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From the Editor-in-Chief

As we head into 2013, let's hope that our industry can settle into its "new normal." While we can't expect things to be the way they were in the 1990s, or even the early 2000s, perhaps we'll land in a realm that is more efficient and makes more sense. We've not only gone through the worst economic disaster since the Great Depression, but most biotech organizations have settled into business plans that require they be acquired, or they've adopted plans in which they can only show growth by acquiring other companies.

It has become next to impossible to keep up with company names, and some organizations can't tell you what they are supposed to be called. I'm not exaggerating when I say that no one within some of these large organizations can tell you what name you should show in your database, what distinguishes their divisions, or what logo you should show as you give them credit for sponsoring an event or placing an ad.

While my MBA is in marketing, I still have plenty of graduate-level courses in accounting and finance. And for the life of me, I can't figure out how some of these acquisitions will make the company look good to an investor or board member. The acquisitions are done with a mix of stock and cash, and the acquiring company typically receives a mix of intellectual property, and possibly buildings, so I have a very hard time seeing how these deals give the acquiring companies the quarterly returns they need to show quarterly progress.

Then when you dig deeper, you discover that most of the people in the acquired companies are let go to save money, and many of the fixed assets, like buildings and equipment, become part of a "fire sale" where they are let go for pennies on the dollar. So if the intellectual property doesn't produce immediate returns through licensing, or other deals, how could this acquisition deal make the financial statements look better for that quarter? And then in so many cases, the intellectual property isn't developed since the people who championed the technology are gone. So then I'm left wondering if there was anything accomplished other than one company eliminating a potential competitor. And in other cases, companies are acquired for the explicit reason that they can't license future products to anyone else, regardless of whether the acquiring company has any intention of developing or marketing the products.

Then possibly even more remarkable, stories are emerging in which large biopharmaceutical firms are paying smaller companies not to market generic products they have developed. I guess this is cheaper than buying the competitor outright, but it certainly doesn't make sense for the consumer. It should be considered constraint of trade, which I was taught when I got my MBA.

So after the Justice Department finishes dealing with all of the finance people who drove the country into the "Great Recession," let's hope there is sufficient antitrust activity left to prevent acquisitions that really don't make any sense.

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