



What is Trending in Biopharma?



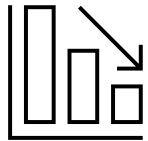
Groundwork Intel
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Key Market Trends

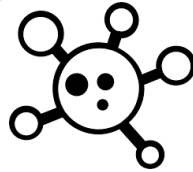
KEY TRENDS



**Pricing Pressure
to Continue**



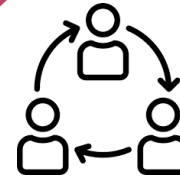
**Gene and cell
therapies
continue to gain
importance**



**Oncology
continues to
remain the
leading therapy
segment**



**Biosimilar
Markets to
Continue to
Expand Due to
Biologic Patent
Expirations**



**Focused M&A
and alliances
will continue to
be important**



**Firms continue
to embrace a
digital mindset**



Pricing pressure to continue

As the public scrutiny on the price and accessibility of pharmaceuticals worldwide increases, there will be continued focus on bringing pharmaceutical prices down, which has the potential to dismantle long-standing pricing models for drug developers. With the upcoming 2020 U.S. election, Congress will likely drive pricing reform.

Pricing pressure could result in the following:

- **Development of drugs and specialty therapies could be impacted and likely accelerate the release of generic and bio-similar versions to the market.**
- **Pharmaceutical companies would continue to expand the use of outsourced partners to drive down costs and increase profitability**

“There is a high probability that significant change associated risk will be coming, including considerations around severe pricing controls that are central talking points for Democratic policy.”

Craig Wylie, partner and member of the global healthcare and life sciences practice at Arthur D. Little

“In 2020, we can expect more focus on drug pricing from various governments across the world, as exemplified by proposals aimed at reducing overall drug and health care costs.”

Robert Wessman, Alvogen Inc. founder, chairman and CEO



Gene and cell therapies continue to gain importance

Pharma companies will continue to move towards a more focused and patient-centric model. Instead of creating a therapeutic to cure or reduce effects of an illness or to heal a tissue injury, researchers are trying to manipulate the human body to repair itself.

Cell and gene therapy target DNA or RNA inside or outside the body. Both therapies aim at modifying genetic material for treatment of a disease.

There are multiple ongoing clinical trials for self-repair of conditions like HIV/AIDs, peripheral nerve repair, and muscle diseases—and the FDA has recently cleared several therapies.

Oncology is expected to witness a robust CAGR of 36.87% during the forecast period 2019-2025. However, the cell and gene therapy market for neurology/psychiatry is anticipated to witness the fastest growth during the forecast period 2019-2025.

According to a report by BIS Research, the global cell and gene therapy market was valued at \$1.07 billion in 2018 and is projected to grow over \$8.95 billion by 2025. The global cell and gene therapy market is expected to grow at a double-digit compound annual growth (CAGR) rate of 36.52% during the forecast period 2019-2025. The growth of the market propelled primarily due to the impressive growth of the underlying service market of cell and gene

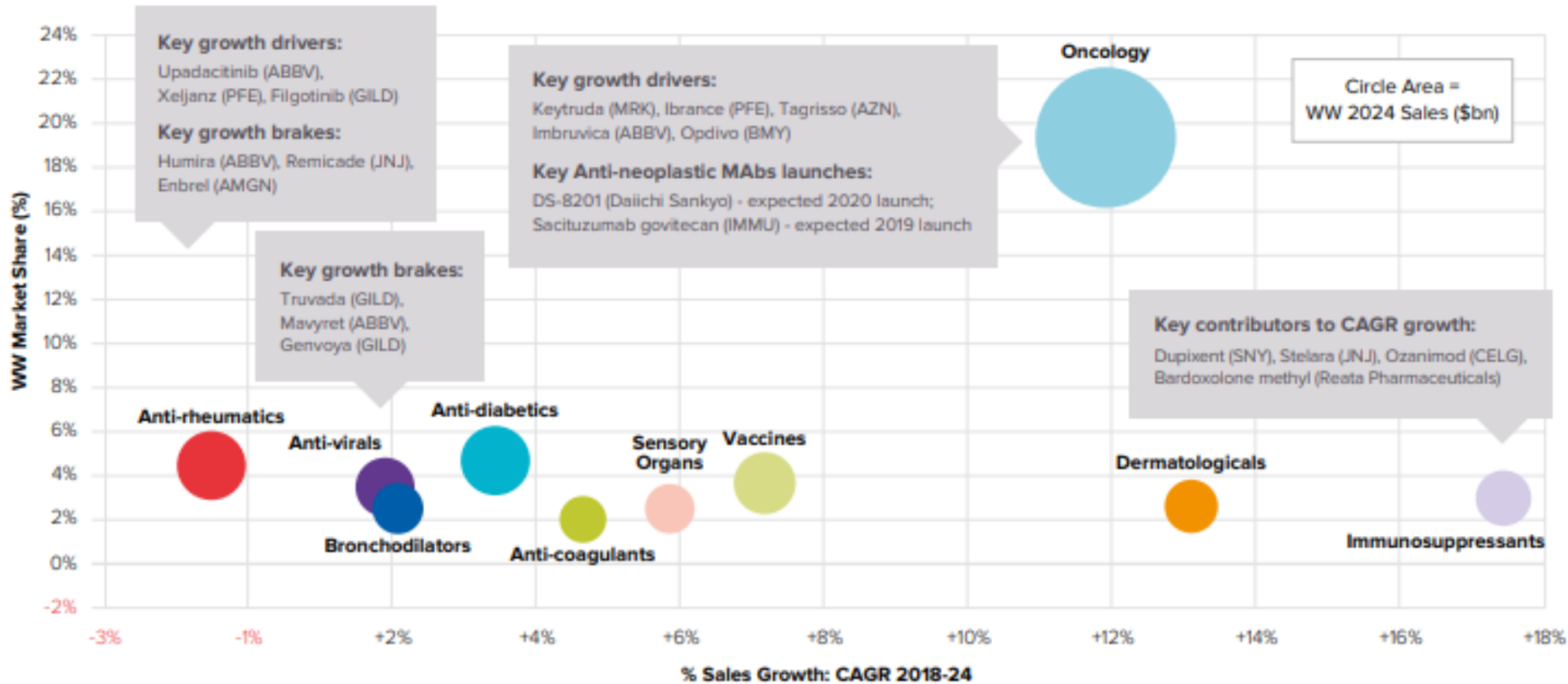
“2020 is poised to be an exciting year for regenerative medicine with advancements like the launch of a Phase II osteoarthritis clinical trial anticipated to be one of the largest mesenchymal stem cell (MSC) trials to ever be conducted,” pointed out. “Additionally, big players are expected to continue expanding their footprints in regenerative medicine, such as Takeda Pharmaceutical Co. Ltd., Astellas Pharma Inc. and Fujifilm Pharma Co. Ltd., with the latter planning to launch operations at its new induced pluripotent stem cell (iPSC) production facility in 2020.”

