

## Sweden beckons

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*The Swedish life sciences industry sees a potential for Indian companies for development services and this is an opportunity for India Inc. to foray into Europe*

With almost a century old tradition in drug development, Sweden has a lot going for it in the life sciences sector. Most of this started with the work done by Astra and Pharmacia which are now known as AstraZeneca and Pfizer respectively. Building on the foundation provided by these two companies, Sweden has now built a vibrant biotech and pharmaceutical industry.

The overall story is not very different from other life sciences clusters in the world. A robust healthcare system, innovative biotech sector, large pharma and medical devices manufacturers, industry-academia collaboration, clinical trials hotbed, life sciences clusters etc, Sweden has it all. To facilitate further growth, the country is looking for partnerships and investments from all over the world including Asia and India. The difference seems to be in the opportunities that could be harnessed between Asian/Indian and Swedish life sciences sector working together.

To Swedish companies, India represents a potential market with a large number of diabetes patients and other metabolic diseases. India also offers large manufacturing facilities and an easy access to many markets in Asia. The Swedish companies also see a potential for Indian companies to do the development part in R&D. On the flip side, Indian companies could get its Swedish partners to do additional research. Firms from India could also use Sweden as the entry point to the lucrative EU market. Apart from that, the lab facilities in Sweden could be used for the mandatory testing required for drugs manufactured outside the EU. Another aspect that is yet to be explored in a big way is the acquisition of manufacturing facilities in Sweden and other EU countries for contract manufacturing. The Invest in Sweden Agency, the nodal agency responsible for attracting investments into Sweden, has already approached over a dozen leading life sciences companies in India exploring various opportunities.

