



Stories That Sell:

Value Stories From the Sell Side

Introduction

For many sell-side organizations in the life sciences industry, crafting a compelling value story for an asset can often feel like assembling a puzzle without all the pieces. The challenge lies in not only conveying a product's clinical and commercial potential but also ensuring the narrative aligns with the buy-side's strategic goals, risk tolerance, and long-term vision.

Too often, sell-side organizations focus narrowly on a product's scientific merit or clinical efficacy without appropriately addressing broader market and business dynamics. This can lead to lack of interest, stalled discussions, or undervalued deals. In this whitepaper, we explore a structured framework for crafting and communicating a persuasive asset value story, using real-world examples of successful and unsuccessful transactions to highlight key lessons.

Author:
Vaibhav Shrishail,
Principal, Triangle Insights Group

DECEMBER 2024
contactus@triangleinsightsgroup.com

W H I T E P A P E R

The Framework for an Effective Value Story

An impactful value story for a buy-side audience can be broken down into five key components:

1. Differentiated Clinical Data
2. Clear Commercial Opportunity
3. Addressable Market Dynamics
4. Risk Mitigation Strategies
5. Alignment with Buy-Side Objectives

Each component should be researched, tailored, and presented in a way that resonates with the priorities of each potential buyer.



Component 1: Differentiated Clinical Data

What Matters:

Buy-side organizations are inundated with assets claiming unique benefits that could improve upon the standard of care (SoC). The key is to demonstrate, with a research-backed foundation, how your asset uniquely addresses unmet needs or provides a compelling alternative to existing treatments.

Successful Example:

A sell-side organization presented a Phase II dermatology/auto-immune asset with comparable efficacy to the SoC but highlighted its differentiated safety profile and topical route of administration. Through detailed market research, they showed that the asset's safety profile aligned with the preferences of key prescriber and patient segments, resulting in external investment support for Phase III trials.

Unsuccessful Example:

A gene therapy asset was positioned as "best in class" due to its superior efficacy in animal models, but the sell-side team failed to acknowledge a lack of robust Phase I clinical data to date. The buy-side perceived this as a willful lack of recognition on the reality of the situation and declined the opportunity given the perceived high-risk opportunity.

Takeaway:

Focus on both strengths and limitations of clinical data, using contextual comparisons to existing SOC or emerging competitors to demonstrate positive differentiation in a meaningful way.

Component 2: Clear Commercial Opportunity

What Matters:

The buy-side is not only interested in clinical data but also in understanding the asset's commercial viability. This requires a detailed review of the addressable market, pricing potential, and reimbursement landscape.

Successful Example:

An infectious disease therapeutic was positioned as a premium-priced product (compared to SoC) with a clear path to reimbursement due to its ability to reduce hospital readmission rates. The sell-side provided a health economics analysis with characterization of offset of cost of care that resonated with the buy-side's commercial team, closing a upfront licensing deal.

Unsuccessful Example:

A substance-abuse prevention therapy was presented without a believable health economics story on how the product would convincingly reduce hospitalization costs or long-term care costs. Despite its compelling clinical data, the buy-side viewed the pricing assumptions as unjustified and passed on the transaction.

Despite its compelling clinical data, the buy-side viewed the pricing assumptions as unjustified and passed on the transaction.

Takeaway:

Quantify the commercial potential with current market costs, payer insights, and a clear articulation of how the asset provides value in treatment paradigms.

Component 3: Addressable Market Dynamics

What Matters:

The ability to quantify the asset's potential patient population, analyze competitive pressures, and impact forecast adoption curves is critical for buy-side decision-making.

Successful Example:

A diabetic kidney disease asset carved out its addressable market by highlighting its efficacy on top of existing standard of care for chronic kidney disease patients. The sell-side independently uncovered research on high unmet need in that patient segment and matched the data points, thus resulting in a favorable deal.

Unsuccessful Example:

A dermatology product was positioned as “broadly applicable for all comers” without specific market segmentation. The lack of specificity led the buy-side to question whether the asset could differentiate in a market saturated with branded options, ultimately impacting the credibility.

Takeaway:

Identify and characterize specific market dynamics (key subpopulations or niches) where the asset can carve an identity in a way that can be supported by investment or company strategy.

Component 4: Risk Mitigation Strategies

What Matters:

Every asset carries risk—whether clinical, regulatory, or commercial. A strong value story acknowledges these risks and proactively offers mitigation strategies.

Successful Example:

A neurology asset with challenging endpoints presented a co-development plan to de-risk regulatory uncertainty. By proposing a collaboration with a partner experienced in similarly complex trials, the sell-side instilled confidence in the buy-side, leading to strategic partnership discussions.

Unsuccessful Example:

A nephrology asset was presented with the perceived value being driven by performance from unproven biomarkers. The sell-side company did not provide a convincing story that the asset would still perform adequately well with more commonly accepted trial endpoints in this landscape. The buy-side perceived the clinical development path as too risky and declined the opportunity.

Takeaway:

Showcase your awareness of risks and provide actionable solutions to overcome them, demonstrating a well-rounded understanding of the asset's development journey.

Component 5: Alignment with Buy-Side Objectives

What Matters:

Ultimately, the value story must align with the buy-side's broader strategic objectives, whether that's expanding into a new therapeutic area, bolstering an existing presence/pipeline, or addressing a specific unmet need.

Successful Example:

A rare neuromuscular disease treatment was positioned as a complementary product to the buy-side's existing neuromuscular disease portfolio, highlighting synergies in HCP callpoints and KOL networks. This alignment led to a transaction not just of the individual treatment but the company overall.

Unsuccessful Example:

An oncology asset targeting a small niche, later-line patient population was pitched to a buy-side large pharma organization focused on higher prevalence indication treatments. The misalignment in strategic priorities caused deal talks to stall early.

Takeaway:

Tailor your narrative to the buy-side's goals, emphasizing how the asset fits within their portfolio and advances their strategic vision.

Don't
Overpromise or overhype the asset's potential, as this can damage trust with the buy-side.
Provide a broad, unfocused narrative that dilutes asset impact and confuses the message by claiming relevance in all segments.
Take a "one-size-fits-all" approach that ignores the specific needs and goals of potential buyers.

Do
Present realistic and data-driven projections to establish trust and credibility.
Choose a focused and compelling value story that highlights key differentiators in specific target markets.
Tailor your pitch to the buy-side's priorities and investment model for a targeted approach.

Lessons Learned: Key Pitfalls to Avoid

- 1 Overpromising:** Avoid unrealistic projections or overhyping the asset's potential. The buy-side will see through this and lose trust.
- 2. Failure to Choose:** A broad, unfocused value story dilutes its impact. Narrow your narrative to highlight key segments where there is confidence in differentiation and value.
- 3. Lack of Fit:** Target the appropriate buy-side suitors for discussions by understanding their priorities and investment models. Tailor your pitch accordingly – a one-size-fits-all approach rarely succeeds.

Conclusion

A well-crafted value story is not just a one-sided tale – it's a strategic narrative that bridges the gap between a sell-side asset and a buy-side's investment thesis. By focusing on differentiated clinical data, clear commercial opportunities, market dynamics, risk mitigation, and alignment with buy-side objectives, sell-side organizations can maximize their chances of closing successful transactions.

The most successful deals are rooted in a deep understanding of both the asset and the audience, underpinned by rigorous data and transparent communication. Early focus on a thoughtful value story can turn even the most complex assets into compelling investment opportunities.