Ross Macdonald, MD and CEO,
Cynata Therapeutics



Oncology continues to remain the leading therapy segment

Top 10 Therapy Areas in 2024, Market Share & Sales Growth



The ability to charge relatively high prices in oncology helps these products to feature prominently, though it is also true that several of them represent real breakthroughs.

Source: EvaluatePharma, May 2019

Biosimilar markets to continue to expand due to biologic patent expirations

- Over \$198 billion in global prescription drug sales are at risk between 2019-2024 from patent expirations, according to a report from EvaluatePharma.
- The downward pricing pressure would expedite biosimilar approvals, increasing biosimilar adoption rates worldwide.
- Even though biosimilars are a relatively new business in the U.S., having only been enabled by a law passed 10 years ago, the market is expected to expand in the US.
- The price differential between biosimilars and their branded counterparts is only 15 – 30%, the sector is expected to see significant growth in the US

“2020 could prove to be a landmark year for the US biosimilars market in particular, with the potential for legislation to be passed in Congress that would help to level the playing field by removing structural disincentives to biosimilars or even actively encouraging their use; ”

Craig Wylie, partner and member of the global healthcare and life sciences practice at Arthur D. Little

- Amgen and Allergan launched their cut-price biosimilar competitors to two big-selling cancer drugs from Roche in the US.
- Pfizer just launched Rituxan and Avastin biosimilars and is preparing to release a version of Herceptin in February.
- Pfizer’s global biosimilar sales surpassed \$900 million in 2019. The pharma expects biosimilars to be a "significant growth contributor to the oncology portfolio not just from a growth percentage perspective but also from a revenue-based perspective."



Focused M&A and alliances will continue to be important

Some of the M&A trends likely to continue in 2020 are:

- Continued emphasis on portfolio optimization as pricing pressures rise
- Divestitures to unlock value
 - *Novartis sold their vaccines, animal health and over-the-counter units, as well as spun-off Alcon, in order to refocus on prescription drugs.*
- Digital alliances to keep pace in the current climate
 - *Multiple big pharmaceutical companies, including GlaxoSmithKline PLC, Roche and Celgene Corp., have sought out partnerships with Exscientia to speed up drug discovery with AI.*
- Specialty sector will also be a key driver of increased M&A. As per an EY report, M&A activity in that space shows an 880% increase in deal totals between 2014-2015 and 2018-2019, suggesting continued interest in 2020.
 - *Roche acquired Spark Therapeutics to strengthen its presence in gene therapy. Biogen came up with its \$877 million purchase of Oxford University spinout Nightstar Therapeutics for the latter's ophthalmology gene therapies. Pfizer, already in a multiprogram gene therapy collaboration with Sangamo Therapeutics, took a stake in French startup Vivet with an option to buy out the gene therapy biotech.*

A big issue potential biopharma buyers will have to face in 2020, though—and perhaps beyond—is the extra scrutiny from the U.S. antitrust watchdog.

Bristol-Myers Squibb for Celgene, AbbVie for Allergan, and Amgen for Celgene's psoriasis drug Otezla—together delivered more than \$150 billion. The Celgene takeover, valued at \$74bn also broke records to become the biggest pharma deal ever.



Firms continue to embrace a digital mindset

With the rapid adoption of digital technology and changing consumer preferences within the larger healthcare industry, the need to leverage experience from other industries, coupled with new ideas and ability to create synergies, means a new breed of talent is needed.

Biopharma's talent path of the future is undergoing a change. Many pharma companies are looking for digital or marketing experience from other sectors, be it consumer goods, retailers, or the adjacent healthcare industry—places where the customer experience is central.

- Merck hired its first chief digital and information officer, whose most recent experience was with consumer product companies, including Nike Inc.
- Novartis' chief digital officer was previously the CDO at one of the U.K.'s largest online retailers, and also held senior positions at Amazon.com.
- GSK created the position of chief digital officer, hiring Karenann Terrell, the former chief information officer at Walmart, who will use new technology in data analytics and cloud computing applied to drug development. GSK added Marc Speichert, formerly of Google, as its chief digital officer for the consumer unit.



Thank You!



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