

## Case Study

# SmartOrg Tools Create High Portfolio Value for Inspire Pharmaceuticals

### Overview

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Inspire is a biopharmaceutical company focused on discovering, developing and commercializing new treatments for diseases in the ophthalmic and respiratory/allergy areas. Two of the company's commercial products, Restasis® and Elestat®, are co-promoted under agreements with Allergan, Inc., a global leader in ophthalmology. In 2006 the company turned to SmartOrg's Portfolio Navigator™ to create a formal process to analyze inputs that are critical in decision-making, such as probability of success, costs and timing of R&D, and commercial contributions.

### Challenges

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Inspire began operations in 1995 with a mission to focus on developing therapies for conditions such as cystic fibrosis and chronic bronchitis, and over the next several years increased the scope of its activities to include additional therapeutic areas. As the company matured, one of Inspire's major challenges was managing the uncertainties related to its portfolio and pipeline decision-making process. Company leaders did not have a formal mechanism to determine if projects should be advanced or terminated, or to determine strategic approaches to moving projects forward. In addition, Inspire needed a process to determine how to compare the value of potential business development opportunities against the value of internal R&D projects.

### Solution

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The SmartOrg approach allowed Inspire to transition its ad hoc system of decision making to a more formal dialogue and decision analysis process. Inspire uses Portfolio Navigator 3.4 as a part of its decision-making process in portfolio management. With the assistance of SmartOrg, Inspire has built a value map within Portfolio Navigator which contains the key parameters that influence overall value of projects, products, and licensing opportunities at all stages of development and commercialization. The vetting process for inputting values for each parameter in Portfolio Navigator provides an opportunity for individuals with the right knowledge to have a productive conversation

*SmartOrg's Portfolio Navigator allows us to make apples-to-apples comparisons of projects in all stages of development and commercialization.*

Ward M. Peterson, Ph.D.  
Vice President of Biology  
Inspire Pharmaceuticals

*We helped Inspire develop a roadmap for commercial success and implement a process to assess and manage the value of its R&D projects and portfolio.*

David Matheson, Ph.D.  
President and CEO  
SmartOrg

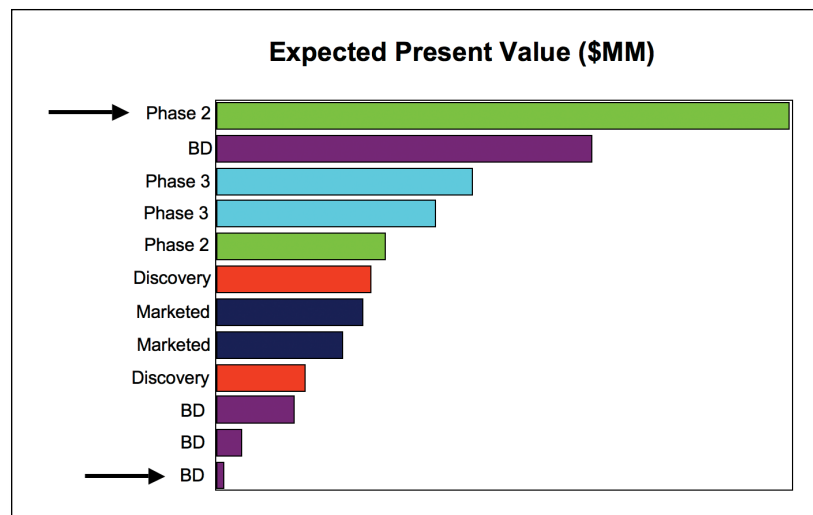
about those things that really matter in portfolio decision making. The outputs from PN are useful tables, graphs, spreadsheets, and diagrams that allow decision makers to evaluate each project and the overall portfolio with consistent metrics.

Ward Peterson, Vice President of Discovery at Inspire, notes, "SmartOrg's Portfolio Navigator allows us to make apples-to-apples, value-based comparisons of our R&D projects, business development opportunities, and marketed products. Importantly, we can see the impact of risks and uncertainty on value, from an individual project perspective all the way to a holistic portfolio-wide view."

## Results

- Improved speed and quality of decision making
- Greater dialogue and focus of parameters that really matter
- Increased understanding of the impact of uncertainties on expected value
- Ability to make a consistent evaluation of projects and products at all stages of development and commercialization

According to Peterson, "We have used Portfolio Navigator to better understand a potential licensing opportunities for our R&D pipeline. In one example, we had engaged in many discussions about the pros and cons of a licensing opportunity for a product in the early-to-mid stage of clinical development, but struggled with a number of issues that prevented us from reaching a yes/no decision for almost two years. With Portfolio Navigator, we were able to model this uncertainty by explicitly capturing the intellectual property (IP) risk in terms of the impact on dollar value and then modeling various components of the risk. When we saw the outputs in Portfolio Navigator, we came to the realization that even with these IP risks, the project was valuable to us at the time, and that the decision-makers could accept the risks because the range of uncertainty was now transparent. Portfolio Navigator allowed us to master the impact of uncertainty with a rigor that we did not have before."



Portfolio Navigator enables objective comparison of projects "side-by-side."

## About SmartOrg

SmartOrg is a business consulting and services provider specializing in Value-Based Management Systems. Value-Based Management Systems are comprised of decision processes, analytic tools, and software that help companies drive growth and profitability by managing the impact of risk and uncertainty on business value. We focus on new business strategies with emphasis on optimizing the economic value created by R&D, New Product Development, and other business opportunities.

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VALUE-BASED MANAGEMENT SYSTEMS

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