

# VII Annual Conference for the Technological Platforms of Biomedical Research

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Johnson & Johnson Innovation,  
London

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# A Brief History of Johnson & Johnson

- Founded in 1886 in New Brunswick, NJ
- First building was former wallpaper factory
- 14 original employees
- Company headquarters still at the same location



# Early Johnson & Johnson Products



- Early sterile gauze and cotton products
- Early sterile sutures and ligatures
- Helped to greatly reduce surgical mortality rates and save lives

最後，我們要對全體股東負責。企業經營要嘗試新的構想。必須堅持研究工作，研發新正。必須購置新設備，提供新設施，推出時之需。如果我們依照這些原則進行經營

## Unser Credo

## Our Credo

We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services. In meeting their needs everything we do must be of high quality. We must constantly strive to reduce our costs in order to maintain reasonable prices. Customers' orders must be serviced promptly and accurately. Our suppliers and distributors must have an opportunity to make a fair profit.

We are responsible to our employees, the men and women who work with us throughout the world. Everyone must be considered as an individual. We must respect their dignity and recognize their merit. They must have a sense of security in their jobs. Compensation must be fair and adequate, and working conditions clean, orderly and safe. We must be mindful of ways to help our employees fulfill their family responsibilities. Employees must feel free to make suggestions and complaints. There must be equal opportunity for employment, development and advancement for those qualified. We must provide competent management, and their actions must be just and ethical.

We are responsible to the communities in which we live and work and to the world community as well. We must be good citizens — support good works and charities and bear our fair share of taxes. We must encourage civic improvements and better health and education. We must maintain in good order the property we are privileged to use, protecting the environment and natural resources.

Our final responsibility is to our stockholders. Business must make a sound profit. We must experiment with new ideas. Research must be carried on, innovative programs developed and mistakes paid for. New equipment must be purchased, new facilities provided and new products launched. Reserves must be created to provide for adverse times. When we operate according to these principles, the stockholders should realize a fair return.

Johnson & Johnson

## Nosso Credo

Johnson & Johnson INNOVATION

## uestro Credo

amos que nuestra primera responsabilidad es con los médicos, enfermeras y pacientes, con las madres y padres y todos los demás que utilizan nuestros productos y servicios. Para responder a sus necesidades, todo lo que hagamos debe ser de primera calidad. Debemos luchar constantemente por reducir nuestros costos a fin de mantener precios razonables. Los pedidos de los clientes deben ser atendidos rápidamente y con precisión. Nuestros proveedores deben tener la oportunidad de conseguir una buena relación de negocios con nosotros.

insables ante nuestros empleados, los hombres y mujeres  
on nosotros en todo el mundo. Cada uno de ellos debe  
o como persona. Hemos de respetar su dignidad y  
ción. Deben tener un sentido de seguridad y  
rito tiene que ser justo y ordenado.



