

Pharma Times:

Pharma R&D spend, NME launches slumped in 2010: study

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The pharmaceutical industry spent less on R&D during 2010 than at any time in the last three years and major drugmakers launched the lowest number of new molecular entitles (NMEs) for a decade, according to new data.

21 NMEs were launched on the global market last year, down from 26 during 2009, and only one-third of 2010's new introductions were produced by major manufacturers with annual R&D budgets of at least \$2 billion, reports the 2011 Pharmaceutical R&D Factbook published by CMR International, which is part of Thomson Reuters. Moreover, the number of new drugs which entered Phase I and Phase II clinical trials during the year fell 47% and 53%, respectively, the report adds.

And while pharmaceutical sales globally reached an all-time high of \$856 billion in 2010, products launched within the last five years accounted for just 5% of the sales total.

R&D expenditure continued to drop last year, reaching an estimated three-year low of \$68 billion globally, which is down nearly 3% on the \$70 billion spent during both 2009 and 2008 and is in stark contrast to the growth rate leading up to 2008, according to the Factbook.

Moreover, product success rates are also continuing to show the declining trends of the past decade, the data reveals. For 55 drug products, development was terminated during Phase III during 2008-2010, which is more than double the number of terminations during 2005-2007 and is a trend which should be "of particular concern to the industry," says the report.

It also notes that the number of drugs entering Phase III clinical trials fell 55% during 2010, and that patient recruitment for clinical trials has shifted towards southeast Asia.

Faced with more than 110 drug products losing patent exclusivity on the US market - including 14 blockbusters - the world's leading pharmaceutical companies face considerable risk to their revenue streams over the next three years, the report warns. The strategy of in-licensing or acquiring compounds is also facing difficulty, as self-originated drugs currently have a 20% higher chance of making it to market, it adds.

"High failure rates continue to be of great concern to the industry and this is compounded by the decrease in NMEs," commented Phil Miller, product director at Thomson Reuters.

"The strategy of Big Pharma to in-license more drugs for development does not appear to be paying off at present," added Mr Miller, and he suggested that "an earlier focus on clearing out weak drug candidates will be instrumental to successfully progressing drugs to market."

The report also notes that, despite the overall decrease in the number of new drugs entering each stage of clinical trials, cancer is one of only two therapeutic areas to see positive growth in the number of drugs being developed for launch