



Where there is change there is opportunity - outlook on 2011

ClinTec's CEO **Dr Rabinder Buttar** looks back over 2010 and looks forward to some unique opportunities in the year to come

It has been a tough year in our industry and throughout the business world. As we look forward to 2011 we will continue to experience the aftermath of the recession and its impact on the way that the pharmaceutical and CRO industries are evolving.

Last year we witnessed the effects of mergers and acquisitions on a massive scale such as that between MSD/Schering-Plough and Pfizer/Wyeth. These new goliath organisations are now set on building efficiencies and lowering costs in a number of ways which are having an impact on the entire industry including the shedding of thousands of jobs in the West and setting up new operations in the Far East.

I believe that 2011 will see a change in both the size of pharmas, the key geographies in which they operate and the way in which they outsource with more risk-reward sharing partnerships being formed with CROs. As the scope of work outsourced becomes more sophisticated from early drug discovery to late phase clinical research, some of the larger CROs will evolve to become more like the pharma companies themselves. I see more top executives leave their once perceived "safe jobs" in pharma to join the CRO industry, such as Wyeth's executive vice-president of global strategic sourcing who joined our CRO, ClinTec. With movement of such great talent, CROs will acquire the expertise that pharmas once had enabling them to cover all aspects of global drug development.

Polarisation of drug development

2011 will see the continuation of mergers and acquisitions, creating "super pharma", leading to the demise of medium-sized pharmaceutical and biotech companies. The "super pharma" strategy to be risk adverse has resulted in R&D budgets being slashed and new compounds being bought after completion of Phase I or II. This has created a gap in the market for innovative drug discovery and has given rise to the "baby biotech". In 2011, as the outlook for venture capital funding looks more promising than in the last years and the appetite for big pharma to acquire the "baby biotechs" increases, the emergence of these biotechs will become more commonplace.

Unique opportunities exist for CROs with these "baby biotechs". By essentially being a virtual company with tiny numbers of staff, they require to fully outsource their work. The other option is to hire entire teams in an insourced capacity and this model is already proving successful between some "baby biotechs" and ClinTec.

Gone are the days where risk/reward sharing CRO-pharma models were not perceived in a positive light due to a conflict of interest; now these models are welcomed – so much so

that Quintiles was commended at the recent SCRIP awards for its risk/reward sharing deals which contributed towards it being named Best CRO of the Year. Other innovative service approaches include hybrid models, where a CRO depending on geography can support the pharma by providing a mixture of outsourced, insourced and consultancy based strategies. This requires a high degree of flexibility from the CRO. Future successful CROs will be those that work in a flexible way providing tailor-made solutions for their pharma and biotech clients.

Emerging markets

Pharma will continue to move into emerging regions, driven by cost savings and the fast patient recruitment potential of large untapped markets such as the Asia-Pacific region, specifically China with a population of over 1.3 billion. Many organisations are moving entire operations to the APAC region to benefit from cost savings; however there is a scarcity of well-trained personnel which needs to be addressed. An immature clinical research staffing market and increased competition has resulted in top people being hard to find. My thoughts are that it is imperative to capture as much local knowledge, cultural nuances and established networks moving into these emerging markets by recruiting highly experienced staff within that market but this will come at no small cost.

It is important not to overlook ex-APAC emerging markets, such as the Middle East and North Africa which boasts huge numbers of potential patients. In my opinion the Middle East and North African markets should be recognised as an extremely valuable emerging region.

Although 2011 will bring continued change, I believe where there is change there is opportunity and we all must evolve to grow and prosper in this exhilarating market. Regardless of the shifting market trends, it is important to never forget why we are all part of this industry – to reduce the suffering of mankind.

Wishing you all the best for 2011. ■

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