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Why global pharma companies choose India for GCCs

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India's pharmaceutical industry is globally recognised for its capabilities in research and manufacturing and for its skilled labour. The country's attractiveness as a destination for Global Capability Centres (GCCs) is underpinned by several key factors, including cost-efficiency, a vast talent pool, robust infrastructure, and strong regulatory support.

India serves as a key global hub for development, attracting investments of more than $7 billion. Global pharmaceutical companies have established GCCs in India which serve as centres of excellence for drug discovery, formulation development, and healthcare solutions, while also supporting a strong ecosystem by employing talent and increasing the knowledge base.

For instance, Novartis has had a significant footprint in India since 1947, and in the last two decades, it has evolved to be an integral part of the development journey of many breakthrough medicines in various therapeutic areas like cardiovascular, oncology, immunology, neurology, and ophthalmology, amongst others.

Similarly, MSD is primed to support the Indian government in protecting every woman through HPV vaccination with nearly 85 per cent of their products being manufactured locally.

In India, Novo Nordisk is conducting phase 2-4 clinical trials across major disease areas with over 3,000 enrolled patients. With 37 ongoing trials in various therapy areas, India accounts for 7-8 per cent of Novo Nordisk's global patient pool.

As GCCs have evolved to become centres for innovation and research, India has transformed into a hub for new product development for global enterprises. Consequently, over 50 per cent of the world's GCCs are now located in India, driven by

factors that provide a competitive edge for businesses aiming to optimise operations and drive innovation.

Cost-efficiency of conducting business

India offers a compelling cost-quality ratio, making it financially advantageous for companies to establish their GCCs in the country. Labour costs in India are significantly lower than those in countries like North America and Europe, enabling companies to reduce operational expenses while maintaining profitability. According to a NASSCOM report, companies setting up GCCs in India could achieve average cost savings of 40-50 per cent compared to their home countries. These savings extend beyond salaries to include operational costs such as real estate, utilities, and infrastructure.

Bayer's Hyderabad centre has been selected as a key APAC hub as India has a significant talent pool to support global drug development and manufacturing initiatives. There are over 100 employees currently working here.

The Novartis Corporate Centre serves as one of the key global hubs for development wherein scientists are providing support in the development of many chemical entities developed and commercialised by Novartis globally.

Extensive Talent Pool

India boasts a large pool of highly skilled professionals with the world's second-largest English-speaking youth population and the highest number of Science, Technology, Engineering, and Mathematics (STEM) graduates. The foundation of a thriving GCC model in India is the nation's abundant talent pool and expanding knowledge economy.

The Indian talent is equipped to meet the demand because of its unique characteristics like generative artificial intelligence (GenAI) and cloud computing.

GSK's GCC in Bengaluru employs over 2,500 people in global business operations and R&D, with more than 50 per cent focusing on R&D in areas like safety science, regulatory, biostatistics, clinical operations, and more.

Pfizer's Global Drug Development Centre in Chennai has emerged as a powerhouse of innovation, propelling the company's quest for groundbreaking medical solutions.

Bristol Myers Squibb's new facility in Hyderabad expands the company's global drug development and IT and digital capabilities. It is expected to be home to over 1,500 employees, enhancing the company's workforce and impact on patients.

Robust infrastructure and regulatory support

The country has made substantial investments in modernising its infrastructure to support business operations. This includes state-of-the-art office spaces, reliable high-speed internet connectivity, and consistent power supply, which are crucial for the seamless functioning of the GCCs. Additionally, India's advanced transport systems and logistics networks facilitate the efficient movement of goods and personnel, ensuring that operations run smoothly and without interruption. For example, cities like Hyderabad, Bengaluru, and Pune have developed into major business hubs, offering world-class infrastructure that meets the demanding needs of global companies.

Integrating advanced technologies such as AI, machine learning, and big data analytics into the infrastructure framework supports innovation and enhances operational efficiency. Digital infrastructure initiatives such as the creation of smart cities and tech parks provide an ecosystem conducive to cutting-edge research and development.

Lilly's GCC in Bengaluru supports digital transformation and innovation by providing cloud automation, advanced analytics, AI, software engineering, and information security solutions. Leveraging expertise in data analytics and digital technologies, it enhances clinical trial processes and drives innovation in AI and machine learning for biopharmaceutical challenges.

Focus on Innovation and R&D

India is rapidly emerging as a global hub for pharmaceutical R&D, driven by a robust ecosystem that includes academic and research institutions, industry partnerships, and government support. This ecosystem fosters collaboration and innovation, making India an ideal location for GCCs in the pharmaceutical sector. These centres are at the forefront of cutting-edge

research, clinical trials, and drug development, significantly contributing to the global R&D efforts of their parent companies.

Pfizer collaborated with the National Institute of Pharmaceutical Education & Research (NIPER), Ahmedabad to encourage startups in India and help early-stage innovators advance on their journey. This collaboration is an example of how healthcare startups are turning their innovative ideas into market-ready solutions.

Sanofi's The Department of Scientific and Industrial Research (DSIR)-approved R&D centre in Goa has developed innovative products and technologies for the past 15 years, focusing on new product development, lifecycle management, new dosage forms, R&D support, technology transfer, site troubleshooting, product harmonisation, process improvements, and compliance.

Ferring India R&D works on technology platforms like FDG's, SmaRTgel, and LBOL-IR/XR, investing over 60 million Euros in Indian R&D, with 1-2 million Euros spent annually on capital expenditure.

Lilly Capability Centre India (LCCI) in Bengaluru and Merck's new Healthcare R&D Excellence Centre in Bengaluru leverage India's strengths in drug development and technology, driving global healthcare innovation.

Growing Technological Infrastructure

The rapidly expanding technological infrastructure provides a significant competitive advantage, enabling global pharma companies to enhance their operations, drive innovation, and achieve cost efficiencies. The country's robust IT infrastructure supports various aspects of operations, including R&D, data management, and digital health initiatives.

For instance, Roche is harnessing India's robust technology ecosystem to forge ahead in the digital landscape, crafting innovative solutions that resonate on a global scale. Roche Services and Solutions (RSS) adds expertise around the technological advancements happening in the healthcare space through the utilisation of AI/ML concepts contributing towards significant improvement in the lives of patients.

Similarly, AstraZeneca's Global Innovation & Technology Centre (GITC) in Chennai drives the company's digital journey and technology innovation, housing over 50 per cent of its global IT staff. GITC offers services in software engineering, cybersecurity, IT infrastructure, cloud, hyper-automation, AI/ML, extended reality, and IoT.

Way Forward

The future of these hubs in India's pharmaceutical sector appears promising. Factors such as continued investment and talent accessibility, contribute to their sustained growth. Additionally, a favourable regulatory environment and an expanding healthcare market attract global companies to establish their hubs, facilitating collaborations and technology-driven solutions. These hubs also have ample opportunities to explore emerging technologies and foster collaborations, leading to breakthrough discoveries. Furthermore, increasing government support for innovation and entrepreneurship through initiatives and policies enhances the growth potential of these hubs. As we move forward, it's crucial to leverage the opportunities these GCCs present and continue to solve the healthcare challenges of India.

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