
**Brakke Consulting's
Animal Health News & Notes for July 20, 2007**
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**2007 VETERINARY DISTRIBUTOR EFFECTIVENESS STUDY
PLACE YOUR ORDER NOW**

The 2007 Distributor Effectiveness Study is a follow-up to the original 2003 study. The study will utilize a quantitative survey of approximately 800 companion animal veterinarians to identify what they view to be the most important traits of a distributor, and to have them rate the performance of distributors that serve their practices on 20 business activities and measures.

The 2007 DES will provide insight about some of the major changes in the marketplace since 2003 that have affected veterinarians' relationship with their distributors such as:

- Mergers and Acquisitions: At least half of the top 10 distributors in 2003 have either been acquired or merged with other companies.
- Geographical Expansion: Several strong regional distributors have expanded to new market areas or grown to become national companies.
- National and Regional Market Shares have changed dramatically for some companies and regions.
- Distribution and Call Center Location: Significant changes have been made by many companies with regard to relocation of distribution centers and call centers to achieve greater productivity and cost efficiency.

Timing: The survey of 800 veterinary clinics will be completed in October and final reports will be delivered by December 2007.

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COMPANY EARNINGS RELEASES

> **Pfizer** reported results for the second quarter and first half of 2007. Animal Health's second quarter revenue grew 9% to \$632 million in the second quarter of 2007, and 11% to \$1.2 billion in the first half of 2007 compared to the year-ago periods, bolstered by new companion animal product launches. The new products included Convenia, a first-in-class single treatment antibiotic for dogs and cats; Slentrol, a weight-management drug for dogs; and Cerenia, a first-in-class product for the treatment and prevention of vomiting in dogs. (*company website*)

> Wyeth reported results for the second quarter and first half of 2007. Worldwide net revenue for **Fort Dodge Animal Health** increased 2% to \$279 million for the 2007 second quarter due to higher sales of livestock and poultry products, offset, in part, by lower sales of companion animal products. Net revenue for the 2007 first half increased 6% to \$554 million due primarily to higher sales of companion animal, livestock, equine and poultry products. (*company website*)

COMPANY NEWS RELEASES

> **Merial** announced that **Accelerated Genetics** and **Select Sires** Inc. are now providing information from the comprehensive IGENITY profile on all sires in their beef lineups. The scores from the IGENITY profiles for these sires can be found on both companies' Websites. (*company press release*)

> **Bayer Animal Health** announced that it has formed an alliance with the University of Kansas (KU) School of Business to offer a unique MBA program tailored to the animal health industry. Once accepted into the program, students would work for Bayer Animal Health as part of a rotational executive development program while pursuing their MBA with the KU School of Business. (*PRNewswire*)

> **Ceva Animal Health** announced the acquisition of **Butler Sales Associates**, Inc. Butler Sales has a 30 year history of representing high quality products to the veterinary trade in the US and Canada. Financial terms were not disclosed. (*company press release*)

> **Hill's Pet Nutrition** Inc. introduced Hill's Prescription Diet Hypoallergenic Treats Canine and Hypoallergenic Treats Feline. The treats are designed to give veterinary health care teams a treat they can recommend for their canine and feline patients with skin problems. New Hypoallergenic Treats contain hydrolyzed proteins; additionally, the new canine treats support skin barrier function and nourish the skin and coat with added antioxidants and omega fatty acids. (*company press release*)

> **Heska** introduced its new in-hospital veterinary blood cell count analyzer, HemaTrue Veterinary Hematology Analyzer, a significant upgrade from its CBC-Diff analyzer. The new analyzer is similar to a complete blood count analyzer in human medicine, and provides reference laboratory results in less than a minute. The analyzer has a streamlined design so it takes up less space, and includes several enhancements that make it easier to use and more accurate. (*company press release*)

> **IDEXX Laboratories**, Inc. announced the launch of the SNAP cPL Test (canine pancreas-specific lipase), the first pet-side screening test developed to measure lipase enzyme levels

specific to the pancreas and provide a more complete diagnostic picture in dogs presenting with vomiting, anorexia, abdominal pain and diarrhea. (*company website*)

