



Natural Attrition?

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The pharmaceutical industry's inevitable endgame - that it would become dominated by the need for financial performance - has come to pass. The financial aspiration has been ever present but, twenty years ago, it lived in a more harmonious balance with the desire to save and improve lives. No doubt that many of us in the industry still aspire to help people through the development and application of science but, for most of us, our contexts and the investment decisions are ultimately driven by the numbers. With this in mind, Nostrapharmus asks; what about the minor league, those unmet medical needs, with unattractive financial prospects?

The payers and the generics

The financial opportunity for drugs with a relatively modest target beneficiary population was always less attractive than the 'blockbusters' with millions of people in need. Now there are new pressures are upon us, in the form of health funders applying ever increasing price pressure, and the generic manufacturers waiting anxiously for time to pass, to grab the patent, forcing our R&D investment decisions to be based on shorter horizons.

One could hardly lay the blame for decreasing investment in the minor league at the door of the major players, when they too are subject to these pressures and the need to ensure good share price performance, which is the obligatory foundation stone for investment.

Effect and cause

Whilst many will flinch at the thought, the economics could even drive us to invest in science that will help sufferers cope with the effects of minor league ailments, whilst viewing the science to fix the cause as financially unviable. It is crucial we don't lock ourselves into such a scenario, as it could well be self perpetuating. What impact, and on how many leading businesses, if a permanent cure for diabetes was brought to market?

Bring on academia?

The source of amazing science and amazing scientists, often the primary source of new science to address, as yet, unresolved conditions, has been through some interesting times. The emergence of businesses out of academia has demonstrated the belief that small businesses can prosper through more modest economic propositions. However, it would seem that these businesses are quite binary in their ability to succeed and, those that do, are quickly swallowed up by the major players, typically once the science has been proven to a fairly robust degree. So, who is ultimately funding the investment that delivers the financial success of the majors? Is the model sustainable, and will it ensure small patient populations ultimately get the new drugs that they need?

The options

So what are our options, given that we really do want to continue to save more lives, enhance the quality of more lives, and move medicine forward on the broadest front? Nostrapharmus notes that no single piece in this puzzle will be enough to complete the picture; rather, it is necessary to consider the whole context.



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The key elements of the context to consider are:

1. Improving the financial opportunity of the minor league
2. Ensuring future investment in the list of unsatisfied minor league needs.

Everybody is invited to this party, as everybody can do something that will improve the likelihood of minor league investment and progress. Governments could extend patent lifecycles and target tax incentives, funders could take a longer term look at long term conditions, academia could seek to secure greater financial returns from the successful ideas they originate, leading companies could seek partnerships with funders to agree long term lock-in to minor league drugs they develop, generic manufacturers could put a little back into innovative R&D, and the list goes on. The challenge here, inevitably, is that the answer we need is a combination of the initiatives of many.

The key question, then, is whose party is it? Who will take the initiative?

A modified context brings future opportunity

Nostrapharmus predicts that incentives will be in place by 2020 to motivate R&D investment in drugs with lower volume market potential. Those who believe this now and include appropriate projects in the R&D portfolio will be the first to benefit.

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