

## Resurgence of conventional and untrendy therapy area product deals in 2009



EP Vantage's latest instalment of deal trend analysis in 2009 offers an insight into which therapy areas and product technologies were hot last year, producing some surprising results.

While 2008 was mainly about deals over biotech products within the oncology sector ([Product deal trends in 2008, January 19, 2009](#)), last year saw a resurgence of deals within hitherto less trendy therapeutic areas of gastro-intestinal (GI), genito-urinary (GU) and sensory organs, perhaps indicative of companies identifying and focusing more on areas of unmet medical need which in the past may have been considered too low value but now offer a greater chance of regulatory and commercial success. Meanwhile deals over conventional technology products stabilised last year and managed to grab share off biotech products in terms of the overall number and value of deals (see tables below).

### Oncology still hot, smaller areas resurge

The data displayed below, taken from *EvaluatePharma*, shows how the number and value of deals within the oncology space continue to dominate the industry; unsurprisingly five of the top ten deals last year were struck over cancer products ([AstraZeneca tops the product deal charts in 2009, February 16, 2010](#)).

Deals by Therapy Area	Product Deal Count				Total Deal Value (\$m)			
	2009	2008	09 vs. 08	2007	2009	2008	09 vs. 08	2007
Oncology & Immunomodulators	119	162	-27%	146	12,085	9,645	25%	11,031
Central Nervous System	82	85	-4%	140	5,426	8,325	-35%	7,454
Systemic Anti-infectives	76	69	10%	95	2,501	2,094	19%	2,976
Gastro-Intestinal	43	43	0%	42	2,313	186	1143%	1,358
Cardiovascular	24	41	-41%	38	1,395	2,501	-44%	1,376
Blood	12	22	-45%	36	1,094	711	54%	1,420
Musculoskeletal	27	32	-16%	45	882	3,677	-76%	4,008
Genito-Urinary	27	16	69%	28	743	85	774%	754
Endocrine	24	35	-31%	39	608	1,177	-48%	2,908
Respiratory	13	41	-68%	47	410	1,495	-73%	1,362
Dermatology	28	23	22%	32	117	249	-53%	1,147
Sensory Organs	30	17	76%	20	13	438	-97%	202
Various	19	13	46%	34	1,389	-	-	685
<b>Grand Total</b>	<b>524</b>	<b>599</b>	<b>-13%</b>	<b>742</b>	<b>28,978</b>	<b>30,582</b>	<b>-5%</b>	<b>36,682</b>

Although the number of oncology deals declined 27% last year to 119, the combined value of those deals actually rose 25% to a staggering \$12.1bn, higher even than the bumper deal year in 2007.

Conversely, deals within the other major therapeutic categories of central nervous system (CNS) and cardiovascular continue to decline as big pharma companies in particular turn their backs on research into diseases in which it is notoriously tricky to prove a therapeutic benefit, in the case of CNS (Alzheimer's excluded) or areas with largely met medical needs, as is the case with many cardiovascular disorders.

In terms of deal volumes, GU and sensory organs showed the most dramatic gains last year. Roche's \$335m deal for Plexxikon's phase I c-raf kinase inhibitor, RG7376, for polycystic kidney disease was by far the biggest GU deal last year.

Although the value for deals over sensory organ products last year was low, this is mainly because two-thirds of the deals were struck for products in early stage development, phase I and below, with limited disclosure of financial terms. Novartis' ongoing \$49bn acquisition of Alcon and Sanofi-Aventis' recent \$528m purchase of Fovea Pharmaceuticals is indicative of renewed interest in this area.

### **Shift in favour of conventional**

Although the number of deals over conventionally derived products, mainly small molecule drugs, declined by 7% last year to 387, this was less than the 24% drop in deals for biotech products (see table below).

As a percentage of overall deal volumes, conventional drugs made up 74% of the 522 deals last year, up from 70% in 2008. Indeed, seven of the top ten biggest deals last year were struck over conventional technology products.

In 2008, a staggering volume and value of deals were signed for products based on unproven technologies like antisense therapies and recombinant proteins/peptides. Last year, however, deals over monoclonal antibodies returned to the top of the biotech league table.

Johnson & Johnson's deal with Elan over bapineuzumab and Bristol-Myers Squibb's licensing of Alder Biopharmaceuticals' phase II immunosuppressive agent, ALD518, were the biggest monoclonal antibody deals last year.

Deals by Technology	Product Deal Count				Total Deal Value (\$m)			
	2009	2008	09 vs. 08	2007	2009	2008	09 vs. 08	2007
<b>Biotechnology</b>								
Monoclonal antibody	43	51	-16%	57	4,999	3,713	35%	6,924
Antisense therapies	10	30	-67%	22	2,349	5,028	-53%	1,173
Recombinant product	30	50	-40%	38	1,525	2,286	-33%	2,151
Bioengineered vaccine	37	31	19%	45	1,221	833	47%	1,670
Monoclonal antibody (conjugated)	4	4	0%	2	294	-	-	10
Cell therapy	3	5	-40%	6	50	500	-90%	925
Gene therapy	7	1	600%	7	-	-	-	-
Transgenic product	-	5	-	3	-	309	-	1
Other biotechnology product	3	4	-25%	10	130	720	-82%	669
<b>Total (Biotechnology)</b>	<b>137</b>	<b>181</b>	<b>-24%</b>	<b>190</b>	<b>10,568</b>	<b>13,388</b>	<b>-21%</b>	<b>13,523</b>
<b>Conventional</b>								
Small molecule chemistry	361	392	-8%	497	18,369	15,958	15%	22,885
Plant extract	5	2	150%	16	40	10	305%	9
In vivo diagnostics	8	2	300%	4	-	-	-	-
Chiral chemistry	5	11	-55%	7	-	452	-	175
Protein extract	4	7	-43%	25	-	774	-	90
Vaccine	4	3	33%	2	-	-	-	-
Miscellaneous	-	1	-	1	-	-	-	-
<b>Total (Conventional)</b>	<b>387</b>	<b>418</b>	<b>-7%</b>	<b>552</b>	<b>18,410</b>	<b>17,195</b>	<b>7%</b>	<b>23,159</b>
<b>Grand Total</b>	<b>524</b>	<b>599</b>	<b>-13%</b>	<b>742</b>	<b>28,978</b>	<b>30,582</b>	<b>-5%</b>	<b>36,682</b>

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