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Early Commercialization Increases the Lifetime Value of Drugs, Says New Capgemini Survey

NEW YORK – February 20, 2007 – As the pharmaceutical industry contends with reduced periods of exclusivity, aggressive generic competition, increased regulation and the prevalence of managed care, many companies are turning to early commercialization to boost the return on investment of research & development; according to a new global study by Capgemini U.S. LLC. The 2006 Capgemini Vision & Reality Study, *The Value of Early Commercialization: From Market to Discovery and Back*, is based on input from 200 leading industry executives from the pharmaceutical and biotech sectors across Europe, North America, and Asia.

The study explores the efficacy of early commercialization efforts to date and the benefits, limitations and challenges of collaboration between commercial and research & develop (R&D) functions. It also addresses the balance between commercial and R&D perspectives in shaping new product development.

The study finds that while most companies believe in early commercialization, current practices are far from ideal. These include establishing cross-functional project teams, organizing groups around therapeutic areas, and creating multi-functional decision-making bodies to manage product portfolios. While these efforts were successful for a period of time, the rapidly changing market environment is forcing the industry to forge new collaborative models between involved functions.

“A key finding of the survey reveals that the industry has to rethink the current development process,” said Omar Chane, vice president of the Life Sciences Practice at Capgemini. “We are moving from a regulatory-driven indication development to a customer/patient-centric product development.”

Enabling such a transformation requires a fundamental shift in the culture and operating model of pharmaceutical companies.

Highlights of the study include:

- 65% of respondents believe that drug development should share R&D and commercial accountability.
- 61% of respondents suggest commercial involvement should begin in either the discovery or pre-clinical stages of development.

- Four out of five of the executives surveyed believe that the lifetime value of drugs could be increased by at least 10%, if only they had sufficient support from company's commercialization teams. In fact, nearly half thought the lifetime value could be increased by 20% or more.

The full 2006 Vision and Reality Study can be found at www.capgemini.com.

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