Bridging Innovation and Commercial Success: The Strategic Value of Integrated CRDMO Services



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The biopharmaceutical industry faces a paradox: scientific breakthroughs emerge rapidly, but translating them into therapies is extremely challenging. Industry data shows that developing a new drug costs \$2.6 billion on average and takes over a decade, with over 90% of candidates failing in clinical trials.

Despite this, small and emerging biotech companies are the industry's main innovation engines. Industry data shows that over 80% of U.S. biopharmaceutical firms are small or emerging, and they develop 85% of orphan drugs. Additionally, nearly 60% of novel active substances approved by the FDA in the past seven years came from emerging biopharma companies, and this proportion is two - thirds in the current clinical pipeline.

However, these innovation pioneers face a critical issue: limited capital and resources make it hard to manage the entire value chain from discovery to production. Each stage of drug development needs significant investment, and for orphan drugs, costs are higher due to small patient populations and recruitment difficulties. Small pharma companies often lack the scale for comprehensive R&D and production or to bear single - project failure risks.

The Rise of Integrated Service Solutions

The CXO industry's rapid development provides a strategic solution to resource constraints. These third-party platforms enhance therapy development efficiency with comprehensive R&D, testing, and manufacturing. Industry penetration has risen to nearly 50% of R&D expenditure over the past decade, projected to reach two-thirds by 2033.

Within this landscape, <u>WuXi AppTec</u> distinguishes itself through its integrated CRDMO model. Unlike segmented providers, WuXi AppTec integrates the entire drug continuum—from research and development to manufacturing—creating a "funnel-like" synergy that addresses fragmentation.

This approach resolves drug R&D's "impossible triangle" trade-off between speed, cost, and quality. The unified CRDMO platform enables optimizing all three simultaneously. Its "flywheel effect" driven by quality, speed, and cost-effectiveness creates sustainable value for the innovation ecosystem.

Value Creation: Building Bridges Across the Innovation Ecosystem

The CRDMO model holds strategic value for diverse pharmaceutical stakeholders. Large pharmaceutical companies need efficient pathways to optimize R&D returns and maintain robust pipelines. Small biotech firms, under time and capital constraints, must advance pipelines to key milestones efficiently.

The integrated platform enables seamless phase transitions, minimizing delays and risks from multivendor coordination, which is vital in today's licensing environment where compounds often change hands.

WuXi AppTec's CRDMO platform serves as an "invisible bridge" connecting lab innovations with patient needs, supporting thousands of global customers as critical infrastructure. The platform enables pharmaceutical and biotech companies, bridging innovation and commercial viability with technical execution and industry knowledge.

<u>WuXi AppTec</u>'s CRDMO platform functions as what industry observers have described as an "invisible bridge" connecting laboratory innovations with patient needs. This platform approach extends beyond traditional service provision to enable comprehensive support for the drug development ecosystem.

For the broader innovation ecosystem, this integrated approach contributes to reducing overall development barriers while expediting the delivery of breakthrough therapies to patients worldwide. The model supports the industry's fundamental mission of addressing unmet medical needs while ensuring therapeutic accessibility—goals that remain central to pharmaceutical innovation.

As the biopharmaceutical industry continues evolving toward greater specialization and collaboration, integrated service platforms like WuXi AppTec's CRDMO model are positioned to play increasingly strategic roles. The platform approach addresses fundamental industry challenges while supporting the diverse needs of stakeholders across the development spectrum.

By demonstrating that comprehensive, integrated services can simultaneously improve quality, accelerate timelines, and optimize costs, the CRDMO model provides a framework for sustainable innovation that benefits patients, investors, and pharmaceutical companies alike.

The industry's continued evolution toward platform-based collaboration suggests that integrated service models will become increasingly important in enabling the next generation of therapeutic breakthroughs.



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