

Pharma Talent: Paying Sales Force Bonuses Within a Fixed Budget

QUESTIONS?



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Pharma Talent: Paying Sales Force Bonuses Within a Fixed Budget



I. Briefly identify the Players & Situation

II. Present potential outcomes

- Should Lighthouse lend \$\$ to Avid?
 - Arguments for & against.
 - Lighthouse perspective - Why/Why not?
- How much should debt cost Avid?
 - Waiver coverage exercise.
- Should Avid take on venture debt?
 - Arguments for & against accepting venture debt.

III. Conclude

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Lighthouse Capital Partners

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Venture lender



Raised \$264M in 2008

Cristy Barnes - Managing Director



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Avid Radiopharmaceuticals

Developed technology to detect presence/absence of diseases

AV-45: leading Alzthimers research

Raised \$35M in venture funding



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Venture Debt

8% - 12% Interest

Warrants

Equipment / Blanket lien





Reasons They Should

- Eli Lilly and Pfizer were serious strategic investors
- Phase II trial promising for AV-45
- Phase I trial promising for AV-133
- Avul has some of the best minds in the industry

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Reasons They Should

- AV 45 & 133 provide great possibilities
- Market estimates at 500m to 1.5b for Alzheimers scans
- Therapy possibly discovered by 2014
- Less onerous FDA approval (due to being diagnostic)
- Alzheimers population exploding

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Reasons They Shouldn't

- Late and no in stage firms not familiar
- Series C raised exhausted
- VC's hold diagnostics
- Learning in the field to avoid or get the amount of runway wanted
- Market uncertainty

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Reasons They Should

- Eli Lilly and Pfizer were series B strategic investors
- Phase II test promising for AV-45
- Phase I test promising for AV-133
- Avid has some of the best minds in the industry

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Group Decision

LightHouse Capital Partners needs to persuade their partners and get in on this opportunity



Reasons They Shouldn't

- Late and early stage firms not familiar
- Series C almost exhausted
- VC's hate diagnostics
- Coming in before D round is not the amount of runway wanted
- Market uncertainty

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