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# European Firms Lead Global Pharma Industry, While US Companies Dominate Biotech Market

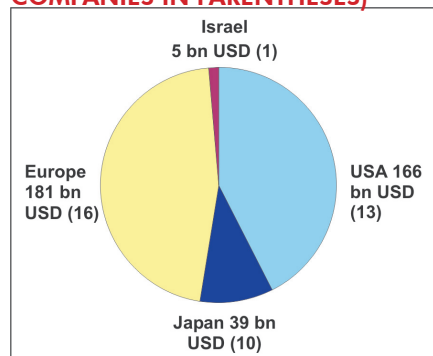
**A recent study, which compared pharmaceutical and biotech companies according to geographical locations has found that European companies lag far behind in biotech.**

**Around 16 of the 40 top pharmaceutical companies hail from Europe with a combined sales volume of US \$181 billion while 13 companies are from US with a total sales volume of 166 billion. On the other hand, out of 100 leading biotech companies, around 65 are located in the US**

The US is considered the most important market for pharmaceuticals worldwide. Interestingly, the combined sales of the global European pharma companies exceed that of the US companies. This result was obtained by a recent study conducted by the Munich based consulting company Novumed Life Science Consulting. Among the 40 top pharma companies around 16 hail from

Europe, with a combined sales volume of US \$181 billion in pharmaceuticals alone. This figure only includes pure pharmaceutical products and does not cover diagnostics or medical technology products, which often add to the total company revenue of these companies. In the US only 13 companies find place among the top 40-pharma sellers with a combined sales volume of US \$166 billion.

**FIGURE 1: COMBINED SALES OF PHARMACEUTICALS OF THE 40 TOP-SELLING COMPANIES BY LOCATION IN BILLION US DOLLAR (NUMBER OF COMPANIES IN PARENTHESES)**



Source: Business reports 2005; Novumed Life Science Consulting

## GERMANY LEADS IN EUROPE

Though often criticized by national industry experts, Germany still holds a leading position in Europe with three of three of its international companies like Boehringer, Bayer and Merck. In 2005 even five in the top 40 were from Germany, but Schering and the pharma division of Altana were merged with other European companies. The combined sales of English, Swiss and French companies may, for each country, be higher than the ones of the German companies, but in these countries the concentration on only a few companies is much more prominent. Of the 40 biggest pharma companies only one is located in France (sanofi Aventis) and two are located in Switzerland (Novartis, Roche).

## US DOMINATES THE FAST GROWING BIOTECH INDUSTRY

Meanwhile, the promising and fast growing biotechnology market paints a different picture altogether. In the next couple of years several blockbuster drugs of the big players in the pharmaceutical business are expected to go off patent, hence these companies are extensively investing in R&D in search for new blockbusters. The development of highly specific biopharmaceutical drugs

(enzymes, agents etc) in particular is gaining more prominence and offers possibilities for innovation for the established companies. The worldwide biotech market estimated to be around US \$60 billion is growing at a rate of 13% much faster than the market for pharmaceuticals. It is precisely the reason that all major European pharmaceutical companies invest approximately 25% of the total budget for research in cooperating biotech companies.

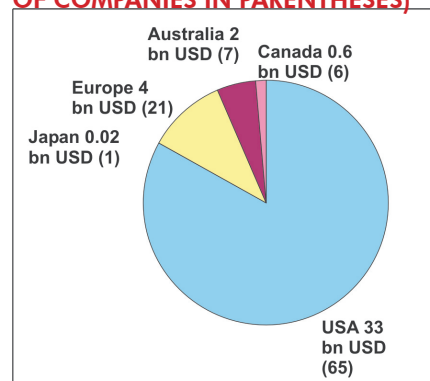
According to the study conducted by Life Science Consulting company Novumed, the European companies lag far behind the American counterparts. Around 10 out of the 12 top biotech companies hail from the US, points out the study. From a total of 100 top biotech companies, US lead the segment with 65, Europe with 21 and Australia with 7. Germany occupies the seventh place with three biotech companies behind the USA (65), Australia (7), Canada (6), Great Britain (6), Switzerland (4) and Denmark (3).

Over the last few years, Australian companies in particular have infused massive investments in the field of biotech, which has resulted in excellent returns compared to a rather small population of only 20 million people. The situation in Japan seems to be much worse and even hostile to innovation according to the Novumed study. With a population of about 120 million, the country boasts of around 10 companies which rank among the top 40 pharmaceutical companies, whereas only one of the innovative biotech companies find place at 73 among the top 100 biotech companies.

In terms of sales volume as well, the US biotech companies with US \$33 billion sales are far ahead of the European (US \$4 billion) and the Australian (US \$2 billion). Another remarkable feature is the enormous difference in the turnover of the leading biotech companies. In 2005, Amgen Inc (USA) had a total sales volume of US \$12 billion, whereas the second largest company had less than half of it. In contrast, comparison of the

three leading pharmaceutical companies shows a much more continuous distribution. The world's largest pharma company Pfizer (USA) had a sales volume of US \$44 billion, followed by Glaxo

**FIGURE 2: COMBINED SALES VOLUME OF THE 100 TOP-SELLING BIOTECH COMPANIES IN BILLION USD (NUMBER OF COMPANIES IN PARENTHESES)**



Source: Business reports 2005; Novumed Life Science Consulting

Smith Kline from Great Britain with US \$38 billion and Sanofi Aventis from France with US \$32 billion.

## NOVUMED GMBH LIFE SCIENCE CONSULTING

Novumed is an international top management consulting firm specializing in the life science industry. It primarily serves companies from industries, such as biotech, pharmaceutical and medical equipment. The company has a highly qualified team with complementary skills in medicine, business administration and biochemistry. Its experienced management consultants formerly worked with market leaders such as Novartis, Fresenius Medical Care and Boston Consulting. This strategy-consulting firm supports its customers in innovations management, market analysis, and portfolio strategies. Novumed's client base includes global pharmaceutical and medtech firms as well as smaller biotech and Venture Capital firms. In collaboration with a US-American and an Indian partner, clients are supported on an international level. ■