

# Contents

- I. Innovation: Key to Success in the Pharmaceutical Industry .....1**
  - The Productivity Paradox ..... 1
  - The Blockbuster Imperative .....4
  - High Risks in Drug Development ..... 10
  - Strategies for Growth ..... 12
  - Differentiation via Clinical Profiles ..... 15
  - Entering the Market Quickly ..... 16
  - Conclusions ..... 17
  
- II. The Industry Challenge: Do You Really Want to Be in This Business? .....19**
  - High Complexity of the Industry ..... 19
  - How Attractive is the Pharmaceutical Industry? .....22
  - Force 1: Bargaining Power of Suppliers.....24
  - Force 2: Bargaining Power of Buyers .....25
  - Force 3: Risk of Entry from Potential Competitors.....26
  - Force 4: Threat of Substitute Products .....27
  - Force 5: Rivalry among Established Companies.....28
  - Force 6: The Regulators .....28
  - Conclusions .....30
  
- III. The Science and Technology Challenge: How to Find New Drugs.....33**
  - Rise of the Biotechnology Industry: Boosting Innovation .....33
  - High-Throughput Screening: Fail Earlier, Succeed Sooner .....38
  - Combinatorial Chemistry: Cut Experimental Cycle Times.....39
  - Bioinformatics: More than 100 Gigabytes of Data per Day.....40
  - Proteomics: Profiting from the Human Genome Project.....42
  - Genomics: Towards Individualization and Mass Customization ....43
  - Pharmacogenomics: Create Tailor-made Drugs.....45
  - Molecular Design: From Experimenting to Analytic Design.....47
  - Conclusions .....48

<b>IV. The Pipeline Management Challenge: How to Organize Innovation .....</b>	<b>51</b>
The Relevance of Pipeline Management .....	51
Complexity and Phases of the R&D Process.....	56
The Importance of Project and Portfolio Management .....	65
The Disaggregation of the Pharmaceutical Value Chain.....	68
Impact of Outsourcing on Pharmaceutical R&D.....	71
Rising Importance of R&D Collaborations .....	75
Research Alliances: Accessing Early-stage Innovation .....	78
In-licensing: Enhancing the Innovation Pipeline.....	81
Co-development: Mutually Benefiting from Joint Resources .....	83
Out-licensing: Commercializing Internal Research Results.....	86
How to Commercialize a Breakthrough Technology .....	95
Conclusions .....	100
<b>V. The Internationalization Challenge: Where to Get Access to Innovation .....</b>	<b>103</b>
Trends and Drivers of R&D Internationalization .....	103
Primary Locations of Pharmaceutical R&D around the World.....	108
New Opportunities for Drug Development in China.....	111
Three Principal Problems of Dispersed R&D .....	117
Conclusions .....	121
<b>VI. Management Answers to Pharmaceutical R&amp;D Challenges ...</b>	<b>123</b>
Managing R&D Organization at Roche .....	123
Managing R&D Strategy at Schering.....	125
Managing the Research-to-Development Handover at Roche .....	127
Managing Outsourcing Activities at Solvias .....	130
Managing Intellectual Property Rights at Bayer .....	133
Managing Out-licensing at Novartis.....	137
Managing Uncertainty at Roche.....	144
Managing Global R&D at Major Swiss Pharma Companies .....	145
Managing a Niche-Market Strategy at Intarcia .....	151
Managing Virtual Project Management Pools at Roche.....	153
Conclusions .....	156
<b>VII. Future Directions and Trends .....</b>	<b>159</b>

Bibliography .....	165
Index .....	173
Glossary .....	179
Authors .....	185