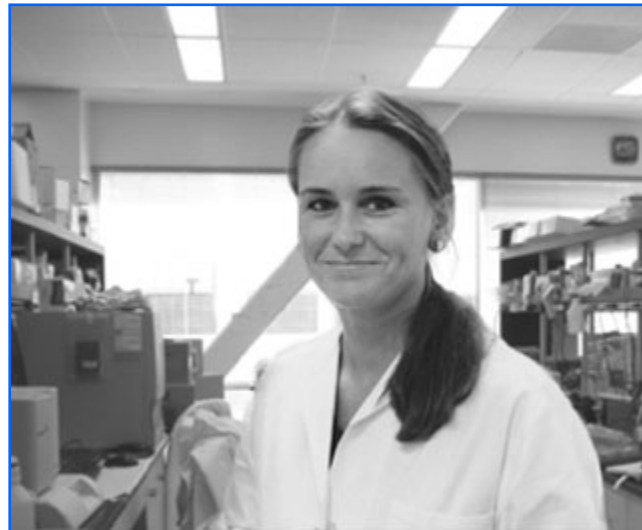


# 2004 Fall Purchasing Survey



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## Introduction

The requested budget for the National Institutes of Health (NIH) in 2005 is US\$28.8 billion, a 2.6% increase over 2004's funding.<sup>1</sup> Although the proposed increase is greater than last year's increase (2.0%), due to an anticipated US\$400 million shortfall in the funds for discretionary spending, there are concerns about whether the NIH will be funded at the requested level. "I've not heard anyone suggest that the [US House of Representatives appropriations] subcommittee will go below what the president has requested for the NIH, but the numbers, the arithmetic of the situation, could lead to that outcome," said Dave Moore, associate vice president for governmental relations at the Association of American Medical Colleges (AAMC).<sup>2</sup>

Whether or not it receives full funding, the NIH clearly remains a federal priority. The proposed increase of 2.6% has come in a year when the average increase in discretionary spending for non-defense programs has been kept to 0.5%. Of course, a portion of the NIH budget is allocated to biodefense. This portion of the NIH budget is slated to increase by 7.5%, to US\$1.74 billion.<sup>2</sup>

In short, the good news is that the NIH is slated for an above average increase in a year when the federal government is focused on defense and so keeping discretionary spending to a minimum. The bad news is that the increase is not even keeping pace with inflation and, furthermore, the actual funding level may not reach the proposed 2.6% increase. The focus on defense and homeland security, however, is further good news for those whose research is relevant to biodefense. In keeping with the good news/bad news state of federal funding, under the proposed budget, the National Science Foundation would receive US\$5.7 billion, a 2.5% increase, but the Centers for Disease Control and Prevention (CDC) would experience a 8.9% decrease, reducing their funding to US\$4.3 billion.<sup>2</sup>

Funding for biotechnology companies looks to be standing more solidly on the good news side of the fence. According to G. Steven Burrill, CEO of Burrill & Company, a life sciences merchant bank, "The numbers tell a heartening tale. Last year at this time, the industry had raised a total of nearly US\$8.9 billion . . . This year, we've raised US\$14.5 billion."<sup>4</sup> That's an increase of 62.9%.

Scientists receiving federal-funding remain largely on a tight budget and scientists in the biotechnology sector have to report to investors. As a result, scientists in both publicly and privately funded laboratories are looking to maximize their output for every dollar spent. For most, this means looking into new, possibly more efficient, technologies. It also means researching products and comparison shopping.

So, which technologies are scientists looking to adopt in 2005? Where do they do their product research and what ultimately affects their purchasing decisions? It is the purpose of this survey to help suppliers better understand the current and future life science market through answering these and other questions about the purchasing habits and future plans of customers.

## Methodology

Over 2000 life scientists completed the 2004 Fall Purchasing survey. The survey was administered on-line between September 20 and 24, 2004. Survey invitations were sent to life scientists in the United States including members of Biocompare's optin email list (43%) as well as members of external optin email lists (57%).

