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Charles River Laboratories is a leading supplier of lab rodents to drug companies.

Firms face pressure to merge

By CONSOLIDATION

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Consolidation has already become a hallmark of other segments of the life sciences industry, including medical devices and biotechnology.

Several Massachusetts medical-device makers, including Hologic Inc. of Bedford, Inverness Medical Innovations Inc. in Waltham, and Boston Scientific Corp. of Natick, have over the past few years beefed up their product lines with major acquisitions. And major drug companies have scooped up a growing number of biotech firms, including some in Massachusetts, as they look for ways to replenish their pipelines with promising new drugs.

Some supply companies have already combined. Waltham-based Thermo Electron made headlines in 2006 when it bought Fisher Scientific International for \$10.6 billion, creating one of the world's largest suppliers of laboratory equipment. Now Foster and some other executives and analysts say more deals are inevitable.

The industry should consolidate," said John L. Sullivan, a financial analyst with Leerink Swann & Co. in Boston.

Sullivan cited a number of reasons. Small companies need to merge with bigger companies to gain access to a worldwide sales force and distribution. Large companies can expand their portfolio of products and services by joining forces. Indeed, Sullivan noted that drug companies would rather buy an "A" product from a well-known supplier instead of an "A" product from an upstart they can't count on to survive.

Bay State executives differ on how sweeping the trend will be. "PerkinElmer's CEO, Robert F. Friel, agreed with Foster. "I think that the large drug companies are looking for fewer suppliers," he said. "I think there is a natural evolution where there is consolidation and that will continue."

But PerkinElmer's chairman

The players

Major companies that provide services and equipment to drug makers call Massachusetts home.

Thermo Fisher Scientific Inc.
Waltham
■ Business: Wide range of laboratory equipment and supplies
■ Market value: \$23.7 billion

Waters Corp.
Milford
■ Business: Scientific instruments and software
■ Market value: \$6.1 billion

Charles River Laboratories
Wilmington
■ Business: Laboratory rodents and related services
■ Market value: \$4 billion

Millipore Corp.
Billerica
■ Business: Drug discovery and manufacturing equipment
■ Market value: \$3.9 billion

PerkinElmer Inc.
Waltham
■ Business: Scientific instruments and related products
■ Market value: \$3.0 billion

Parsons International Corp.
Waltham
■ Business: research services
■ Market value: \$1.6 billion

Brooks Biosciences Corp.
Billerica
■ Business: Scientific instruments
■ Market value: \$1.1 billion

Covident Ltd.
Mansfield (US headquarters for Becton Dickinson)
■ Business: Health products, including chemicals used in drugs
■ Market value: \$21.5 billion

SOURCE: The companies

and former CEO, Gregory L. Summe, noted. "It's not a super rapid trend." He pointed out that many suppliers have sturdy different business models, making it more difficult to consolidate. And some companies prize independence.

Thermo Fisher Scientific, one of the biggest Massachusetts suppliers to the pharmaceuticals industry, has said it is looking for smaller companies to acquire.

But in an interview late last year, its chief executive, Marjui Dekkers, said the company doesn't plan to make another multibillion-dollar acquisition anytime soon. Dekkers said the company still needs another year to digest the combining of Thermo Electron and Fisher Scientific.

And Dekkers said it's harder to find big deals that make sense, adding that "if the stars were

aligned, we would consider it." Charles River, which dominates the market for providing lab rodents to drug companies, says it has made 10 acquisitions since 1994. And Foster said it plans to continue making smaller acquisitions to maintain its position, adding new technologies and branching into new markets.

For instance, Charles River has become increasingly reliant on revenue from services, such as testing drugs in rodents for companies — instead of simply selling the animals.

"We are continuously looking" at possible acquisitions, Foster said. And if he and others are right about the trend, Charles River won't be alone.

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Lotus taking aim at Office

By LOTUS

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Rhodin's betting that Symphony will help IBM pry loose millions of dollars now being spent on Microsoft Office. He wants customers to spend it instead on Lotus Notes and Domino, and on an array of collaboration and social networking products unveiled by Lotus over the past year.

"It's freeing up money in people's budgets to spend on innovative new ideas, as opposed to continuing to pay for old ideas," Rhodin said.

His new ideas include Lotus Connections, a product that creates Facebook-like communities for corporate workers. "Many organizations are very structured," Rhodin said. "Social software breaks down all of those barriers, basically creates everybody as peers within the organization, and information flows much faster around the organization than it does through a traditional management system."

Lotus is also pushing Quickr, a system for building workspaces where teams can share documents, and an upcoming "mashup" program that will let workers assemble information from a variety of corporate databases into a single data-rich overview.

Microsoft has made major inroads with Office SharePoint Server, a collaboration product that can be integrated seamlessly with Microsoft Office. Last year, Microsoft claimed sales of 65 million Office SharePoint licenses worldwide,

generating \$800 million in revenue, partly because SharePoint and Office work well together.

Researchers at Radicati Group, a Palo Alto, Calif., research firm, estimate that SharePoint has captured 34 percent of the business social software market, compared to just 1 percent for Lotus Connections.

Microsoft Office also plays nicely with Microsoft's popular Exchange e-mail server. Again, that translates into market leadership. Radicati estimates that Microsoft has 34 percent of the corporate e-mail market, compared to 24 percent for Lotus Domino server.

Rhodin sees the intimate link between Office and Microsoft's server products as a major competitive threat to Lotus, but also as a big target for Symphony, a software suite that does most of what Office does but doesn't cost as much.

