



MODULE 3

Financial Aspects of Business Development and Licensing

This module forms part of the PLG MSc course in Pharmaceutical Business Development and Licensing. It can be studied on its own for a module credit or as part of a Certificate, Diploma or MSc degree.

It reviews the key aspects behind the financial operations and deals, in particular covering:-

- ◆ Basic financial concepts
- ◆ Financial modelling
- ◆ Financial deal terms
- ◆ Valuation methods

In addition, the module covers other financially related deal terms and trends in deal values. To ensure relevant, there is a strong emphasis on real life examples of company and product/asset acquisitions and disposals, early stage product licensing, clinical stage product licensing and co-development deals.

CONTENT:

Unit 1: Basic Financial Concepts. This first section of the module will consider some essentials of financial accounting and reporting.

Unit 2: Financial Performance Measures, Working Capital and Cash Flow, Unit 2 considers the nature and content of a typical set of accounts from two organisations within the Pharmaceutical industry and how to interpret such accounts. One methodology used is financial ratio analysis.

Unit 3: Cost and Management Accounting, examines the key role played by the cost and management accounting function within an organisation. It is concerned with the way in which products and services are costed and the impact of business decisions on costs, volumes of activity and profit.

Unit 4: Long Term Decision Making, examines the way in which businesses, both large and small, seek to manage their long term decisions. It considers the commercial viability of proposals established to the satisfaction of the financial stakeholders

Unit 5: Financial Modelling, covers the valuation of assets ranging from patents to companies. It considers the value of an asset and whether or not the deal terms are reasonable and considers a methodology which calculates the effect of a business development opportunity in terms of incremental sales, profit and cash flow.

Unit 6: Valuation Methods and Management of Risks. Units 1 to 5 describe the structure and derivation of financial data, the accounting regulatory framework and the development and use of discounted cash flow to assess the value of a new opportunity. Unit 6 considers these building blocks and how they are applied in practice with particular reference to business development and licensing in the biotechnology and pharmaceutical industry.