



IP PRAGMATICS

Commercialisation of veterinary pharmaceuticals and vaccines technology

Background:

In Q4 2012, on behalf of a European government agency, IP Pragmatics undertook an extensive analysis of the transfer of veterinary pharmaceuticals and vaccines technology from the research base into commercial development.

Approach:

IP Pragmatics interviewed key personnel in animal health companies, research institutes and venture funds to build insight into the process, issues and trends effecting the successful commercialisation of technologies in this sector.

Key findings

Animal health companies spend between 8-12% sales on R&D with the top 10 companies spending around \$1.5bn on R&D (2010/11). This spend is dominated by the top three companies (Pfizer, Merial and Merck) who spent over \$750m in 2010/11.

Due to strong top-line sales growth, R&D budgets have grown over the last few years and are predicted to grow around ~6-8% per annum reaching ~\$3bn in 2016.

R&D spend is skewed to the growth areas of companion animals. In recent years there has been increased investment in undertaking R&D in BRIC countries but this is largely politically motivated and has so far delivered poor returns.

All the companies undertake no or limited "R", sourcing many of their new opportunities from their human health businesses, external human health SMEs or from the external animal health research base.

There is a high degree of outsourcing with some major companies outsourcing more than two thirds of their R&D.

Driven by decreased public funding for applied research and lack of in-house research capabilities of the companies, new models of collaboration are emerging; in particular a) the formation of strategic relationships between specific institutes and companies, and b) long term tapered funding mechanisms.

The animal health companies are highly dependent on technology transfer from the research base. However there is a growing gap between the stage that animal health researchers develop a product (normally up to "proof-of-principle") and where companies are willing to take it on (after "proof-of-concept").

Animal health companies take into account a number of factors when deciding whether to invest / collaborate with a research group; trial data, cost of goods, strategic fit, manufacturability, IP position, safety studies and cost of development.

Public funding has limited effect on whether a company decides an opportunity is of interest or not but can have a major effect on when and where a company decides to invest and when weighing up different opportunities.

Greater uptake of opportunities from universities / research institutes is hindered by a) lack of data in



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the target species and b) lack of understanding by researchers in the industry and the product development process.

Result:

The output and recommendations from this study were utilised to develop new interventions focused on improving the effectiveness of technology transfer from the science base and ensuring that the institutes maintained their competitive position in the development of new veterinary products.