Businesses that move away from Office are more likely to be a big target for Symphony, a software suite that does most of what Office does but doesn't cost as much.

"It's the main part of their business," Rhodin said of Microsoft Office, which commands over 90 percent of the office software trade. "If they lost that monopoly, it'd be a big problem for them."

Still, only several hundred thousand copies of Symphony have been downloaded since its introduction in September, compared to 400 million Microsoft Office users worldwide.

"I think it has potential for taking some business from Office, but I don't see any precipitous drop," said Dwight Davis, a senior analyst at the research firm Gartner.

But Rhodin does point to the dramatic impact of IBM's 1997 decision to support the free Linux operating system. Back then, Linux was considered little more than a geeky toy for computer hobbyists. But IBM's backing legitimized Linux, and today the software is found in critical applications worldwide.

Rhodin expects a replay. "The level of IBM endorsement behind what we're doing was a signal to a lot of companies to take a serious look at this," he said.

In addition, Rhodin believes that in a slowing economy companies are less willing to pay hundreds of dollars a pop for Office, a complex product with far more features than most users need.

Mike Gotta, a collaboration software analyst for Burton Group in Salt Lake City, said it will take years for Lotus's Symphony effort to make a dent with corporate users.

But he added that thanks to new products like Connections and Quickr, Lotus' overall product catalog is finally strong enough to allow the company to head to head with Microsoft in the collaboration market.

"All of a sudden," he said, "IBM's firing on all cylinders."

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Britain nationalizes mortgage lender

By ASSOCIATED PRESS

LONDON — Northern Rock, which suffered the first run on a British bank in 140 years, will be nationalized after the government confirmed yesterday that it had failed to reach a private-sector deal.

Treasury chief Alistair Darling ended months of speculation by saying the ailing mortgage lender will be placed under temporary

public ownership. He said neither of two private proposals — from Richard Branson's Virgin Group and an in-house bid from the bank's management — delivered sufficient value for money to the taxpayer.

Northern Rock ran into trouble in September because it relied too heavily on short-term money markets instead of deposits for funding. A subsidy for profit was approved by the Bank of England for an emergency loan to long lines at temporary nationwide.

Darling said the two private proposals involved risks for taxpayers and significant government subsidy.

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Gadgets finding their feminine side

By TECHNOLOGY DESIGN

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devices made with an impulse to do more than cover up a circuit board — whether it's diamond-encrusted couture phones or slim flip phones that fit easily in a purse.

Nokia's consumer studies show that if a technology or product appeals to women, it has a better chance of appealing to a broader audience, as well. "In terms of the idea that the gods shall inherit the earth and he'll be male — it's completely wrong, because if you do design a product for a woman, a man or teenage boy will increasingly buy that and enjoy it better," said Tom Savitz, trends director at The Future Laboratory, which carried out the Nokia study.

An emerging field of social science also examines the subtle gender biases that may be built into the very architecture of technology.

Studies have found that men outperform women in navigating 3D virtual environments, for instance, but Microsoft researchers discovered that by tweaking the hardware and giving people a larger field of view, the gender differences were significantly reduced.

Giving users a more flowing 3D experience with visual cues meant that women's performance improved more than men's, giving a new direction for design recommendations, one paper found.

Laura Beckwith, now at Microsoft, found during her doctoral research at Oregon State University that women's confidence levels seemed to determine whether they used spreadsheet debugging

tools that were the key to correcting formula mistakes, such as in a payroll or grading spreadsheet. But she also discovered she could reshape the software so that such uncertainty was not an obstacle. By tweaking the software tool to allow users to choose not only "right" and "wrong," but also more tentative options such as "seems right maybe" or "seems wrong maybe," she found that women tended to use the tool at least as often as men did.

"There's a possibility that if you don't consider gender when you're designing your software, you are unintentionally designing for one and not both genders," said Beckwith. "In the early studies that I did, some people never thought the computer would be wrong — they had no notion of blaming the computer for things it had done. That's a pretty serious consequence we really have to take into account."

A recent study by Hugu Liu, a researcher at the MIT Media Lab, used analysis of 150,000 blog entries to create GenderLens, a new filtering system that created "men's" and "women's" news feeds.

In four of five categories, the newsfeeds were able to accurately predict which stories would be preferred by men and women, providing insight into ways that user interfaces could be improved.

"In broadest strokes, we drew the conclusion that females express more vividly, are detail and event driven, while male expression gravitates toward the hierarchical, abstract, and utilitarian," Liu wrote in an e-mail. "It's cer-

tainly possible to apply these results to understand gender bias that may be baked into websites."

A fellow at the Berkman Center for Internet and Society at Harvard Law School, danah boyd, believes those show up every time people log on.

While women and men both use online social networks, for instance, she says they bear the imprint of the people who design them and the users who adopt them first. For instance, a news-ranking website like Digg.com would appear to have a gender-neutral concept — people choosing and identifying interesting news stories — but is dominated by content that would appeal to a techy, usually male crowd.

But technologies that become popular with women can escape their design to some ways, she said, noting that women who use social networks tend to use them as a form of self-expression, whereas men are more likely to use them to collect a bucket of friends.

As technology takes a cue from its consumers, and as more women have entered the tech industry, that means more and more companies may be thinking outside the beige box.

Still, it would be a mistake to think that designing for women simply means adding sparkles. "That doesn't mean we're making a pink phone," said Tero Ojanperä, Nokia chief technology officer. "It's more social, more human."

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Thomas J. Engelmann
Intellectual Property

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