



L'ORÉAL
USA
Research & Innovation

Corporate Counsel Roundtable

September 6, 2018

Adam Jones

AVP – Business Development
adam.jones2@rd.loreal.com

Anand Natarajan

Associate General Counsel
anatraj@estee.com

INTRODUCTIONS

SPEAKER BACKGROUNDS

Adam Jones

J.D. – Harvard
B.A. – UCSB

Assistant Vice President, Business Development – L'Oréal, Research & Innovation
Founder and President – Start-up
Associate Director, Licensing & Business Development – UCSB
Corporate Attorney – Weintraub Genshlea
Corporate Attorney – Stradling Yocca Carlson Rauth

Anand Natarajan

J.D. – Rutgers
B.A. – Emory

Executive Director, Associate Counsel – Estée Lauder
Assistant Vice President, Counsel – L'Oréal, Research & Innovation
Associate General Counsel – GAVIS Group (GAVIS Pharmaceuticals, Novel Labs)
Attorney – Natarajan LLP

L'ORÉAL

*MISSION:
BEAUTY FOR ALL*



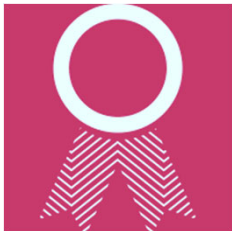
#1
**Cosmetics
Group
Worldwide**



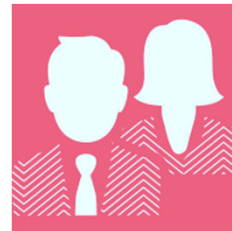
€26 Billion
**Sales Revenue
In 2017**



215
**Products Sold
Every Second**



498
Patents in 2017



82,600
Employees

GLOBAL GROUP REACHING 150 COUNTRIES



L'ORÉAL

Research & Innovation

USA

BUSINESS DEVELOPMENT

L'ORÉAL USA BRANDS AT A GLANCE

Consumer Products

L'ORÉAL
PARIS

GARNIER

MAYBELLINE
NEW YORK

NYX
PROFESSIONAL MAKEUP

Niely

Dark
Lovely

essie

mg
PRESTIGE

Professional Products

L'ORÉAL
