

## India needs proper biosupplier ecosystem

29 August 2017 | Features

**With economic growth and addition of biotechnology to its portfolio, India is rapidly becoming a global player in the life sciences and healthcare space. Educating and achieving scientific excellence demands a really high level of R&D. Now that the government is investing more resources in research and medical facilities and infrastructure, from educational institutes to hospitals, use of lab equipment, reagents or medical devices are growing rapidly. This will drive the growth of biosupplier market in the country.**



India's life sciences and healthcare industry has changed dramatically in the last decade, moving from import dependency to self-sufficiency, and this has created demand for innovative new technologies. Fueling this growth has been increasing demand from biosuppliers who are challenged to provide innovative and productive solutions that not only support India, but also enable them to compete globally.

Other notable trends in the past few years have been an intensive focus on R&D within pharmaceutical, biotech and healthcare as well as demand from the government sector (mainly R&D institutes). "This has led to new investments in high-end analytical instruments and consumables to support everything from food safety and drug discovery to precision medicine," said Amit Chopra, Managing Director – India and Middle East, Thermo Fisher Scientific while commenting on trends in biosuppliers market with respect to life sciences and healthcare industry in India.

Biosuppliers are witnessing unprecedented growth opportunities in India due to high growth in the Biopharma and healthcare market. Pharmaceuticals, life sciences and healthcare companies are experiencing a wave of competing challenges currently.

Sharing her views on trends in biosuppliers Dr Deepanwita Chattopadhyay, Chairman & CEO, IKP Knowledge Park said "We have started producing the reagents in the country but a large amount is still being imported. I am seeing people getting into the reagents and suppliers business. It's also about acceptance. The market depends also on buyers and not just sellers. If academic institutions and companies buy the Indian product and if they can establish the confidence then only their share in the market will increase. I think this process has already been started and slowly picking up."

"Initially when we started the innovation park and when we started buying fermenters, fume hoods and various lab benches

etc., all of them were not really made in India or made well in India but now comparatively more vendors are available for equipment like laminar flow, lab benches and fume hoods,” she added.

Sharing his views on the trends in biosuppliers market, K V Venugopalan, President, Waters India, said” While the pharmaceutical market is expected to grow close to 15% annually and reach close to \$55 billion by 2020, challenges due to increased regulatory scrutiny from the USA and Europe, drug price control order and restrictions on prescribing branded generic formations by the government of India are acting as speed breakers.”

He further said “Pharmaceutical companies are forced to strengthen their quality systems and processes thereby providing additional opportunities to biosuppliers in terms of instrument sale and validation support services. Contract research organizations (CRO) are getting more number of high profitable research projects on ADC ( Antibody drug conjugations), oncology, synthetic peptides, Low dosage hormonal drugs, Dermatology etc., from USA & Europe based pharma companies. Increasing investments in Mass Spectrometry systems for New-born screening, Vit. D analysis and other metabolic disorders are boon to the suppliers. Top 20 pharmaceutical companies are focusing their research and development activities on synthetic peptide/Protein based biotherapeutics drugs which are getting off patent in the year 2020. Therefore growth opportunities are expected to be higher for the solutions addressing the challenges in biologic drug development. Over all, bio-suppliers market is expected to grow in strong double digits in the coming years.”

There are hundreds of big, medium and small biosuppliers in India operating at the national and regional levels. Since most of the sophisticated instruments are imported into India, top 20 suppliers constitute majority of the business. This includes subsidiaries of multinational companies as well as large distributors representing reputed international manufacturers.

Commenting on the major segments of biosuppliers Amit Chopra, said that biopharma and bioservices are the two major segments. India has always been a preferred destination for contract manufacturing and over the years has also evolved its capability to serve the contract research opportunities driven by government’s focus and support and industryacademia collaboration.

## **Opportunities**

India enjoys an important position in the global pharmaceuticals market and the industry is expected to outperform the global pharma industry in terms of growth over the next five years. “We expect to see increased investment in R&D and generics especially. The healthcare sector is also growing at a brisk pace as diagnostics and therapeutic innovations here keep pace with the rest of the world, “Amit Chopra said. India is now making tremendous inroads with high-end diagnostic, including new capital investment in advanced diagnostic facilities that serve a greater percentage of India’s population. As this happens, demand for instruments and consumables will increase and further expand the growing marketplace.

Referring to the government of India’s launch of Innovate in India (i3) program he said that It’s a great initiative and this endeavor will help nurture nextgeneration technical skills; promote entrepreneurship; and support institutions in adoption of global innovations, technologies, and licensing models. It will provide young entrepreneurs the confidence as well as the systemic support to pursue their aspirations in biotechnological innovation, and transform India into a global hub for cutting-edge biotechnology research and development.

