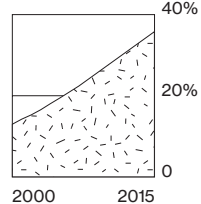


◀ a decade of losses. UBS says that if Glaxo's dual regimens prove effective, the company could capture half the market by 2023, up from 17 percent today. Existing treatments "have long-term toxicity problems," says Dominique Limet, chief executive officer of **ViiV**, a joint venture of Glaxo, Japan's **Shionogi**, and **Pfizer** that makes HIV treatments. Two-drug therapies, he says, could be less damaging to patients and cheaper to administer.

Gilead got Food and Drug Administration approval for an upgraded version of Truvada this year that replaces the ingredient connected to kidney and bone problems with a formulation that causes fewer side effects. The company says it's introduced two combination therapies based on the compound and is developing more. The upgrade will help Gilead offset lost revenue when a key patent for the original Truvada expires next year, opening the door to low-cost generic versions.

Tivicay belongs to a group of drugs called integrase inhibitors that prevent the HIV virus from replicating in the body. Left unchecked, HIV turns immune cells into virus factories, using the enzyme integrase to insert its DNA into healthy cells—but compounds like Tivicay block that process. Glaxo, which says the drug can decrease the virus to undetectable levels in 70 percent of patients, is testing two-drug combinations of Tivicay and other compounds.

Share of adults living with HIV who are 50 or older*



Such advances were once almost unimaginable for patients like Cairns, who recalls the early days when antiretroviral therapy often consisted of 20 to 30 pills a day. Today he takes five pills daily, in a regimen based on Truvada, and the virus has been almost undetectable in his blood for 18 years. "It was a close call," Cairns says. "The combination therapy got to me just in time."

Cairns continues his work as a therapist and edits a newsletter for an HIV group; in his spare time, he tends his garden and has returned to a great passion of his 20s: singing. He says he's heard about Tivicay and is intrigued—it's got limited side effects,

he'd need to take fewer pills, and the virus is slower to develop resistance—but for now, he's sticking with his current therapy, since it's working. Tivicay "has the sort of profile you want for an HIV drug," Cairns says. "But at the moment I'm fine with what I've got." —Ketaki Gokhale

The bottom line Glaxo is trying to develop less harmful, two-drug treatments for HIV, which could threaten the market leadership of Gilead's Truvada.

Sports

Why Staples Has Olympics Fever

▶ **It's a major apparel supplier to the games' partners in the U.S.**

▶ **Staples is the world's "largest promotional products company"**

In May, soccer midfielder **Carli Lloyd**, swimmer Missy Franklin, and fencing champ Ibtihaj Muhammad—three of the U.S. Olympic team's biggest stars—gathered at a Los Angeles airplane hangar to take part in a media event for **Visa**, one of the team's biggest sponsors. For their 30-minute photo shoot, the three women chose from a rack of garments bearing Visa's logo on one side and the Olympic rings on the other. The stylish and colorful shirts, sweaters, and hoodies were all provided by the United States Olympic Committee's most unlikely apparel partner: office supply kingpin **Staples**.

"When I first met them, I had the same reaction. Staples? Really?" says Andrew Cohen, Visa's vice president for global brand and innovation. "And they've done a great job with us."

The company better known for selling desk chairs and Filofaxes is a major supplier of U.S. Olympic merchandise. Much of the clothing athletes will wear in commercials for the next two months is supplied by Staples. So are water bottles, hats, and tote bags created by official sponsors of the games. And the Olympic surfboards for sale to Visa employees? Also Staples.

The office supply retailer is one of two companies—branded merchandise maker **Bensussen**

Deutsch & Associates is the other—that pay an undisclosed amount for the right to sell the USOC's 40 sponsors all the co-branded merchandise they need. That can bring big business from companies that plan multiple events before the games and may send large delegations of employees, clients, or customers to Rio de Janeiro this summer. Staples, which works with 80 percent of the USOC's partners, will make more than 20 million items tied to the Summer Games, according to Donna Armstrong, the company's director for sponsorship activation. "Our mission isn't to say that we're doing it, our mission is to support our partners," she says. "People don't realize Staples is the largest promotional products company in the world, by far."

Those promotional products, a \$500 million annual business for Staples, are part of a larger business-to-business model that's been a growing focus for the company since 2008, when it acquired office-supplies wholesaler Corporate Express for \$2.6 billion. Staples now works with about half of the Fortune 1000 companies, supplying everything from office products and furniture to printing services and apparel. Last year, Staples' \$8.4 billion in business-to-business sales were about 40 percent of its \$21 billion total.

Those relationships have helped boost Staples' Olympic ventures; when an existing client becomes an Olympic partner, Staples typically gets some of the business, too. The affiliation can also produce work beyond the games. When gym operator 24 Hour Fitness partnered with the USOC in 2004, it contracted with Staples to provide its Olympic merchandise. Staples now handles much of the chain's back-end services, including uniforms for its 22,000 club employees, its janitorial and office supplies, and toys for the gym's kids' areas.

