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â??R&D outsourcing has become a â??must haveâ?? than â??good-to haveâ?? strategyâ?•

02 September 2021 | Views

Aragen Life Sciences (formerly, GVK BIO), a leading partner offering R&D and Manufacturing solutions (CRO/CDMO) for life sciences industries worldwide, headquartered in Hyderabad, is marking its transition to a new brand identity in its 20th year. Established in 2001, the company is poised for growth in the outsourced discovery, development, and manufacturing services sector across both large and small molecule platforms with new investments and collaborations. In conversation with BioSpectrum, Manni Kantipudi, Chief Executive Officer, Aragen Life Sciences, Hyderabad reveals more about the companyâ??s recent rebranding and growth plans. Edited excerpts;



GVK Bio is now known as Aragen. How is the name change going to have an impact on the brand?

The re-branding exercise has given us an opportunity to re-discover ourselves as an organisation and build upon it. The company has grown from strength-to-strength over the last 20 years. While our values remain the same, it is now aligned to the new brand promise and purpose, something that is imbibed by each and every employee of the organisation. This rebranding initiative enabled us to streamline and bring in a clear focus to our vision for success. Aragen is a name known for its scientific expertise and customer-centric culture in the West. We are now investing in branding around the name – our initial feedback from both current and prospective customers has been very positive. They love our new identity and our renewed purpose and promise. The number of positive responses in the social media from all our internal and external stakeholders is a testimony to the liking of our new identity. This new brand identity is well poised to launch Aragen into this exciting future.

What are the plans in store following the recent investment by Goldman Sachs?

We believe this new investment at this important juncture in our company's development underscores the tremendous opportunity ahead. We are incredibly excited by the opportunity to work with the global Goldman team, harness their intellectual horsepower, leverage their strategic thinking and global network, and judiciously invest our new access to significant capital. We have some big ideas that we will pursue over the next 12 months, but what will not change is our fundamental intent: invest in solutions that will accelerate our customer's journey to market. We will continue to be only a company offering solutions to our customers with no conflict of interests via internal investments on programmes etc. The outsourcing market is an exciting one for us, and there are more than enough opportunities there to propel our long-term growth. Working with Goldman Sachs, we are well-positioned to address the opportunities in front of us to become a leading, global player with comprehensive end-to-end solutions for drug discovery, development and manufacturing in small and large molecules.

What will the recent tie-up with Skyhawk Therapeutics entail?

Skyhawk Therapeutics is a leader in the development of small molecule therapeutics that correct RNA expression, and through this collaboration, Aragen will drive both discovery chemistry and biology research to accelerate Skyhawk's research pipeline, with the goal of advancing this novel concept into game-changing medicines.

How much revenue was generated during FY20-21? How much growth is expected this year?

FY '20-21 was our best year ever with Aragen clocking circa Rs 1200 crore of revenues. We currently work with 450+ clients globally in accelerating their R&D programmes and keeping them ahead in the race for better health. With the industry-wide tailwinds, the buoyant capital markets for our customers, the continued interest in externalisation, the increased focus in India as a desirable outsourcing destination, and the strength of the Aragen brand, we are confident in our growth prospects for the next 3-5 years. As we look ahead, we are investing and adding to our discovery footprint both in Hyderabad and Bengaluru, as our customers' discovery needs are growing rapidly. In development and manufacturing, we recently invested significantly in expansions, and now have the capacity to meet our customers' near and long-term future needs. In biologics, we are advancing downstream capabilities, and investing in a manufacturing facility in the US to offer a single seamless solution to our customers who want to develop and manufacture from a single site.

What are the current trends to look out for in the contract research, development and manufacturing (CRO/CDMO) market, particularly with regards to the pandemic?

The CDMO market is poised to grow consistently in the coming years due to the following drivers:

- R&D Outsourcing has become a ‘must have’ than ‘good-to have’ strategy over the past few years. More and more companies have understood the importance of working with CROs to advance their R&D programmes. Every company, whether a large pharma or a young biotech, has externalisation as a key element of their core growth plan.
- Significant capital is still flowing into the life sciences industry, with 2020 attracting over $23 billion in venture investments. Access to this capital will drive R&D spend and fuel outsourcing to CROs/CDMOs.
- The demand for R&D outsourcing is outstripping supply. There are now a handful of CROs /CDMOs in Asia with world-class capabilities, infrastructure that will surely benefit from these emerging outsourcing trends.

The COVID-19 pandemic has accelerated the growth and consolidation of the CDMO market. Many of the pharma companies’ R&D /manufacturing sites were shut down for an extended period and this only reinforced this outsourcing trend. The situation has also resulted in the migration of some clinical and commercial supplies of APIs moving back into the West. Nevertheless, the CDMOs in the West just do not have enough capacity to manufacture all steps of these APIs. So, we expect to see a number of Starting Materials, Intermediates, Advanced Intermediates, and Regulated Starting Materials being supplied from the East even as the final steps are carried out in the West. We expect India to grow and benefit from the expected growth in needs for API and Drug Product manufacturing. India is now on par with China on key infrastructure and offers an attractive cost-benefit option. India is also benefiting from the risk mitigation strategy that a number of our customers are implementing, as they want to now have a significant footprint in India, along with China. Some of the recent trade wars due to pandemic between the western countries and China is also a key driver behind these diversification plans.

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