

'We are open to affordable outright acquisition options'

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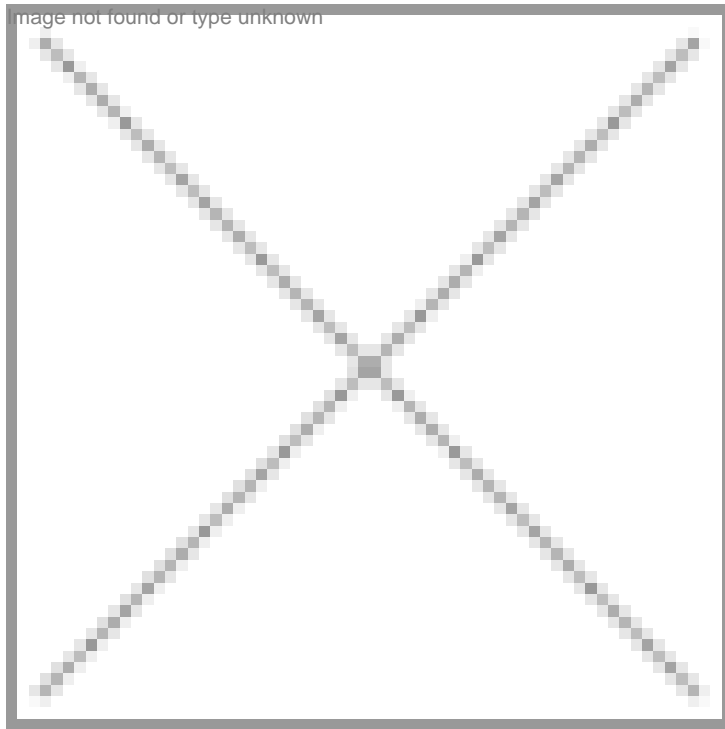


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Mr Anandh Balasundaram

MD, AstraZeneca Pharma India

In October 2011, AstraZeneca made news for its record investment of \$200 million in China for tapping its burgeoning market. Now, the company is focusing on India by investing heavily in tuberculosis research, increasing employee headcount and maintaining consistency in product launches in the country. In a conversation with BioSpectrum, Mr Anandh Balasundaram, managing director, AstraZeneca Pharma India, throws light on the company's game plan for India, views on acquisition and the need for an MNC to keep a balance between affordability and return of investments.

Q *Presently, what is AstraZeneca's strategy for India? How are you looking at growing the business in the country?*

Mr Balasundaram: AstraZeneca has an integrated presence in India that covers the entire spectrum, ranging from discovery, R&D, manufacturing, operations, global external sourcing and branded generics to sales and marketing. Our intention is to increase business in India by marketing our originator products, high quality branded generics, innovator patent products and expand our field force as per market requirements. Simultaneously, we are looking at inorganic opportunities to augment the scale in India.

Q *How significant is India in particular and the emerging markets as a whole in AstraZeneca's overall global strategy?*

Mr Balasundaram: Emerging markets are important areas of focus for AstraZeneca. In 2010, emerging market's revenue accounted for nearly 57 percent of the total sales growth outside the US for AstraZeneca. According to world pharmaceutical market figures, average revenue growth in emerging markets was nearly 14 percent in 2010, more than three times the rate in established markets. It has also been estimated that emerging markets will contribute around 70 percent of pharmaceutical

industry growth in the next five years. Furthermore, faster-developing economies, such as China, India and Brazil, offer new opportunities to the industry in order to help an expanding number of patients who can benefit from medicines. Emerging markets now represent approximately 85 percent of the world population. According to IMS Health, the estimated pharmaceutical market growth in India is expected to be 14.2 percent between 2009 and 2014.

Keeping these opportunities in mind, AstraZeneca is focused on expanding in the emerging markets, both through organic growth of products from our current portfolio and pipeline and also through selective additions of AstraZeneca's branded generics. In 2010, we identified a portfolio of more than 100 generic products, that we are currently licensing across 30 emerging markets. To help us license these dossiers and source the molecules, we are working with a number of companies in India, which includes an agreement with Torrent, for aiding in the supply of a portfolio of branded generic medicines.