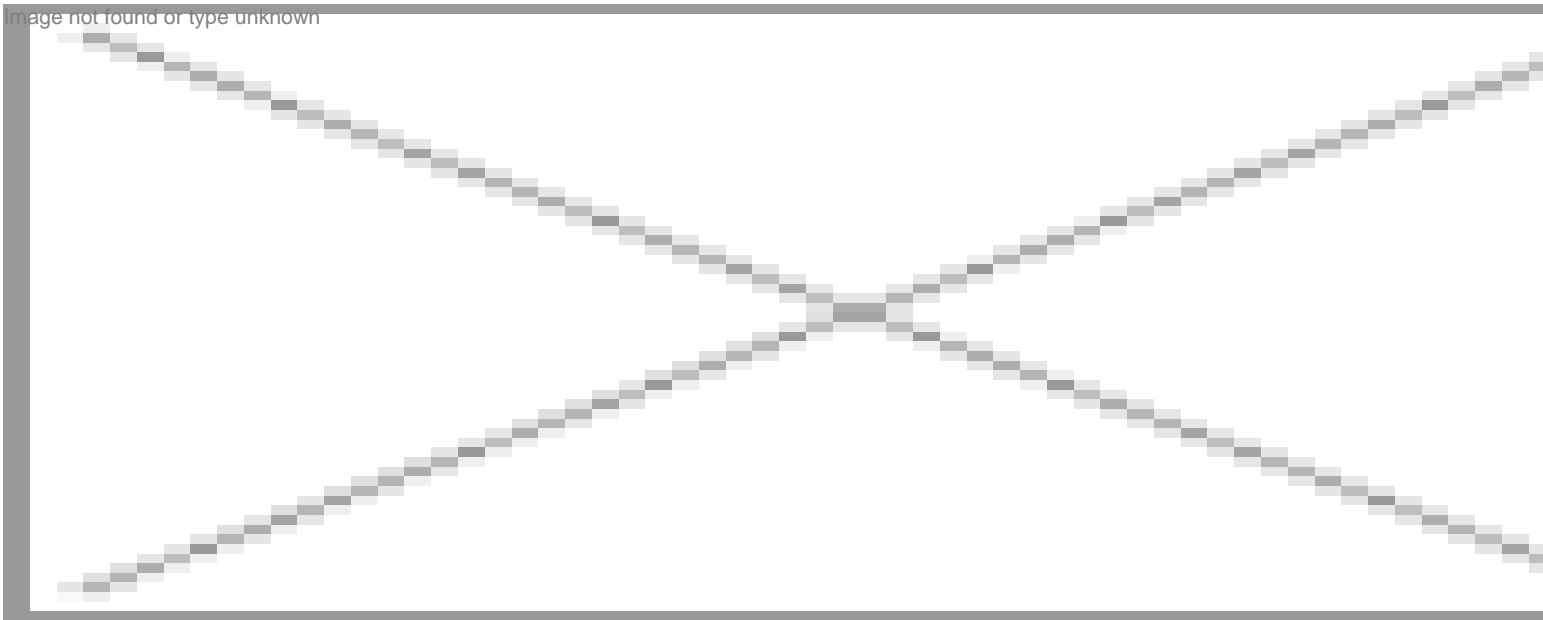
### **Kemwell: Bucking the trend**

Contract Research and Manufacturing Services (CRAMS) is seen as a high potential market in Asia. The case is no different in India. According to the Frost and Sullivan report, the CRAMS market in India was valued at \$895 million in 2006. While the manufacturing part continues to be the major source of revenues, the other segment of contract drug discovery research are slated to show an annual growth rate of 25 percent. Several multinational companies like GSK and Bristol-Myers Squibb have tied up with Indian companies for both drug development and manufacturing services. Come to India, come to Asia. The trend is loud and clear. So one looks in askance at an Indian company investing in contract manufacturing in Sweden.

Last year, Kemwell a Bangalore-based contract manufacturing and development services company acquired Pfizer's manufacturing plant in Uppsala, Sweden. The facility produces salazopyrine known as the first designer drug used to treat arthritis and irritable bowel syndrome (IBS). This is not the only acquisition made by Indian life sciences companies and will neither be the last. Nicholas Piramal has done an acquisition in the UK and Dr Reddy's Lab has bought a Roche facility in Mexico. However, the acquisition by Kemwell is a good indicator that medium size Indian companies also have the opportunity to be global players. According to Anurag Bagaria, vice president of Kemwell, the acquisition enabled the company to gain the vital European footprint for its contract manufacturing ambitions.

Being close to the customer is a mantra being heard increasingly in the life sciences sector. The Kemwell acquisition of the Pfizer plant which is approved by the USFDA, the European EMEA and the Japanese regulator is also believed to have been driven by this mantra. "We service 80 countries from our Uppsala facility and this acquisition has helped in increasing our credibility in the international market," said Bagaria. Though the contract with Pfizer is a long term one, Kemwell is in a position to manufacture other drugs as well in this facility. "We will use this facility to do the lab tests for medicines manufactured in India and to be sold in EU. We continue to look for more acquisitions in Europe and the rest of the world," added Bagaria. Kemwell was also able to retain all the employees in the Uppsala facility and in fact encourages interaction with its staff in Bangalore for process and system improvements. Being in the Uppsala BIO region (see box) has also helped as Kemwell looks to building links with the Uppsala University.

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## Biotech pipeline and clinical trials

There are around 220 biotech companies in Sweden and almost 80 percent of them are into drug development. Most of these companies are small in size and not many of them are profitable either. What augurs well for the industry is that almost all the companies have some work being done in collaboration with the Swedish universities. The interesting aspect of this collaboration is that the intellectual property developed at the university lies with the researcher and hence the very high rate of academia-industry partnership. There are currently 110 projects at various stages of development in the biotech companies in Sweden. Almost 40 percent of the projects are in clinical trials phase II and III while 60 percent are in phase I or late pre-clinical phase. AstraZeneca itself accounts for 59 of the 110 projects that are currently in various stages of development. Not surprising as 40 percent of the company's global R&D workforce is based in Sweden.

Clinical trials are another area for which Sweden is well known. The use of a 11 digit personal identification number and the existence of population, health, drug and disease specific registers are a big source of help for clinical trials. The personal identity number that has been in use since 1947, enables linkage of exposure and outcome data dating back several decades. Several biobanks have also been built up, both during routine health checks as well as during specific research projects. This means epidemiological registers can be used for genetic studies. "The Swedish society has a positive attitude towards biotech and the people are more willing to participate in clinical trials," said Yiva Williams, director- life sciences of the Invest in Sweden Agency. The index of optimism for biotech in Sweden is only second to Spain in Europe according to a study conducted a couple of years back by the London School of Economics.

There are apparently close to 50 life sciences projects currently in Sweden that have not yet partnered with pharma companies. That represents an opportunity for Asian companies to invest in Sweden and gain the European footprint. Invest and benefit is the Swedish call. Detta representerar en möjlighet för asiatiska företag att investera i Sverige och skaffa sig ett europeiskt fotfäste. Investera och ta vara på fördelarna är det svenska erbjudandet.

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