> **ImmuCell** Corporation announced that **Pfizer Animal Health** has elected to terminate its product development and marketing agreement covering Mast Out. As a result of this termination, the Company expects to recognize the remaining deferred income from non-refundable milestone payments received from Pfizer and to write-off the remaining unamortized cost of technology license rights acquired in November 2004. (*company press release*)

> **Vobra Special Petfoods**, a Netherlands-based company, announced the introduction of Sanimed, a new line of veterinary diets for dogs and cats. The line consists of 14 preventative and therapeutic diets sold through veterinarians only. (*Petfood Industry*)

> **Nutrena** announced a new line of premium dog and cat food, Loyall, which will soon be available at ag-retail outlets around the country, including Nutrena, Agway and ACCO dealers. The Loyall team of researchers and nutritionists has formulated one cat and seven dog food products, which will be available in August. (*Petfood Industry*)

> **JBS S.A.** announced it has completed its acquisition of **Swift & Co.** The all-cash transaction was valued at approximately \$1.5 billion. As a result of the deal, the consolidated JBS Swift Group will be the largest beef processor in the world. (*Meating Place*)

ANIMAL HEALTH NEWS

> US - NEW TICK RESEARCH CENTER Kansas State University's College of Veterinary Medicine announced the opening of its new Dryden-Merial Tick Research Center, to which **Merial** contributed \$815,000. The center will conduct tick bionomic and control studies and disease-vector research, as there was a lack of biological information on how efficiently and quickly ticks infested dogs and cats, tick feeding time, and the reproductive success of ticks feeding on dogs. (*Animal Pharm*)

> US - VETERINARY EDUCATION Prairieland Investment Group, whose principals are owners of Carthage Veterinary Service (CVS), announced the purchase of the World Christian Ambassador Mission, formerly Robert Morris College in Carthage, Illinois. Professional Swine Management, a pork production management service, is a division of CVS, which consists of nine veterinarians. The CVS group will develop a Learning Center to provide skill sets to employees of pharmaceutical, biological, and ag-related industries as well as PSM managed farms and clients. The learning center will combine classroom education, modular real-time facilities, training CDs and in-barn education. (*Pork Alert*)

> US - BEEF AND DAIRY INITIATIVE Recognizing beef and dairy products share common opportunities and challenges in the consumer marketplace, the beef and dairy industries plan to cooperate in checkoff-funded research efforts. Beef and dairy foods share the benefits of being nutrient rich and desirable to consumers, while also sharing the challenge of negative perceptions regarding fat content and health. The two industries, working through the Nutrient Rich Foods Coalition, plan research initiatives to demonstrate the health benefits of beef and dairy proteins and other nutrients in a balanced diet. (*Drovers Alert*)

> US - EQUINE GENOME Morris Animal Foundation announced the funding of Phase One of its Equine Consortium for Genetic Research. The Equine Consortium for Genetic Research is a five-year, \$2.5 million project to rapidly advance equine health which includes 32 scientists from 18 academic institutions in 9 countries. The first of the research tools to be developed by the consortium, SNP chips, will allow researchers to define underlying genetic factors that influence

highly heritable as well as common equine diseases, such as tying up, heaves, laminitis and osteochondrosis. *(association press release)*

BRAKKE CONSULTING VIEWPOINT

Congratulations to the AVMA management and staff for a very successful annual meeting in DC this past week. It's our understanding that over 10,000 individuals registered for the meeting, including about 4,500 veterinarians.

A number of the new companies entering the industry held various promotional programs or meetings at the AVMA conference. These new entries should make a positive contribution to the overall industry and will keep some of the larger traditional players on their toes over the coming months and years.

We particularly enjoyed the opportunity to participate in the retirement party for Dr. Bruce Little, who has served as Executive Vice President of the AVMA for the past 12 years. It was a great event. Congratulations to Bruce for a job well done, and best of luck to him and his wife Nancy in the future.

Have a great weekend!

Ron Brakke

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