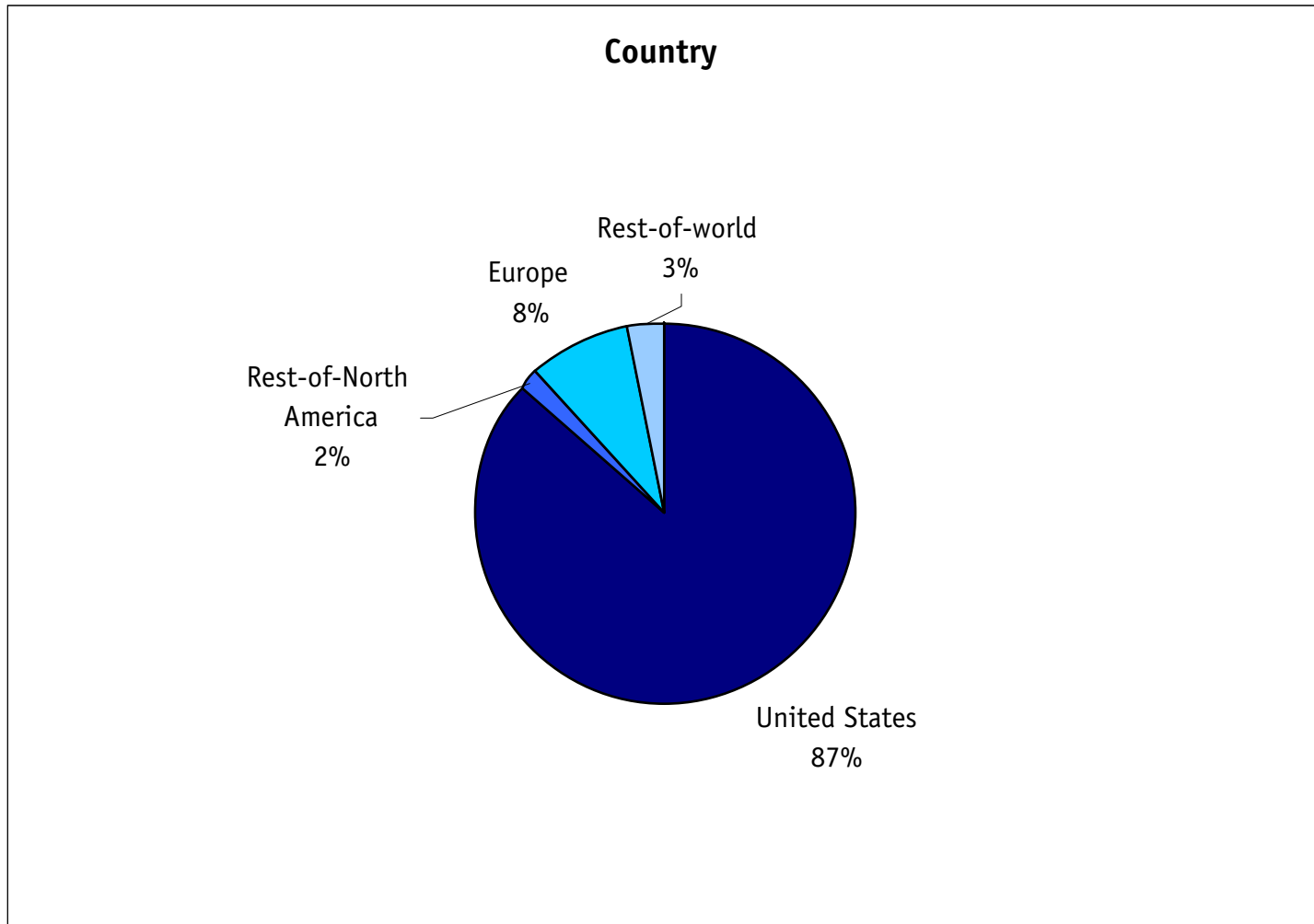
The survey consisted of 1 open-ended and 29 closed-ended questions. 9 questions included "other" as a response option, with space provided for the respondents to add the answer specific to their research.

Demographic information was evaluated from answers to 5 questions within the survey and from addresses provided by the respondents.