# A Strong Business

**30** Consecutive years of adjusted earnings increases

**51** Consecutive years of dividend increases

**~70%** of sales from #1 or #2 global market share position

**~25%** of sales from new products introduced in the past 5 years

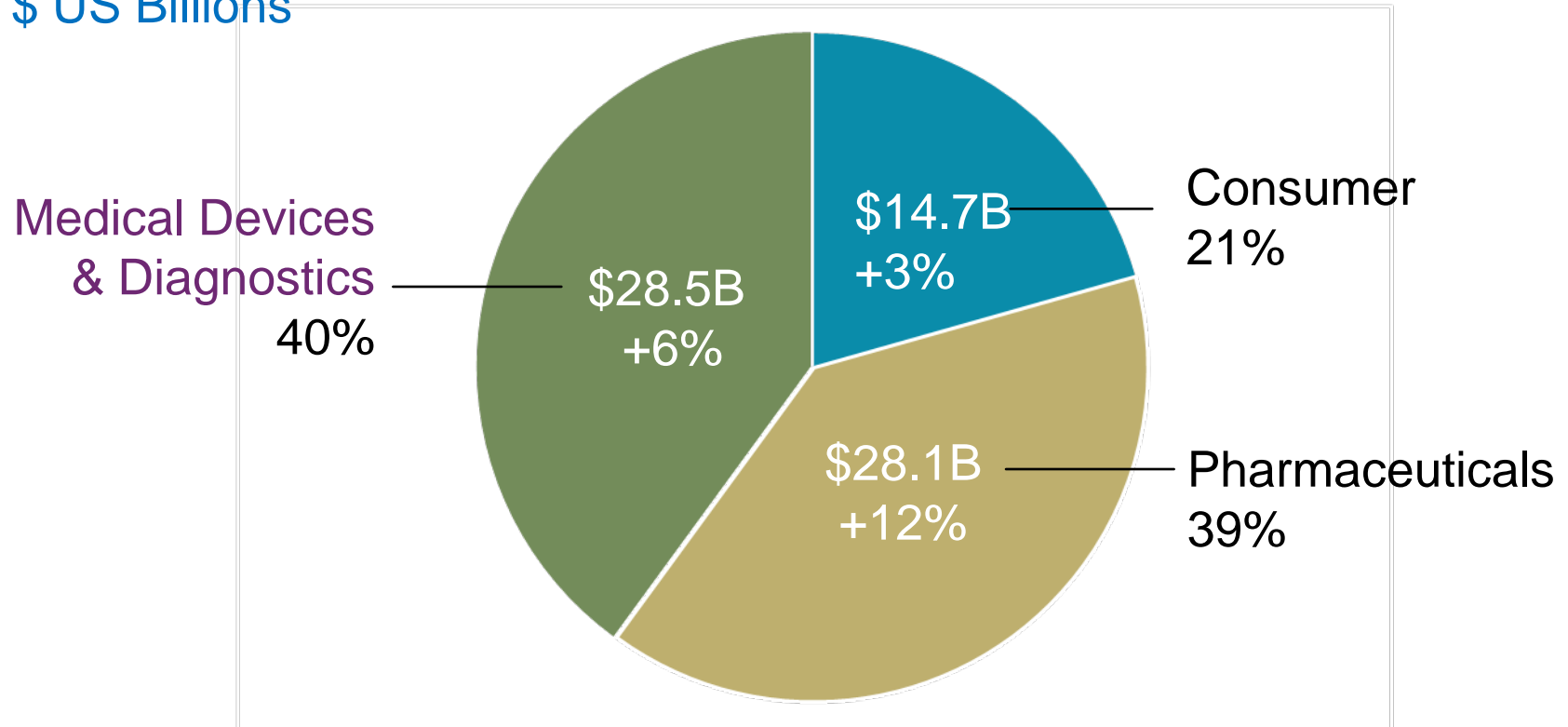


# 2013 Sales by Segment

2013 Sales: \$71.3 Billion

2013 Ops Growth Rate: 8%

\$ US Billions



Note: Growth rates represent operational YOY change

Excluding the net impact of the Synthes acquisition, MD&D Operational change = 0.1%

# Pharmaceutical Highlights

- Fastest growing top 10 Pharma company\*
- Delivering meaningful innovation
  - 13 new product launches since 2009
  - 3 NME launches in 2013
- Primary contributors to operational sales growth were REMICADE®; SIMPONI®; STELARA®; INVEGA®; SUSTENNA®/XEPLION®; PREZISTA®; DOXIL®/CAELYX®; VELCADE® and sales of new products
- Executing strong clinical development programs
- Driving commercial excellence



\* Source: IMS MIDAS as of 3Q2013 vs. previous year (YTD)

# Therapeutic Areas of Focus

- Infectious Disease
- Oncology
- Immunology
- Cardiovascular & Metabolic Disorders
- Neuroscience





# Advanced Pipeline for Late-Stage Compounds

- Thrombosis
- Type 2 Diabetes
- Cancer
- HIV
- Hepatitis C

# Consumer Health Care

- Areas of Focus
  - OTC/Nutritionals
  - Skin Care
  - Baby Care
  - Women's Health
  - Oral Care
  - Wellness & Prevention
- Driven by strong science, deep consumer insight and professional recommendations.





