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Drug Development Outsourcing Outpaces Internal Spending but Remains Tactical and Reactive, According to Tufts Center for the Study of Drug Development

BOSTON – March 5, 2019 – Drug sponsors spend more on contract research organizations (CROs) to help develop new medicines than they do on internal staff and infrastructure, but outsourcing practices remain inconsistent and highly customized, inviting inefficiency and unsystematic management practice, according to an analysis recently completed by the [Tufts Center for the Study of Drug Development](#).

Driving R&D outsourcing spending are pharmaceutical and biotechnology company layoffs combined with growing R&D pipelines and the proliferation of smaller companies that typically rely on CROs, according to Tufts CSDD.

"Sponsor demand for CROs continues to rise at a relatively rapid rate. However, outsourcing strategies and practices are fragmented and tactical," said Ken Getz, associate professor and director of sponsored research at Tufts CSDD, who led the analysis. "Although sponsor companies report speed advantages and, on occasion, positive collaborations with CROs, they tend to be study-specific and often fail to scale across the development portfolio."

According to Tufts CSDD, study initiation cycle time is 77 days faster for CROs identifying and managing new investigative sites, compared to studies managed directly by drug sponsors. However, sponsors provide mixed ratings of collaborative effectiveness and generally choose not to include CROs in upfront planning activities.

The analysis, summarized in the March/April [Tufts CSDD Impact Report](#), released today, also found that:

- Sponsors spent an estimated \$86 billion on all contracted R&D services during 2018, surpassing internal staff and infrastructure spending by nearly \$20 billion.
- Sponsors employ a variety of outsourcing approaches simultaneously, including transacting for individual tasks, full-service, and functional/program service relationships.
- Although current oversight processes have largely been in place for more than three years, only one-third of companies believe these processes are well established and only one-in-five companies rate these processes 'highly effective.'
- Oversight of CROs falls largely to project and clinical operations teams, and focuses on mitigating risk and ensuring regulatory compliance.

"Although several notable top-25 pharmaceutical companies recently announced plans to cut back on their CRO usage, there are clear indications that demand for CRO services will continue to increase," Getz said.

ABOUT THE TUFTS CENTER FOR THE STUDY OF DRUG DEVELOPMENT

The Tufts Center for the Study of Drug Development (<http://csdd.tufts.edu>) at Tufts University provides strategic information to help drug developers, regulators, and policy makers improve the quality and efficiency of pharmaceutical development, review, and utilization. Tufts CSDD, based in Boston, conducts a wide range of in-depth analyses on pharmaceutical issues and hosts symposia, workshops, and public forums, and publishes Tufts CSDD Impact Reports, a bi-monthly newsletter providing analysis and insight into critical drug development issues.

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