

Press release

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[Deloitte pharma study](#): Drop-off in returns on R&D investments – sharp decline in peak sales per asset

The projected return on investment of the global pharmaceutical industry was down significantly from last year. This was revealed by Deloitte's annual analysis of 20 of the world's leading pharmaceutical companies. The average expected return on investment for research and development fell from 6.8 per cent in 2021 to just 1.2 per cent in 2022. The study also showed that forecast peak sales per asset declined by a quarter to around \$389 million. The development process for new drugs must therefore be transformed and could be made much more efficient with digital technologies. In addition, Switzerland as a pharma location urgently needs clarity over its relationships with Europe, as well as a roadmap for digitising the health care system.

Since 2010, the [Centre for Health Solutions of the auditing and consulting organisation Deloitte](#) has been measuring the [returns on R&D investments](#) that the biggest life sciences and biotech companies can expect from assets in late-stage development. For each study, Deloitte analyses a cohort of the top global pharmaceutical companies by R&D spend. The 20 companies in the latest study include the two Swiss giants Novartis and Roche. The complete study [Seize the digital momentum – measuring the return from pharmaceutical innovation 2022](#), including informative graphs, can be found on the website.

Here are the **key findings**:

- The top 20 global pharmaceutical companies collectively spent \$139 billion on research and development in 2022, down two per cent from 2021.
- The average projected return on investment (ROI) from research and development fell to 1.2 per cent in 2022, its lowest level since the study was launched in 2010.
- The average development time for a new drug (from starting clinical trials to approval) increased from 6.9 years in 2021 to 7.1 years, the second longest since the study began.
- Due to the longer development times, the average cost of developing a new drug rose by \$298 million to \$2.3 billion in 2022.
- Average forecast peak sales per asset stood at \$389 million in 2022, down from \$500 million in 2021.
- The proportion of forecast revenue from assets co-developed by several companies more than halved year-on-year, falling from 46 per cent in 2021 to just 18 per cent in 2022.

Thoughts on the findings and the Swiss pharmaceutical industry:

"A decrease in returns from R&D investments was unavoidable in 2021, an unprecedented year marked by the COVID pandemic. However, no one expected the drop-off to be quite so severe. Even without the COVID-19 vaccines and treatments, ROI was still twice as high in 2021 as in 2022," explains Nico Kleyn, Managing Partner Life Sciences and Health Care for Switzerland and North and South Europe (NSE).

"Our analysis shows that the development of new treatments is taking longer and is costing more, and that they are generating less revenue. The research departments of pharmaceutical companies therefore need to transform the clinical trials process," explains Alexander Mirow, partner and Consulting Industry Lead for Life Sciences at Deloitte Switzerland.

"Clinical trials that have a patient-centred study design, and which incorporate innovative digital technologies and data tools in a relevant way, generate much greater added value for everyone involved. Revitalising today's clinical trials processes and operations will significantly improve efficiency, enhance scientific rigour and increase health equity. Not only will this digital approach place a lower burden on patients and health care workers, but it will also have the added benefit of significantly reducing environmental impact due to reduced travel," adds Mirow.

Alongside the growing pressure on R&D investments, the Swiss pharmaceutical industry is also faced with other challenges: “Research-driven pharmaceutical companies are the engine of Switzerland as a location for business and innovation. However, the need to improve the general conditions is growing more urgent. In the interest of patients and the location itself, rapid clarification of the relationships between Switzerland and the EU is therefore needed. At the same time, policymakers and businesses are called upon to make a joint effort to digitise the health care system,” says Nico Kleyn.

About the research:

“Seize the digital momentum – measuring the return from pharmaceutical innovation 2022” is the thirteenth annual report from the *Deloitte Centre for Health Solutions*, the research arm of Deloitte’s Life Sciences and Health Care practices. The report explores the performance of the biopharmaceutical industry and its ability to generate returns from its investment in innovative new products. Since 2010, Deloitte has tracked the projected return on investment from the late-stage pipelines of an original cohort of 12 leading global pharmaceutical companies. During that time, the cohort has expanded and today the top 20 global pharmaceutical companies are tracked using the same comprehensive and consistent methodology.

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