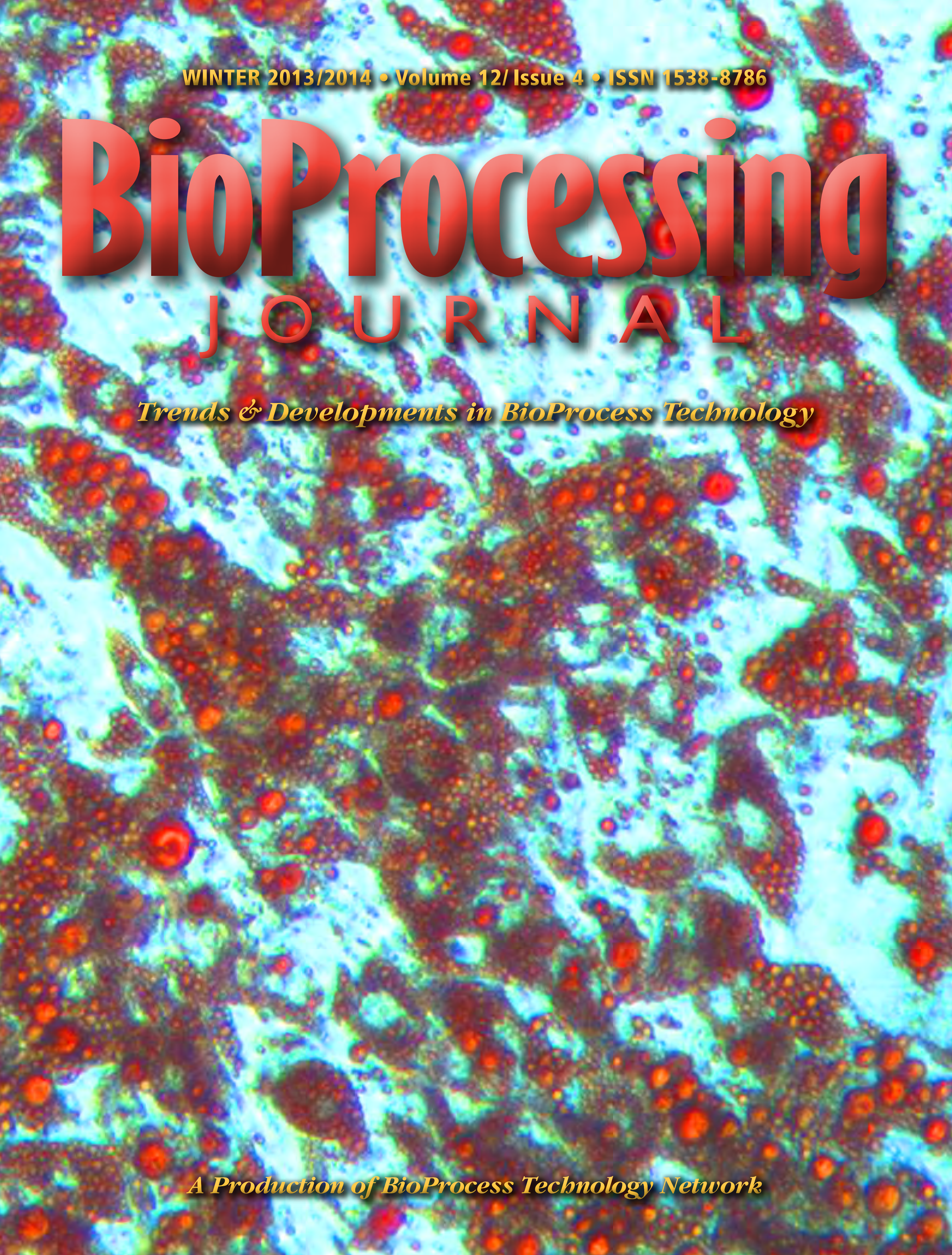

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From the Editor-in-Chief

To steal a quote from one of my favorite movies, *A Mighty Wind*: "Whaaaa...Happennnned?" This past year was supposed to have been much better than the one before, and at a minimum, I hoped it would reveal our "new normal," whatever that is. I was also looking for more decision making that I considered rational, and a renewed focus on product, process, and personnel development.

Instead, I've seen little to tell me the major biopharma firms, or the larger supply firms, have learned anything. They're stuck on the concepts of slashing vital resources—such as R&D and capacity—to "do deals" plus pay executive bonuses, investment bankers, and hordes of attorneys. As a result, we've seen a burgeoning of Business-to-Business (B2B) meetings where the talks are geared toward selling companies and acquisition services, while the organizers throw in clever vehicles such as "speed dating."

So we continue to see these large firms hoarding cash, acquiring companies, and cutting strategic resources. And it might not be as bad if the acquired firms were allowed to keep doing what they were doing, since you'd think their ability to do what they do best is why they were acquired in the first place. But to finance more deals, the acquiring firms have typically eliminated many of the technical folks in the acquired firms, sold facilities for a fraction of their cost, and made major R&D cuts within their own organizations. One of my favorite phrases is: "You still have a job, but now it is in…"

And while I have an MBA and I try to stay fluent in macroeconomics, I still don't see how these deals are making the quarterly financial statements look good, or are driving up stock prices. As I've said in prior editorials: "What if these deals are killing the geese that can lay golden eggs?" In other words, who is going to champion the new technologies or finish developing the products if the people and specialized facilities are gone?

Then when it comes to the supply firms, you'll note that so many of the product and company trade names have simply disappeared when firms are acquired. And this is when the acquired firms have spent many years building equity in these names, or what the marketing and political types call "name recognition." But the more devastating aspect is when the sales force is let go, since these are the best people to tell their customers what is going on, and how all the products will create a more valuable package. So imagine a visit from a new sales person who has just gotten his or her feet wet with a critical system in your operation, and you are now supposed to work with technical support and customer support people you don't know. "What happened to Florence, or Ed?…Oh, they're no longer with the company, and in the future, you'll need to call this number…"

The questions these big companies should be asking are: "Where's the value of this deal for the people who buy these products and services, and how are we going to blend the acquired company into what we already have, which could take years and lots of money?"

Personally, I feel the only real benefit will be the creation of more small companies, but they will have to be especially creative to get around all the patents that have been gobbled up by the big guys. But then they'll do some great stuff until they get acquired.

So if the actions we see are driving up stock prices as they eliminate competition, do I dare ask if we are on a slippery slope to higher prices and another big bubble that will leave almost everyone worse off? And just think of all the laid off technical people who are trying to find jobs while companies are cutting employees as they work to become the "biggest kid on the block."

Otherwise, Happy New Year, and may your days be cheery and bright.

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