

Roche & Genentech: a Model for Future Biotech Deals?

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Abstracts

Could this single deal mark a phase of big pharma/biotech consolidation?

In March 2009, after months of negotiations, Roche acquired the 44 percent of shares that it did not already own in its long-term biotech partner Genentech for US\$46.8 billion. The two companies are one of the most successful partnerships in the pharmaceutical industry.

The combined organisation will be the seventh largest US pharmaceutical company in terms of market share, will generate around US\$17 billion in annual revenues, and employ approximately 17,500 people.

The deal represents broader issues

The deal highlights the growing trend amongst big pharma companies of looking towards biotechnology companies for their next big breakthrough. Faced with declining revenues, thin and unimpressive pipelines, rising generic competition, and looming patent expiries, many pharmaceutical companies are starting to challenge the way they have traditionally run their businesses.

Rather than focusing on the next big "blockbuster", many are starting to develop drugs that are likely to generate more modest revenues, rather than simply relying on a few volume-driven big sellers. In essence, becoming more "biotech-like" – creating smaller, more flexible discovery teams focused on single disease areas, incentivised for creating value - and achieving this by forming alliances and partnerships. But will collaborative working be enough, and will mergers and acquisitions be the order of the day?

So what is the big attraction for pharma companies?

As well as gaining access to innovative technology, a biologics portfolio, and talented scientists, biologics are extremely difficult for generic manufacturers to replicate successfully, thus limiting the impact of patent expiry.

Easily assess the prospects for the new company!

For a complete and concise assessment turn to this new FirstWord Report Roche & Genentech: a model for future biotech deals? Using primary source data and information, this 42-page report presents a timely, comprehensive yet easy-to-read briefing that puts the deal into its market context and provides insights to a future pharma industry reliant on biologic products.

This cost-effective report answers key questions:

Will Genentech's independent research culture be maintained, or will it just become part of Roche's R&D effort?

Is big pharma turning into big biotech, and what does it mean for traditional biotech companies?

What product and research benefits could leading independent biopharma companies such as Biogen Idec, Gilead Sciences and, Vertex Pharmaceuticals bring to big pharma?

As more biotech companies get swallowed up by big pharma, who are the most likely candidates to be acquired and why?

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