

# Portfolio Management and Risk Assessment - Introduction

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Lou, living with epilepsy



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# The need for informed decision making

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- Lack of Productivity
  - Only 5 top Pharmas generate >10% of revenue from products launched in the last five years
- Increased R&D investment
  - “The industry is investing twice as much in R&D as it was ten years ago to produce two-fifths of the medicines it then produced” (PWC; Pharma 2020: The Vision)
- Changing market place
  - Ageing populations
  - Different global needs
- Need to select the right projects to satisfy the needs of patients, prescribers and payers.



# Where does portfolio management come in?

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- ⊕ Provides an overview of the combination of projects
  - Project management = Doing the projects right
  - Portfolio Management = Doing the right projects
- ⊕ Allows us to look at new opportunities in the light of the existing portfolio
- ⊕ Enables us to model the overall effect of strategic changes



# Portfolio Assessment – the Need for a Multifactorial approach

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**Focus too much on one source of information.....**



**And you might just miss something important!**



# Agenda

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- ④ Analytical tools, risk analysis and management
- ④ Experience in large pharma
- ④ Management of the portfolio in a small biotech – two examples
- ④ Opportunity for discussion