# MD&D Highlights

- #1 Worldwide MD&D Business
- Continuing to integrate DePuy Synthes Companies
- Primary contributors to operational growth
  - Sales from DePuy Synthes Trauma and Joint Reconstruction businesses
  - Biosense Webster's electrophysiology products in the Cardiovascular Care business
  - Vision Care business
  - Biosurgicals and international sales of Energy products in the Specialty Surgery business.
- Driving competitiveness in a dynamic global market
  - Growing in emerging markets
  - Building on our leadership positions
  - Optimizing our portfolio



# J&J Tops Industry Innovation Ranking

- 2<sup>nd</sup> consecutive year in top 5 ranking out of 30 companies evaluated
- J&J selected for the top spot based on success in the CNS, oncology, immunology and metabolism categories
- The launch of the Imbruvica for mantle cell lymphoma and investment in R&D supported the position



**“Catalyzing innovation at Johnson & Johnson is about creating strong networks of people who can combine resources, ideas and technologies in a new way.”**

**Paul Stoffels, MD  
Chief Scientific Officer**

# We Can Not Succeed Alone

*The secret is to gang up on the problem, rather than each other.*

—Thomas Stallkamp

*Many ideas grow better when transplanted into another mind than the one where they sprang up.*

—Oliver Wendell Holmes

# Innovation Centers



London



Boston



California



Shanghai  
2014

# London Team

One Chapel Place  
London W1G 0BG  
<http://www.jnjinnovation.com/>



**Patrick Verheyen** –  
Head, London Innovation Centre

THERAPEUTIC AREA LEADS						
Immunology	Oncology	CV Metabolic	Neuroscience	Microbiome /Vaccines	Infectious Disease	Consumer
Ian Anderson	Michael Meyers	Karin Conde-Knape	Declan Jones	Anthony Williamson	Kenny Simmen	Elena Fernandez-Kleinlein

