

Awards...



» SCOTT WEINTRAUB HONORED



Scott Weintraub, founding principle of Healthcare Regional Marketing, has been selected for the 2010 Outstanding Leadership Recognition Award by the U.S. Leaders and Entrepreneur's Association (USLEA). The USLEA Awards Program recognizes highly regarded individuals and companies that have demonstrated leadership and admirable drive in 2010.

Computers Help

DOCTORS DELIVER BETTER CARE

A survey by GfK Roper for Practice Fusion reveals a majority of Americans believe doctors using a computer system provide them with better care. An estimated **\$27 billion** has been allocated to help the medical sector transition to EHR systems as part of the 2009 American Recovery and Reinvestment Act (ARRA).

- **78%** of patients whose doctors used an EHR believe the computer system helps their doctor deliver better care.

- **49%** of patients report their physician used an EHR during their last office visit.

- **38%** of patients whose doctors use paper charts would like their doctor to "go digital."

Biotech M&A ACTIVITY ON THE RISE

In **2010**, **\$57.5 billion** was committed to biotechnology M&A, a **21%** increase from last year despite there being **78** fewer reported deals compared with **2009**, according to Deal Search Online.

This is the second highest amount of money committed to the biotechnology sector over the past decade; in **2008**, nearly **\$94 billion** was committed. The biotechnology industry posted a total of **115** M&A deals in **2010**, a **40%** decrease from **2009's** decade high **193** deals. But the average price per deal has risen indicating that buyers are more confident in committing more capital to deal making.



Quote of the Month...

“Late-phase programs are bigger and lasting longer, which feeds into increased competition for good study sites and patients.”

DR. PETER AURUP / Merck

INDUSTRY at Large ▼



GlaxoSmithKline achieved more than **325,000 cubic meters (85.8 million gallons)** of water savings, enough for the annual water needs of almost **3,400 people**.

GSK Honored FOR CONSERVATION EFFORTS

GlaxoSmithKline received the **2010** Environmental Stewardship Award from Nalco in recognition of its ongoing efforts to reduce its climate change impact and energy and water use.

The Environmental Stewardship Award recognizes exceptional performance in achieving sustainability objectives and financial goals. According to Emilio Tenuta, Nalco's director of sustainability, the award recognizes companies that go beyond measuring performance and embrace a mindset of continuous improvement to help achieve or surpass targets by leveraging the partnerships of experts in the industry.

In **2006**, GSK set targets to reduce its water consumption by **2%** per year by **2010**. By **2009**, water consumption had decreased **15%**, significantly exceeding its goal. In **2007** GSK launched a climate change program for its operations, setting targets to reduce energy use by **45%** per unit of sales by **2015**.

PharmaVOICE.com

PODCASTS

Oncology Trials: A Novel Approach to Patient Recruitment

Thought Leader: Ed Watson, Acurian

Streamlining Clinical Trials with an Approved Phrase Library for Labeling

Thought Leader: Kevin Shea, Clintrak Clinical Labeling Services, a division of Fisher BioPharma Services

WHITE PAPERS

Conquering the Challenges of Cancer Trial Accrual

Sponsored by: Acurian

Clinical Labeling: The Benefits of an Approved Phrase Library

Sponsored by: Fisher

KOL Identification and Mapping

Sponsored by: Snowfish

HBA Names STAR VOLUNTEER

The HBA has named Daria Blackwell, healthcare marketing consultant and former managing partner of advertising agency Sudler & Hennessey, as the **2011** Star Volunteer. She will be formally recognized at the **21st** annual Woman of the Year (WOTY) Luncheon on Thursday, **May 5, 2011**.



Daria Blackwell

A record 460 medicines for rare diseases are in late stages of the pipeline, either in clinical trials or awaiting FDA review, according to a report by PhRMA.



M&A TRENDS

In **2010**, total M&A transaction value increased by **81%** over **2009**, reaching **\$11.62 billion** in **2010**. Total transaction volume also increased, with a **13%** gain over **2009**, from **199** in **2009** to **224** in **2010**, according to Berkery Noyes.



Supplemental Drug INDICATIONS RISING

New or modified indication approvals for existing prescription drugs have steadily increased in the United States since the late **1990s**, according to an analysis by the Tufts Center for the Study of Drug Development.

The number of new or modified indication approvals—consent by the Food and Drug Administration (FDA) to market drugs for other than the original indication increased **17%** from **1998** to **2003** to **2004** to **2009**, Tufts CSDD found.

Pharma's Market TRUTHS

Pharma's innovation rates are not high enough to drive growth, and prolonged reform and budget pressures in healthcare systems globally are producing accessibility and affordability challenges that also stifle revenue growth, say Booz & Company consultants. Seven trends that will impact the industry include:

1. More than **70%** of product launches in recent years missed their initial analyst sales forecasts;

2. Tenders and contracts represent more than a quarter of the global pharmaceutical market, and their share is growing;

3. Between **2010** and **2013**, half of the growth in healthcare will come from the **E7** countries (Brazil, China, India, Indonesia, Mexico, Russia, and Turkey);

4. The rate of new drug discovery in the period from **2000** to **2010** was so low that the head of a major pharmaceutical company dubbed it the "lost decade;"

5. The cost of development from protocol design to patient enrollment continues to skyrocket. In industry-sponsored clinical trials in the U.S., for example, on average only **14** patients are enrolled for every **100** patients screened;

6. Potential economies of scale in the supply chain remain unexploited;

7. Although income growth has been buoyed by multiple cost reduction initiatives, the sector's return on invested capital continues to decline.



Question of the Month...

R&D COSTS—WHAT'S THE REAL NUMBER?

A recent article published in the **Feb. 7, 2011**, issue of the journal *BioSocieties* for The London School of Economics and Political Science disputes the industry's estimates for R&D costs. The authors — Donald W. Light of Stanford University and University of Medicine and Dentistry of New Jersey and Rebecca Warburton of University of Victoria in Canada — suggest the estimates made in **2003** by the Tufts Center for the Study of Drug Development are artificially high.

Tufts surveyed **10** pharmaceutical firms for the research and development costs of **68** randomly chosen new drugs and calculated an average cost of **\$802 million** in **2000** dollars. That comes to **\$1 billion** in **2011** dollars based on the general inflation rate since **2000** (**28%**).

The authors of this study say the Tufts' assessment made no adjustment for taxpayer subsidies or tax deductions/credits specifically tied to R&D expenditures, which would reduce net R&D costs for a company. The authors also question the inclusion of cost of capital, or the costs of returns from funds that would have been invested in the stock market, were the R&D project not undertaken. Tufts used a rate of return of **11%** compounded annually, which is higher than the **3%** called for by U.S. government guidelines. The authors calculate a net mean cost of **\$80.3 million** per approved drug and net median cost of **\$59.4 million** per approved drug, which includes the lower guidelines for cost of capital.

PharmaVOICE wants to know: do you agree with the authors that R&D cost estimates are artificially high, as the authors suggest, to support higher prices of prescription drugs?
 ▼ Send your responses to feedback@pharmavoices.com.