GlobalData

LONDON, UK (GlobalData), 20 November 2012 - **Biotech companie**s are exploring **alternativ**
e **options**
to supplement their
in-house
research
and
development
(R&D), abandoning the traditional blockbuster drug model to instead pursue deals and buy their way to success, says healthcare intelligence providers GlobalData in a new report, which explores the new strategies that biotech pharmaceutical companies are implementing in order to survive in today's medical industry.

The new research, entitled Biotech Strategy 2012 - Licensing, Collaboration, and M&A Trends, explores how intellectual property (IP), pipeline and product portfolio enhancement, financial growth, and global market expansion is driving the demand for deals, as the patent cliff, declining R&D productivity, and the increasing costs and risks associated with drug development foster an environment of inorganic growth.

The report highlights deals potentially worth up to US$26 billion, which took place between September 2011 and September 2012, with mergers and acquisitions accounting for almost 90% of this value. In particular, therapeutic areas such as oncology and CNS have featured in a significant number of deals, highlighting a huge unmet clinical need – which makes for attractive market potential.

Many licensing deals have also involved cancer therapeutics, such as Baxter's US$565m deal with Onconova Therapeutics in September 19, 2012, for late-stage developmental cancer drug rigosertib. In addition, Janssen Biotech's US$1.1 billion collaboration agreement with Genmab in August 30, 2012, positions Janssen to obtain royalties from daratumumab, Genmab's experimental cancer drug.

Meanwhile, cancer drugs in development have also been driving acquisitions by biotech companies including Amgen and Celgene, which acquired Micromet and Avila Therapeutics respectively in March 2012. Novartis' collaboration with the University of Pennsylvania is also primarily driven by an early-stage cancer therapeutic, an example of pharmaceutical companies' growing interest in early-stage research activities with academic institutions as a result of an industry-wide decline in innovation and an increase in development of "me-too" drugs.

The report also shows an increasing trend for pharmaceutical companies to expand their businesses into emerging markets such as China, Brazil, and India in order to steer away from developed markets including the US and the current European financial crisis.

*** Biotech Strategy 2012 - Licensing, Collaboration, and M&A Trends**