BioSpectrum the business of Bio & Health Sciences

Indian biosimilars market set to clock $2 bn by 2015

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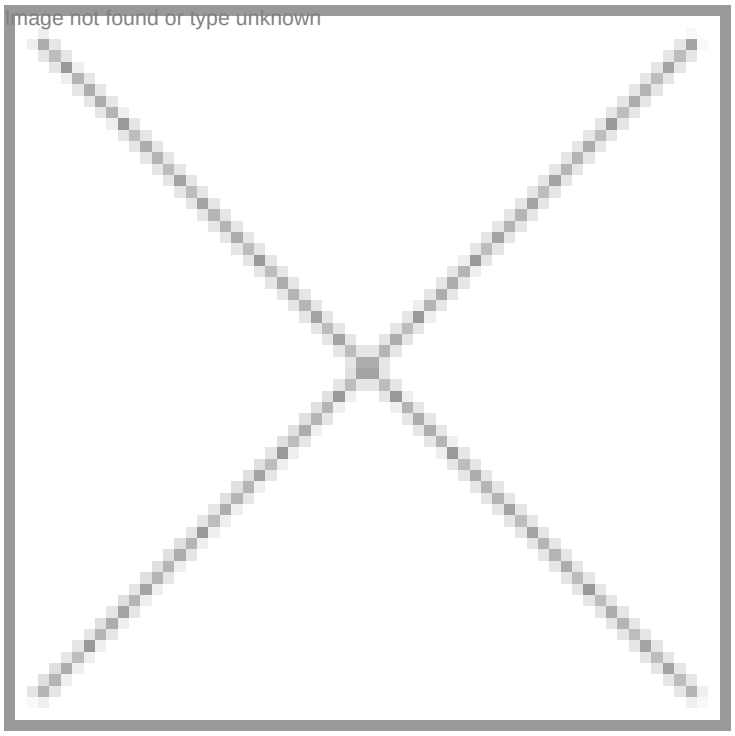
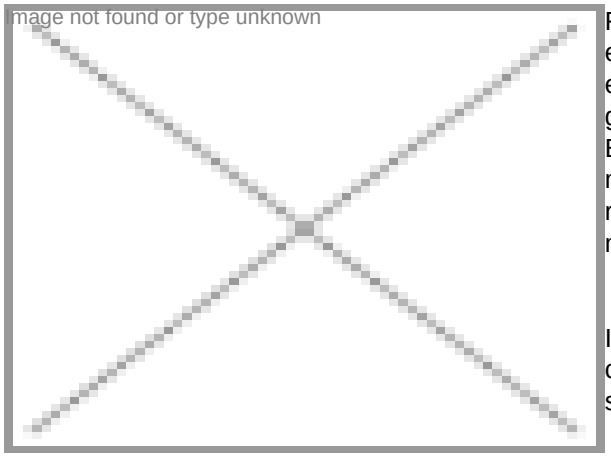
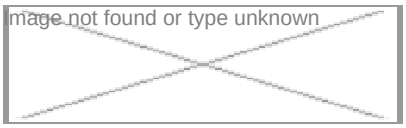




Robust economic growth figures and increasing income levels may soon elevate India's position in the global biosimilars market amongst the emerging economies by 2015. Commenting on the biosimilars market growth, Mr Hareesh Parandhaman, head of business development - Biotechnology, Lupin Pharmaceuticals, said, â€œIndian biosimilars market is set to grow at 20 percent by 2015 at par with the global growth rate. The global market for biosimilars is worth $120 billion and emerging markets contribute 18 percent of it. Indian biosimilars market is estimated

It is noteworthy that the Indian pharmaceutical exports have been consistently growing. So far, the market share of India in biosimilars space has been negligible, opines the industry experts at the CPhI India



The US and EU will undoubtedly be the high growth markets for India. Sales of biologics in the US were $50 billion while sales in the EU were $26.1 billion in 2009. Also, in the coming years, oncology, rheumatoid arthritis (RA) and diabetes will prove to be lucrative therapeutic segments for Indian biosimilar players, with the rise of these diseases, globally. For oncology, growth will be in areas such as colon and breast cancer in the light of the increasing rise of prescriptions in the US.

