

News Release

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EUROPEAN PHARMACEUTICAL MARKET SURVEY BY PwC AND SIEMENS DEMONSTRATES DEMAND FOR TRULY INTEGRATED MULTI-DISCIPLINARY SERVICES

EUROPEAN PHARMACEUTICAL COMPANIES WANT TO OVERCOME CHALLENGES AND BUILD VALUE THROUGH INTEGRATION AND STRATEGIC PARTNERSHIPS

Brussels, 27 June 2005 – A unique European survey conducted by PricewaterhouseCoopers and Siemens amongst 66 senior representatives from pharmaceutical and bio-technology companies across nine European countries sought to identify the potential for truly integrated services to increase performance in the sector. Respondents were asked about the challenges their companies face, what keeps them awake at night, their routes to achieve and sustain growth, the demand for a joint technology delivery and change management service and the opportunities presented by greater use of such integrated solutions.

Delivering growth

The survey results demonstrate that European pharmaceutical companies are optimistic about their growth prospects in the coming years. 70% of the survey respondents said they were highly confident about their company's revenue growth over the coming year and a further 19% said they were confident or moderately confident. The motors for growth remain the traditional pharmaceutical drivers of research and development (R&D) and sales and marketing. Nearly two-thirds (64%) of companies see the R&D pipeline as the contributor of major growth for their companies. Just over a quarter of the respondents said they were looking to sales (26%) and marketing (27%) for growth.

Meeting challenges

However, pharmaceutical companies are also acutely aware of major challenges that need to be overcome to maximise growth and profitability. Performance and capability improvement concerns are high on their agenda. When pressed on the exact worries that most concern them, it is performance improvement issues that dominate the respondents' priority lists. The challenge of reducing time to market (34%), lowering the cost base (29%) and increasing manufacturing efficiencies (22%) are top of their thoughts. Together one or more of these three challenges were mentioned by more than half (51%) of respondents and headed the list of 'stay awake at night' issues.

Need for integrated solutions and partnerships

The complexity and variety of the knowledge, technical capability and skill-sets required mean that companies need to form strategic partnerships that will allow them to compete effectively and deliver true value shifts. Companies see integrated multidisciplinary solutions provision as playing an important part in boosting their ability to achieve the strategic shifts and partnerships they need to make. Many of the key developments they are facing require services that truly integrate financial, people and organisational change services with IT and technological solutions. 85% of the respondents believe that greater integration of services from solutions providers would add value to their business. However, barely half (52%) have actually utilised such an approach.

The pharma solutions deficit

Many pharmaceutical companies are being frustrated by a 'pharma solutions deficit'. Two thirds (65%) of respondents say they want to move their supplier relations on to a more strategic footing but they also feel that some of the key attributes that they require are not necessarily available in the marketplace. Only a third (34%) of respondents, for example, feel that their current technology supplier is able to provide a wider ranging, more integrated service which would encompass 'soft aspects' consultancy, giving them the people and team change skills needed to make best use of technological changes. Indeed, only half (49%) of the respondents said they were not aware so far of suppliers who would offer truly integrated solutions services.

The benefits of a more strategic relationship

The potential of integrated solutions to enhance pharmaceutical company performance is highlighted by the wide range of business benefits identified by the respondents. Companies list cost reduction, time to market, improved manufacturing efficiency and leadership in product and technological innovation as among the leading challenges that such services could help them overcome. Moreover, they see such services as having a relevance to a range of activities across the business, primarily manufacturing (45%) and R&D (39%), but also wider business processes (32%).

Eddy Schuermans, Partner and Advisory Leader EMEA Pharmaceutical Industry comments: *"It is clear that companies are seeking to harness multi-disciplinary skills and solutions that enable them to utilise wider services, technology and knowledge to overcome the challenges they face. Many companies recognize the business benefits of an integrated approach, but it is clear that there is scope to take it much further. The industry is looking for a deeper fit between integrated solutions*

and their strategic objectives, allowing the use of integrated solutions in ways that build strategic value and deliver greater transformational change.”

Methodology

PricewaterhouseCoopers and Siemens conducted a two-phase programme of research amongst pharmaceutical and bio-technology companies across Europe using a mix of face to face and telephone interviews. A total of 66 interviews were conducted with senior representatives drawn from 66 pharmaceutical and bio-technology companies across nine European countries. The sample was designed to be broadly representative of the sector in Europe and the sample profile was sourced from an international database. The interviews were completed in the period 15 March to 29 April 2005.

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Notes to Editor:

The executive summary of the survey “**A better shape for the future: building value through integration and partnerships**” can be obtained via www.pwc.be. If you would like an interview about this survey, please contact:

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