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Financial Solutions for Product Development in Health

 MARKETPLACE
ON INNOVATIVE
FINANCIAL
SOLUTIONS FOR
DEVELOPMENT

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The Challenges

When big or small pharma look at opportunities in neglected diseases they focus on three key issues. Generally this requires a rainbow of solutions

Hard
Science

Small
Markets

Low
Margins

Hard Science is a double edged sword – While Pharma hates it, it makes it more attractive for the Universities

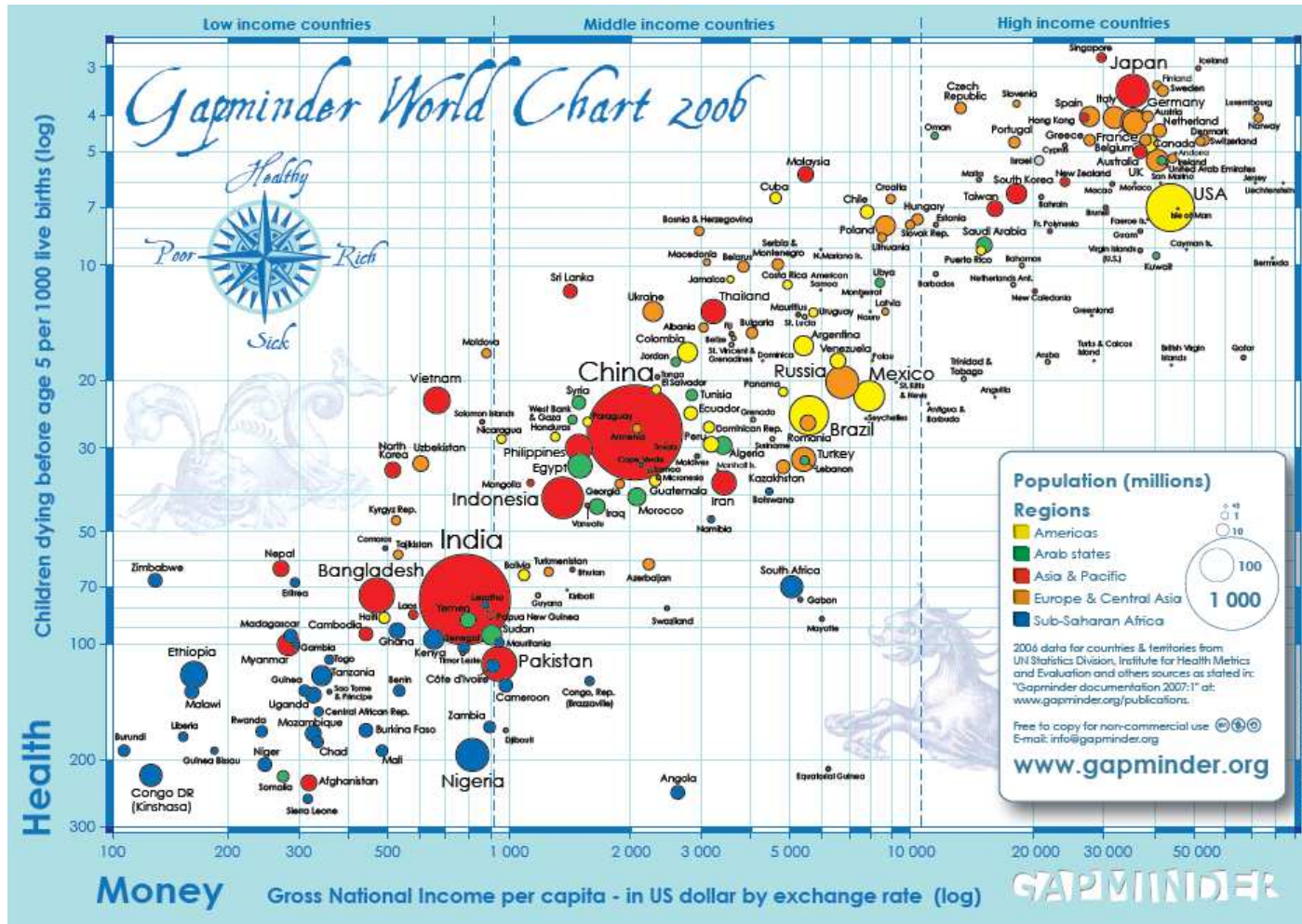
- Possibly the hardest two challenges are Vaccines for **HIV** and **Malaria**
- HIV due to the high mutation rate of the coat proteins and its status as a *retrovirus*
- Malaria due to the “animal” characteristics of *Plasmodium* – it is a worm not a bacteria or a virus and therefore a much more complex challenge. Plasmodium does not make you sick it is the waste
- But the “wins” of both these challenges are sufficient to justify the challenge
- Similar arguments can be said for simpler targets such as drug resistant **TB**, where either better drugs or a vaccine are the only approach

Small Markets are a particular challenge and require a specialist approach

- While the Global Killers get the focus, much of the disease burden is caused by more localised specialists
- While often the science is easier, big pharma have limited interest in pursuing
- Often requires more of a grazing approach (e.g. OWH), key trick is in running efficient trials to get drugs approved. Many drugs working in different locations eg China, but need to get through WHO or US regulations
- FDA Review Vouchers represent an interesting development, but to-date take-up has been limited

The Affordability Challenge

There is a direct correlation between GNI and Health



Low Margins

Low Margins come from 2 key sources – the product is expensive to make and/or the recipient cannot afford to buy it and so relies on grants where margins are compressed

- IP issues aside (clearly also a deal killer), there is an affordability challenge
- When using the most sophisticated science, costs of production will be high
- Capex cannot be recouped unless margins are sufficient, but that may price the product out of reach even under donor supported models
- There is a danger of creating “White Elephants” that are great, but stuck due to high cost of manufacture or distribution or both. A holistic model is required to look at the entire chain