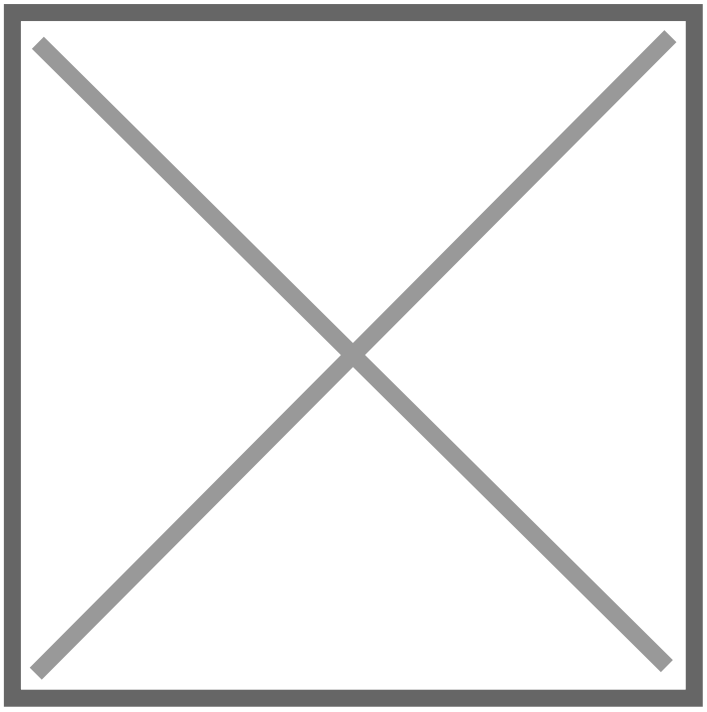
BioSpect
the business of Bi
24 years of leveraging the business of Bio
www.biospectrumindia.co

Modest growth in the offing

13 September 2011 | News



Daprasannaecronacunova **Mr D A Prasanna** Chairman, Ecron Acunova	After three decades in Wipro and GE in the CEO's position, D A Prasanna founded Ecron Acunova. He has built companies from scratch and led them to maturity successfully and is acknowledged for his contribution to 'frugal innovation' in healthcare technology. He is an alumnus of IIM Ahmadabad and GE Crotonville Leadership Institute.

The contract research market enjoyed 15 percent compound annual growth of revenue for a decade before 2008. Since the 2008 financial crisis, clinical research outsourced services market has undergone a huge change. Global economy faces the 2011 challenge of excessive sovereign debt in the West. Hope of 15 percent growth has receded and the CROs have to learn to remain healthy with a modest growth of five-to-seven percent in the next couple of years.

The structure of the CRO market has also undergone a significant change in last two years. Large pharma sponsors have announced strategic relationships with the top five CROs - Quintiles, Covance, Parexel, ICON and PPD - virtually shutting out the large pharma CRO service market for others. This has led to privatization and consolidation in the next 15 of the top 20 CROs.

Tufts Center for Study of Drug Development, in a study by Kenneth Getz and Rachael Zuckerman (Anticipating Structural Changes in the CRO Market) in October 2010, showed that the top 20 CROs (average size $1.3 billion in top 10 and $220 million in next 10) accounted for 86 percent of the revenue. This left 14 percent of the revenue for the rest of CROs (average size $3.5million). The interesting aspect is that while the top 20 had a 2005-10 CAGR of eight percent, the small CROs managed to show 20 percent CAGR.

To what do we attribute such rapid growth among niche providers at a time when most sponsors are looking to consolidate vendors to establish preferred pricing through longer term multi-service agreements? Most sponsors and CROs concede that demand for highly specialized niche services and unprecedented access to local markets has been strong. Hence, sponsors and major CROs have increased their partnering with niche providers, say Getz and Zuckerman.

Ecron Acunova has pursued strategies which have made it a healthy and robust CRO. 'One country niche' is a sound strategy as long as the CRO is one of the top five providers in the country. We started in India in 2005 and soon surpassed the goal.

Speed of patient recruitment is a major value sought by sponsors. Emerging markets have attracted sponsors to select countries of Eastern Europe, Latin America and Asia. Amongst these, China, India, Russia and Brazil have been the most attractive from patient recruitment and market growth for pharmaceuticals. Regulators in some emerging markets seek additional studies on local population and do not accept the global phase III data. Vietnam and Russia fall in this category. In country selection for phase III studies, sponsors include the category to avoid additional study.

Some regulators accept trial data from select neighboring countries. Japan accepts data of Korea and Taiwan. China accepts

data of Korea and Thailand. Due to challenges in clinical research in Japan and China, Korea, Thailand and Taiwan have become countries of interest to sponsors. Our SEA expansion into Thailand (and Vietnam) has been driven by this rationale.

Speed of recruitment is not the preserve only of emerging market. We have learnt from experience that some of the fastest recruitments takes place in Germany and Denmark. Denmark, with less than one percent of India's population, conducts more clinical trials than India. High-quality mature clinical research infrastructure, short regulatory time-lines and globally reputed key opinion leaders prompted us to invest in a Nordic CRO in Denmark.

Speed to market is determined not by recruitment alone, but by a few other intellectual factors. Getting advice from the regulator (USFDA, EMEA) on clinical development plan in a timely manner makes a regulatory consulting company highly valuable in increasing speed. Adaptive trial design and use of biomarkers as additional endpoint often give early insight speeding up overall development. Another area is molecular imaging biomarkers. A niche CRO with experienced intellectuals is much sought after. Alliance with Amarex CRO of Maryland gave us this advantage by complementing our strength in imaging.

Improvement in speed also reduces cost. An example of technology for speed is the use of EDC in trial. It reduces errors, improves early visibility of data centrally making corrective action fast and improves completeness of data. Being the best EDC implementer has its advantage.

Deep expertise in boutique therapy attracts sponsors. We are an Asian expert in stemcell trials and global expert in imaging agent trials. In our country strategy, we also look at these expertise attracting investigators and sponsors.

Experience in studies for generics, biosimilars and new regulatory pathways is a valued competency in the US. We have built this capability attracting sponsors.

Following the 'string of pearls' strategy, we have differentiated ourselves and made focused investment to deliver studies with speed at competitive cost without compromising on quality. Building an expert CRO network in the right countries with acumen and innovation has made CROs like Ecron Acunova enjoy profitable growth.