



LICENSING ACTIVITY KEY COMPONENT For Future Business- Development Strategies

As competition in the pharmaceutical market continues to grow, effective business-development strategies are expected to become critical to maintain momentum and improve global market share for the

leading pharma companies. Wood Mackenzie analysts believe that while both mergers and acquisitions and licensing activities will remain important for the future growth of the leading companies, licensing activity may well become the key component of many companies' business-development strategies.

Between 1988 and 2003, the oncology sector has been subject to the greatest proportion of licensing deals. In general, this reflects the specialized nature of the oncology market, the diverse array of specific indications, and the large number of biotech companies that focus on this area. Large market sectors, in terms of dollar value, such as cardiovascular and CNS, have not seen a proportional rate of licensing activity. Analysts believe this reflects the internal R&D focus by big pharma on these large market segments.

The greatest change in proportion between total deals and live (active) deals as of April 2003 is found in the

metabolism sector, which reflects the extent of licensing activity in recent years for antidiabetic products. The respiratory area also has a greater proportion of live to total deals. This area was once the preserve of a select few pharma companies, and is attracting interest from an increasing proportion of big pharma. The anti-infectives market has been subject to a significant fall in total to live deals. Analysts believe this reflects the lack of focus by big pharma on acute-care therapies, in particular novel antibiotics.

Physicians' Use of Online Content Expected to

LEAD TO LESS TIME WITH REPS

Analysts at Manhattan Research define a new generation of physicians, the "ePharma Physician," as an emerging segment of practicing physicians who are most likely to be using pharmaceutical content and related services online. Analysts believe this group of doctors ultimately will reshape pharmaceutical marketing in the coming years.

Manhattan Research's recent report, ePharma Physician v3.0: The Future of Pharmaceutical e-Marketing, has found that the number of e-pharma physicians has grown to 279,000 practicing physicians, representing 49% of all U.S. practicing

physicians. Online activities among this segment include researching new prescription products, participating in continuing medical education (CME), relying on electronic detailing, and accessing drug-reference databases via PDAs.

"As the pharmaceutical industry continues to invest in an ever-increasing army of drug reps, physicians are simultaneously seeking access to the latest prescription information and samples in a timely, relevant, and convenient format — on their terms," says Mark Bard, president of Manhattan Research. "Understanding these next-generation physicians and how they plan to allocate their time in the future has the potential to create a truly win-win scenario for both parties — pharma and the physician."

ePharma Physicians have been found to spend less time with pharma detail reps (compared with historical trended research) and plan to decrease interactions with detail reps even more in the future.

DIAGNOSTIC INDUSTRY'S Reputation, Perceived Value Can Be Improved

Findings from a Dade Behring benchmark survey on the diagnostic industry's reputation among U.S. consumers, healthcare professionals, and others demonstrate that, though there is some level of understanding, there is plenty of room to build on increasing appreciation for the critical role that diagnostics can play in improving the quality of healthcare delivery.

The goal of the summer 2003 survey was to develop further understanding of the expectations of consumers as well as healthcare and industry professionals so that they could be addressed. Among the findings, the survey indicated that half of the consumers interviewed (51%) believe the diagnostics industry has a strong impact on the quality of their healthcare; more than half (56%) believe laboratory-testing professionals have a "strong impact" on the quality of healthcare they receive; and more than four of five (84%) say early-stage testing to assess the risk of developing a disease is important.

"The findings provide milestones that show where we need to raise awareness of the essential contribution that diagnostic testing makes to the healthcare system, to supporting physicians in deliv-

**79% OF CONSUMERS,
COMPARED WITH 70%
OF INDUSTRY
PROFESSIONALS,
AGREE STRONGLY THAT
EVEN IF NOT COVERED
BY INSURANCE, IT'S
SMART TO HAVE
PREVENTIVE HEALTH
SCREENING TESTS
DONE TO IDENTIFY
EARLY-STAGE
DISEASES.**

LICENSE DEALS

	License Deals 1988-2003	Live License Deals April 2003
Anti-infectives	28	85
Cardiovascular	18	56
CNS	29	78
Metabolism	40	75
Musculoskeletal/Pain	14	49
Oncology	53	138
Respiratory	14	33
Others	37	103
Total	233	617

Source: Wood Mackenzie, Edinburgh, Scotland. For more information, visit woodmac.com.

ering quality healthcare, and to individual patients' lives," says Jim Reid-Anderson, chairman, president, and CEO of Dade Behring.

The survey also sought to define the gap in understanding between consumers of healthcare and industry professionals or physicians. While 56% of consumers believe laboratory testing professionals have a strong impact on the quality of the healthcare they receive, only 38% of industry professionals and 39% of physicians agree with that statement. In addition, almost seven of 10 (69%) consumers believe that even healthy people should use diagnostics to assess the state of their health, compared with about five of 10 (48%) industry professionals.