The biopharmaceutical industry is expected to see double digit growth in the next few years and expected to reach \$ 100 billion by 2025. This opens up unprecedented opportunities for the bio-suppliers. “Food quality and safety is another fast growing market opportunity after the setting up of FSSAI and various initiatives started by the government. Other markets such as academia, government research laboratories, etc. will provide incremental business opportunities based on the investment plans of respective departments,”Venugopalan added.

## **Issues need to be addressed**

India is one of the fastest growing large economies in the world and therefore it provides great business opportunities as well as challenges. Most multinational bio-suppliers are looking towards India to meet their growth objectives and are willing to invest as much as required to tap those growing opportunities. Indian customers are highly price conscious without compromising on the quality of products or services throwing up multiple challenges.

On challenges before the industry, Venugopalan, said that attracting and retaining top talent is one of the biggest concerns. Availability of highly qualified and skilled manpower is the primary concern as specialist training is not imparted in our colleges currently. Those who are trained and experienced get multiple opportunities due to growing economy thereby attrition levels are always on the rise.

“The same challenges are also with our customers and therefore suppliers have to make additional investments in training and developing users in their equipment without anticipating additional returns. Complexity of analysis is increasing continuously and therefore the complexity of the solutions also making it extremely challenging to ensure effective utilization of technologies supplied. While price is a concern for the buyers, increasing cost of operation and diminishing profitability is a concern for suppliers,” he added.

On the suggestions to overcome the issues, Venugopalan, the past president of Indian Analytical Instrument Association (IAIA) said “It is critically important to improve the education system in India to include teaching of sophisticated scientific and analytical instruments at graduate level in Indian universities. As the job opportunities are rapidly improving such training will make productivity of our industry very high and making it even more competitive in the world.”

Suppliers should also take initiative in coordinating with academia in revising their curriculum and assist in training activities as visiting faculty that will help them in the long run. They should also organize regular training programs at affordable costs to members of industry as well as students to improve the overall knowledge base of our country. Manufacturing of sophisticated scientific instruments in India is mandatory to ensure safety and continuity of technology availability. This will also help the country to reduce costs and minimise dependence on imports. Government support and intervention is critical for success of such programmes.

While Amit Chopra, observed that stable inflows of funds and favourable policies from the government to support and boost the life sciences and healthcare industry will create a supportive environment for the industry including the biosuppliers.

### **Way Forward**

Realising the importance of biotechnology, India is expanding its research focus in this area by opening new biotechnological research institutes and creating many new positions for life science researchers. Not only institutions but also companies are now looking for possible collaborations for better innovations in this sector.

The first ever Industry-Academia mission to accelerate biopharmaceutical development in India has been recently approved by the Government. The programme named Innovate in India (i3) will witness an investment of \$ 250 million with \$ 125 million as a loan from World Bank and aspires to create an enabling ecosystem to promote entrepreneurship and indigenous manufacturing in the sector.

Besides the above there are other programmes like Grand Challenges Explorations (GCE) by Department of Biotechnology in collaboration with The Bill and Melinda Gates Foundation and PMU-BIRAC & IKP Knowledge Park which focusses on exploring the innovative talent of the people capable of innovating something unique. All such heavily funded and grand research collaborations will require a proper biosupplier market ecosystem in the country.

With programmes like ‘Make in India’ and with growing industry-academia and other research collaborations, the entire biosupplier industry need India-specific development/marketing strategies. Focussing on innovation for the Indian market and customer, developing a long-term strategy for growth and adopting innovative business models and engaging in more public-private partnerships is the need of the hour.

### **MEDICAL DEVICES, A GAME CHANGER FOR BIOSUPPLIERS**

Medical devices sector is indeed a game changer when it comes to biosuppliers. With rapidly evolving healthcare industry, this sector is becoming an integral part for delivering proper diagnosis, prevention and better clinical outcomes. The medical device industry in India is a multi-product industry offering plethora of diverse products ranging from low technology medical disposables, technology driven ophthalmic products, imaging, medical equipment, diagnostics, dental equipment to high-end innovative class III devices such as drug eluting stents, emergency healthcare devices, robotics etc.

The medical technology is a wide spectrum ranging from syringes to cyclotrons; from urine bags to highly developed ultrasonics. Pavan Choudary, Director General, Medical Technology Association India said, “As we are moving towards the spectrum, the technology is becoming more and more intricate. So in the simpler side of the spectrum, right now we have greater scope in the global market. As you move towards more complicated technologies, you need more and more deep pockets as medical devices is a long gestational period industry. Also, you need continual influx of technology along with sector specific development of technological ecosystems.”

