

Open Innovation and the Effects of Crowdsourcing in a Pharma Ecosystem

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Letter to Editor

Pharma industry has consistently been ranked as one of the most profitable industries (Debnath, Al-Mawsawi, & Neamati, 2010). The great profits obtained by the Pharma industry mostly stem from so-called “Blockbuster” drugs, which create global sales of at least \$1 billion annually. In the last decade, pharma companies have optimized this blockbuster business model, in which they spend large amounts in internal research and development of new drugs, leading to a blockbuster drug

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While most research-based industries strives to frequently making modifications to their R&D processes, the pharmaceutical sector still deploys an inefficient drug development process. It seems like the companies are prisoners of their past successes [2]. The 150-year-old paradigm of large companies being the dominate sources for developing pharmaceuticals is however changing. Pharmaceutical companies are forced to achieve more value with fewer resources to ensure continuous innovation, which has resulted in a shift away from the “closed innovation” model. Ideas for new drugs are developed internally and commercialized by using vertically integrated in-house resources. This process relies heavily on secrecy, intellectual property rights, and corporate silos. A study of Dell's IdeaStorm community highlights the difficulties in maintaining a steady supply of quality ideas from a crowd over time. Specifically, the study reveals that people who submitted an idea several times are more likely to generate ideas that are valuable to the organization [3]. Another study on Dell's IdeaStorm found, that: “...individuals tend to significantly underestimate the costs to the firm for implementing their ideas but overestimate the potential of their ideas in the initial stages of the Crowdsourcing process”. The ideation possibilities might be overcrowded with ideas, and some unlikely to be implemented. However, over time the average potential of ideas increases, while at the same time, the number of submitted ideas decreases.

Recent studies have examined organizational capabilities in processing the suggestions they have solicited through a Crowdsourcing process. The authors claim, that “organizations that do not handle filtering well may fail to tap into the full potential of Crowdsourcing.”, when organizations face a large pool of suggestions, they can only attend to a subset of the suggestions due to limited attention. Organizations are thus more likely to pay attention to those suggestions that are familiar to internal knowledge pole, which contradicts the reasoning for pursuing external knowledge.

This study aimed to explore the benefits of Crowdsourcing gained

by PharmaFX and has identified the specific benefits which can be obtained, based on the case [4,5]. Particularly the study is considering the benefits of reduced costs, increased brand visibility and access to specialized skills and their applicability to the pharmaceutical industry. The general academic literature of Crowdsourcing, specifically in the pharmaceutical context, is found to be not conclusive on more than a few vital questions concerning these benefits.

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Conflict of Interest

The authors declare that they are no conflict of interest

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