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Nearer Term Deals and Higher Valuations

by Dr. Robert C. Keefer

While most business development deals are focused on development stage product and technology licensing, the deals producing the fastest and most attractive ROI are focused on repurposing or reformulating existing drugs. Of these, *repurposing* is generating the most excitement, sales and profits for large pharmaceutical companies.

As Jeanne Whalen in the October 25, 2006 Wall Street Journal put it: “pharmaceutical companies, under pressure to increase sales amid pressure from rivals, are seeking to treat an ever expanding range of illnesses and to find additional afflictions in which their drugs can be used”. That not only describes the strategic drivers, it is probably the best definition of *repurposing* too.

For example, GlaxoSmithKline PLC is having great success with ReQuip for Restless Leg Syndrome which it launched last year. The approved previous indication had been for Parkinson’s Disease. With the new indication, analysts say the drug is on track to post sales of \$500 million this year making it one of the fastest growing drugs for GSK. As the WSJ put it, “rivals are following suit” and cites Boehringer Ingelheim GmbH and UCB SA which are each seeking approval to market *their* Parkinson’s drugs for RLS.

As to reformulations, many smaller companies are focusing on reformulating older, well-established drugs. For one example, look no further than Wilmington Pharmaceuticals which is capitalizing on FDA’s 505(b)(2) provisions in developing a Zydys fast-dissolve formulation of the popular metoclopramide. When approved in 2007, this product will join 17 other Zydys formulations on the market. Many marketing partners are available to these kinds of companies too, which makes for a very attractive business model.

If you would like to share your experience in these issues, or discuss how you can ensure a successful product launch, send an email to rkeefe@tcgbiopharma.com.

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