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Can big pharma serve two masters?

From *Hedley Rees, managing director, Biotech PharmaFlow, www.pharmaflowltd.co.uk*


PharmaTimes

COMMENT GEOFF FREW

Big pharma cannot serve two masters

Isn't it reassuring when today's top chief executive officers claim they are as committed as ever to R&D? But in the face of declining new chemical entities and payer disenchantment, is it wise?

Can pharma continue to serve two masters – its traditional R&D ambitions and its customers – or is it time to decouple R&D from the pharma engine and release the companies' energies to focus on customer-driven, rather than product-driven, strategies? Hasn't R&D become a millstone around pharma's neck, forcing the future direction of the company, as well as crippling it?

Perhaps it's time to let scientific innovators survive independently and attract their own business support, leaving pharma to focus on its customers.

HAVE YOUR SAY...

"Should pharma cut loose from R&D?"

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Dear Editor,

Thanks for last month's provocative comment (*Big pharma cannot serve two masters*). I'm suitably provoked. Having spent the past 12 months or more studying supply chains and their management in this sector, the last thing it needs is more disconnection. This study follows 30 years-plus working as a practitioner in biotech and pharma supply chains and has led me to coin a term for the indication that now pervades the industry – Serendipity Induced Chronic-disconnectedness with associated Change Inertia – or SICCI (awful pun intended).

What other sector has built business models on divorcing themselves from their customers, on the basis that in the past they found a product by accident that worked? What other sector has left the interface with its customers to third parties (wholesalers and pharmacies, etc) they have almost no dialogue with? What other sector has outsourced the engine-house of product development to a cadre of third party contractors (CROs and CMOs) and consequently lost control of its cost and innovation base? What other sector attempts to cherry pick its customers and then abandon them when profitability subsides, not because profit potential does not still exist, but because they cannot (or will not) compete in more efficient markets? Finally, what other sector has built such a flimsy value proposition that its key stakeholders are demanding radical change?

That need for change has been recognised by the regulators and is embodied in the principles of 21st Century Modernisation driven by the US Food and Drug Administration and the International Conference on Harmonisation (ICH) guidelines Q8-Q10 – developed after investigating successful approaches taken in other sectors. Quality by Design (Q8) is an attempt to guide the industry towards a deeper understanding of how R&D is translated in effective marketed products. It is not mandatory at the moment, but who would bet against it being a regulatory requirement in the future. Big pharma is spending money on the technology but failing to appreciate the root and branch change required, organisationally and psychologically, to make the transition.

Your comment suggests pharma should disconnect itself from R&D, but let us not forget big pharma made R&D what it is today – the whipping boy for failing business models.

NEWS BITES

GSK makes compounds freely available

GlaxoSmithKline has teamed up with the European Bioinformatics Institute, the US National Library of Medicine and Collaborative Drug Discovery to make scientific information freely available to researchers on more than 13,500 compounds that demonstrate potency against malaria. This is the first time a pharmaceutical company has provided free structural information on so many compounds.

Takeda and Pfizer cut jobs

Takeda is planning to slash 10% of its workforce – almost 2,000 jobs (with the US expected to be worst hit) – in a bid to cope with generic competition of its key products. A 2010-2012 "mid-range plan" will involve improving R&D productivity and concentrating on its core therapeutic areas – obesity, diabetes, atherosclerosis, cancer, depression, schizophrenia and Alzheimer's disease. Pfizer has also announced 6,000 positions will go (see our story on page 8).

SA investigated over clopidogrel block

The French Competition Authority is to investigate alleged anti-competitive practices by sanofi-aventis aimed at preventing generic competition to its blood-thinner Plavix (clopidogrel). It says the firm's communications to scientists and practitioners emphasise differences between Plavix and competing generics without revealing these have no impact on the therapeutic efficacy of the product and that the generics have been fully tested and approved for use by medical authorities across Europe.

USA better for innovation

The USA is a more favourable environment for drug innovation than Europe, as confidence appears to be on the increase, particularly following Obama's healthcare reform, a report from Marks & Clerk has found. Sixty-two percent of biopharma executives judge the US intellectual property system to have better managed to reward innovation and keep up with the changing needs of the industry than in Europe, where the fallout of the Commission's probe into anti-competitiveness practices and the recent administrative changes to the patent application process are causing concern.