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Pharmaceutical and Biopharmaceutical Companies Need to Reassess the Way They Operate, According to Tufts Center for the Study of Drug Development

BOSTON – Feb. 5, 2008 – How drug developers organize their companies affects operational and financial performance, according to new research findings presented to a panel of industry leaders convened by the Tufts Center for the Study of Drug Development.

The research, developed by Tufts CSDD and PRTM, an operations management consulting firm, found that:

- * Globally positioned operations correlate with higher sales per product, annual number of approvals, and levels of operating efficiency, as measured by higher average 10-year EBITDA (Earnings Before Interest, Tax, Depreciation, and Amortization) margins.
- * Operations with more diverse product portfolios, such as more therapeutic areas of focus, correlate with higher levels of operating efficiency and commercial and innovation effectiveness.
- * Organizations with centralized decision-making structures correlate with higher levels of innovation efficiency.
- * Organizations with more integrated business units correlate with higher levels of revenue growth.

“Moving forward, no company—big, medium, or small pharma, or biotech—will develop new drugs entirely alone,” said Tufts CSDD Director Kenneth I Kaitin, who co-chaired the panel. “Increasingly, R&D productivity gains will depend on developers focusing on what they contribute best to the drug development value chain and partnering with organizations that provide capabilities that are too expensive to develop or maintain internally, or are outside of the company’s core competencies.”

He added that “while traditional responses to boost R&D productivity, such as full or partial vertical integration strategies, still carry validity, they are not the wave of the future, since they tend to divert attention away from what a company does best.”

Panelists agreed that to speed the pace of new drug development, pharmaceutical and biopharmaceutical companies will not only partner with each other, but will also form strong alliances with organizations outside the drug development industry, such as overnight shipping companies.

The panel, part of the Tufts CSDD Management R&D Roundtable Series, was organized to identify operating models that can improve R&D productivity. Presenting to the group were:

- * Kenneth I Kaitin, director, Tufts Center for the Study of Drug Development
- * Robert Franco, director of life sciences consulting, PRTM
- * Paul Richard Biondi, vice president, R&D operations, Bristol-Myers Squibb
- * Graeme Currie, vice president, clinical operations, PDL BioPharma
- * Ken Getz, senior research fellow, Tufts Center for the Study of Drug Development
- * Mark A. Goldberg, president of clinical research services and perceptive informatics, PAREXEL International
- * Juergen Krause, vice president, R&D strategy and operations, Millennium Pharmaceuticals, Inc.
- * Paul Lammers, chief medical officer, EMD Serono, Inc.
- * Evan Loh, vice president, multiple therapy areas, clinical R&D, Wyeth
- * Ellen Ridge, vice president, portfolio management, Genzyme Corporation
- * Michael Taylor, president and CEO, Ensemble Discovery

Scheduled R&D Management Roundtables

Roundtable meetings in 2008 will focus on the following:

- * Feb. 28 – Strategic Outsourcing and Global Drug Development
- * May 1 – Leveraging Metrics and Market Factors for Portfolio Decision Making
- * Sept. 11 – Optimizing Protocol Design--Strategies to Improve Clinical Research Performance
- * Nov. 6 – Assessing Change and Opportunity in the Phase I Landscape

To register, call 617-636-2170.

About the Tufts Center for the Study of Drug Development

The Tufts Center for the Study of Drug Development (<http://csdd.tufts.edu>) at Tufts University provides strategic information to help drug developers, regulators, and policy makers improve the quality and efficiency of pharmaceutical development, review, and utilization. A core element of the Center's educational efforts, the CSDD Institute for Professional Development produces the R&D Management Roundtable series, along with postgraduate level courses, training workshops, symposia, and public forums.

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