Not so long ago, contract-research organizations (CROs) were content to be simple fee-for-service businesses. They would test drugs in animals, run clinical trials and deal with regulatory issues. Now, as drug companies are looking to cut costs, CROs show signs of taking on more risks and responsibilities — in exchange for bigger rewards. This trend has implications not just for the financial bottom line of the drug companies, but also for scientists with aspirations to work in drug development.

One arm of Quintiles of Research Triangle Park, North Carolina, one of the world’s largest CROs with 17,000 employees worldwide, is combining the approach of a traditional service provider with that of a venture-capital firm. The Quintiles subsidiary NovaQuest will now take on the financial costs of late-stage development, testing and getting approval for a pharmaceutical partner’s drug candidates, with the understanding that NovaQuest will get a return from products that reach the market.

This approach is appealing to drugs companies, as it allows them to reduce their workforce and focus on drug discovery and early-stage development, while letting the CRO share the risk on the clinical trials, regulatory affairs and marketing. But it is worrying for people working in or aspiring to work in the pharmaceutical industry — as it reinforces earlier outsourcing trends where companies have closed down Western facilities and moved some activities to the developing world.

Eli Lilly and Pfizer have already signed up to the new co-promotion approach, says Ron Wooten, NovaQuest’s president. As more clients come on board, the number of positions at drug companies in areas such as clinical-trial management and regulatory affairs is likely to shrink, or, as Wooten puts it, “reduce permanent headcount”. Meanwhile, more of these positions should be opening up at CROs — especially if others adopt Quintiles’ strategy. The question remains, however, whether there will be just a sideways shift or an eventual net loss of late-stage drug-development jobs as outsourcing and consolidation continue.

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