Where appropriate, comparisons are made to the 2003 Fall Purchasing Survey (2,093 respondents).<sup>5</sup>

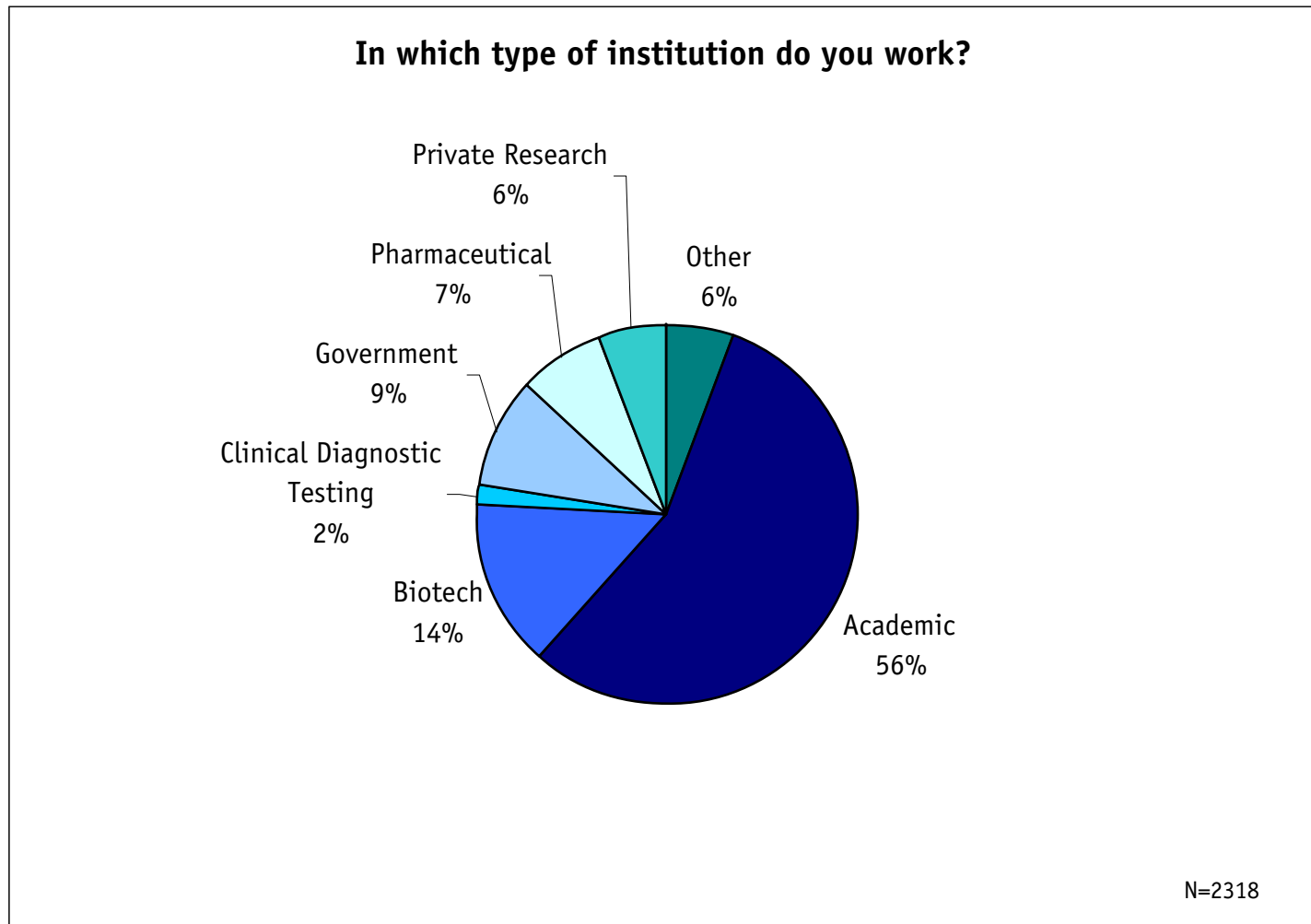
# Results:

