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from the publisher

The biotech industry appears to be struggling instead of moving forward at the pace we have come to expect. Not enough new products are in the development and regulatory pipeline, and a number of huge revenue-producing products are coming off patent.

Five years ago, products were being licensed on a regular basis, and there were numerous small companies engaged in developing biologics, or supplying products and services to the biotech companies. Today, many of these small companies are gone, or at least their trade names and technologies are no longer visible to the casual observer.

So what happened? In my opinion, the housing market wasn't the only victim of cheap money. Many large biotech and supply companies had access to financing that was too good to pass up. With this cash, many of them decided they would please their investors by showing growth they could achieve through acquisition.

Of course, some of these acquisitions worked out fairly well, but in far too many cases they didn't produce the desired results. What seems to have been missing is an understanding of how the acquisition would be assimilated into the existing corporate structure and culture. In addition, too much attention was paid to changing the company and trade names, and too little was invested in working out how to make the chemistries of the key players coexistent.

Then after spending lots of money on attorneys and investment bankers, plus public relations and new letterheads, the realities began to sink in: How would the new products or services be marketed, and which sales force or distribution system would sell them? Where would the products be made and the profits be taken?

In the case of biologics: Were these technologies that should be brought into the development process immediately to produce new products or enhance existing ones? Or, did it really matter what happened since the technology was safely tucked away and might only be used for royalty income?

But then, the financing had to be paid back, and possibly at higher rates than initially expected. And the only way to do that was by cutting costs and eliminating duplication, which meant laying off or moving people, and selling buildings. But what about the value that was being purchased in the first place, such as the people, expertise, technology, and good will in the marketplace? Didn't these things matter?

Today, there are fewer companies and the desired number of new products just hasn't materialized. But the real travesty is the loss of the small companies that were creating so many of the highly skilled jobs, and providing the innovation that was driving much of the industry. And what happened to all the displaced workers?

Instead of forming partnerships to capitalize on the benefits these small companies had to offer, the acquiring companies had to have it all, or nothing. And unfortunately, too many of them ended up with nothing.

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