PROFESSIONNEL
PARIS

REDKEN
THE LUXURY LINE

MATRIX

KÉRASTASE
PARIS

PUREOLOGY
serious colour care

DECLÉOR
PARIS
SKIN - BODY - HAIR

L'Oréal Luxe

LANCÔME
PARIS

YVES SAINT LAURENT

GIORGIO ARMANI
beauty

Kiehl's
SINCE 1851

ud
URBAN DECAY
Beauty with an edge

BIO THERM
The Science of Skincare

it
COSMETICS

RALPH LAUREN
FRAGRANCES

shu uemura

clarisonic

VIKTOR & ROLF

HR
THE LABORATORIES

DIESEL

cacharel

YUESAI

Active Cosmetics

LA ROCHE-POSAY
LABORATOIRE DERMATOLOGIQUE

VICHY
LABORATOIRES

SKINCEUTICALS
ADVANCED PROFESSIONAL SKINCARE

CeraVe

ROGER & GALLET

L'ORÉAL

Research & Innovation

USA

BUSINESS DEVELOPMENT

RESEARCH & INNOVATION DRIVING GLOBAL BUSINESS



>\$1 Billion
Invested In
R&I Annually



>3,900
R&I Employees
Worldwide



498
U.S. Patents
filed in 2017

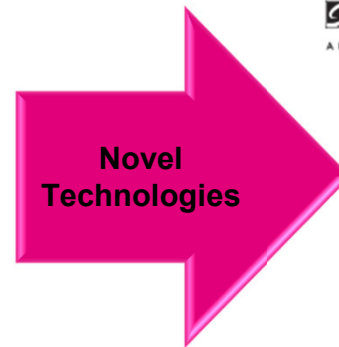


>500
U.S. Researchers
and Scientists

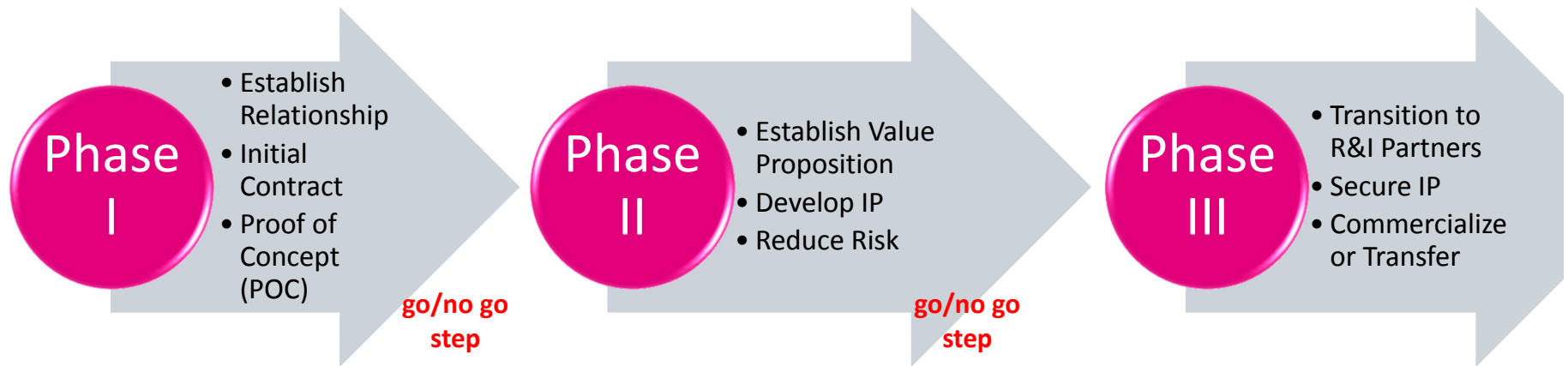


30
Scientific
Disciplines

OPEN INNOVATION MODEL DELIVERING SCIENCE TO BRANDS



L'OREAL R&I COLLABORATION THE PROCESS



- Deliberate stage-by-stage process to gather data, secure IP, establish value and reduce risk
- Determine Proof of Concept before initiating next steps
- Seek smaller financial commitment in early stage (risk-reward tradeoff)
- IP may be more important in later stages
- Build long-term relationships

WHAT IS BUSINESS DEVELOPMENT? AND WHAT IS NOT...

