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"Indian bioscience industry begins to rely on licensing deals"

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Globally, technology licensing has been a common strategy to fight drying pipelines especially in wake of the recent patent cliff; big pharma knows that their own R&D activities may no longer produce blockbusters. Larger companies to varying degrees are heavily reliant on an open innovation model. This approach implies both licensing their patents from other companies as well as out-licensing their valuable research and know-how that a company does not want to develop as its own end-product. Companies are currently transforming themselves from traditional fully-integrated pharmaceutical companies into fully-integrated pharmaceutical networks.

An increasing number of pharmaceutical companies are teaming up with other organizations to create virtual R&D programs which provide them better access to innovation along with reduced operating costs, effective risk management and enhanced productivity.

However, big pharma in-licensors, who have made deep cuts to their own R&D budgets, are heavily relying on licensing deals to fill depleted drug pipelines, and increasingly looking to mitigate the risk of failure by licensing late-stage assets. Due to lack of de-risked assets, 2012 saw a dip in the quantum of licensing deals.

Our assessment studies have indicated that assets in therapeutic areas like oncology and immunology have been in demand from major companies. Orphan disease is another segment where a lot of licensing activity was seen in 2012. Unlike most other therapeutic areas, oncology and immunology also saw deals for preclinical and phase I assets. There has also been a lot of deal-flow in the biosimilar space.

The approaching patent expiration of blockbuster biologics worth $25 billion, mostly monoclonal antibodies, has led to an upsurge in activity in this space. It was seen that companies including big pharma are licensing biosimilar assets-mainly biosimilar monoclonal antibodies-upon phase I completion. One of the notable deal-maker of 2012 in this segment was Amgen, which entered into a global licensing agreement for Synthon's biosimilar, trastuzumab.

Studying the Indian licensing scenario, the risk appetite corroborates with global pharma players. One of the major strategies used by the bioscience companies in India is licensing the marketing rights of assets that are ready-to-market. In the past, companies like Wockhardt entered into a 10-year manufacturing and distribution agreement with UK-based Sinclair Pharmaceuticals for distribution of four of Sinclair's products in India.

Similarly, Zydus Cadila signed a deal with Bayer HealthCare to form a 50-50 joint venture which will market products of both the companies.

There was clear indication that the emerging markets remained at the top of the deal-making agenda in 2012, especially India and China. Great activity was seen in terms of collaborations and technology licensing by the Indian bioscience companies during last year. Some of them have been listed in the table.

Amongst other considerations for the bioscience industry, stakeholders, as they look towards 2013 and beyond, technology licensing opportunities should be pursued by partnering with academic research centers, clinical research organizations and other drug makers to lower R&D costs while increasing their ability to develop new products that offset generic erosion of marketed drugs.

With the costs of in-licensing rising, and the returns from such compounds falling, strategies should be considered to identify real points for acquisition of an advanced drug molecule rather than at later and more expensive stages of development. By various models and analytics more focused and independent evaluation of potential and successful drugs at earlier stages of development will help improving the chances for identifying new, key medicines in a more cost-effective manner.

About the author:

Shriya Damani is a technology management professional, instrumental in preparation of technology analysis and feasibility report for numerous life sciences and biomedical technologies from national and international research based organizations. With a master's in biotechnology, Ms Damani has been actively involved in transfer of cutting-edge technologies and been part of around 32 international technology transfers and licensing deals.
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