

Foreword

ECOSYSTEMS FOR FUTURE SUCCESS



All industries experience life cycles, and the pharma industry is no exception. Chemistry-based medical innovations of the twentieth century are beginning to decline in importance. Increasingly, biotech advances are replacing them, which will spur growth of revenues and profits in years to come. So, what will determine whether a life sciences company will succeed or fail?

governments to curb rapidly escalating prices of goods and services.

The struggle to maintain innovation will continue as the biotech sector becomes the predominant source for new products and technologies, according to an overwhelming 90 per cent of executives surveyed.

The distinction between pharma and biotech companies will continue to erode

In the face of growing pressures, life sciences companies will undergo considerable structural change, while industrial consolidation and convergence gain momentum. The distinction between pharma and biotech companies will continue to erode. Leading pharma companies are paving the way through a flurry of alliances, mergers, and acquisitions. This trend is building steam, and we can expect to see the emergence of networks and ecosystems within and across all sectors of the life sciences industry.

Life sciences executives believe biotech will supply much of the growth for the sector over the next ten years, according to a survey released by the life sciences practices of Deloitte Touche Tohmatsu and the Economist Intelligence Unit, NA (May 2005). Although it may appear that this trend threatens established pharmaceutical companies, industry visionaries are seizing the opportunity to expand their operations through key alliances, a subject featured in this issue of *World Pharmaceutical Frontiers*. Knowing how to create and sustain these alliances is fundamental to future success.

The art (and science) of creating ecosystems through strategic alliances depends heavily on ensuring a mutual understanding of the needs of potential partners at each stage. Successful alliances align these needs with corporate goals, creating optimal value for each side, particularly given the stage of each party involved. Those that quickly grasp the dynamics, as well as the potential changes in process and structure that they imply, will likely create or become part of a virtual ecosystem that will typify success in the future.

No one expects a smooth ride. Asian markets are expected to expand faster than markets in Europe and the USA. New and highly viable competitors have already begun to emerge in India, China and elsewhere, threatening the established pharma industry. Industry executives expect that performance will outstrip the market, while competition intensifies. Meanwhile, the life sciences industry faces growing pressure from

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