Q Given the opportunities in India, which therapeutic segments will AstraZeneca focus on in the coming months?

Mr Balasundaram: We believe that India will be one of the top five markets for any pharmaceutical company over the next 10 years. The market will be driven by the growing middle class, increased spending on healthcare, insurance and treatment. Our existing originator products, branded generics and innovator products offer a large opportunity. We plan to leverage these offerings while formulating India-specific strategies, keeping the patient in mind.

Q Kindly throw some light on AstraZeneca's tuberculosis research center in India? How important is this center for the company globally?

Mr Balasundaram: AstraZeneca's discovery research center in Bangalore is part of our global infection innovative medicines unit focused on tuberculosis (TB) research and other diseases found primarily in the developing world. The team is collaborating with leading names in their respective fields to meet this objective. We have delivered a candidate drug to treat TB in both its drug-sensitive and drug-resistant forms, which also offers the potential to shorten the duration of therapy. The compound is in phase II clinical trials. In addition to TB research, the team supports our antibacterial discovery efforts in close collaboration with colleagues at AstraZeneca's R&D site in Massachusetts, US.

Q What investments has the company made in India in terms of infrastructure, manpower and funds?

Mr Balasundaram: AstraZeneca in India has grown from 500 to 1,500 employees in the last four years, and this is largely fueled by the growth in the field force. We expect to continue investments in our field force as per market requirements. We also intend to continue to drive growth of our brands by investing and providing scientific education to doctors in the therapy areas that we serve.

Our investments in India include \$20 million initial investment in the TB research center in Bangalore and \$22 million in our pharmaceutical formulation and development center. We are also investing about \$17 million in a new world-class tablet facility. In addition to this, we have created a sourcing center and a separate facility for the branded generics team that would help serve markets across the world.

Q Which products will AstraZeneca introduce in India from its global portfolio in the coming months?

Mr Balasundaram: Last year, we successfully introduced Onglyza in India through a global collaboration with Bristol-Myers Squibb. We have filed for approval for Brilinta in India. Our ambition is to launch innovator products in India as close to its global introduction as possible.

Q At what price points will these products be marketed? How is AstraZeneca looking at making its products more affordable in India?

Mr Balasundaram: AstraZeneca will assess the market opportunity for any product that it plans to bring to India and accordingly evaluate price points. Our intention has always been to provide our customers with quality medicine at affordable prices. For example, our India pricing for Onglyza is among the lowest in the world. However, we must remember that launching an innovator product involves millions of dollars on R&D and that there needs to be a balance between affordability and sufficient return in order to sustain continued investment in research.

Q Like other MNCs, is AstraZeneca looking at large scale acquisitions and alliances with domestic companies?

Mr Balasundaram: At this stage, taking expensive valuations into consideration, AstraZeneca believes that the best way to augment scale in India and grow our footprint is through alliances and partnerships that offer complementary skills or products. However, we remain open to affordable, outright acquisition options that may come up.

Q How will the European debt crisis affect MNCs operating out of India? Will it affect AstraZeneca's operations in India?

Mr Balasundaram: We do not see any direct effect on AstraZeneca's operations in India at this point, but we will

continue to evaluate the situation.

Q *What investments will the company make in the coming months in manpower and infrastructure?*

Mr Balasundaram: As previously mentioned, AstraZeneca has currently invested about \$17 million in a new world-class tablet facility, which we hope to make operational in 2012. We will also continue to increase the size of our field force as required for launch of new products.

Q *What is your target market share and growth rate (in India) in the coming months?*

Mr Balasundaram: AstraZeneca is one of the fastest growing multinational companies in India and we aim to maintain a growth rate that is clearly in excess of the market in the years to come.

Nayantara Som in Mumbai