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## New Financing Methods in the Biopharma Industry: A Case Study of Royalty Pharma, Inc.

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### Abstract

The biotechnology and pharmaceutical industries are facing significant challenges to their existing business models because of expiring drug patents, declining risk tolerance of venture capitalists and other investors, and increasing complexity in translational medicine. In response to these challenges, new alternative investment companies have emerged to bridge the biopharma funding gap by purchasing economic interests in drug royalty streams. Such purchases allow universities and biopharma companies to monetize their intellectual property, creating greater financial flexibility for them while giving investors an opportunity to participate in the life sciences industry at lower risk. Royalty Pharma is the largest of these drug royalty investment companies, and in this case study, we profile its business model and show how its unique financing structure greatly enhances the impact it has had on the biopharma industry and biomedical innovation.

**Keywords:** Biotech, Pharmaceutical, Translational Medicine, Drug Royalty Investment Company, Intellectual Property, Royalties, Corporate Finance**JEL Classification:** G11, G24, G32, I11[Suggested Citation](#) >[Show Contact Information](#) >

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