

## **Israeli Life Sciences Industry's Challenges in the Global Marketplace**

In today's market, pharmaceutical and biotechnology companies are struggling with profound market shifts and constantly facing new business challenges. For the first time in their history, pharmaceutical companies feel margin pressure and need to focus on cost structures. Their drug pipelines produce fewer blockbuster drugs, and pending drug patent expirations are risking future sales. As a result, pharmaceutical companies have to move toward a global operational approach. Biotechnology companies face challenges in bringing complex products to the global marketplace and need to find ways to attract and engage Big Pharma companies as strategic partners.

Bringing complex products to the market is a tough process, and in order to enhance commercial success, companies need to gain support in order to emerge as strategically aligned, operationally efficient, and successful business organizations.

The current global healthcare consulting market is estimated to be more than \$19.2 billion, and it will continue to grow. Based on Kennedy Information's analysis<sup>(1)</sup>, out of that \$19.2 billion, \$7 billion constitutes the life sciences consulting portion. The pharmaceutical and biotechnology sectors make up a significant portion of this life sciences consulting.

Israel's life sciences industry is still young and in a growing and exuberant mode. According to the Israeli Life Sciences Industry (ILSI) organization<sup>(2)</sup>, of the existing 557 life sciences companies in Israel, 45% were established in the last five years. Biotechnology, with 129 companies, is the second largest sector in the Israeli life sciences industry. Out of these 129 companies, 29% are revenue-generating. Pharmaceutical is the third largest sector, with 74 companies. This sector is by far the most established sector in the Israeli life sciences industry and the largest revenue producer. The pharmaceutical companies are generally mature and focus their business on generic drugs. Although they are well known for their generic drug emphasis, 31% of this sector is involved in the development of "new chemical or natural entities." Some are involved in the development of drug delivery and vaccines, while others are focused on development of new drugs using natural compounds.

The new business challenges and the profound shifts that global pharmaceutical and biotechnology companies currently experience reflect strongly on the potential business success of Israeli companies in the global market. In order to succeed, these Israeli life sciences companies can benefit from working with global consulting firms that are well acquainted with the global Big Pharma companies; that have a close familiarity with pipelines, needs, and constraints of Big Pharma in the global market; and that have access to the most updated information about specific products and the competitive landscape.

The Mattson Jack Group, Inc. (MattsonJack), for example, has worked with Israeli pharmaceutical and biotech companies for two years. MattsonJack, a U.S.-based company and a leading pharmaceutical and biotech global consulting firm, has offices in the U.S. and Europe and affiliates in Japan. MattsonJack is part of the Kantar Group, a

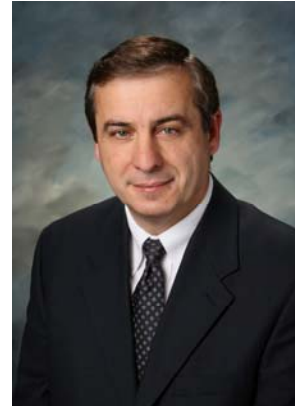
division of WPP plc, which is a \$10+ billion global communications firm. The group operates in 160 offices in 60 countries worldwide. MattsonJack has more than 500 clients worldwide and performs over 300 custom-consulting projects each year. With over 20 years of experience, the company provides business analytics and corporate development services, as well as epidemiological and oncological propriety databases to the Israeli pharmaceutical and biotech industry.

Israeli life sciences companies can increase their chances for commercial success in a shorter time by working with global consulting companies such as MattsonJack, a leader in the global marketplace.

*“We very much appreciate the fruitful cooperation between academia and the Israeli industry, which, as a result, has provided many innovations that have reached the product development stage, as well as business commercialization initiatives, and we look forward to*



*assisting in those initiatives as appropriate,” says Robert (Bob) Ramsey, Ph.D., V.P. and Chief Scientific Officer.*



*“MattsonJack’s consultants are familiar with the Israeli life sciences capabilities and strengths, as well as with the tough Israeli business culture and conditions,” says Shlomi (Sol) Gilboa, M.D., M.P.H., Senior Advisor.*

1. The Healthcare Consulting Marketplace 2006: Opportunities in Life Sciences; Christopher Boone, Derek Smith; 2006 Kennedy Information, Inc.
2. <http://www.ilsa.org.il/industry>