

[youtube:http://www.youtube.com/watch?v=QOYVBMhN9ns auto]The [pharmaceutical industry](#) is facing huge challenges - described in video above and in powerpoint slides below. Notes on content: Over the last five years there has been serious lack of innovation in pharma companies and product pipelines have been emptying. It takes up to 15 years and \$1 billion in investment to bring a single new treatment to market, after which there may be as little as a decade left before patents expire. But before that happens there may be serious threats to the [pharmaceutical industry](#) from generic manufacturers. And at any point in development or after launch, an adverse problem can result in product recall. For these reasons Pharmaceutical companies tended to focus on the search for blockbuster drugs in the early years of the 2000s: drugs with expected revenues of more than \$1bn a year.

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The top 10 pharmaceutical companies have enjoyed research and development budgets greater than the combined GDP of the world's poorest 130 nations, yet have produced only 30% of new drugs being approved each year. The rest have largely been developed by some of the 4,000 small biotechnology companies, working on large molecule therapeutics.

It is an immensely complicated and risky process, working through laboratory studies, animal studies and then clinical trials. A key issue for the future will be routine gene profile typing and pharmacogenomics - or matching drug therapy to someone's genetic code. This will result in better targetting of the most effective therapies in each situation, but also in lower sales for each therapy since only those people in whom it is most likely to work will actually receive it.

[youtube:http://www.youtube.com/watch?v=KmcFdy4xHyQ 300 250]Watch out for a shift from health care or treating sickness, to wellness, disease prevention, enhanced performance and lifestyle drugs. This is the age of Viagra-like drugs, designed to rejuvenate, or to increase deteriorating function such as memory. But drugs developed for a condition like Alzheimers will also be widely used or abused, if they are shown to really stimulate human memory capacity for example.

Expect a new emphasis also on common cellular mechanisms of disease. There are only a few ways in which human cells age for example. If we can block one or two of these mechanisms

the result may be an effective treatment for a wide range of conditions which are more common as people get old - and remember that diseases of ageing drive most health care spending in developing nations. Indeed 75% of health spending in America and Western Europe is on those over the age of 65.

Watch out for major shifts in government purchasing policies, changes in US medicare and in health insurance cover. Over the counter and pharmacists sales will grow rapidly, helped by deregulation in developed nations, allowing more products to be available without prescription, "over the counter". Expect huge growth in so-called nutraceuticals (foods with active health-stimulating ingredients) and cosmetics with all kinds of anti-ageing properties.

While most budget will be spent solving common chronic diseases, expect innovation in childhood diseases, with a special focus on emerging nations, funded by philanthropic foundations. Expect major progress with new vaccines. Rheumatoid arthritis and asthma share a root cause in abnormal immune systems - expect huge research into tackling auto-immune problems.

Expect also big investment into next generation antibiotics to solve multiple drug resistance problems, which are one of the major challenges for the future.

Other issues include future health funding and ageing populations - contrast with emerging markets. Health economics: treatment access and justice.

Winning the Public Debate about Pharma

Problem: Negative public image of big pharma / [pharmaceutical industry](#) major players

Impact: Hostile regulators, hostile media, hostile web communities, aggressive activists and analysts, loss of best talent to other industries / biotech, difficult pricing negotiations with [governments](#)

etc. Cost to whole industry could be billions of dollars a year.

Cause: Confused messages directed at analysts and consumers. Same kind of problem seen in insurance and energy industries. A simplification: Analysts: bottom line, return on equity, competitive advantage, keeping product prices high, exploiting market gaps – and by implication making as much money as possible out of as many sick people as possible. Consumers: saving lives, helping humankind, helping get safe, low cost treatments to all who need them – and by implication less concerned about things like intellectual property rights or threat from generic manufacturers. Consumers often find messages aimed at analysts offensive and bordering on unethical. Analysts often find messages aimed at consumers worrying and maybe unbusinesslike.

Solution: simple, powerful message revealing the truth about Wyeth: an inspiring, world-changing and business success story. Use BP Chairman's and HSBC Chairman's approach – similar messages in 2005 to defend record profits in both organisations to hostile media. Each Chairman adopted a simple, powerful and compelling message designed to appeal to every audience and market. Pharma industry has not managed this effectively (yet) – a surprise since nature of pharma should make task relatively easy.

Result: better media coverage, better corporate image, better government relations, better talent recruitment and retention, better morale and productivity.

Content of message: How pharmaceutical industry is helping create a better kind of world for individuals, families, communities, wider humanity. Urgent need for new treatments (mainly to treat older people), and how pensioners and pension funds are providing 75% of the investment needed to develop them. How [pharmaceutical industry](#) not only is touching millions of lives, but is also providing financial security for millions of pensioners, by investing wisely in innovative, affordable treatments that really make a difference. Product pipeline, outlook etc.

Background: [Building a Better Business](#) – Patrick Dixon – Profile Books

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Slides / keynote presentations on

[Future of the pharmaceutical industry](#) - for Wyeth (2008)

[Future of the pharmaceutical industry](#) - for International Conference for Pharmaceutical Medicine (ICPM 2008)

[Future of the pharmaceutical industry](#) - for GSK (2003)

[Health videos](#)