

# Tipping points -- the future of the pharmaceutical industry

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The closure of Pfizer's Sandwich Lab is part of a long-term decline in drug development, a trend that has been affecting all major UK pharmaceutical multinationals. Big pharmaceutical companies have been downsizing, outsourcing and merging in an attempts to find an innovation strategy that will keep their pipelines filled with new, potentially profitable products.

This declining trend is blamed on a failure of innovative drive in the industry, failure of the UK to support basic research, failure of venture capital to invest in early stage research, or failure of the Health Service to provide smart procurement.

A research centre funded by the Economic and Social Research Council (ESRC) shows that radical reform of the drugs industry [regulatory system](#) must be an important part of the solution to ensure a productive and profitable pharmaceutical sector, both globally and in the UK.

Researchers from the ESRC's Innogen centre have studied the innovation models in the pharmaceutical industry and how the industry has been able to remain sustainable for so long. The results of their research show that the lengthy and expensive regulatory system that now applies to most products of the life sciences is causing innovation failure.

Regulation has a large impact on the kinds of product that are developed by any industry sector: it is designed to ensure that products are safe,

effective and of high quality. Innogen's research demonstrates that the impacts of regulation in pharmaceuticals are more far-reaching: they determine overall company strategies; which types of companies succeed; and ultimately the structure and dynamism of the sector as a whole. Under current circumstances regulation prevents the development of the radically innovative technologies that could provide opportunities for the sector to become more effective in developing innovative products. Innogen research has predicted that the industry is approaching a tipping point in the not too distant future.

Professor Joyce Tait comments "We do not need less regulation, but smarter regulation, that can deliver expected standards of safety and efficacy, are flexible enough to respond to new scientific discoveries and can do so more efficiently than our current systems within a shorter time frame."

Innogen research also shows that policymakers and governments need an understanding of all the major causes and relevant options available. Radical regulatory reform for the life science industries needs to be a priority in discussions regarding the future of the industry. Reform could provide the lever to profitably unleash the creativity that has been so effectively generated from public funding of basic science, leading to something closer to the innovative performance that we have seen in information and communication technologies over the past twenty years.

Provided by Economic & Social Research Council

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