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AH COMPANIES ADOPT NEW R&D MODEL

The Animal Health Distributor's Association (AHDA) Conference in Birmingham has been told that the animal health industry is experiencing a fundamental change in the way it develops innovative new products and services.

Industry specialist George Gunn, founder and CEO of Stonehaven Consulting, said that animal care is responding to a number of key drivers that are moving traditional animal health to broader animal care.

"There are a number of challenges and opportunities that the industry is facing at the moment. For example, increasing global demand for protein and pressure on antibiotic use on one side, and the continuing humanisation of pets and the emergence of digital technologies on the other."

But one of the most significant challenges, he told the meeting, has been the rising cost of innovation.

"Although the industry is spending more on R&D, the number of NCE approvals has dropped steadily over recent years," he said. "As a result, R&D spend per new chemical entity has continued to rise and is now about \$100 million."

According to Mr Gunn, the loss of access to more than \$30 billion of human R&D spend as a result of industry restructuring has been one of the major drivers of this change. It means that companies are finding it increasingly difficult to generate new innovations internally.

"We are witnessing a fundamental change in animal health with emerging players driving innovation. Although in-house R&D continues to be an essential source of innovation, the industry players are now more outward looking and ready to acquire late-stage technology and collaborate with external partners."

Together with Animal Pharm, Stonehaven Consulting has identified 120 key start-ups globally. Almost half of those involve companion animals, which are driving animal health innovation.

“We are seeing more pets that are living longer and generating a greater spend per pet. New technologies are also driving the development of novel therapeutics, services and interaction with owners.

Animal care is currently worth about \$60 billion globally and is estimated to grow by 5-7 per cent each year until 2022, despite declining R&D productivity, said Mr Gunn.

“Animal care is a very dynamic industry and is responding well to challenges it faces. We are entering a very exciting time for the industry.”

Mr Gunn was presenting at the AHDA Conference on *Future Horizons* which took place in Birmingham, from 16-17 January 2019.

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Notes to editor:

Stonehaven Consulting was founded in 2015 by George Gunn, former CEO of Novartis AH. The company is based in Switzerland and has a global client base consisting of life science companies. A small team of highly qualified and experienced individuals use their know-how and network to help companies set and exceed their strategic goals.

For more information contact Mike Keeler at Garnett Keeler PR on +44 (0)20 8647 4467 or mike.keeler@garnettkeeler.com

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