## Demographics

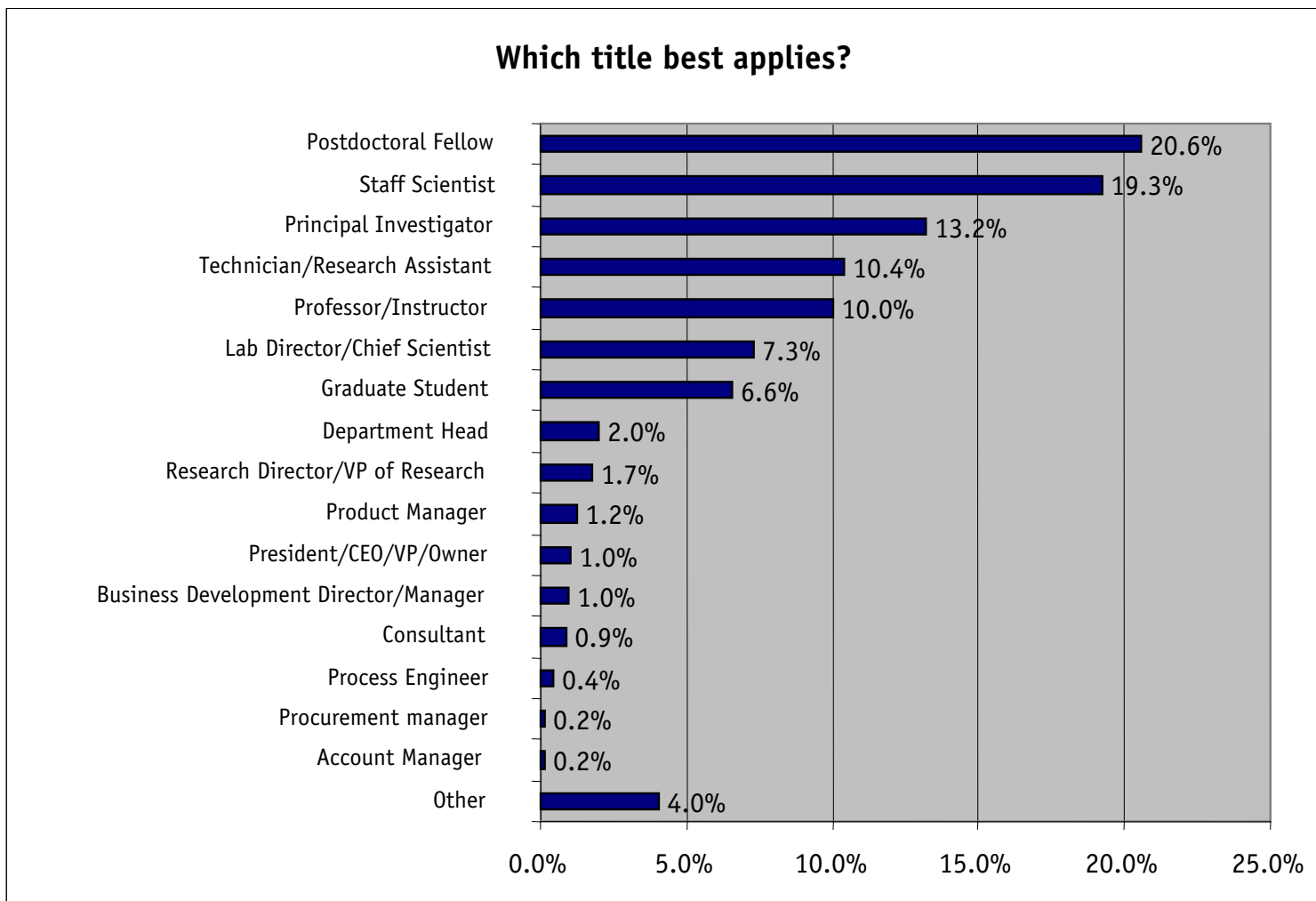


**Figure 1:** Survey takers' country. 87% of the respondents are in the United States.

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