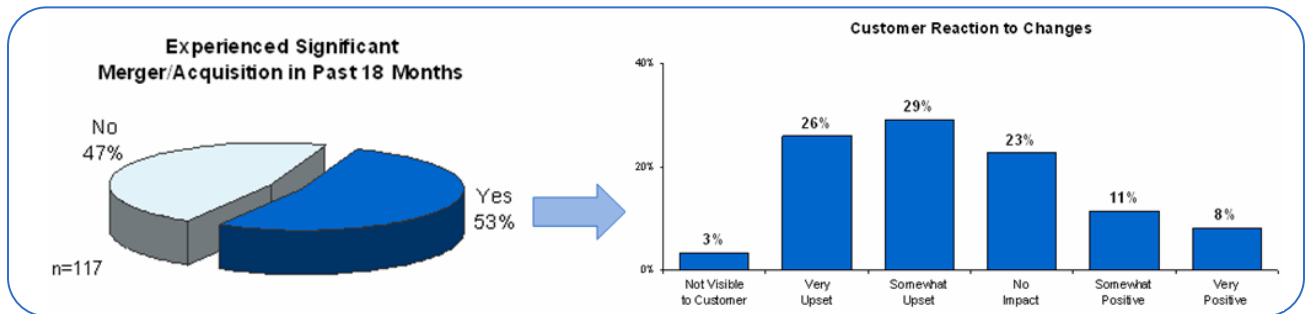




Study Reveals Growing Pains of the Life Science Supply Industry

G & S Discovery conducts first-of-its-kind study with life science sales representatives

CARMEL, IN, December 6, 2006—Life science researchers reacted negatively to company mergers and acquisitions this past year, according to a majority of supply sales force members who participated in a 2006 study and reported that they experienced such a change. Of all survey respondents, 53% experienced a significant merger or acquisition during the past 18 months. Of this group, only 3% said that the change was not visible to the researchers they call on.



Yet sales people themselves were also affected. A third of respondents who experienced a significant merger or acquisition said that the changes negatively affected their job.

“When planning organizational change, management doesn’t always consider how their customers may respond,” says Mark Walker, vice president of G & S Discovery and former sales director at a leading life science supply company. “While customers may ultimately benefit from such changes, they may be alienated in the near-term. This may impact perceptions of the brand and sales. To minimize this fallout, company leaders should develop strategy to manage their customer base during—and after—periods of reorganization.”

RepReviewSM: Life Science is a primary research study by G & S Discovery, a division of G & S Research that focuses on the life science market. The study reveals candid insight to how the industry’s sales force interacts with customers, marketing support, and employers as well as the competitive environment and more.

“This is an important study ... and long overdue,” says David Jarvis, Ph.D., president, Technical Sales Consultants LLC, and a former vice president of sales at life science and pharmaceutical firms. “As we try to improve sales force effectiveness, we need to look beyond the walls of our own companies to understand the full scope of what’s working and what isn’t for life science sales teams.”

The Impact of Brands and Early Adopters

Field sales representatives reported that brand is heavily considered by researchers when making purchasing decisions. Fourteen percent said it was the most important factor; an additional 49% rated it as very important. Similarly, 58% of respondents said their customers are very or extremely loyal to brand.

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“To me, this is one of the most interesting findings of this study,” says Walker. “It means that the life science marketplace is more similar to other industries than I think most people realize. Product performance is critical, but researchers are not immune to the power of effective branding when making product choices.”

Early adopters are also vital to a product’s success in this industry. Field sales representatives reported that an average of 8% of their customers will buy new, interesting technology even if they don’t have an immediate use for it. An additional 31% would likely purchase a new product if they have a need for it.

“The adoption of new technology by researchers, as well as their judgment regarding utility, is critical to the ultimate success of a product,” explains Mike Monko, senior vice president for sales and marketing at Sequenom, Inc., a life science supplier based in San Diego. “Cautious researchers will use a new tool only after it’s proven in the labs. Early adopters send a strong signal to their colleagues that a product is valuable.

“Together, these findings reveal that identifying early adopters and communicating effective brand messages to life science researchers is a critical task for life science supply industry sales people,” explains Walker. “Doing this effectively may require organizational and compensation changes.”

Most Respected Companies

RepReview: Life Science investigated perceptions of companies throughout the industry. It asked respondents to identify which companies they most respect and which they think has the best sales force. Only 38% choose their current employer as the most respected company, and a mere 36% think they belong to the best sales force. Invitrogen and Applied Biosystems were the two most cited companies in all three categories. GE Health Care, Millipore, Qiagen, BioRad, and Beckman Coulter were also acknowledged.

In a separate question, approximately six out of ten life science supply sales professionals said that they are very or extremely satisfied with their current employer. Yet only 44% saw themselves still working for their current employer in five years.

“This tells me that life science company leaders need to become more aware of how industry dynamics are affecting not only their customers, but their own sales team as well,” says Walker. “A company’s ultimate success depends on retaining customers—and talent. The potential for losing good sales people to competitors in this environment is very real. Companies can demonstrate a commitment to their sales force by improving the structure and communication of compensation plans.”

“Results of this study form an insistent and urgent call to action for sales management throughout the industry,” says Jarvis. “We can see a clear list of issues to address in this report, and the companies who pay attention to these findings will be the ones who win the lion’s share of market dollars.”

RepReview: Life Science was conducted in the fall of 2006, using a sample of approximately 900 life science supply sales force members. A total of 130 respondents participated in the survey. They represent more than 70 different life science supply companies. RepReview: Life Science complements RepReview: Pharma, a biannual study on pharmaceutical sales reps that has been conducted by G & S Research since 2003. A synopsis of RepReview: Life Science is available at www.gs-discovery.com. For the full report, contact Mark Walker at 317-819-4346 or mwalker@gs-research.com.

About G & S Discovery

G & S Discovery—a division of G & S Research—provides market intelligence to life science companies that supply products to biological researchers in academic and industrial settings. The division’s newest product, NaviGRANT (www.navigrant.com), is a subscription-based data-filtering engine that finds, tracks, and analyzes biomedical research grant trends. G & S Discovery conducts market research and analysis to address the business information needs of life science companies. For more information about G & S Discovery, visit www.gs-discovery.com or contact Jenny Brown, at 317-819-4339 or jbrown@gs-research.com.

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