**Kurt Hertogs**, Platform Technologies/Incubators

**Roger Bone**, Transactions

**Anthony Gemmell**, Transactions

**Johan Verbeeck**, Alliance Management

**Jeanne Bolger**, JJDC/Investor

**Zeev Zehavi**, JJDC/Investor

**Ann Connolly**, New Ventures

**Joni Catalano-Sherman**, New Ventures

**Daniel Janse**, New Ventures

**Rit Boeckx**, Office Manager

**Lily Cortese**, Project Management

**Iqbal Hussain**, Legal Affairs

**Laurent Morlet**, Information Technology

**Ellen Rose**, Communication & External Affairs

**Mohit Vatsa**, Finance



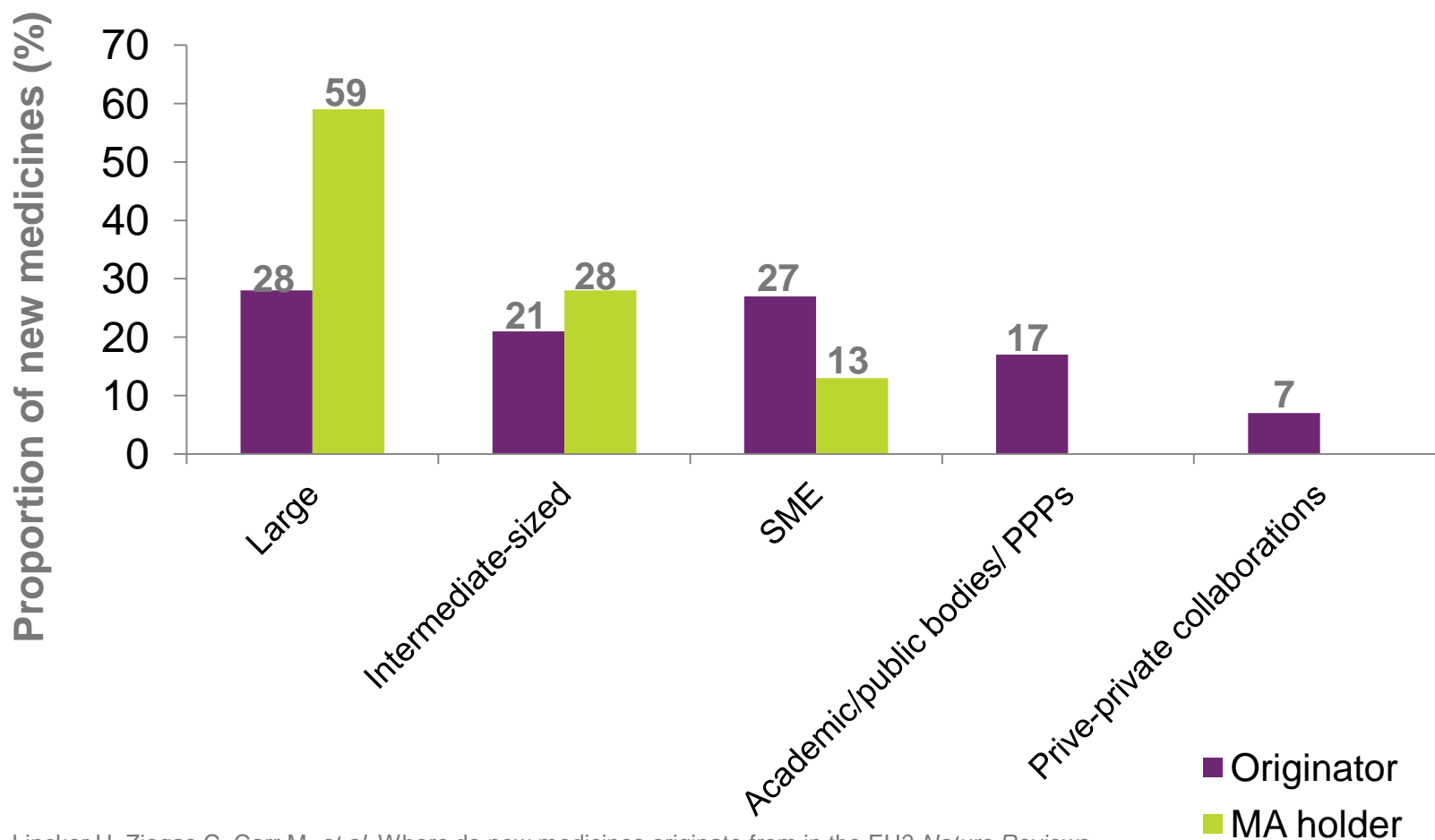
# A Thriving Innovation Ecosystem Depends on Multiple Support Streams



# EU-specific Observations

- The EU Life Science/Biotech landscape has some unique characteristics
  - Wide geographic span with diamonds in the rough
  - Ability to capture value
  - Distinct clusters of innovation and start-up activity
- Universities remain a key source of innovation
- An extensive network of incubators is already in place
- Funding flows through new, collaborative models

# Origin of New Medicines in the EU (2010-2012)



Lincker H, Ziogas C, Carr M, *et al.* Where do new medicines originate from in the EU? *Nature Reviews Drug Discovery* 2014; 13; 92-93

# Key Components for Innovation

- Deep **expertise**
  - Fundamental understanding of biology
  - Rapid assimilation of emerging research, clinical findings in development
  - Comprehensive patient insights
- Vast **networks**
  - Meaningful and sustained engagement in the regional ecosystem
  - Access the best and diverse scientific thinking of both internal and external global experts.
  - Integrated diligence and development approach of internal and external experts
- **Skin** in the game
  - Conviction and closeness to asset
  - Personal attitude/tolerance to risk
  - Bottom up-driven product vision