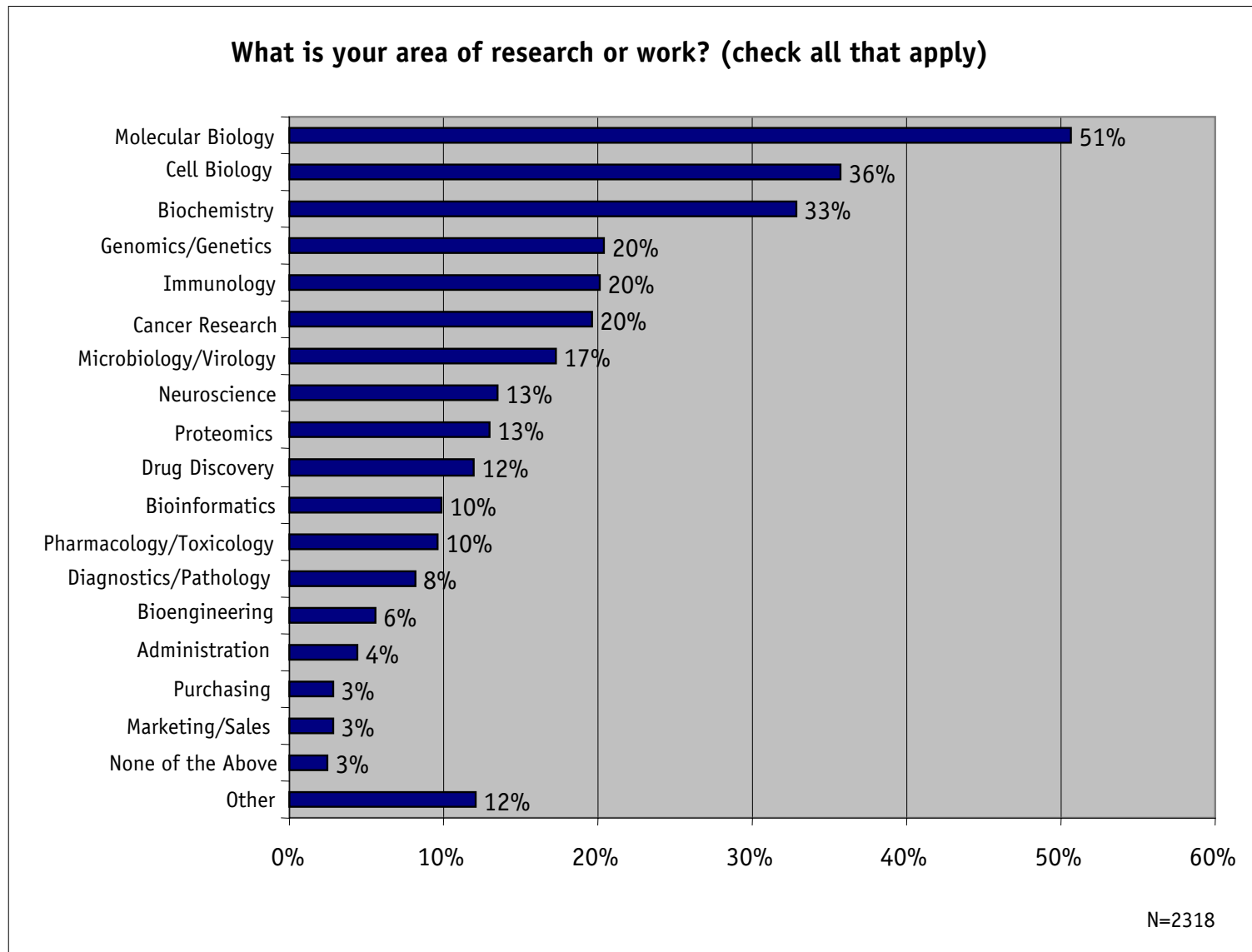


**Figure 2:** Survey takers' institution type. 56% of respondents are in academia, 14% of respondents are in biotech companies.



