

## BIOBUSINESS BRIEFS

## MARKET WATCH

## Specialty pharmaceuticals to provide majority of sales by 2012

Large pharmaceutical companies have increasingly been pursuing specialty pharmaceuticals — that is, drugs prescribed primarily by specialists rather than general practitioners (GPs). To investigate this trend, AVOS Life Sciences have analysed the performance of the top 14 pharmaceutical companies with respect to the overall group's average share of portfolio sales derived from specialty products. For this we used consensus investment research that has been processed to allow systematic analysis (see [Supplementary information S1 \(box\)](#)). The analysis focuses on each company's major Rx drug portfolio (MRDP; the collection of branded drugs that are each predicted to achieve at least US\$500 million in annual sales).

From this analysis we predict that, for the group overall, the average share of MRDP revenue sales derived from specialty products will rise from 43% in 2007 to 52% in 2012 (FIG. 1). Thus, for the first time, the industry will achieve a majority of major-product revenue from specialty drugs. In part, the shift is a result of primary-care blockbusters such as atorvastatin (Lipitor; Pfizer) going off-patent, particularly in the 2011–2012 time frame.

Specialty products include both large- and small-molecule drugs. Some categories of large-molecule drugs, such as vaccines or products like Amgen's antibody denosumab, are not counted as specialty products in our analysis because the most frequent prescriber is a GP. Nonetheless, we note that the primary driver of growth in specialty product revenue until 2012 will be biologics — drugs such as adalimumab (Humira; Abbott) and

bevacizumab (Avastin; Genentech/Roche), which together are predicted to generate over \$16 billion in sales in 2012. Company performance varies widely: for example, Roche and Amgen are expected to derive 92% and 88%, respectively, of MRDP revenue from specialty drugs in 2012, whereas for Sanofi–Aventis and Merck these figures are only 16% and 7%, respectively.

The group of US companies is predicted to achieve an average of 55% of portfolio sales from specialty products, compared with 48% among the European companies. The difference is in part owing to price controls in major European markets constraining sales of high-priced specialty drugs. Also, the characteristics of specialty product revenue vary between companies, with companies like Abbott expected to derive 76% (\$11.5 billion) of MRDP sales in 2012 from specialty products, but with a single product (Humira) accounting for 64% (\$7.4 billion) of those sales. At the other end of the range, Roche is predicted to derive 92% (\$31 billion) of MRDP sales in 2012 from 13 specialty products spanning 6 therapeutic areas.

Some companies that have taken the boldest steps to build a specialty franchise have little to show for their efforts so far. For example, AstraZeneca, despite its acquisition of Cambridge Antibody Technology and MedImmune, is predicted to experience an 11% drop in the percent of portfolio sales from specialty products from 2007 to 2012. On the other hand, Pfizer's acquisition of Wyeth is predicted to have a major impact on Pfizer's specialty product-derived portfolio revenue

in 2012, which jumps from a slow-growing \$8.3 billion to a more briskly growing \$15.5 billion. Moreover, Wyeth's specialty business consists primarily of biologic products such as etanercept (Enbrel), whereas Pfizer's at present consists almost entirely of small molecules — most notably, pregabalin (Lyrica), which is predicted to have sales of \$4.2 billion in 2012. We anticipate that large pharmaceutical companies will continue with such efforts to move their portfolios away from the unsustainable cost and risk of primary-care products and towards higher-priced specialty products with larger profit margins.

Michael Goodman is at AVOS Life Sciences, 1600 Perimeter Park Drive, Suite 225, Morrisville, North Carolina 27560, USA. e-mail: [MGoodman@avoslifesciences.com](mailto:MGoodman@avoslifesciences.com)

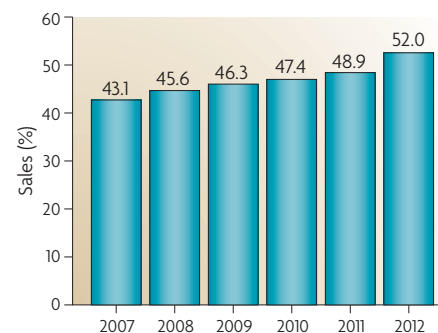


Figure 1 | Average share of major drug revenue derived from specialty products for the group of the top 14 pharmaceutical companies. Figures for 2008 onwards are predictions. See [Supplementary information S1 \(box\)](#) for details.