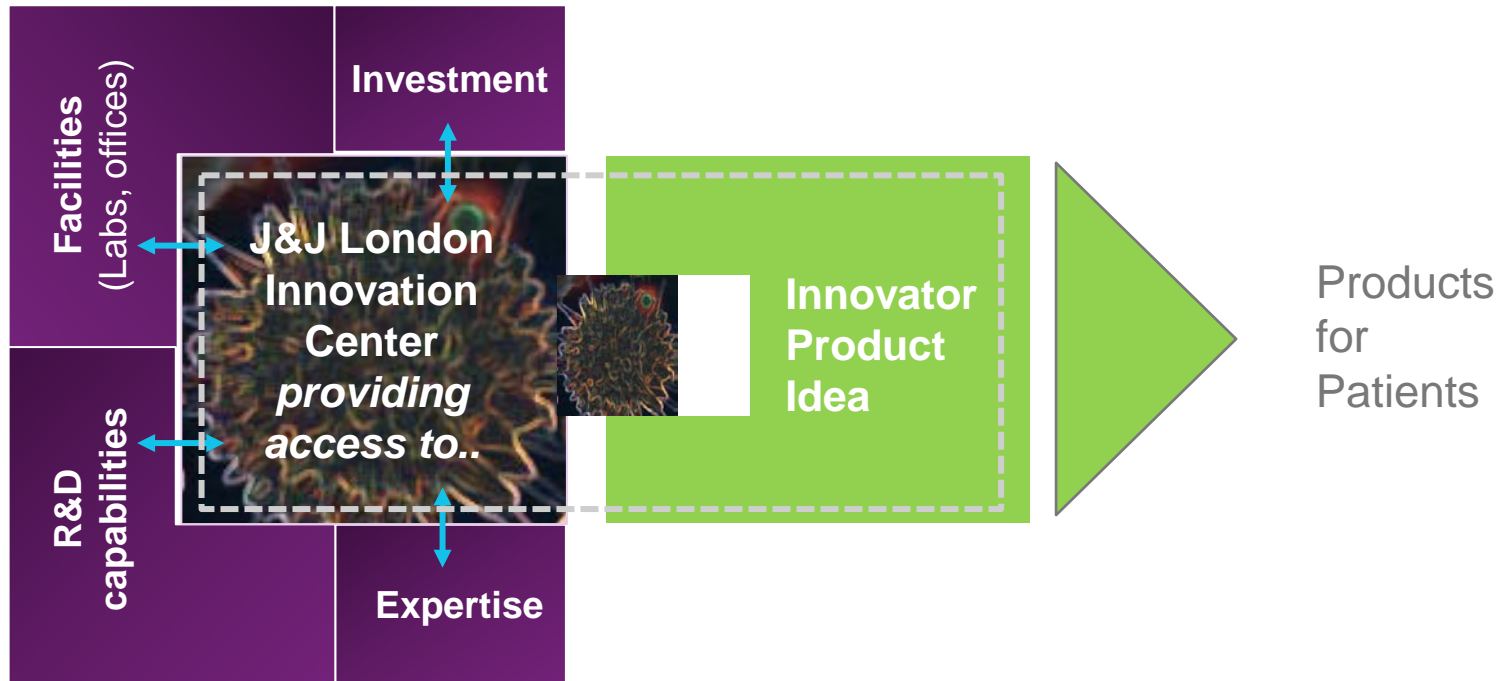
# Proximity is Critical

## Close to the innovator



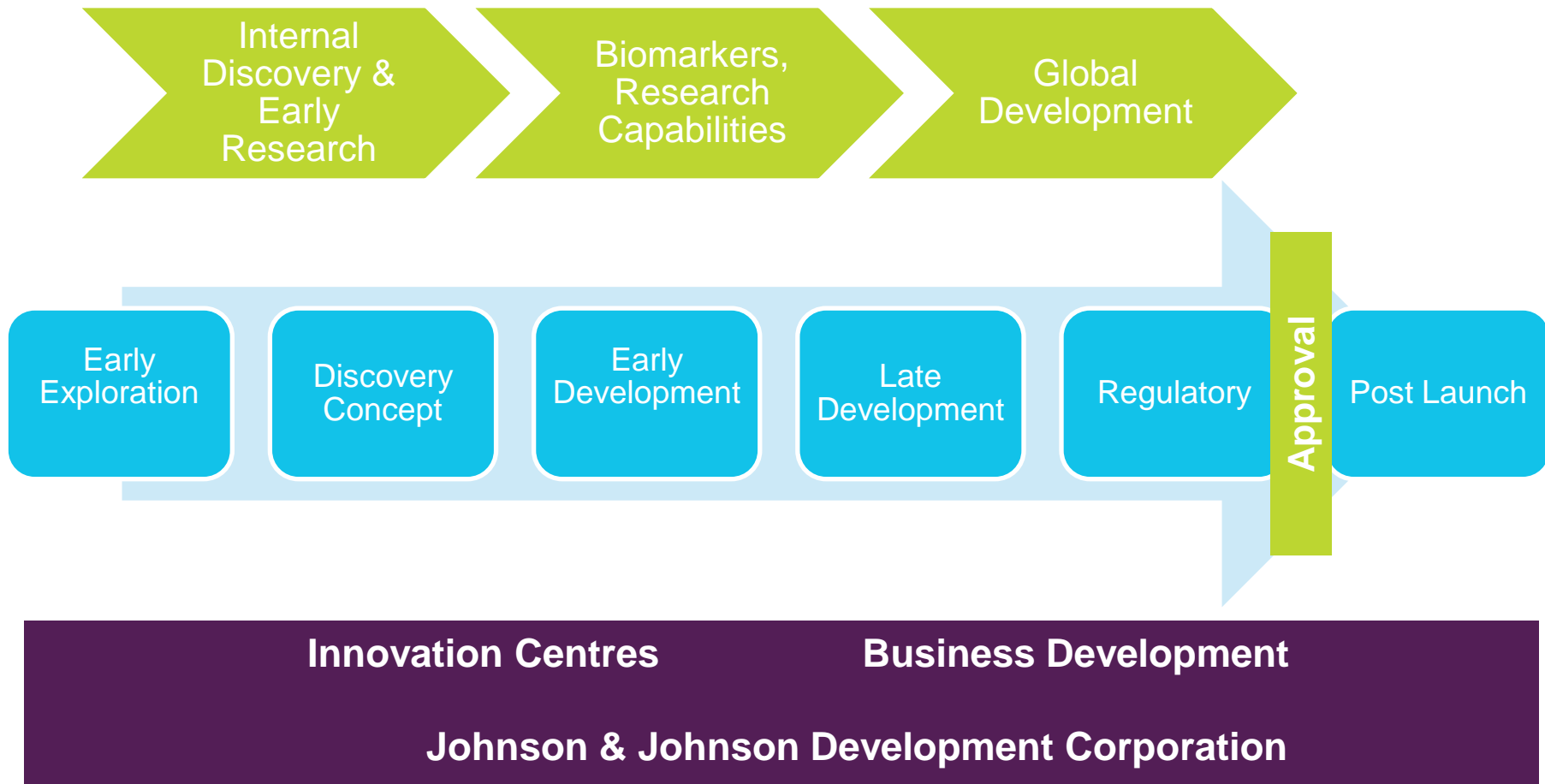
- Working in proximity to scientific innovators
- Identifying the most promising early-stage opportunities
- Helping to attract innovators to hotspots

