

Competitive Intelligence Report

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Fletcher/CSI Healthcare Strategies is a division of Fletcher/CSI World Headquarters Williston, Vermont 802.660.9636 www.fletchercsi.com

In this issue of the *Competitive Intelligence Report*, we discuss the importance of ethics in Competitive Intelligence. Here we provide you with two news stories, one within the pharmaceutical industry and one outside of the industry. Even though one of these stories involves another industry, we thought they offered valuable lessons for the use and application of Competitive Intelligence.

Between the Lines

Fletcher/CSI Healthcare Strategies

Our first news story addresses how organizations respond to the competitive pressures of the marketplace and what that tells the CI professional. Ethical behavior is one of the cornerstones of a reputable CI operation and in this following story, these Ferrari and Kia employees failed on that account. The employees of the companies who accepted the stolen information also failed to respond ethically. Companies whose primary competitive advantage lies in their intellectual property face the constant threat that some or all of that advantage can be stolen or given away. [More...](#)

Theft of Pharmaceutical Trade Secrets—Current Lawsuit

Serenex, a small drug development company, filed an “international industrial espionage” lawsuit against Yunsheng Huang, a former contract chemist, contending the former scientist stole trade secrets and funneled them to two Chinese companies that used the information in overseas patent applications for a cancer treatment. The two Chinese companies also named in the suit are Beijing Gylongli Sci. & Tech and GYLL Biomedtech. Tongxiang Zhang, “a decorated member of the Chinese Communist Party”, who runs the two businesses, is also mentioned in the filing. [More...](#)

Competitive Intelligence vs. Espionage


By Fred White
ThomasNet.com: Industrial Market Trends®
May 22, 2007

Business intelligence, corporate intelligence, manufacturing intelligence, industrial intelligence — whatever you call it — we do it openly but prefer the target company be unaware. How do we pursue aggressive but legitimate competitive intelligence collection without being liable for espionage? [More...](#)

Between the Lines (cont.)

Accepting stolen intellectual property brings great risk to your organization's reputation and financial position. The most effective solution lies in training employees to recognize when the CI they have obtained is suspect. Often, when it comes to competitive intelligence, if it looks too good to be legal, it is illegal. Training to help employees understand the importance of data integrity and provenance helps protect companies from legal actions while ensuring that the CI operation is both effective and ethical.

In our second news story we see how theft of intellectual property can effect a small company's ability to negotiate deals with larger pharmaceutical corporations. Even though the company presented in this story is a small pharmaceutical company, we should all be cognizant that this scenario can occur in any company small or large, that contracts out a portion of their R & D business. In the case of Serenex, a small pharmaceutical company that invested a large portion of its corporate fortune in research on a new cancer drug, the alleged corporate espionage potentially threatens their investment.

The case shows how devastating industrial espionage can be. In order to minimize this type of situation, a company must take proactive steps such as utilizing counter-intelligence measures to identify vulnerable points within the organization. 

Competitive Intelligence vs. Espionage (cont.)

In April, two former Ferrari engineers accused of stealing trade secrets were convicted of industrial espionage. Earlier this year, five Kia workers were indicted for selling car manufacturing technologies to China. Since last November the five Kia workers allegedly delivered 57 corporate secrets, including the technology to assemble a certain sport utility vehicle and plans for new models, to a local consulting firm established by some of Kia's former workers.

It's pretty clear, thanks to the increasingly rapid occurrences of technological disruptions, that support and focus on innovation and invention play a huge role in profitability.

[Read the whole article...](#)

Theft of Pharmaceutical Trade Secrets—Current Lawsuit (cont.)

The two companies list Huang's address as their U.S. office and holds himself as being their representative in America.

In February, Serenex learned Zhang and others had filed a patent application for a cancer treatment with the World Intellectual Property Organization. The treatment includes compounds identical to patented compounds that Serenex worked on during Huang's employment. A similar patent was filed in China. The lawsuit also contends that "certain features of Mr. Zhang's patent applications read like unique fingerprints linking them to Mr. Huang's malfeasance." Huang denies any wrongdoing. Serenex, which employs 30 employees, is currently in clinical trials and recently raised \$26 million in venture capital financing. Serenex's lawyer stated "interference with Serenex's intellectual property" could impede the company's ability to negotiate deals with larger pharmaceutical companies. [Read article...](#)



Continued from page 1

- ▶ **Between the Lines**
- ▶ **Competitive Intelligence vs. Espionage**
- ▶ **Customer's Right of Access**

Decision Support and Training on Competitive and Market Issues for Pharmaceutical Senior Management

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Fletcher/CSI Healthcare Strategies




