

Eli Lilly to cut 3500 jobs globally; shutdown R&D sites

14 September 2017 | News

The reductions will result in yearly savings of about \$500 million, beginning in 2018



In a bid to free up resources and cut costs, US pharma giant Eli Lilly said that it would lay off approximately 8.5 percent of its workforce globally. Lilly will cut about 3,500 positions around the world, resulting in yearly savings of about \$500 million, beginning in 2018.

The company said in a statement that some of the 3,500 job cuts will come from early retirements, with about 2,000 positions set to be eliminated in the U.S. Lilly also plans to close a research facility in Bridgewater, New Jersey, and the the Lilly China Research and Development Center in Shanghai. The company will move production from its animal health manufacturing facility in Larchwood, Iowa, to an existing plant in Fort Dodge, Iowa

Acute pricing pressures, patent cliff and increased competition has caused major slide in sales for the drug giant. "Around the world we have pricing pressure and I think it's understandable," Chief Executive Officer David Ricks said in an interview. "Patients and health-care systems, governments, want us to be more efficient. This is a step toward efficiency. It gives us flexibility and latitude to respond to events that may put pressure on our prices in the future."

Mr Ricks said that the consolidation will help the company focus on newer treatments. He said the company also wants to continue to look for small- to mid-size deals and the oncology space remains a "prime target".

"The actions we are announcing today will result in a leaner, more nimble global organization," Ricks said in a statement, "and will accelerate progress towards our long-term goals of growing revenue, expanding operating margins and sustaining the flow of life-changing medicines from our pipeline.

"We have an abundance of opportunities — eight medicines launched in the past four years and the potential for two more by the end of next -----year," he added.

In our September Edition of BioSpectrum Asia, we have dealt with the jobs getting axed at big pharma in more elaborate manner with a cover story. You can read it here: <http://bit.ly/2x6pJ1I>