The Olympics have a different kind of brand than the National Football League, says Peter Zeytoonjian, the USOC's managing director for consumer products. "Olympics sponsors will have their entire corporate staff and VIPs wearing co-branded gear," the former NFL exec says. "Whereas for NFL partners, it's almost always consumer-facing products."



Under USOC rules, Staples' products can't be worn by athletes on the ground in Rio—that high-visibility right is reserved for higher-paying retail partners **Nike** and **Ralph Lauren**. And Staples' co-branded items must show both the logo of a sponsor and the Olympic rings at the same size. They also can't be sold at retail, though selling the product in employee stores—also run by Staples—is allowed.

Staples' partners say its 28 years of experience working with the USOC means they don't need to worry about all the Olympic branding technicalities. "It's not a source of stress," says Victoria Hoe, director for Team USA Partnerships at 24 Hour Fitness. "They handle the guidelines, they handle the approval, and they know how it's supposed to run." —*Eben Novy-Williams*

The bottom line Staples, a big maker of apparel for Olympic sponsors, will produce more than 20 million items tied to this year's games.

Aquaculture

Down on the Farm, Out at Sea

► To battle disease, salmon growers may try raising fish on cargo ships

► "It's more or less kick-starting fish farming again in a new way"

Norway is the world's biggest producer of Atlantic salmon, thanks to farms in the waters off its coasts. Yet building traditional fish farms on the open water has become almost impossible because of government rules intended to curb outbreaks of sea lice, which can kill young fish. So the nation's largest salmon grower, **Marine Harvest**, has come up with a novel proposal to avoid the pesky parasites: raising salmon inside unwanted cargo ships.

The company's plan was one of the responses to a Norwegian government program seeking ways to solve the parasite problem and stop farmed fish from escaping into the open sea. Winning proposals will get coveted salmon-farming licenses at sharply reduced prices. "It's more or less kick-starting fish farming again in a new way," says Alf-Helge Aarskog, Marine



Harvest's chief executive officer.

Norway's aquaculture industry spent 5 billion kroner (\$602 million) last year trying to eradicate sea lice. The pest thrives near the shore in depths up to 8 meters (26 feet). Marine Harvest pitched other ideas, too, including raising salmon in enclosed structures shaped like eggs or doughnuts by the shore and building a caged farm that can be submerged deep in the ocean.

The country's incentive program may make the proposals financially viable, says Aarskog, who wouldn't disclose the cost of building prototype farms. Buying an existing license from another company—if one were available—would probably cost about 60 million kroner. The government will charge 10 million kroner for a permit for a feasible new project, he says. Each of the prototype farms would take about six months to develop, and the fish would need an additional 12 to 15 months to grow big enough to harvest.

Norway is also giving companies the chance to better exploit existing capacity to boost production. They can pay 1.5 million kroner to farm more during the best growing period but less during other times of the year, its Fisheries Ministry said in late June.

The industry could use the help. Global salmon production will fall about 7 percent, to 2.15 million metric tons this year, according to Nordea Bank. Besides Norway's lice outbreak, an algae bloom this year has curbed output from No. 2 producer Chile, where stricter farming rules may limit any expansion, the bank said. One result: Norwegian salmon prices have tripled since 2011 and hit a record 69.44 kroner a kilo on June 19,

according to Statistics Norway.

It's a good time to buy a cargo ship. A construction binge fueled by higher freight rates doubled global capacity in the past decade, while shipments of cargoes such as coal and iron ore have expanded at a slower pace. The Marine Harvest proposal calls for using a so-called Panamax vessel—a freighter able to traverse the Panama Canal. Daily rates to hire Panamaxes have plunged 94 percent since 2007. Billionaire oil and shipping tycoon John Fredriksen is Marine Harvest's biggest shareholder.

Buying a 10-year-old ship would cost about \$7 million, and modifying it with six holding tanks for fish may cost an additional \$2.5 million to \$5 million, says Erik Stavseth, an analyst at Arctic Securities. That would put the total bill, including the six licenses needed, at about \$18 million—less than half the cost of a conventional farm, he says.

Dozens of companies have submitted applications to the government, but the only one approved so far is from **SalMar**, Norway's third-biggest salmon producer, to develop a farm far out in the ocean where sea lice can't survive. There are a "lot of interesting concepts," says Kolbjorn Giskeodegard, an analyst at Nordea Bank who covers the seafood industry. "A lot of these concepts probably will fail or need heavy modification. Some of them will prove to be viable, but there's also a question of cost." —*Whitney McFerron, with Sveinung Sleire*

The bottom line Norwegian salmon prices have tripled since 2011, in part because of parasites. Fish farmers may use ships to evade the pests.

B Edited by James E. Ellis and David Rocks
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