On the support system to the industry, Anil Jauhri, CEO, National Accreditation Board for Certification Bodies (NABCB) said, “The rules will provide a conducive environment for fostering India specific innovation and improving accessibility and

affordability of medical devices across the globe by leveraging comparative cost advantage of manufacturing in India. The objective, transparent and predictable regulatory framework will boost the confidence of investors and, as a consequence, the quality and range of products and services will improve and business burdens will be reduced. The new rules will help in developing a quality standardization framework in India at par with international standards. The implementation of these rules will provide the assurance of the best quality, safety and performance of medical devices.”

“The fillip being given to the medical devices sector in India is likely to generate interest in both Indian and global devices players. This high potential of Asia Pacific, including India – given the favorable economic, demographic and healthcare trends – is attracting attention from medical device manufacturers looking for investment and expansion,” said Simranjit Singh, Medical Devices & Diagnostics Head, QuintilesIMS Asia.

“Rapid advancements in inpatient, emergency and post-surgical testing methodologies has ensured that laboratories in hospitals will continue to be a large market for IVD products. The home healthcare segment is also expected to clock a rapid growth pace, with diabetes-monitoring products topping the demand for the IVD segment. Independent clinical laboratories are expected to remain a critical market for the IVD sector with improvements in testing capabilities.” Viral Gandhi, Chairman Voxtur Bio Ltd added.

Increase in healthcare awareness and spends, demand for quality healthcare, rising burden of diseases, automation, hospital laboratory management, expansion of pathology diagnostic market to towns and rural areas are some of the key growth drivers of this market.

### **Quality, price and reliability are top criteria of buyers**

BioSpectrum spoke to many industry people (Biotech, pharma, healthcare, government institutes, Hospitals) on the criteria while purchasing the equipment. Over 30 per cent of the people have agreed that quality is of utmost importance followed by competitive price 24 per cent (including taxes). 20 per cent of the respondents observed that reliability of the company and supply chain is another key criteria they look at while procuring equipment. The next to follow on the table include service (technical support, sales etc.) with 10 per cent and credit terms and period with 9 per cent. There are many other criteria (refer table) the industry people consider before taking the final decision on procurement of analytical tools, instruments and equipment.

1. We conduct initial level enquiry with the vendors to collate on information related to Availability of the required product in required quantity, Technical capability of the vendor, Financial capability of the vendor, Infrastructural capability of the vendor etc., Past Performance, Credit terms and Goodwill. Then we prepare the comparative statement in the standard format on details such as Price (including taxes), Credit period, Payment and delivery terms, Quality of the product offered and Discount offered etc. to take a final decision. We are planning to procure latest equipments in the field of Diagnostics like NGS, TFM, track system etc. - **Bhaskar Ghoshal, VP– Commercial, Dr Lal PathLabs**

2. Quality and price of the products are the major determiners in choosing our bio-suppliers. Availability of Parts & Consumables is the next criteria as our major suppliers are MNCs operating out of India and timely availability of spares or consumables affect the turnaround time of our projects. We are in the process of getting GLP (Good Lab Practices) certification to our facility. So we have begun to shortlist the suppliers to procure some of the equipments like High end Flow-cytometer, HPLC and Blood Hematology Analysers. - **Dr Chaitra Harsha, MANAGING DIRECTOR, Vipragen Biosciences**

3. The criteria for selecting a supplier is based on ability of suppliers to sustain quality, service level capabilities, cost advantages, financial standing and their process validation and quality certifications. Above are not in a sequential manner but simultaneous criteria to satisfy. - **Ajith Kumar, Head Procurement, Natural Remedies**

4. Top five criteria include Quality, Information sharing and business partnership, Price, Reliability (supply etc), Business responsiveness (speed, quality etc). - **TS Giridharan, Vice President - Supply Chain, OmniActive Health Technologies**

5. The quality of product is of utmost importance. Of course, there are many other factors like pricing, timely supply, expertise and association and business dealing, we need to consider while dealing with the suppliers. - **S Vasudevan, Supply Head, Genetix Biotech Asia**

6. The attributes I consider most important while selecting a supplier are the service, technical efficiency, experience, reliability and good pricing. Out of these, service and reliability are two prime factors on which one cannot compromise. - **Richard Johnson, Director, Supply and Service, J J Biotek**

## **TOP 14 CRITERIA THE COMPANIES (BIOTECH, PHARMA, HEALTHCARE AND HOSPITALS) LOOK AT WHILE BUYING**

- 1. Association and business dealing**
- 2. Availability of the required product in required quantity**
- 3. Business responsiveness (speed , quality etc )**
- 4. Credit period/ terms**
- 5. Discount offered**
- 6. Experience**
- 7. Expertise**
- 8. Financial capability / standing**
- 9. Goodwill**
- 10. Information sharing and business partnership**
- 11. Infrastructural capability**
- 12. Past Performance**
- 13. Payment and delivery terms**
- 14. Price (including taxes)/ Cost advantages**