



Download This Paper (Delivery.cfm/SSRN\_ID2370736\_code17399.pdf?abstractid=2330089&amp;mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN\_ID2370736\_code17399.pdf?abstractid=2330089&amp;mirid=1&amp;type=2)



Add Paper to My Library

Share:    

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

24 Pages

Posted: 24 Sep 2013

Last revised: 28 Feb 2021

Andrew W. Lo (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=17399)

Massachusetts Institute of Technology (MIT) - Laboratory for Financial Engineering

Sourya Naraharisetti (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=2126715)

Duke University

Date Written: December 15, 2013

### 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](#) >

Download This Paper (Delivery.cfm/SSRN\_ID2370736\_code17399.pdf?abstractid=2330089&amp;mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN\_ID2370736\_code17399.pdf?abstractid=2330089&amp;mirid=1&amp;type=2)

## 0 References

Fetch References

## 0 Citations

Fetch Citations

Do you have negative results from your research you'd like to share?

We seek negative results (https://www.sciencemag.org/feature/2017/05/12/feature-negative-results) to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](https://www.elsevier.com/legal/cookiepolicy) (https://www.elsevier.com/legal/cookiepolicy)

ABSTRACT VIEWS	5,123
RANK	22,092

3 Citations

28 References

PlumX Metrics



(https://plu.mx/ssrn/a/?ssrn\_id=2330889)  
Related eJournals

Corporate Finance: Capital Structure & Payout Policies eJournal (https://papers.ssrn.com/sol3/JELJOUR\_Results.cfm?form\_name=journalBrowse&journal\_id=1508969)

Follow ⓘ

Entrepreneurship, Innovation, & Growth eJournal (https://papers.ssrn.com/sol3/JELJOUR\_Results.cfm?form\_name=journalBrowse&journal\_id=870526)

Follow ⓘ

View more >

Feedback 💬

Submit a Paper > (https://hq.ssrn.com/submissions/CreateNewAbstract.cfm)

- SSRN Quick Links

▼
- SSRN Rankings

▼
- About SSRN

▼

(https://www.facebook.com/SSRNcommunity/)

(https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany\_493409%2Cidx%3A0)

(https://twitter.com/SSRN)

(http://www.elsevier.com/)

Copyright (https://www.ssrn.com/index.cfm/en/dmca-notice-policy/) Terms and Conditions (https://www.ssrn.com/index.cfm/en/terms-of-use/)  
Privacy Policy (https://www.elsevier.com/legal/privacy-policy)

All content on this site: Copyright © 2023 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and similar technologies. For all open access content, the Creative Commons licensing terms apply.

We use cookies to help provide and enhance our service and tailor content.  
To learn more, visit [Cookie Settings](#).



(http://www.relx.com/)

