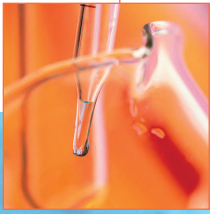




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Maxiom Group helps clients make critical strategic investment decisions to maximize return on investment and minimize risk.

Strategic Decision Support

Life science companies operate in an environment of daunting technical, clinical, regulatory, and commercial uncertainties. Throughout the business life cycle, companies are often faced with high stakes decisions involving substantial risk. Effective decision-making within an environment of uncertainty is critical. Maxiom Group's Strategic Decision Support practice helps executives make vital, high value business decisions that maximize return on investment and minimize risk.

Traditional Methods are Lacking

Many life science companies rely on traditional valuation methods, such as NPV, to quantify strategic investment opportunities and make capital allocation decisions. While NPV can be easily executed, it loses relevance in highly uncertain environments, i.e. assumptions are static, implying that cash flow forecasts can be projected with 100% certainty, and that investments will be committed as forecast (regardless of product development failure; un-favorable changes in the competitive landscape and pricing environment, etc.).

In reality, however, cash flows cannot be forecasted with 100% certainty— uncertainty grows the further out the projections. In addition, decision makers do not generally pre-commit investments in the future. Rather, they have the option to choose the best course of action as better information becomes available.

Addressing the uncertainty and enabling flexibility in management decisions are the underlying concepts behind Maxiom Group's approach to strategic decision-making.

A Better Approach

Maxiom Group's Strategic Decision Support methodology begins with identifying, with client executives, specific critical events that can impact key decisions and their timing. We then further define the relevant options available at each decision point to mitigate risks and exploit new opportunities. This Strategic Decision Framework forms the basis of the analytical work to quantify financial worth, uncertainty, and the strategic value of being able to choose the best path as new information becomes available. This analytical model drives the generation of a series of outputs, as well as development of insightful conclusions, and recommendations for the optimal path forward.

Our methodology does not replace NPV, but rather augments it with advanced decision analysis techniques such as Real Options, Monte Carlo Simulation and Optimization. We leverage the client's existing valuation approach as the basis from which we quantify uncertainty and the additional value derived from available options. The ability to be flexible when making significant investment decisions (i.e. abandon a project, expand capacity, wait, accelerate development, etc.) in order to mitigate risks and exploit new opportunities has value that is not captured by traditional methods.

Through our approach we explicitly consider both the uncertainty and the flexibility that decision-makers need to make mid-course corrections should business conditions change.



Strategic Decision Support

Real-life Applications

Maxiom Group's Strategic Decision Support methodology has been applied successfully in our life science clients to:

- ◆ Value and calculate expected returns from highly-uncertain projects and capital investments
- ◆ Choose between R&D projects, and optimize portfolio value
- ◆ Evaluate strategic alternatives
- ◆ Assess in- and out-licensing drug development efforts
- ◆ Determine strategies for staging and executing significant investment decisions in order to minimize risk while exploiting new opportunities
- ◆ Optimally allocate resources within a portfolio of investment opportunities in order to maximize value

Practical support for these types of decisions helps life science companies move forward with confidence to their next phase of growth.

Enabling Better Decisions

Strategic Decision Support is a process and toolset that enables life science companies to make better decisions under significant uncertainty. Maxiom Group helps quantify the options available to senior management and assess the potential impact of their decisions.

By factoring in the impact of uncertainty on value and risk and including the additional value derived by exercising the best options available, a decision-maker is in better position to make business decisions that drive shareholder value.

About Maxiom Group

Maxiom Group is a leading strategic business and IT consulting firm exclusively serving the life sciences industry. We help transform emerging, established and mature biotechnology, pharmaceutical and medical device companies at each stage of their life cycle by solving mission critical business issues. From drug discovery and development, to clinical trials, to commercial launch and sustained market leadership, Maxiom Group clients rely on our unique focus, insight and approach.



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