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GEMEINSAMES
KOLLOQUIUM
“OPTIMIERUNG UND OPERATIONS RESEARCH”
DER WIRTSCHAFTS- UND SOZIALWISSENSCHAFTLICHEN FAKULTÄT
UND DER FAKULTÄT MATHEMATIK

Im Rahmen des Kolloquiums spricht

Herr Prof. Dr. Stefan Scholtes, University of Cambridge

zum Thema

***Double or Quits: Co-development Contracts with
Opt-out-Options***

Der Vortrag findet statt am

Mittwoch, den 12. Dezember 2007, um 16.00 Uhr c.t.

(Tee: ab 15.45 Uhr) im **Mathematikgebäude, Raum 811**

Zusammenfassung des Vortrags:

WIn 2004, the UK biotech company Cambridge Antibody Technology and the pharma major Astra Zeneca entered a \$175M co-development alliance for biotechnology drugs. The contract won an industry award for innovative business development. The novel element was the use of opt-out options for the partners to deal with uncertainty. In this paper we show that, in contrast to traditional royalty-milestone arrangements, co-development with opt-out is an efficient contract, i.e., the development of commercially viable drugs is not unduly delayed in certain scenarios.

We then investigate contracts with opt-out options for both parties. If both parties have the same opt-out terms, then they would opt out in the same scenarios, which would lead to inefficiency. To avoid this, the opt-out terms for both parties have to be asymmetric. It turns out that contract terms that seem, at first glance, more favourable for one partner than for the other, can share the value, ex ante, in a fair way. We characterise asymmetric contract terms that (a) make the contract efficient, (b) result in fair value sharing and (c) align options exercise with the different strategic goals of both partners

Interessierte Hörerinnen und Hörer sind herzlich willkommen !

Der Vortrag richtet sich auch an Studierende der Mathematik und der Wirtschaftsmathematik mit Vorkenntnissen in Optimierung und/oder Operations Research.

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