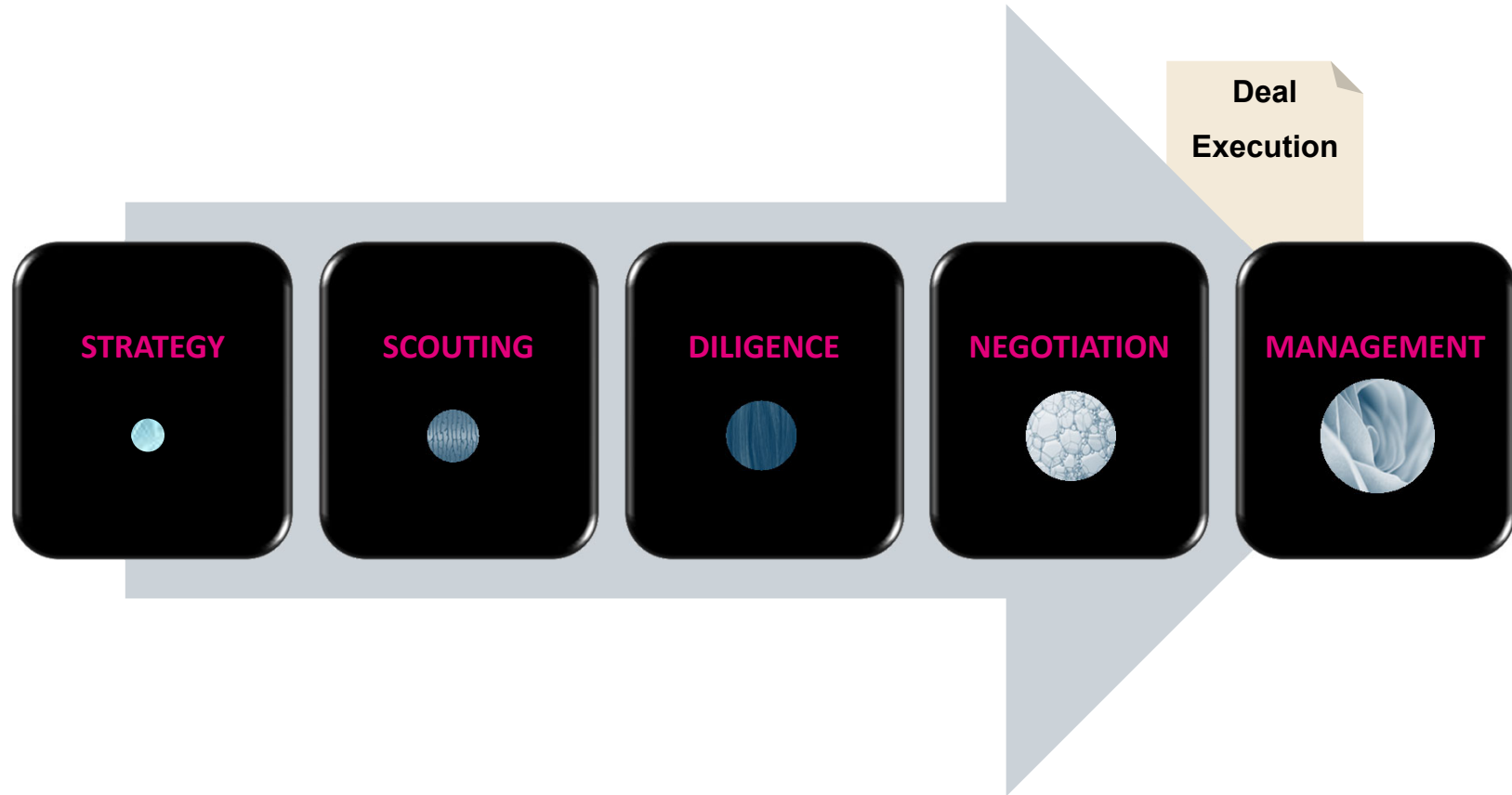
BD functions:

- Face of external communications
- Scout and evaluate external partners
- Lead Due Diligence with cross-functional team
- Negotiate deal terms (Term Sheet)
- Communicate deal terms and risks to management

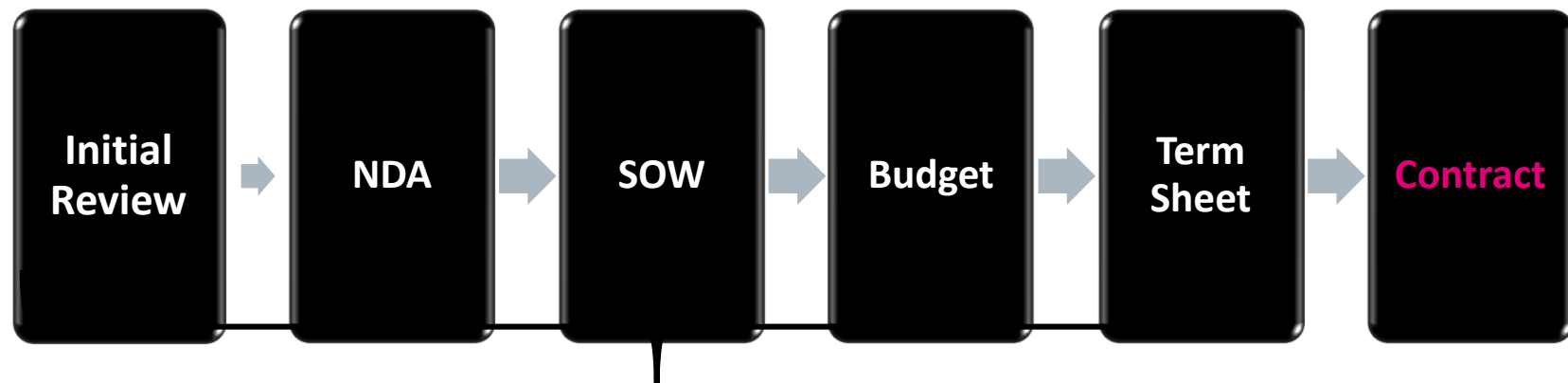
What BD is not (for the purposes of this talk):

