

The PARAGON Perspective

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From the President

PARAGON Perspective is sponsored by PARAGON Development. We want to use this newsletter to do the following:

- Share information we have learned that we consider important concerning best practices, trends, successes and failures, conferences, and other elements that will enable all of you to grow your organizations with maximum top and bottom line results.
- Share information about select client initiatives that may be of interest based on technologies, markets, or business needs that you believe could fit within the scope of those client's interests.
- Share personal observations and even humorous items given to us by others.

All issues of *The Paragon Perspective* are archived on our website, so you may easily pass along past issues to colleagues.

This month's editorial is at a request for commentary about acquisitions and how they can be employed as tactics. It is titled: **“Acquisitions—What & How”**.

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Paragon Update

Project starts in August were less than previous months which is typical of the season each year. We are still busy with projects in house to complete this month and as people get back from vacations and holidays, we have a very active September scheduled with new projects.

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Conferences

LES Annual Meeting---Chicago, IL
September 26-29, 2010

The Licensing Executives Society is the leading organization in education, process, and networking in licensing and technology transfer. Their meetings are always well attended by business executives in addition to licensing and intellectual property professionals. And, there annual meeting draws well over 1,000 attendees. We plan to attend this meeting ourselves and will assist in the roundtable discussions. We look forward to seeing many of you there.

For more information go to: <http://www.lesusacanada.org/MainNav/Events/Meetings/2010annual.aspx>.

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Technology Transfer/Capabilities

This section is open for clients, friends, and other newsletter recipients to spotlight technologies they have available for licensing, acquisition, development, or could be available to use. Please send a description of your technology to be posted in this section for future newsletters. Inquiries can either be sent directly to those who have posted information, or, we could forward any/all inquiries to you. This section highlights non-client project technologies.

This newsletter has a distribution of over six thousand individuals who are primarily in new business development, so the audience has the potential to generate legitimate interest. We do reserve the right to withhold posting any technology closely related to ones in which we have a client conflict.

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Technologies of Interest

Enzyme design and production: A client has a very sophisticated and world class capability to design and engineer bio-catalytic solutions based on enzymes and some proteins. They have focused in food, bio-fuels, pharmaceuticals, and industrial applications.

Silicones: A client is interested in licensing in or partnering on new technologies that improve performance in silicones for a wide variety of applications

For more information regarding the above technologies, contact:
Jack Peregrim @ (203) 288-4154 or Peregrim@ParagonDevelopment.com

Performance Plastic Production System: A proprietary technology allows physical control of the molecular orientation of plastic polymer sheeting materials with the potential to improve properties and decrease costs. The field of this innovation is automated production of plastic materials using web extrusion; casting, thermoforming, or vacuum forming. This enables innovation in packaging, medical, consumer, and construction products. Reduces resin required by up to 25%, lowering input and transportation costs while still maintaining performance properties. Also enables greener materials like PET to be cost competitive with PS.

More information can be gained about the Performance Plastic Production System technology by contacting:
Clyde G. Hanson at (612) 418-1192 or Clyde.Hanson@GMail.Com

Bio-Technology Services: We have a client with 40 years experience who has provided expertise in microbial screening, strain improvement (both classical and recombinant), metabolic engineering and process development programs. They have introduced a new service in the area of bacteriophage control for companies concerned about contamination to large scale fermentation.

For more information regarding Bio-Technology Services contact:
Earnie Porta at (302) 504-7401 or EPorta@ArkionLS.Com

Instantaneous Microbial Detection Technology: IMD technology available for licensing. BIOV Defense and Securities Technologies Inc. has developed an optical laser that can immediately determine the quantity and size of particles in liquid or air, and simultaneously determine whether each particle (0.5-20 microns) is inert or biological in real time. Applications include defense or homeland security operations encompassing the detection of small particles posing a bio-agent, bio-terrorism or related defense or military security security in addition to areas such as airport security and unmanned air vehicles.

For more information Instantaneous Microbial Detection Technology call:
Doug Adams at (267) 902-8124 or DAdams.IPconnection@GMail.Com

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Quotes of the Month

“Knowledge of what is possible is the beginning of happiness.” *George Santayana*

“The difference between what we do and what we are capable of doing would suffice to solve most of the world’s problems.”
Mohandas K. Gandhi

“The universe is transformative; our life is what our thoughts make it.” *Markus Aurelius*

“Real wealth is ideas plus energy.” *Richard Buckminster Fuller*

“Change is the law of life. And those who look only to the past or the present are certain to miss the future.” *John F. Kennedy*

“The empires of the future are the empires of the mind.” *Winston Churchill*

“To know that we know what we know, and to know what we do not know, that is true knowledge.” *Nicholas Copernicus*

“Believe those who are seeking the truth; doubt those who find it.” *André Gide*

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Interesting Words

Puerile: (PYOO-uhr-il) Adjective

Immature; silly; childish

In use: Her puerile suggestion let all in the meeting know that she had little comprehension of the situation.