# Virtual Co-creation Incubator



Advancing innovative **products** by enabling access to a full range of incubation 'ingredients' supplied by network of strategic partners

# Our Approach to Sourcing Innovation



# What should we/you Consider/Prioritize

- Conviction level of experts in science & target
- Ability to establish pre-clinical and clinical POC
- Time and cost to preclinical and clinical POC
- Leadership potential (competitive landscape)
- Strategic fit
- IP strength
- Collaboration capability of partner
- Patient impact (medical need)
- Societal impact (e.g. patient years)
- Transformative potential at time of launch
- Cost of access (deal terms)



***Delivering  
Clinical  
POC  
products***



# How We Engage

- Science first
- Make it easier to do business with J&J
- Agnostic on where the innovation comes from and learn
- Stick to what we know; add value where we can
- Learn and act, no time for complacency
- Encourage innovation to continue externally
- Leverage external capital and best talent
- Flexible collaboration models
- Stay very close and ensure partners success
- Active engagement for the good of the “ecosystem”
- Take risk

# Partnership Model: Flexible and Custom

## Right Opportunity

From  
transformational  
ideas through  
clinical proof of  
concept

- Ideas / Concepts
- Scientific Methods
- Technologies + Tools
- Diagnostics
- Pharmaceuticals
- Consumer Products
- Medical Devices

## Right Solution

- Janssen Labs or Janssen Labs@
- Advice + Mentorship
- Partnering Offices: J&J Innovation@
- J&J Innovator & EIR Program
- Incubation & Seed Financing
- Venture Financing
- Investment Partners
- Strategic LP Relationships
- R&D Collaborations
- Soft and Call Options
- Licensing
- Acquisition

Strategically aligned J&J Innovation areas of focus



# A Variety of Fit-for-Purpose Collaboration Models



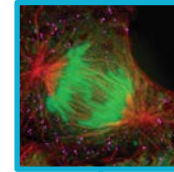
## Effimune

- Asset co-developed
- Collaboration on development pathway
- Upfront and series of preclinical milestones funds project
- Global option and licensing agreement



## Affimed/Amphivena

- Created custom Newco to develop bi-specific antibody technology around a target of interest
- Option to acquire
- Upfront and milestone funding
- + investment from VC



## Bioceros/BiocerOX

- Exclusive worldwide rights to develop monoclonal antibody
- Upfront and milestone payments

# Keeping Innovation with the Innovators

Innovators are:

- The product champions
- Most knowledgeable about the asset and its biology
- The ones to see it through to the patient !

No competition with other J&J internal programs

Successful outcome for patients, J&J, and innovators driven by appropriate incentives, funding model, and complimentary expertise

# New Models to Support Emerging Life Science Companies



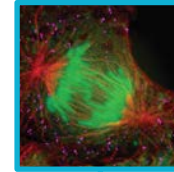
## J-Labs & Partnering Offices

- J-Labs “no-strings” model: Flagship (San Diego); Co-investor (QB3) or Founding Sponsor (Lab Central)
- Partnering Offices: located in key UK clusters (Oxford, Cambridge, Manchester, Edinburgh, Cardiff)



## Israel (FutuRx)

- Biotech incubator in Israel
- Government funding
- Co-investors: Takeda, Orbimed



## Index Ventures

- Co-managed fund with seat on board
- J&J, GSK, Index
- Early stage, asset centric investment model



# Extending Our Network in Spain

- Building relationships with the academic institutions, biotech organisations and venture capital groups
- **Antonio Gomez** –  
J&J Senior Scientist in Toledo –  
local partner for the London IC  
([agomez2@its.jnj.com](mailto:agomez2@its.jnj.com))



# How it Comes Together

- Create the best window on the science
- Focused on unique, value add product opportunities
- Internal project leaders with soul in the game
- Projects with a clear vision to clinical POC

IC scientific experts become partners with external innovators, moving away from buyer-seller model

Strategic drivers = compelling science + unmet patient needs

# Thank you

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