- Sales
- Project Management
- Technical Lead

LEGAL & BUSINESS DEVELOPMENT RESPONSIBILITIES



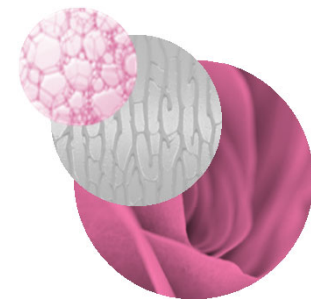
L'OREAL R&I DEAL STAGES



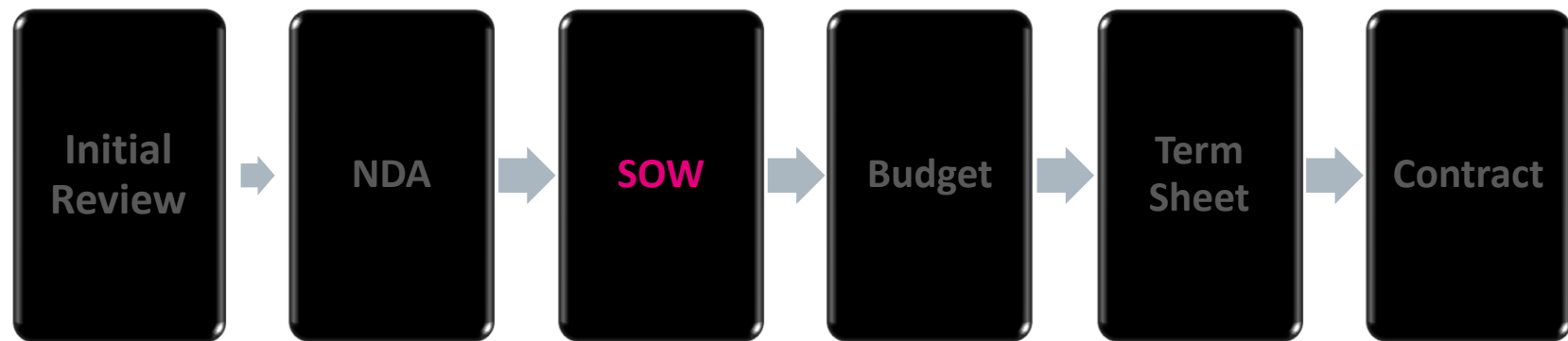
Due Diligence

DUE DILIGENCE MUST BE COMPLETED BEFORE CONTRACT

- “Fail early & fail fast” method
- Identify risks and potential deal breakers early
- Develop plan to mitigate risks
- Identify critical issues to be tracked closely
- Quantify impact on valuation



