

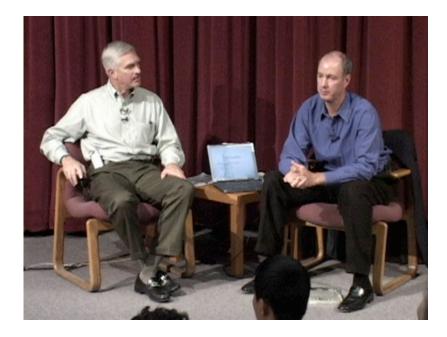
Stanford eCorner

Where Does Innovation Occur?

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URL: https://stvp.stanford.edu/blog/videos/where-does-innovation-occur

Bellas talks about where innovation is currently happening in biotech and medical device companies. The large pharmaceutical companies aren't covering the same innovative ground as the smaller companies, which is a trend seeing in every tech field.



Transcript

A more general question might be, "Where does innovation occur?" And innovation that occurs in the small companies, it is striking that on the drug development side for example, for the first time in history, the number of biological drugs approved by the FDA exceeded the number of new chemical entities that were developed by the large pharmaceutical companies.. So what you have are these huge pharmaceutical firms filled with chemists.. And then you got these budding new billion-dollar biotech companies like Amgen and Genentech.. They are coming out with more innovation.. On the biological side, the old chemist can't change.. They are not innovating enough.. The new folks here are innovating and that's where the stuff come from.. On the medical device side, if you will ask me, do we exit these companies through initial public offering or through M&A transaction or Merger and Acquisition transaction, I'll tell you that most often, we find these big medical device companies, the big six, you know, the Johnson and Johnson's, and MedTronic's and Boston Scientific's, their most active staff are the business development staff it seems to us, because they are always surveying our portfolio's and talking to us about what can they buy next.. Because they have done their gap analysis.. They have done their chart that shows unmet clinical needs in our internal R&D programs and there some empty blocks there that they can't fill with corporate R&D and they go buy these young medical device companies and fill the hole and add to their strategic mix...