About Fletcher/CSI Healthcare Strategies

► **About
Fletcher/CSI
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Strategies**

► **Rules for Ethical
Use of CI**

**Adaptive
Intelligence™
for
Competitive
Advantage**

Fletcher/CSI was founded in 1988 to provide clients with high quality, accurate and timely competitive intelligence gathered using high ethical standards. Our code of ethics, available for view on our web site <http://www.fletchercsi.com/company/ethics.asp>, highlights the importance we place on legal and ethical collection. We have found over the years that following this code protects our clients and ourselves from adverse exposure to risk. Our full time in-house staff allows us to monitor the entire data collection process, ensuring that procedures are followed. Experience has taught us how to be highly ethical and still aggressive in data collection.

Whether you need comprehensive market monitoring service, a one-off competitor assessment, or broad strategic decision support, our skilled in-house staff of pharmaceutical research experts and physician specialists are ready to assist you with research, analysis, and recommendations based on competitor data. Feel free to contact us with your competitive intelligence needs. We will provide you with advice on your next actions. 

Ethical Competitive Intelligence: It's about making the right choices

Here are some simple rules to help ensure your competitive intelligence gathering stays within the boundaries of ethical collection:

- When in doubt, destroy the content
- Marking a document as "Confidential" does not ensure confidentiality
- If it is marked as confidential, treat it as if it is until proven otherwise
- At no time represent yourself or facts falsely
- Never identify yourself as someone you are not when gathering CI
- If you will be unable to prove your information was gathered ethically and legally, never use it
- Much intelligence is gathered through improper care; dispose of documents properly
- Paying an individual for information on their company is not appropriate
- Accepting stolen property is stealing
- Ask yourself if your actions would be embarrassing if they were reported to your friends and family. If so, change your tactics

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Pharmaceutical Competitive Intelligence & Business Analysis Conference & Exhibition

October 1-2, 2007
Hilton Parsippany, Parsippany, NJ

► Conference
Schedule

Producing
Reliable
and
Accurate
Competitive
and Market
Intelligence
Since
1988

**The Most Targeted, Largest Assembly of Pharmaceutical
Competitive Intelligence Executives
You Can Meet Anywhere**

Since the year 2000, Fletcher/CSI Healthcare Strategies® has co-founded and sponsored the industry's premiere CI Business Intelligence Pharmaceutical conference. Join us as we continue to serve as the key sponsor in 2007. The conference features:

2007
Key
Sponsor

- 90% PHARMACEUTICAL COMPANY SPEAKERS
- Large Exhibition of Pharma/Life Sciences CI Service Providers
- Over 300 Registered Attendees

This is "THE" Pharmaceutical CI & Business Analysis Conference

info@pharmabiotechci.com for more info or [visit the conference website.](#)

Conference Schedule

The following is a partial list of upcoming conferences. To learn more about other conferences occurring in 2007-2008, visit our web site: www.fletchercsi-healthcare.com or E-mail: info@fletchercsi-healthcare.com

Competitive Intelligence

Best Practices Forum: Leading the CI Function — Sept. 17-18, 2007 — Chicago, IL [Website](#)

Future Intelligence Workshop — Sept. 19, 2007 — Chicago, IL [Website](#)

Competitive Intelligence Basics Workshop — Oct. 10-11, 2007 — New Orleans, LA [Website](#)

Healthcare/Pharmaceuticals/Devices

PharmaForce 2007 — Sept. 17-19, 2007 — Philadelphia, PA — [Website](#)

Annual Merging Electronic Health Records & eClinical Technologies Conf. — Sept. 24-25, 2007 — Annapolis, MD [Website](#)

Global Data Security & Privacy Summit — Sept. 24-25, 2007 — Washington, DC [Website](#)

M&A and Corporate Development Conference — Sept. 24-25, 2007 — Nashville, TN [Website](#)

Annual Drug Delivery Technologies & Deal-Making Conference — Sept. 24-26, 2007 — New Brunswick, NJ [Website](#)

International Medical Devices Conference & Exhibition (IMD Expo) 2007 — Sept. 24-26, 2007 — Burlington, MA [Website](#)

Pharmaceutical CI & Business Analysis Conf. — Oct. 1-2, 2007 — Parsippany, NJ [Website](#)

Bio/Pharmaceutical Corporate Social Responsibility Leadership Forum — Oct. 1-2, 2007 — Philadelphia, PA [Website](#)

Enrollment and Prescription Drug Event Data Summit — Oct. 12, 2007 — Washington, DC — [Website](#)

6th Annual Pharmaceutical Product Launches Summit — Dec. 10-11, 2007 — Philadelphia, PA — [Website](#)

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