

CDMO Business Development Intensification for 2026 – Risk Management

CDMOs should understand the two types of risk.

- **Phase Risk:** how likely is the molecule to succeed in any particular phase?
- **Commercial Risk:** How likely are you to win the work?

The two x two matrix helps you think this through.

- A. **Existing Customer, Current Phase** The least risky lead is where you are bidding for work on a molecule in its existing phase and with a company that is already your client. In effect there is no phase risk – of course we all hope that the molecule succeeds, but you are being paid for the current phase. Typically, the win rate for current customers is around 80%.
- B. **New Customer, Current Phase** Win rates for new customer are lower than existing customers. Each CDMO has a new customer win rate, but it is usually around 25%. So this is more risky than A
- C. **Existing Customer, Future Phase** Here you have lower customer risk but higher phase (technical) risk. You are awaiting the outcome of a clinical read-out. Phase risk is around 40-50% for pre-clinical, Phase Phase 1 – 70%, Phase 2 - 58% and Phase 3 -65%. These will vary by therapeutic category.
- D. **New Customer, Future Phase** This is the most risky type of lead. Your commercial risk is higher and you have to contend with phase risk.

Business development risk for CDMOs

	Current Phase	Future Phase
Existing Customer	No phase risk, higher chance of gaining contract	Higher chance of gaining contract IF the molecule makes it through the previous phase
New Customer	No phase risk but you need to win the business.	Most risky situation e.g. with a start-up. New customer and you are not sure whether the molecule will succeed

So should you avoid bidding on these contracts? No, because as a small or medium sized company you need all the work you can get. But you should manage these leads as part of an overall portfolio.

To discuss these matters, contact us at www.pharmagro.co.uk or nick@pharmagro.co.uk