â€œIndia is the diabetes capital of the world followed by China. In the coming years, diabetes will not be an option but a pre-requisite if Indian players need to succeed in the market,â€? said Mr Parandhaman. Hence, as far as partnerships are concerned, Indian biosimilar players should choose partners who have a strong presence in either one or all of these therapeutic areas.

Throwing light on some of the challenges, Mr KV Subramaniam, president and CEO, Reliance Life Sciences, said, â€œOne of the main reasons why the biosimilars market is growing slowly is because of the issues related to affordability. Another reason is the high costs of investments required in clinical research and development. Investments for setting up an infrastructure is also huge.â€?

Experts unanimously observed that soon after the establishment of the US pathway for biosimilars (somewhere between 2013 and 2015), Indian players can see huge business in the space. Some of the Indian biosimilars players in India include, Biocon, Dr Reddy's Labs, Intas Biopharmaceuticals, Reliance Life Sciences, Lupin Pharma, Cipla and Wockhardt.

Another lucrative arena for biotech players is the biobetters space. Biosimilar is a drug which is almost similar to its innovator product; a biobetter, on the other hand, is a drug which is the same class as that of the originator biopharmaceutical drug but has superior characteristics and advantages over its innovator. Despite the intensive clinical trials required for these class of drugs, experts equate biobetters with low risk, primarily because of improved safety and efficacy. Its therapeutic and commercial success has already been demonstrated in its innovator product, reducing chances of failure.

Mr Morgan Morris, director of Cell Culture and Product Management at Millipore, said, â€œIf companies are looking at biobetters as a good source of investment then they ought to see that they have a right team in place, a full regulatory approval and timeline for development should be short.â€? He also added that if biobetter was just another way of getting around the intellectual property (IP), then the strategy would not be sustainable for long.â€?

Medical equipment market to register $2 bn by 2015

Image not found or type unknown ciation (ISA), the apex trade body representing the Indian semiconductor and electronics industry, has released a sector report on the opportunities in the Indian medical electronics field. The report was released by Dr Devi Prasad Shetty, chairman and managing director, Narayana Hrudayalaya; Dr Bobby Mitra, chairman of ISA; Ms Poornima Shenoy president of ISA; and Mr Vivek Sharma convener of the ISA Medical Electronics Segment were also present.

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According to the report, medical electronics market is valued at $853 mn and the Indian healthcare market is valued at $66.46 bn. The growth of Indian medical electronics market is driven by key factors such as: changing demographics and age profile that is prone to spend more on healthcare; rise of lifestyle diseases and the need for their diagnosis; the need to fill the gap in healthcare infrastructure through public-private partnership; growth in medical tourism to address international needs; entry of corporate into the healthcare arena; and increase in healthcare spend due to increase in health insurance.

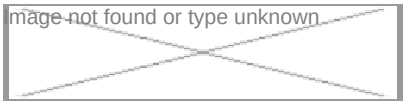
Usage of semiconductors is critical from power supply to display in medical equipment. This includes medical imaging, patient monitoring systems, digital hearing aids and infusion pumps, to name a few. Medical equipment market is estimated to grow at a CAGR of 17 percent in the next five years to register $2.07 bn. The domestic market for medical equipment currently stands at $820 mn. Annually, medical equipments worth $520 mn is manufactured in India, out of which equipments worth $75 mn are exported. The growth of medical equipment market is directly proportionate to growth of healthcare delivery which stood at $45.36 bn in 2009.

Siemens, Wipro GE and Philips are the leaders in the space with 18 percent, 17 percent and 10 percent market share respectively; however, 45 percent of the market is addressed by smaller, niche domestic players. The role of a semiconductor components becomes more critical as the medical equipment devices move towards portable and smaller medical devices.

Drug discovery market to touch $2.24 bn by 2016

Image not found or type unknown Indian pharma and biotech companies for drug discovery, the future drug discovery market in India is expected to grow strongly. According to a report by Research and Markets, the drug discovery market in India was $650 mn in 2009, representing a compound annual growth rate (CAGR) of 60 percent from 2004; and the market is expected to reach $2.24 bn by 2016.