Cathect: (Kuh-THEKT) Verb Tr.

To invest mental or emotional energy in an idea, object, or person.

In use: He had to cathect at the highest level to meet all of the objectives.

Jejune: (ji-JOON) Adjective

Dull, insipid. Lacking maturity.

In use: Some art is stimulating while some is very jejune.

Artificer: (ahr-TIF-uh-suhr) Noun

An inventor or a craftsperson.

In use: He is truly an artificer as reflected by his ability to solve problems with a high quality outcome.

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“Acquisitions – What and How”

Background:

Several of our projects over the past year have had Expert Forums that recommended acquisitions as a tactic or vehicle to commercial development. In all but one of these projects, the clients ignored the recommendations of the individuals we employed even though the individuals had experience and knowledge in the applicable markets targeted. The reasons given for avoiding acquisitions are:

- The lack of experienced acquisition people available from corporate or sitting in the business units. This is due to the downsizings and reorganizations generated by the economic recession.
- The general uncertainty about projections for revenue and contributions. It is not possible to quantify the future in this dynamic environment.
- Pushing investment further into the future. Rather than making an acquisition now to speed up development, organizations are continuing their initiatives as “projects” internally and lengthening time to market but also reducing immediate expenses.

Tactical acquisition targets:

The following exemplify the types of acquisition targets that our Forums have recommended and their rationale:

- A polymer material company should acquire a compounder in an area where they do not have current customers. The organization is a European chemical company that has functionalized a polymer in a way that allows it to reduce downstream materials and labor costs. The existing compounders are not interested in creating the market for our client as it would compete against other suppliers in which they have good relationships and it also would result in less overall material sales and thus lower their market. We identified several compounders who could be acquired with many synergies beyond this new platform material. The project head dismissed this option without presenting

it to upper management because of the lack of experience in acquisitions. The project is moving slowly through traditional business development and it is uncertain whether channel objections can be overcome. The conservative value capture was projected at €70-100 million by year 4.

- A biotech company has developed a breakthrough technology to produce pharmaceuticals and nutritionals. The specialized equipment needed is not available beyond lab scale and it was recommended that they acquire an equipment company that would give them market access in addition to development capability and experience in regulatory process improvement. The equipment is a critical success factor and the process has no downstream value without it. Several candidates were identified including two that could be acquired for less than two times sales, but the client is going to focus on a much lengthier process of “traditional” development. They basically said that they had not made an acquisition in several years because they had “screwed up the last few in their biotech business”.

Considerations and recommendations:

We are not advocating a major change to using acquisitions from not using them at all but this is a tool that is dismissed too readily as a tactic. The major tactical acquisitions are focused on “bolt-on” types and they are the primary focus, but the new development platforms can also benefit from using acquisitions to both enable success and to speed time to market and achieve optimal competitive advantage.

In each development project above, our client was bringing the differentiated, enabling new technology. The type of acquisition they needed could be made at very low margins reflecting the economics of 2010.

In summary:

We can help ourselves in many projects if acquisitions are given a closer look for their tactical benefit and not just as a means of strategic growth.

We hope that this perspective has stimulated thoughts and helps improve your future returns. It has been our intent to pass along things we have learned or experienced on topics involving growth and new business development, particularly ones that may be provocative or beyond those considered every day. We do not try to presume to be the leaders in all areas we cover and invite others to contribute with comments, additions, or criticisms. We encourage feedback in any media and will post your contribution in a future newsletter if you allow it.

We also will continue to focus on topics that the readers choose in almost all cases over ones we consider within our staff so please continue to send requests for topics that you want to have covered.

PS:

We want to remind our readers that this section of the newsletter is open up to anyone with a development topic or an approach they would like to share. This edition and three of the last Perspective topics were submitted by others. We know many consultants, company managers, and academics who have very solid and profound contributions they could make in future newsletters. We ask that it be from 600 to a 1000 words although that is not a ‘hard’ range. Let us know and we will gladly distribute your topic to the thousands of people on our distribution list. Also, we will agree that the copyright and ownership is kept by the contributor and that we only have a right to reproduce it in conjunction with this newsletter.

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Trivia

1. How many neck bones does a giraffe have?

The same number as humans.

2. How many neurons are in the human brain?

About 100 billion.

3. What is the most expensive movie ever made?

Cleopatra which cost \$44 million and would be close to \$300 million today if adjusted for inflation.

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We hope you learned something from this and/or stimulated an action that leads to new opportunities for you and your organizations and that you will let others who might find this newsletter useful know about our publication. Previous issues of our newsletters can be found at <http://www.paragondevelopment.com/perspective.html>. If you would rather not receive the newsletter please respond to this email and include the word REMOVE in the subject line or in the message. To subscribe to our newsletter, please send an email to contact@paragondevelopment.com and include the word SUBSCRIBE in the subject line or message. We will never sell your email address to others.

We encourage you to visit our website at <http://www.paragondevelopment.com> to find out more about PARAGON Development, who we are and how we assist our clients.

Your friends at:

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