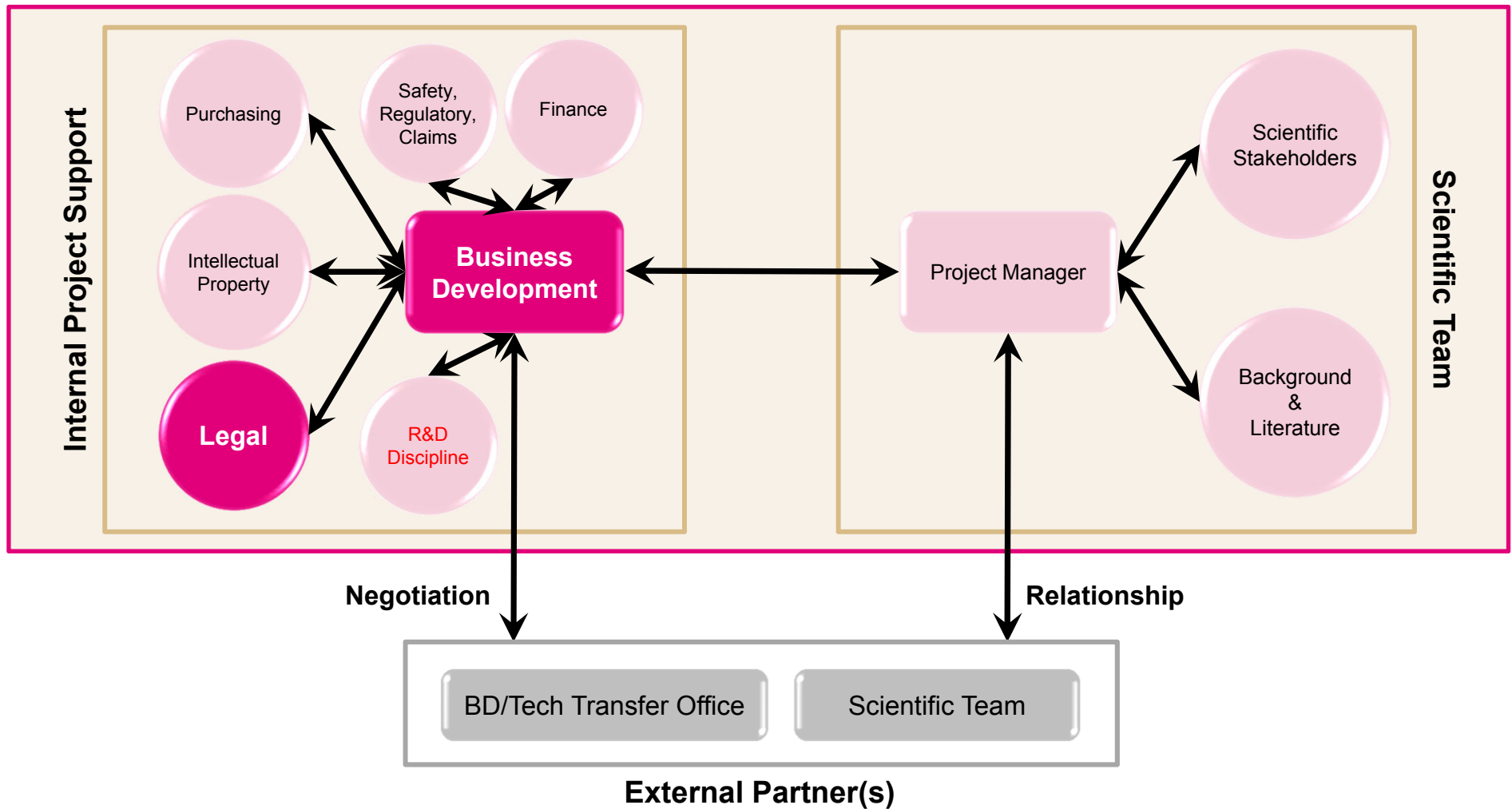
L'OREAL R&I *WHAT TO INCLUDE IN A SOW*



1. **Project Description:** what are you doing?
2. **Roles & Responsibilities:** who is doing what?
3. **Timeline:** when do you start, when are deliverables due, when does it end?
4. **Budget & Payment Schedule:** how much does it cost and when do we pay?
5. **Deliverables:** who gets what, and who is responsible for delivery?