The major factors driving this growth include: huge cost advantages for the Western pharma companies of up to 60-70 percent, favorable local regulatory conditions to promote drug discovery, improved intellectual property (IP) protection after the introduction of the Trade-Related Aspects of Intellectual Property Rights (TRIPS), skilled workforce and Western-equivalent research infrastructure.



Government support in India for the development of the drug discovery and development market has been largely focused on the purchasing power parity (PPP) model. Unlike China, the government in India has encouraged private entrepreneurship by helping the private biotech and pharma companies in their projects through collaborative research, loans or grant-in-aid.

The Department of Science and Technology, India leads the government initiatives for encouraging R&D in the country, which has largely benefited the healthcare and pharmaceutical industry. The conceptualization, implementation and monitoring of the majority of the government initiatives has been handled by the Council of Scientific & Industrial Research (CSIR), India.

The Department established several bodies like the Drug Development Promotion Board and the Technology Development Board, in order to provide funding for research projects across different sectors. These bodies have entered into collaborations with a number of drug discovery and development projects with Indian pharmaceutical companies. The agencies are also collaborating with various national level research institutes and universities across the country.

Global healthcare spending to cross $71trillion by 2020

Spending on healthcare among the Organization for Economic Co-operation and Development (OECD) countries and Brazil, Russia, India and China (BRIC) nations will grow by 51 percent between 2010 and 2020; amounting to a cumulative total of more than $71 trillion, according to estimates from PriceWaterHouseCooper's (PwC) Health Research Institute. Health spending in these areas is said to be rising faster than gross domestic product (GDP), magnifying gaps in budget deficits and spurring governments, to look to the private sector for ways to get a better value for taxpayers' money.

One trend that is emerging globally is the use of public-private partnerships (PPPs) to finance and manage health infrastructure and delivery, and, according to PwC, growth in this area could create a multi-trillion global market opportunity for private companies and investors, implement a more efficient use of taxpayer dollars, and offer better quality health systems.

In a new report titled, Build and Beyond: The revolution of healthcare PPPs, PwC says that public health authorities around the world are increasingly contracting with private entities to manage healthcare services for defined populations or markets. These PPPs, which have largely been used for infrastructure finance, are evolving as way to slow the rising cost of healthcare and address larger problems in the health system. PPPs enable public health authorities to maintain oversight of standards while injecting private sector efficiency, fiscal discipline, new innovation and investment in efficiencies, driven by incentives to generate long-term cost savings and improve the quality of public health, according to PwC.

PwC, which is said to have worked on over 100 health PPPs in 15 countries, sees the market growing substantially over the next five years, and says that the model has proven to save healthcare costs. For example, partnerships like Spain's Alzira project, which includes hospital and primary care services, have saved government 25 percent of the cost of providing care, according to project partners interviewed for the PwC report. Already, competition for private capital has prompted governments in Europe, Asia, Africa and South East Asia, to establish PPP agencies that are charged with developing PPP policy recommendations, streamlining procurement and contracting for services.

Key Highlights:

? By 2020, spending on health infrastructure among the OECD countries and BRIC nations will increase to $397 billion annually, up from $263 billion today. However, the larger market for health PPPs will be in non-infrastructure spending, estimated to be more than $7.5 trillion annually, up from $5 trillion in 2010.

? Between 2010 and 2020, the OECD and BRIC nations will spend cumulatively $3.6 trillion on health infrastructure and $68.1 trillion on non-infrastructure health spending.

? Health spending in the US accounts for approximately half of all health spending among OECD nations, but the biggest growth will be outside of the US. According to PwC projections, the countries that are expected to have the highest health spending growth between 2010 and 2020 are China, where health spending is expected to increase by 166 percent, and India, which will see a 140 percent increase.

? Among OECD countries, health spending as a percent of GDP will increase to 14.4 percent by 2020, up from 9.9 percent in 2010. Among BRIC nations, health spending as a percent of GDP is expected to increase to 6.2 percent in 2020, up from 5.4 percent in 2010 as their economies grow and they build out their health systems. In actual spending, this amounts to a 117 percent increase in spending over the decade, with China leading the way in spending increases.