How many rivals is too many?

A rival on your target helps your drug. A crowd of rivals hurts your chance of being bought.

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2.5x TRIAL POS

Drugs with a rival one step ahead on the same target were 2.5x as likely to reach Phase 3.

Phase 2 → Phase 3 · 21.5% vs 8.8% · 3,922 entries, 1,564 drugs

0.54x M&A POS

Companies on a target with 12+ recent rivals were bought about half as often.

Bought within 3 years · 3.0% vs 4.8% · 3,986 company-years

In plain terms: a few rivals prove the target is worth chasing. A crowd means most buyers already own one. **The best place to be is early, on a target that is proven but not yet crowded.**

THE PICTURE

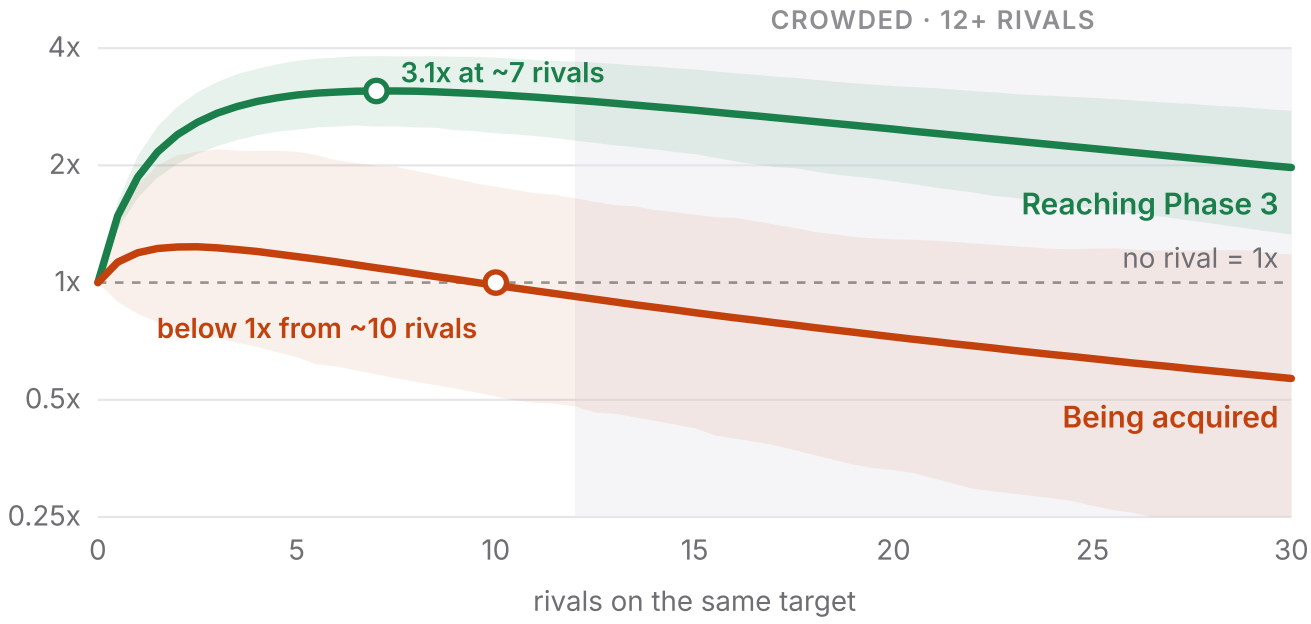


Figure 1. Rivals help the drug and hurt the deal. Green: a Phase 2 drug's chance of reaching Phase 3 within 36 months, by rivals on its target already in the clinic for the same disease (3,922 Phase 2 entries of 1,564 drugs). **Orange:** a private company's chance of being bought within 3 years, by rivals entering Phase 2 or later on its target in the previous 3 years (3,986 company-years). Both relative to no rival (1x), log scale; shaded areas are 95% intervals.

STAGE BY STAGE

Table 1. What happens at each stage.

LEAD ASSET	BOUGHT WITHIN 3 YEARS FEW RIVALS → 12 OR MORE	DRUG REACHES NEXT PHASE WHEN A RIVAL IS AHEAD
Preclinical n=1,619 · 63 bought	2.7% → 4.2%	Not measured
Phase 1 n=668 · 28 bought	5.0% → 2.3%	No clear link to Phase 2 n=5,228 entries · 2,104 drugs
Phase 2 n=1,171 · 59 bought	7.3% → 2.2%	**2.5x** to Phase 3 n=3,922 entries · 1,564 drugs
Phase 3 n=528 · 23 bought	9.0% → 2.8%	**1.6x** to approval n=1,971 entries · 926 drugs
All stages n=3,986 · 173 bought	5.2% → 3.0%	

Raw rates. Private company-years 2015 to 2022; drugs entering each phase 2008 to 2023. Method in the appendix.