ORGANIZATIONAL CHART RELATIONSHIPS

Internal Organization



L'ORÉAL

Research & Innovation

USA

BUSINESS DEVELOPMENT

DEAL RESPONSIBILITIES

CROSS FUNCTIONAL DEAL TEAM

Deal Stages											
Strategy	Scouting	Partner Engagement & Non-confidential Information Sharing	CDA/NDA	Confidential Information Sharing & Project Planning	Statement of Work (SOW)	Budget / Payment Schedule	Term Sheet	Negotiation	Contract Preparation	Contract Execution	Alliance Management

Timeline	Best-case Scenario	Ongoing	Ongoing	few weeks	few days	few weeks	one week	few days	one week	one week	one week	one week	pre-planned during contract prep
	Average	Yearly Communication	Ongoing	months to years	few weeks	weeks to months	weeks to months	weeks	weeks	few weeks	few weeks	few weeks	as needed

Month Completed
Deal Stage



Internal Stakeholders	Scientist/Project Manager												
	Business Development	Diagonal					Diagonal						Diagonal
	Legal						Diagonal						
	Patents												
	Purchasing/Finance												
	Management												

External Stakeholders	Scientific Partner											
	BD/University Tech Transfer											

WHAT IS BUSINESS DEVELOPMENT? IN PRACTICAL TERMS

BD functions:

- Get people to make internal decisions
- Call out risks to be resolved
- Get consensus to move the deal forward
- Take an interest in contract drafting
- Summarize deal: terms, risks, etc.

LEGAL: SUPPORT BUSINESS DEVELOPMENT INTEGRATE

Why?

- Compelling transactions
- Inside track on the business
- Relevance
- Career development

How?

- Observe and learn
- Adapt your style, go outside your comfort zone
- Simplify and de-mystify internal process
- Be transparent

WAYS BD WORKS WITH LEGAL COMPLETING A TRANSACTION AGREEMENT

Legal owns the agreement

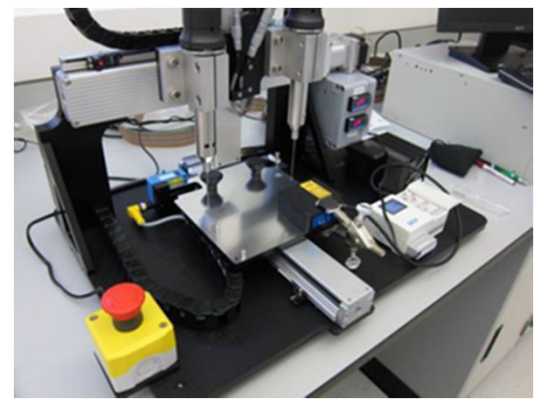
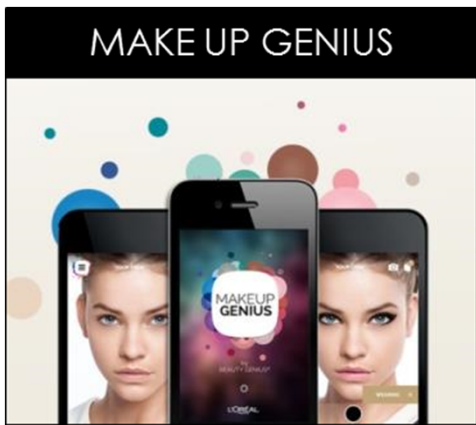
- Pros: Less internal conflict; less work for each function; work follows job description
- Cons: Deal approach doesn't evolve; potential to have incorrect or incomplete deal terms; mystifies agreement

BD and legal take joint ownership of agreement

- Pros: Two passes on critical concepts; clarifies team's position; encourages collaboration; sets the stage for knowledge exchange
- Cons: Forces BD outside of its comfort zone and increases work for BD; more work for legal, too; blurs roles, challenges legal's core function

CASE STUDIES

PRODUCT LAUNCHES AND RESEARCH AGREEMENTS



Adam Jones

AVP – Business Development
adam.jones2@rd.loreal.com

L'ORÉAL
Research & Innovation



Anand Natarajan

Former Associate General Counsel
anataraj@estee.com

For L'Oréal, beauty is above all a scientific adventure.

L'ORÉAL
Research & Innovation

USA

BUSINESS DEVELOPMENT