GLAXOSMITHKLINE NO. 1 WITH Managed-Care Medical Directors

GlaxoSmithKline (GSK) was ranked first in all assessment categories in Verispan's spring 2003 Managed-Care Medical Director Promotional Audit. Medical directors cited GSK's variety of programs offered and superior account personnel as reasons for rating the company highly.

Forty-four net points separated GSK from second-place Pfizer. Medical directors recognized Pfizer for providing solid clinical information. GSK and Pfizer also had the most contacts with managed-care medical directors in spring 2003.

Aventis also was highly ranked in the audit, placing second in company strategy and third overall.

Verispan's Strategic Advantage provides in-depth profiles of more than 45 of the leading U.S. pharmaceutical companies' managed-care and long-term care salesforces. The profiles detail the size and structure of these sales teams, training, account and product responsibilities, e-mail usage, among other areas. This study also includes image ranking tables. The audit is based on the responses of medical directors representing a large portion of American lives covered by HMOs who reported promotional activity by pharmaceutical firms during an eight-week period in spring 2003.

COMPANY RANKINGS BY MANAGED-CARE MEDICAL DIRECTORS

Rank	Company
1	GlaxoSmithKline
2	Pfizer
3	Aventis
4	Merck
5	Novartis

Source: Verispan, Yardley, Pa. For more information, visit verispan.com.

Market for Blockbuster Antibiotics Expected to **DECLINE IN COMING YEARS**

Datamonitor analysts predict that during the next seven years, the antibacterial market will achieve a compound annual growth rate of 1.8% compared with a rate of 2.1% during the period from 1997 to 2002. Companies, however, are expected to be able to maintain short-term antibacterial market share and presence via life-cycle management and/or product refinement strategies.

The report also reveals that three pharmaceutical companies — Pfizer (with Pharmacia), Abbott, and Aventis — appear to be committed and well positioned for the uncertain future facing this market.

Sustaining growth in the antibacterial market is projected to be a challenging task, despite strong worldwide demand for effective antibacterial products and significant global sales (\$26 billion in 2002). Six marketed drugs currently have sales greater than \$1 billion: Augmentin, Biaxin, Cipro, Levaquin, Rocephin, and Zithromax.

By 2011, 12 of 29 key branded antibacterial products will face patent expiration: Biaxin, Cefzil, Cefzon, Cipro, Floxin, Levaquin, Maxipime, Merrem, Rocephin, Tequin, Zithromax, and Zosyn. Datamonitor believes that by this time the market will be valued at \$29 billion. Datamonitor estimates that four products — Invanz, Ketek, Levaquin, and Zithromax — will have sales greater than \$1 billion in 2011. According to Datamonitor, a relatively sparse R&D pipeline is expected to do little to replace older products.

The most significant challenge pharmaceutical



Laura Harris

Previous product-differentiation methods, such as price adjustments, switching capacity (oral to IV), daily dosage, and multiple formulations are now the industry recipe. Datamonitor believes that new combined activity against resistant pathogens and a shorter required therapy duration are crucial for antibiotic market success, says Laura Harris, antibacterials analyst at Datamonitor.

companies face in this market is the reduction in the useful life cycle of the antibacterial product. Concerns over pathogen resistance are increasing in all treatment settings, resulting in a general curb on usage. Only newly developed compounds with superior efficacy and safety profiles will gain approval and the chance to levy premium pricing.

Furthermore, analysts expect that if antibacterial research and development shifts from broad to narrowly focused products in an effort to lengthen their life cycle, sales per product will decrease significantly in years to come.

Datamonitor's research also indicates that products from the penicillin macrolide or cephalosporin classes increasingly are falling out of favor, with physicians switching to other drugs such as fluoroquinolones with better oral bioavailability and increased efficacy.

Analysis reveals a strong relationship between companies with a presence in two or more of these classes and market share in 2011.

Datamonitor believes Pfizer, Aventis, and Abbott will remain key players, with Abbott boasting the highest number of development compounds and perceived commitment to the sector.

Follow up

DADE BEHRING, Deerfield, Ill., is dedicated solely to clinical diagnostics and offers a wide range of products and systems designed to meet the day-to-day needs of labs. For more information, visit dadebehring.com.

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VERISPAN, Yardley, Pa., a healthcare informatics joint venture of Quintiles Transnational Corp. and McKesson Corp., is a leading provider of patient-level longitudinal data, with more than 2 billion annual de-identified pharmacy and medical transactions spanning virtually every pharmacy in the country. For more information, visit verispan.com.

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