

**BIOSCIENCE TECHNOLOGY • DRUG DISCOVERY & DEVELOPMENT**  
**INDUSTRY OVERVIEW**

**BIOSCIENCE TECHNOLOGY**

The biotechnology industry has mushroomed since 1992, with US healthcare biotech revenues from publicly traded companies rising from \$8 billion in 1992 to \$58.8 billion in 2006. There were 180,000 employed in US biotech companies in 2006.

Corporate partnering has been critical to biotech success. According to BioWorld, in 2007 biotechnology companies struck 417 new partnerships with pharmaceutical companies and 473 deals with fellow biotech companies. The industry also saw 126 mergers and acquisitions.

Most biotechnology firms are young companies developing their first products, depending on investor capital for survival. According to BioWorld, biotechnology attracted more than \$24.8 billion in financing in 2007 and raised more than 100 billion in the five year span of 2003-2007.

**U.S. BIOTECH INDUSTRY STATISTICS: 1999-2006**

Year	2006	2005	2004	2003	2002	2001	2000	1999
<b>Sales</b>	45.3	30.7	26.1	28.4	24.3	21.4	19.3	16.1
<b>Revenues</b>	53.5	48.5	43.8	39.2	29.6	28.6	26.7	22.3
<b>R&amp;D Expenses</b>	22.9	16.6	19.6	17.9	20.5	15.7	14.2	10.7
<b>Net Loss</b>	3.5	1.47	6.8	5.4	0.4	4.6	5.6	4.4
<b>No. of Public Companies</b>	336	331	331	314	318	342	330	300
<b>No. of Companies</b>	1,452	1,475	1,346	1,473	1,466	1,459	1,379	1,273

Amounts are U.S. dollars in billions.

Source: BioWorld.

**DRUG DISCOVERY & DEVELOPMENT**

IMS Health's key forecasted dynamics shaping the future of the market will include:

- Growth contribution from the seven largest developed markets (United Kingdom, Germany, France, Italy, Spain, Japan, and the US) in the world will fall, contributing just under half of the overall pharmaceutical market growth. As recently as 2002, they contributed nearly 70%.
- Sales growth in 2008 is expected to range from 4% to 5%, marking an historic low in the United States.
- Seven emerging markets (China, India, Brazil, Mexico, South Korea, Turkey, Russia) will grow 12% to 13%, contributing around 25% of worldwide growth. In 2002, they contributed 11%.
- The size of the audited market for primary-care driven drugs (\$370 to \$380 billion US) will actually decline.

IMS expects the global pharmaceutical market to reach \$735 to \$745 billion US by the end of 2008, reflecting growth of 5% to 6%

**GROWTH FORECASTS**



**United States:** Growth will hover around 4% to 5%, bringing the total market to \$295 to \$305 billion US. The Medicare Part D prescription effect is ending, and a large number of patent expirations will take their toll.

**Japan:** The market will reach \$64 to \$68 billion US, and growth will be contained to 1% to 2% by biennial price cuts, incentives for prescribing generics, and increases in co-pays for the elderly.

**France:** France will see 3% to 4% growth, reaching \$38 to \$42 billion US as an increased level of generic competition is partially offset by the positive impact of recent and expected product launches.

**Germany:** The German market will achieve 3% to 4% growth in 2008, reaching \$36 to \$40 billion US as continued expansion of therapeutic reference pricing and more sick-fund contracts exert downward pressure.

**United Kingdom:** The UK will experience relatively solid growth at 5% to 6%, in part due to an expanded patient choice program for those referred to specialist physicians.

**Spain:** The Spanish pharmaceutical market will grow by 6% to 7% – the fastest rate in the EU top five countries.

Source: DRUG DISCOVERY & DEVELOPMENT, March 2008.