

# New strategies needed for integrated alliances

## Inconsistent practices undermine potential for gains in efficiency, cost and speed

Strategic outsourcing relationships hold the promise of faster and more efficient R&D activity. But new research from the Tufts Center for the Study of Drug Development (CSDD) finds the goal remains elusive because sponsor companies aren't fully invested in their alliances and continue to use a variety of competing outsourcing relationship models without a clear or systematic pattern.

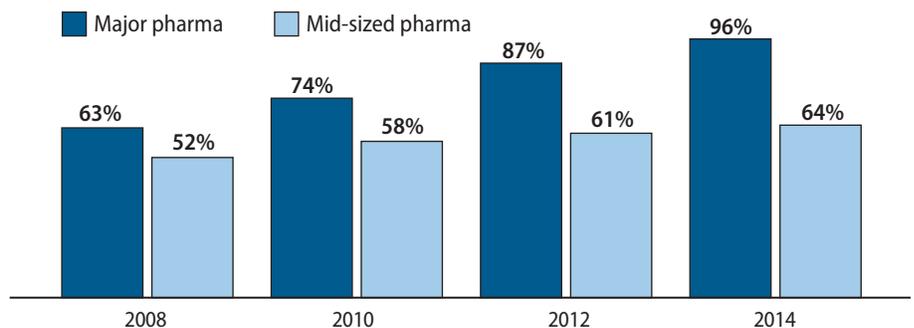
Despite the time and effort devoted to creating strategic partnerships, Tufts CSDD found that in no instance did study participants use a single CRO to manage all functional areas supporting an individual phase II or III study. In addition, companies fail to coordinate and enforce use of strategic partners across their portfolios in a disciplined way and sponsors vary the types of outsourcing relationship models that they use inconsistently on a study-by-study basis.

That piecemeal approach creates internal conflict and ultimately compromises the ability of integrated, multifunctional alliances to offer higher levels of efficiency at lower cost to the sponsor company.

"We are not getting the maximum value out of these partnerships and relationships," said BioClinica CEO John Hubbard, Ph.D., who led worldwide development operations at Pfizer when the company launched its groundbreaking strategic alliances with Parexel and Icon as one of several initiatives to reduce R&D spending by about \$2 billion. Hubbard previously held management positions in both the

### Adoption of integrated alliances

Proportion of sponsors in at least one FSP or integrated alliance



Source: CenterWatch; N~86 Sponsor Companies

CRO and pharmaceutical industries. "We are moving toward these more efficient, strategic relationships, but I think there is still work to be done," he said.

Much of the current discussion about challenges in implementing strategic partnerships focuses on a deeply held culture of mistrust in service providers, poor communication and failure to achieve buy-in from senior staff. Yet the Tufts CSDD study, which was led by Ken Getz, director of sponsored research programs and associate professor, Tufts CSDD at Tufts University Medical School, offers new insights into why strategic outsourcing relationships may be failing and isolates specific practice factors that can be addressed to better leverage the benefits of integrated alliances.

"Closer relationships between sponsors and CROs are becoming increasingly important," said INC Research CEO Jamie Macdonald. "There are practical and tangible areas that should get a lot of attention and focus upfront. CROs have

to work together with sponsors, collaborate more, plan better together and make sure we have good measurement, good communication and good governance in place."

### Alliances on the rise

All of the top 30 largest sponsor companies have formed at least one strategic alliance with a CRO during the past seven years; major sponsor companies establish a mean of three strategic relationships to support their portfolios. Many companies also have introduced new internal mechanisms to oversee the strategic outsourcing partnerships and manage any problems that arise. In contrast to traditional transactional outsourcing relationships, where sponsor companies contract work with service providers on a per-project basis, the newer strategic relationships with CROs provide single functions or multifunctional support for entire programs across large portions of sponsor company portfolios.