

# PharmaVOICE

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**In 2004, it is estimated that almost 42% of all pharmaceutical drug development expenditures will be committed to outsourcing, as compared with 4% in the early 1990s, according to a recent report by Kalorama Information.**

This year, the contract research outsourcing market is expected to reach \$15.8 billion. Kalorama researchers predict that the amount of pharmaceutical R&D spending headed out of house to research suppliers engaged in drug development work will grow 14% annually for the next few years to reach \$28 billion in 2008. The increases forecasted for outsourced spending in the coming years are nearly double the anticipated increase in R&D spending generally.

The contract research market is undergoing significant change as the top players consolidate and companies focus on core strengths.

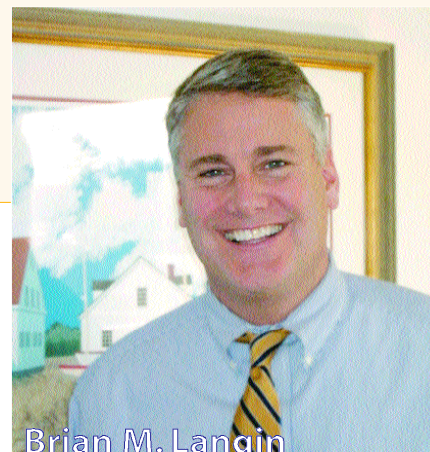
CROs also are continuing to upgrade their technical capabilities through the acquisition of time-saving technologies, such as voice-response data collection systems and Web-based clinical-trial platforms, Frost & Sullivan researchers say.

Many pharmaceutical and CRO company executives with whom PharmaVOICE spoke for this month's Forum discussed at length the industry's more strategic approach to outsourcing. Pharmaceutical companies are looking to create partnership relationships rather than just hiring outsourcing vendors. They are looking to work with partners who understand their needs and are committed to doing quality research on time and on budget.

In the past, pharmaceutical company executives say they didn't always view CROs in this way and were many times disappointed with the results. But they acknowledge it wasn't entirely the fault of their outsourcing partners.

Pharmaceutical company leaders say they often did projects last minute, weren't clear on expectations, and would give CROs unrealistic timelines.

CROs stress they have therapeutic expertise, global infrastructure, and access to patients they want to share with pharmaceutical companies, but worry that pharma is too focused on cost. They say the CRO industry has made significant strides forward



Brian M. Langin

CROs are in the relationship business. We deliver service and that service is delivered by people. If our people aren't trained and if we don't give them the tools and technologies that allow them to succeed, our sponsors are not going to be pleased with the quality of work.

over the last few years to address the pharma industry's concerns and they are much better able to work with the industry.

"In the past, sponsors would take the lowest bid because they believed CROs all did the same thing," says Brian M. Langin, senior manager of business development and strategic alliances at Averion Inc. "But they found out they didn't always get the same results and were then forced to correct the mistakes made. There wasn't an apples-to-apples comparison done during their exhaustive evaluation process. Price is a sensitive issue here. Quality is the greater issue."

According to John Balian, VP, worldwide head of project, planning, and performance, worldwide development at Pfizer Global Research and Development, the industry is evaluating the entire approach to outsourcing in terms of the development process.

"We're looking for partners to take accountability as if the project were their own and deliver the high-quality, high-standard data that are needed to get drugs approved," he says. "We feel it is mutually beneficial to develop better partnerships and relationships where we all can learn from our mistakes and then, next time, we both do a better job. So instead of dumping those partnerships we're not happy with, we improve the process and the deliverables. We're not looking to give 100% of projects to one vendor. I'm looking for preferred relationships with vendors."

Taren Grom  
Editor

CRO and Sponsor Partnerships