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# Comp Chem Communiqué

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## Introduction

Welcome to the Computational Chemistry Communiqué! If you have information that you would like to post or topics you would like to see addressed, please contact Merry Ambos. The Computational Chemistry Communiqué is published quarterly by Molecular Solutions. If you would like to receive C<sup>3</sup> via email as a pdf file or you would like to have your name removed from our mailing list, please email Merry at [mambos@molsol.com](mailto:mambos@molsol.com).

## People on the Move

**Ravi Jalluri** has moved from Genome Therapeutics Corporation to Incyte as a Principal Research Scientist in Computational Chemistry.

**Yi Han** has joined Hoffmann-La Roche as a Principal Scientist in the Department of Discovery Chemistry. Dr. Han was previously at GlaxoSmithKline.

**G. Scott Weston** has accepted the position of Assistant Professor in the Department of Pharmaceutical Sciences at South University School of Pharmacy. Dr. Weston was previously with Scios, Inc./ Johnson & Johnson.

**Ryszard Czerminski** has joined the computational chemistry group at the Novartis Institutes for BioMedical Research in Cambridge, MA.

**Salvatore Profeta** has moved from Millennium Pharmaceuticals to accept the position of Associate Professor, Medicinal Chemistry in the Department of Basic Pharmaceutical Sciences at the University of South Carolina.

**Thompson Doman** has joined the Computational Chemistry Group at Eli Lilly. Dr. Doman was formerly with Pfizer at the Skokie, IL facility.

## New Technology

**SimBioSys, Inc.** (<http://www.simbiosys.ca>) has released a new docking program: eHiTS (electronic High Throughput Screening), which is a software suite for fast, accurate

flexible ligand docking and is also suitable for virtual screening of large databases. eHiTS is currently available on Unix platforms (e.g. Linux and SGI/Irix)

## The Career Corner

As the long list of press releases announcing the latest round of layoffs continues, it is obvious that employment possibilities within the pharmaceutical and biotechnology industries are at their lowest point in many years. To date, companies have reduced research staff by over 7,900 scientists. One impact of these "staff reductions" is that many senior level scientists are considering going into business as consultants, recruiters, and IT specialists. Several of these individuals have contacted us for advice on starting a company. In order to answer these questions, we have decided to dedicate the next few issue's Career Corner to highlighting some of the topics that are faced when starting a new business.

Obviously, there are a number of tasks associated with starting a new business including development of a business plan, market research to justify the plan, advertising to announce the new venture, etc. Some of these will be briefly covered in future issues. The focus of this column is a discussion of the logistics of setting up a business.

Once you have decided to start a business, the first step will be to determine if you will need an attorney and/or an accountant to assist you with forms and bookkeeping tasks. And the first forms that you will face relate to incorporation and registration of your business. When you incorporate, you will need to decide upon the appropriate structure, i.e., a corporation, subchapter S, LLC, sole proprietor, etc. The financial consequences of your business on your personal taxes should be considered carefully when establishing the company and you may want to discuss this issue in detail with an accountant. One example of the problems that most people do not consider when starting on their own is the impact on your ability to make major purchases. When you start your own business, if you are planning a major purchase (i.e., a house, or car), be sure to secure your loan prior to leaving your current

position. The reason for this is that in general, banks require five years of income statements and individual tax returns for people who own their businesses.

As you would expect, there will be a significant amount of bureaucracy to contend with when you incorporate. While incorporation is not terribly complicated, you will need to decide if you are comfortable completing the process, or if you would prefer to pay an attorney to file for you. The federal government, most states, and townships have web sites that provide information on the forms you will need to complete in order to comply with their requirements; and these requirements generally revolve around one thing – taxes.

Once the company is incorporated, it is necessary to acquire both federal and state identification numbers for tax purposes. The way in which your company has been structured will determine when taxes should be filed. In our particular case, we pay both federal and state withholding taxes on a monthly basis. A search of the IRS web site will provide filing requirements for all business categories. Both federal and state governments will cheerfully provide forms to attach to your tax payments at no charge (enjoy it because this may be the only thing for which you will not be directly charged). Make sure that you know the dates on which your payments are to be made - the penalty for missing deadlines can be substantial. You also will need to find out what, if any local taxes will need to be paid.

Now that you are officially incorporated, and have notified the government of your intent to pay taxes, you will want to check on types of insurance you need for your specific business. In addition to health insurance for you/employees (that may appear as a separate topic in another newsletter since the cost of insuring a small number of people can be staggering), you should consider liability insurance, particularly if you will have people visiting your place of business. Most insurance companies offer umbrella policies to cover small businesses. It pays to shop around for the best rate/coverage for your specific need. Depending on the type of business you are operating, some of your clients will ask for proof of liability insurance. If you are considering a consulting practice, you also may want to investigate errors and omissions coverage.

Since many of the people we have talked with about forming a new company are a part of a two career family, there is the potential that your new company will have to move when your spouse's job is moved. Should this unlikely event occur, you will be obligated to continue filing your annual report with the original state of incorporation and with the new state as a "foreign" corporation doing business in that state. Needless to say, each of these forms/filings requires a

fee, plus penalties if the forms are not filed in a timely manner. Interestingly, when we recently moved our company from South Carolina to North Carolina, we had to file (and pay a fee) to start doing business in North Carolina and file an additional set of forms (with associated fees) to cease doing business in South Carolina. And just to make sure that everyone was kept in the loop, we had to contact Missouri (the original state of incorporation) for yet another form to verify the company's legal status for the agencies in North Carolina.

Other areas you will need to think about are office space vs working from home, computer equipment, phone and fax lines, a web site and e-mail access, and printing business cards, stationery, envelopes, invoices, fax forms, etc. When you set up your corporate bank account, establish a relationship with an officer at your bank. Your banker can assist you in a variety of ways such as facilitating a line of credit for your company, setting up an individual retirement (SEP) account for you, assisting you with the process of accepting credit card payments, and any other financial needs you may have as your business grows. At some point, you should give some thought to protecting your company's name by trade marking it with the federal government. Again, forms for filing are on-line.

The company will need to have an accounting process in place that includes record keeping for expenses, billing, collections, and bill paying. A number of software programs exist that can handle most of these functions, but you (or someone in your company) needs to be conversant with the program, and stay current with the bookkeeping aspects of the business. Personal experience has shown that for us, accounting-related mistakes are among the easiest to make in a start-up business.

While we have only hit a few of the high points, we hope this overview of the process will prove useful to those of you thinking about starting a company. For those of you who are interested in starting a non-profit, the experience is very similar with the addition of the 501(c)(3) application. While the paperwork involved is considerable, it is not insurmountable. If you have specific questions about any area pertaining to the start-up phases of small for-profit or non-profit businesses, please contact us at [mambos@molsol.com](mailto:mambos@molsol.com).