

Oncology remains hot area for deal making as CNS shows a surge



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Considering the enthusiastic scramble into oncology by both big and small drug developers over the last few years it is no revelation that the therapy area chalked up more licensing deals than any other last year. According to an analysis of EvaluatePharma data, deals over 154 cancer products were struck in 2010.

What is more of a surprise is the seeming rebound in the popularity of therapies that act on the central nervous system – after three straight years of declines, 149 of these agents were licensed in 2010, 39% more than in 2009 and the first year in which the therapy area has come close to oncology in terms of deal activity. Signs are these two fields of research are set to remain hot areas for deal making – according to EvaluatePharma’s Partnering Opportunities there are more candidates available for licensing in these two therapy areas than all other areas put together (see tables).

Product Deals by Therapy Area	Product Count					Upfront Payment (\$m)					2010 vs. 09
	2010	2009	10 vs. 09	2008	2007	2010	2009	10 vs. 09	2008	2007	
Oncology & Immunomodulators	154	188	-18%	208	193	1,006	1,272	-21%	981	761	7
Central Nervous System	149	107	39%	129	175	548	1,349	-59%	988	592	4
Systemic Anti-infectives	91	100	-9%	102	107	347	208	67%	88	160	1
Gastro-Intestinal	55	63	-13%	55	56	251	467	-46%	30	268	2
Dermatology	47	43	9%	42	45	36	17	108%	41	131	
Cardiovascular	43	43	0%	56	44	148	115	28%	366	172	2
Endocrine	42	30	40%	50	41	348	149	134%	123	251	4
Musculoskeletal	39	49	-20%	47	48	194	376	-48%	417	502	2
Respiratory	36	39	-8%	40	53	80	247	-68%	290	69	1
Genito-Urinary	33	38	-13%	29	36	259	102	154%	3	112	1
Blood	23	29	-21%	32	37	143	151	-6%	42	292	1
Sensory Organs	21	43	-51%	20	27	105	6	1650%	27	13	8
Various	47	31	52%	22	46	39	130	-70%	-	170	8
Annual Totals	780	803	-3%	832	908	3,503	4,589	-24%	3,397	3,493	30

While oncology and immunomodulators remained the most active therapy for deals last year, its reign was certainly not as emphatic. Down 18% on 2009, the tally of products licensed was notably lower than in the previous three years.

At the same time, however, the amount paid out upfront to secure these assets has risen since 2007, albeit dipping slightly in 2010, while total deal values have tracked more closely the volume of deals being signed.

Clearly, these top line deal value figures are heavily influenced by the spread of deals by clinical stage, which is not detailed here. If the majority of these oncology deals were struck over preclinical candidates, for example, a drop in deal values would be expected.

So while CNS deals surged last year, the amount paid in upfronts and total deals values actually fell – likely reflecting a swathe of early stage deals.

Stand out

The total figures in this table reflect the overall decline seen in deal volume over the last few years, as discussed in this previous analysis ([*Product deal slow down continues into 2011 - phase II assets remain popular, August 1, 2011*](#))

However, bright spots can be found, and as well as oncology and CNS, another stand-out area in this analysis is endocrine – while the volume of deals appeared to return to historical levels last year, the upfront and total deal value figures were very high, compared to the previous three years.

Deals over diabetes products dominate this space and a number of large transactions were struck here last year, reflecting the growing prevalence of the disease and companies' commitment to the space, despite growing regulatory challenges. Pfizer's deal with Biocon, Johnson and Johnson's with Diamyd and Forest Laboratories' pact with TransTech Pharma all involved signing fees of at least \$50m. Meanwhile this year's deal between Eli Lilly and Boehringer Ingelheim, worth \$400m upfront, indicates there remains a lot of interest in this space.

Opportunities

As can be expected, data on partnering opportunities available largely tracks the trends seen in deals being struck across the therapy areas.

The table below shows 102 clinical stage oncology assets available for partnering. It is certainly true that smaller drug makers have embraced this therapy area as enthusiastically as big pharma, almost all of which are attempting to carve a presence in the sector.

With notably fewer CNS projects available, the surge in interest seen in this sector last year could well turn out to be a blip.

Partnering Opportunities by Therapy Area								
Therapy area	Marketed	Phase III	Phase II	Phase I	Pre-clinical	Research project	Other	Grand Total
Oncology & Immunomodulators	9	18	44	40	75	28	1	215
Central Nervous System	13	8	22	20	30	6	4	103
Systemic Anti-infectives	16	4	15	11	19	1	1	67
Musculoskeletal	11	3	7	6	9	3	1	40
Cardiovascular	9	1	9	5	11	1	3	39
Gastro-Intestinal	5	2	12	3	12	1	3	38
Endocrine	3	4	6	5	7	5	2	32
Genito-Urinary	9	4	6	7	1	2	1	30
Dermatology	6	1	8		8		0	23
Respiratory	1	1	9	3	5	2	0	21
Various	1	1	1	5	1	3	2	14
Blood	3		4	1	5		0	13
Sensory Organs	1	1	1	2	4	1	1	11
Total							1	1
Grand Total	87	48	144	108	187	53	20	647

All data sourced to EvaluatePharma. EvaluatePharma's Partnering Opportunities is based on information disclosed and submitted by companies.