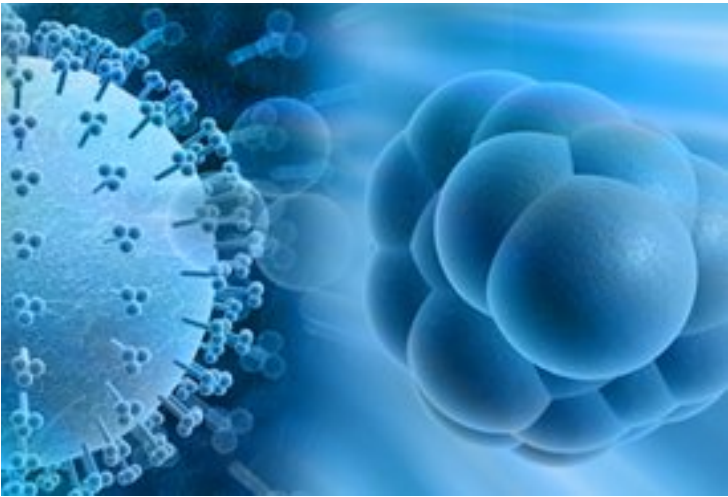


Stem cell therapies gaining momentum amidst challenges

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Stem cell therapies gaining momentum amidst challenges



The company's latest report states that complicated manufacturing processes, untested regulatory pathways and a demanding economic landscape are the largest barriers to progress in the stem cell sector, with a number of companies finding the business unviable.

Ms Aparna Krishnan, GlobalData's analyst covering Healthcare Industry Dynamics, said, "The financial challenges to the industry have been profound, intensified by the technology's high failure rates."

She explains, "Most firms operating in stem cells are undercapitalized and rely heavily on research grants, leveraged finance, and capital raised from public offerings or venture capital investment to fund their research efforts and expansion. "As a result, the recession impacted the flow of investments into the sector at a crucial time in its evolution. Many startups and small companies that form a significant part of the industry lacked financial discipline and often over-leveraged themselves."

Despite this, GlobalData says that there has been increasing investment capital flowing in from venture capital firms, reaching a maximum of \$200 million in 2012, and there are continued signs of investment strength through 2013 and 2014.

The analyst continued, "With the economy stabilizing, attention from major drug firms such as Pfizer and Novartis is growing, as they seek to diversify their businesses in growth segments through licensing deals and acquisitions."

"Also, some stem cell companies, including Bluebird Bio and Capricor, have concluded initial public offerings, raising enough capital to continue research and development efforts in the process."

Ms Krishnan added that the opportunity provided by stem cells in regenerative medicine, among other areas, is clear from the current crop of stem cell companies and their research pipelines.

"The scientific advancement of adult stem cells and the new technology's demonstrable clinical benefits have led to increasing patient acceptance. As such, GlobalData believes that stem cells are likely to become an integral part of the pharmaceutical industry's R&D process," the analyst concluded.