forecast Model—Type 2 Diabetes Treatment

A top-10 pharmaceutical company hired Equinox Group to forecast the performance of its new drug to treat type 2 diabetes. Using its proprietary, unmet need-based forecasting engine, Equinox created an interactive market model that allows the user to examine a variety of output scenarios for both its drug as well as for all other competing agents in the type 2 diabetes area.



Equinox in the Valuation Chain

Regardless of project approach, Equinox insights help determine risk and expected cash flows—critical inputs to a sound investment decision. (The table below shows a simplified analysis to evaluate a biotechnology drug in development.)

Compound X: Net Present Value Calculation

Year	Stage	Transitional Probability	Cumulative Probability	Cash Flow (\$MM)	Probability-Adjusted Cash Flow (\$MM)	Probability-Adjusted NPV (\$MM)
0	Origin	100%	100%	(1.00)	(1.00)	-1.00
2	Preclinical	100%	100%	(2.00)	(2.00)	-1.59
4	Phase I	50%	50%	(3.00)	(1.50)	-0.95
5	Phase II	75%	38%	(7.00)	(2.63)	-1.49
7	Phase III	48%	18%	(20.00)	(3.60)	-1.63
9	NDA	75%	14%	(15.00)	(2.03)	-0.73
11	Launch	85%	11%	6.00	0.66	0.19
16	Maturity	100%	11%	200.00	22.00	3.59
19	Patent Expiry	100%	11%	200.00	22.00	2.55
28	Terminal Year	100%	11%	1.00	0.11	0.00

Source: Adapted from Randerson D. *Valuing a Biotechnology Company*. Forensic Accounting Special Interest Group. 2001.

\$12.46 MM

Equinox Group insights help determine risk and expected cash flows

due dil•i•gence (n.):

“Due diligence can vary from a few chats in a bar to a full-scale consultancy project costing hundreds of thousands of pounds. The due diligence process gives the VC an estimate for how reliable the current science is and *what the market might be*. Usually this will differ materially from the scientists' view.”

Source: Bains W. *“The Business of Biotechnology.”* Cambridge University Press, 2001.

Equinox Group is uniquely qualified to support your due diligence process, accurately assessing pharmaceutical and biotechnology opportunities. Our therapeutic area expertise, state-of-the art forecasting techniques, and focus on client service result in findings that are on target, on time, and cost-effective.

For more information on how Equinox Group can help your organization, please contact:

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