**Figure 3:** Survey takers' titles. 70% of respondents work at the bench.

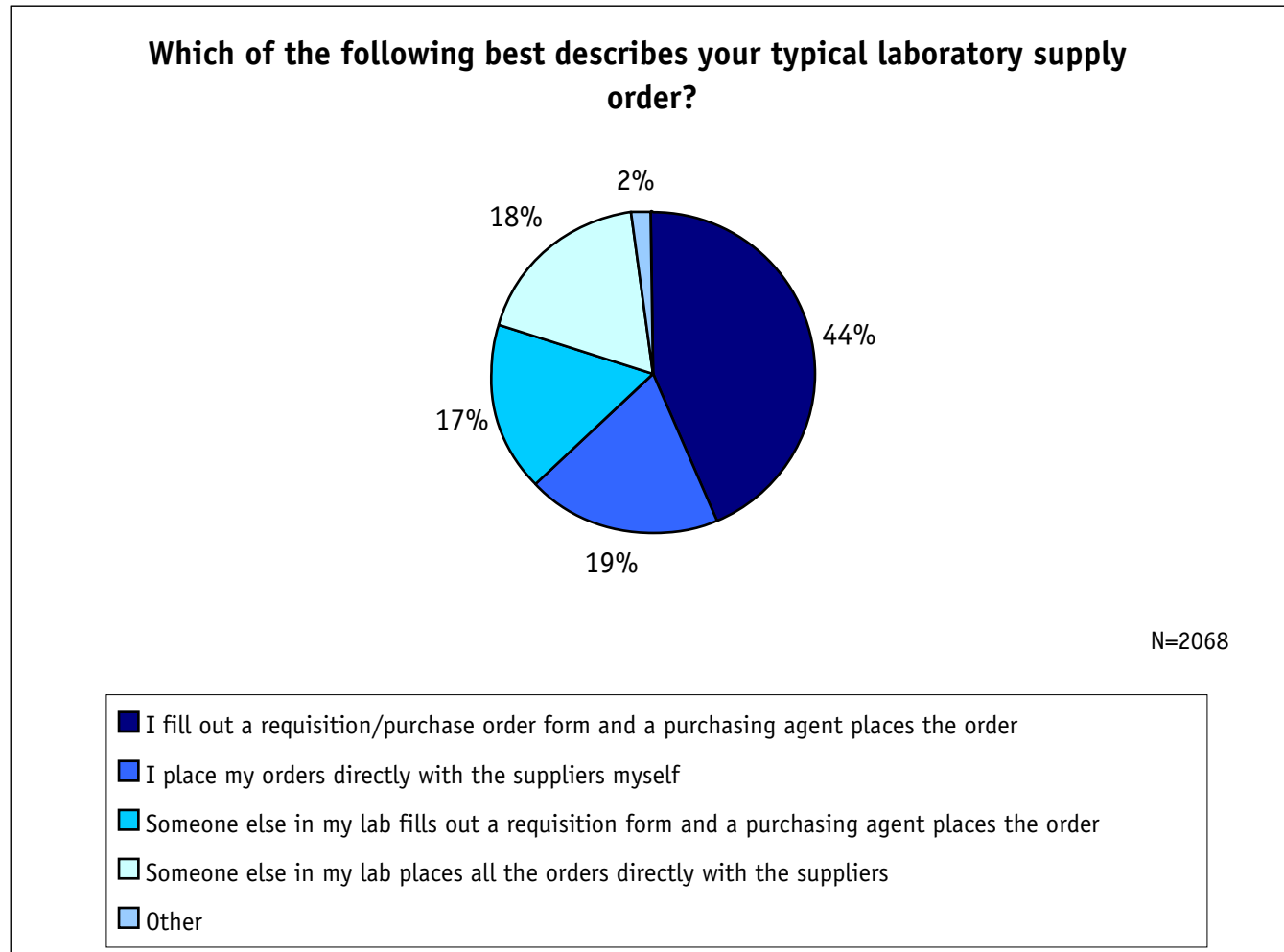
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**Figure 4:** Area of research or work. Many respondents selected multiple areas of research with Molecular Biology (51%), Cell Biology (36%) and Biochemistry (33%) being the most popular responses.



**Figure 5:** Purchasing authority. 89% of respondents either authorize or recommend purchases.



**Figure 6:** Laboratory supply order processing. 61% of respondents work in a laboratory where orders are placed by a purchasing agent.

**Figure 7:** Typical laboratory supply order by institution type.

The majority of respondents indicated that their orders are placed by purchasing agents. The percentage varied by institution type, however. The greatest percentage of respondents indicating their orders are placed by purchasing agents were at clinical diagnostic testing (71%), pharmaceutical (75%), and government (68%) institutions.

| Which of the following best describes your typical laboratory supply order?                 | Institution Type |         |                             |            |                |                  |         | Grand Total |
|---|------------------|---------|-----------------------------|------------|----------------|------------------|---------|-------------|
|   | Academic         | Biotech | Clinical Diagnostic Testing | Government | Pharmaceutical | Private Research | Other   |             |
| I fill out a requisition/purchase order form and a purchasing agent places the order        | 38.40%           | 48.83%  | 37.14%                      | 51.85%     | 60.26%         | 45.24%           | 42.71%  | 43.33%      |
| Someone else in my lab fills out a requisition form and a purchasing agent places the order | 17.24%           | 16.39%  | 34.29%                      | 15.87%     | 14.57%         | 20.63%           | 18.75%  | 17.36%      |
| I place my orders directly with the suppliers myself  | 20.99%           | 17.73%  | 22.86%                      | 15.34%     | 10.60%         | 20.63%           | 17.71%  | 19.10%      |
| Someone else in my lab places all the orders directly with the suppliers                    | 21.67%           | 15.05%  | 5.71%                       | 15.34%     | 11.92%         | 11.90%           | 16.67%  | 18.33%      |
| Other   | 1.71%            | 2.01%   | 0.00%                       | 1.59%      | 2.65%          | 1.59%            | 4.17%   | 1.89%       |
| Grand Total   | 100.00%          | 100.00% | 100.00%                     | 100.00%    | 100.00%        | 100.00%          | 100.00% | 100.00%     |

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