Measured at the level of the drug target. 1,192 private companies on **1,110 gene targets** (3,418 company to target pairs), against **18,689 drug to target** and **34,029 target to disease pairs**, each dated to when it went public. Covers the quarter of private company-years whose targets we can identify.

WHAT TO DO WITH IT

FOR INVESTORS

Crowded targets still produce good drugs, just fewer buyouts. Back them for an IPO or a partnership, not a sale.

FOR FOUNDERS

Pick a target that has just been proven, not one twenty teams already chase. If you are late, be clearly different: a new disease, a new combination, better data.

The field needs more teams on untested targets and untreated diseases, not the twentieth copy.

“Be the change you want to see.”

A QUESTION TO SIT WITH

Money keeps flowing to the twentieth programme on the same target. What if more of it went to diseases with no treatment, targets never tested in people and mechanisms nobody has tried?

END OF REPORT

How this was calculated

A1. The two numbers
read first

They come from two separate analyses. 2.5x: Phase 2 drugs reached Phase 3 within 36 months 21.5% of the time when a rival drug on the same target was already in the clinic for the same disease, against 8.8% without (matched, risk ratio, 3,922 Phase 2 entries of 1,564 drugs; a drug tested in several diseases counts once per disease). 0.54x: private companies with 12 or more rivals entering their target in the previous three years were acquired within three years at 0.54 times the rate of companies with fewer (adjusted risk ratio, 95% CI 0.24 to 0.96; raw 3.0% against 4.8%; 3,986 company-years). We found no clear association with IPOs (1.02x, 0.79 to 1.32). One plausible reason for the deal-side drop is that buyers who already own an asset on a crowded target need another less; we did not test buyer behaviour directly.

A2. Figure 1
the two curves

Each curve is fitted on the log of the rival count and its square. Green (trials): adjusted for entry period and data coverage only, so it sits a little above the matched 2.5x; it peaks near 3.1x at about 7 rivals and its 95% band stays above 1.0x at every count (1.3x to 2.8x at 30). Beyond 16 rivals it rests on 90 entries (77 drugs). Orange (acquisitions): rises slightly, then falls, but its band includes 1.0x at every count, so the clean 12+ contrast carries the claim. Company-years per band: no rivals 877, 1 to 5 1,442, 6 to 11 660, 12 to 19 480, 20 to 29 346, 30 or more 181. Bands come from resampling whole drugs or companies.

A3. Data
point in time

Contraview's record of private biotech companies, their clinical trials, the drugs on each gene target and their financing and exit deals. Every count is taken as of a fixed date each year and uses only what was public on that date, so nothing known later leaks into the past.

A4. Who is covered
scope

Company results cover private drug developers whose gene targets we can identify, about a quarter of all private company-years from 2015 to 2022. Adjusting for data coverage does not show that other companies follow the same pattern. Drug results cover drugs entering a phase from 2008 through 2023, each with a full 36 months of follow-up.

A5. Rivals and outcomes
definitions

Company side: rivals are other companies whose drug on the same gene target entered Phase 2 or later in the previous three years, and the outcome is an acquisition within three years. Drug side: a rival is another company's drug on the same target already in the clinic for the same disease, and the outcome is reaching the next step within 36 months (Phase 2, Phase 3, or approval from Phase 3), following the molecule across owners.

A6. Models
exit and phase

Company results come from our exit models, adjusted for calendar year, how much data we hold on the company and how many targets it works on. Drug results come from our phase-transition models, comparing drugs with and without a rival after matching on entry period, data coverage, sponsor size, the disease's historical success rate and human genetic evidence; ratios are risk ratios.

A7. Turning points
exploratory

Where the fitted curve falls back below the no-rival baseline: all stages about 10 rivals (95% range 1 to 62), Phase 2 about 14 (2 to 38), Phase 3 about 23 (4 to well beyond 30), Phase 1 unstable. Stage rows rest on 23 to 63 acquisitions each, so read the progression as a hypothesis, not a rule.

A8. Checks and limits

Intervals come from resampling whole companies or drugs. The 12+ contrast holds in both 2015 to 2018 and 2019 to 2022, and in single-asset companies. These are associations, not causes.

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