



## Stanford eCorner

### Pharmaceutical Companies: Challenges in Developing New Therapeutic Products

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February 26, 2003

Video URL: <http://ecorner.stanford.edu/videos/406/Pharmaceutical-Companies-Challenges-in-Developing-New-Therapeutic-Products>

Ringold talks about how the pharmaceutical industry is built on failure and inefficiency and has a small success rate. This recognition led to Surromed. The low success rate is driving the consolidation of companies, which is giving rise to mega players. Now a blockbuster product has to be a multibillion product. This can only change with a change in the processes it uses. New biotech companies are starving for funding and cash, he notes.



#### Transcript

What are the issues in a big pharmaceutical company to becoming more efficient at developing new therapeutic products? This industry, the pharmaceutical industry, is an industry built on failure and inefficiency. I mean, no matter what anybody wants to tell you, it's a terrible success rate in developing new drugs. And that is what ultimately lead to the creation of Surromed which was a recognition, that a very small number of products that people work on early in a pharmaceutical process ever make it out to become a valuable therapeutic product. And in fact, it's getting worse rather than better which is driving he consolidation of the industry into mega players who have huge resources, minimize some competition that way as well. But it's a short-term fix because a blockbuster product has to be a multi-billion dollar product, whereas before it could be a multi-hundred million dollar product, to sustain the kind of growth that the market demands. So the industry is in a mess, fundamentally. And it's not going to get out of its mess until it starts changing some of the processes it uses to develop new therapeutic products. And there's a knock-on effect. Because if the venture community isn't funneling money into new biotech companies, and the pharmaceutical companies are a mess and cutting costs and they're not funneling money into biotech companies; guess what? Biotech companies are starving for cash and for funding and that is a reality that we're in today that is much worse than it's ever been.