



## Blog

## How to Fund Pharmaceutical R&amp;D's 86.2% Shortfall



The biopharma industry is one in which successful companies, investors, drug developers, and scientists can manage – even celebrate – the inevitable failures of research and development. In a field where rare successes more than make up for the disappointment, failure is typically not a stigma.

But how can [pharmaceutical companies](#) continue to fund their R&D departments until they hit “the big one”?

### “Only 13.8% of all drug development programs lead to drug approval.”

In 2018, a team from the Massachusetts Institute of Technology conducted the largest investigation of clinical trial success rates to date into probabilities of clinical success. They found only [13.8% of all drug development programs lead to an eventual drug approval](#).

In other words, 86.2% of pharmaceutical R&D products never reach market. Other comprehensive analyses report even lower success rates. In fact, for the industry's most crowded therapeutic area – cancer drug development – the overall probability of success was only 3.4%.

So, R&D budgets are **decimated by projects that ultimately will fail to reach final approval** – and you can't know which projects will be successful when you're budgeting at the start of the fiscal year. How, then, can biopharma companies keep R&D funding above the red line until they hit the 13.8% product approval jackpot?

### Help Fund Biopharma R&D by Lowering Overhead and Recovering Costs

The necessary costs of the R&D department can be partially compensated for by reducing waste in other areas while finding alternative revenue sources. This effort can include:

- **Leveraging** current asset value as collateral against loans and other fund-raising efforts.
- **Recycling – or “redeploying”** – idle but valuable equipment like mass spectrometers or lab balances to other facilities instead of buying new.
- **Donating** useful old inventory like sanitation supplies to non-profit organizations, possibly generating tax write-offs.
- **Selling** outdated assets on the open market, [recovering previously sunk equipment costs](#).

Many of these have the secondary effect of clearing away facilities and the overhead associated with them – including [taxes, insurance, and maintenance costs](#).

To do this, however, you'll need an effective asset management and valuation program. To learn more about how these programs can help your biopharma company, [see how we've helped other industry leaders fund R&D and other crucial operations through asset management and valuation](#).

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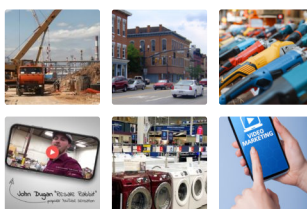
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