

Partnership crucial to overcome cost challenges of novel drugs'

16 December 2015 | Analysis | By BioSpectrum Bureau

Partnership crucial to overcome cost challenges of novel drugs



Singapore: With the average cost of getting a novel drug to market at almost \$2.5 billion, and few products achieving blockbuster status, deal-making is becoming increasingly vital for pharmaceutical companies to offset rising Research and Development (R&D) costs, highlights business intelligence provider GBI Research.

The report states that pharmaceutical companies are considering various strategies to overcome the current challenges, which also include shifts in patent laws and the struggling global economy, with deal-making the foremost method of boosting short-term revenues.

Priyatham Salimadugu, analyst, GBI Research, commented that deal activity can help pharma firms to enhance their research and regulatory approaches, and can aid portfolio expansion and diversification, geographic expansion, entry into niche markets, commercialization, and sales.

Salimadugu explains, "Small companies that primarily carry out research, development and production activities are looking towards entering into agreements with key industry leaders. They are seeking to utilize their strengths in terms of commercialization expertise and global presence in order to boost their revenues.

The analyst adds that the shift from small molecules to large molecules, such as antibodies and proteins, has created new opportunities in the pharmaceutical industry, leading to increasing deal numbers.

GBI Research's report also states that overall pharmaceutical deal values remained between USD110 billion and USD160 billion from 2010 to 2014, but will rise markedly this year, with a total value of USD261 billion already amassed by the end of July 2015, and further increased by more recent deals.

Salimadugu continues, "Deal volume and value have so far increased in 2015 compared with 2014. This creates a pyramid whereby more companies are developing drug molecules at the bottom of the pyramid, than commercializing them at the top, as typified by Pfizer's recent USD160 billion takeover of Allergan.