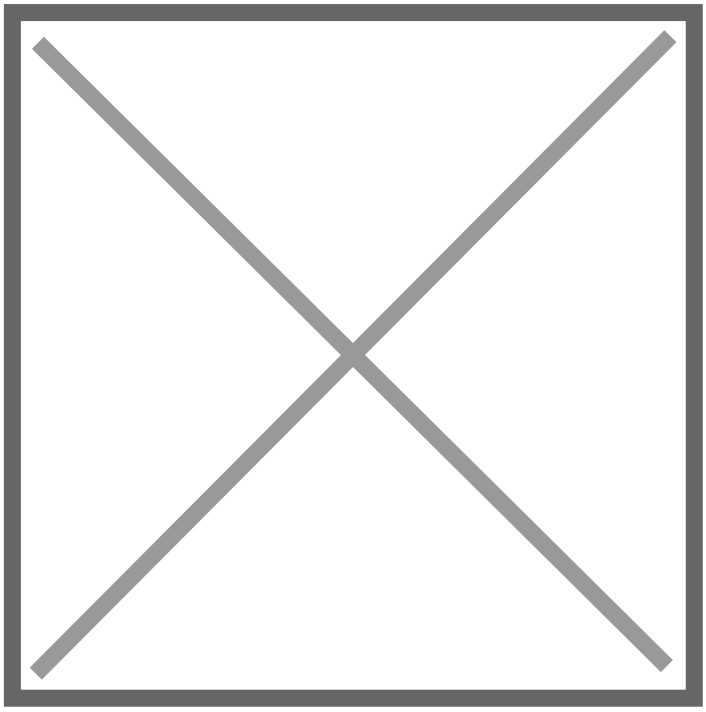
BioSpect
the business of Bi
24 years of leveraging the business of Bio
www.biospectrumindia.co

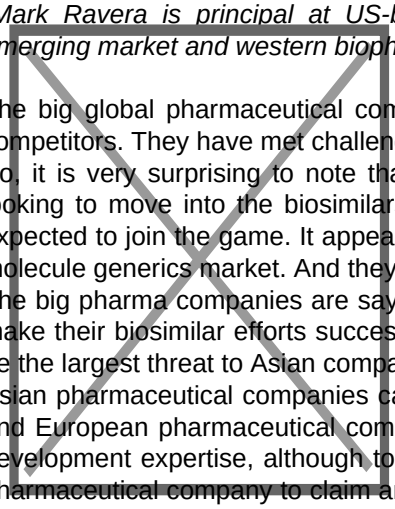
Can Asian companies really score?

04 February 2009 | News



Can Asian companies really score?

-Mark Ravera is principal at US-based Strategic Pharma Consulting Group, which provides advisory services to both emerging market and western biopharmaceutical companies. This work makes him a frequent visitor to Asia.



The big global pharmaceutical companies have spent large amounts of time and money fighting challenges from generic competitors. They have met challenges, both legal and regulatory, with very vigorous defenses.

So, it is very surprising to note that several of the leading global players, including AstraZeneca, Merck and Eli Lilly, are looking to move into the biosimilars space. Novartis, already a strong generics player through its Sandoz division, is also expected to join the game. It appears that these companies view the biosimilars market as being very different from the small molecule generics market. And they may be correct.

The big pharma companies are saying that they can leverage both their clinical development and manufacturing expertise to make their biosimilar efforts successful. But there is another expertise that they can use in this area, and this expertise may be the largest threat to Asian companies that have been investing in the biosimilars area—marketing.

Asian pharmaceutical companies can claim that their biological manufacturing expertise is equivalent to that of the large US and European pharmaceutical companies, and this claim is, in many cases, valid. Asian companies can also claim clinical development expertise, although to a much lesser extent in the more regulated markets. But it is very difficult for any Asian pharmaceutical company to claim an ability to brand and promote drugs in the US and Europe that is in any way equivalent to the branding and promotional abilities of the largest pharmaceutical companies.

And this is a key component of the biosimilars market that has been overlooked—the importance of marketing. This will not be a “classic generic drug” market. There will be many questions and concerns regarding the safety and efficacy of biosimilars as compared to the original drugs, questions and concerns that will be emphasized by originator companies such as Amgen and Genentech. These issues will be raised with patients, prescribers, regulators and third-party payers.

Given recent concerns surrounding drug safety and quality, and given that many of these biologicals are used by patients with very serious and/or complex diseases, it is reasonable to expect that those biosimilars with the Novartis or AstraZeneca names on the label will engender much more confidence as compared to biosimilars with the names of Asian companies that most people in the US and Europe have never heard of. This is not to question the quality of biosimilars coming from Asian companies—let us assume that, by all standards and metrics, the Asian biosimilars will be equivalent to those from the US and European companies. But the marketing power and brand equity of companies such as Merck and Eli Lilly will give them a clear advantage over Asian brands.

It is important to remember that the biosimilar market is expected to be relatively high-priced. As a result, the western pharmaceutical companies will have gross margins on their products that could allow reasonable marketing and promotional efforts to address any concerns about their products.

Of course, these are still early days, and we really don’t know how the biosimilar market will evolve. As of now, it looks like it may be a hybrid between the branded and generics markets. If this is the case, then both the large western companies and the Asian companies that want to compete in this space will have a lot to learn, and perhaps a lot to teach.