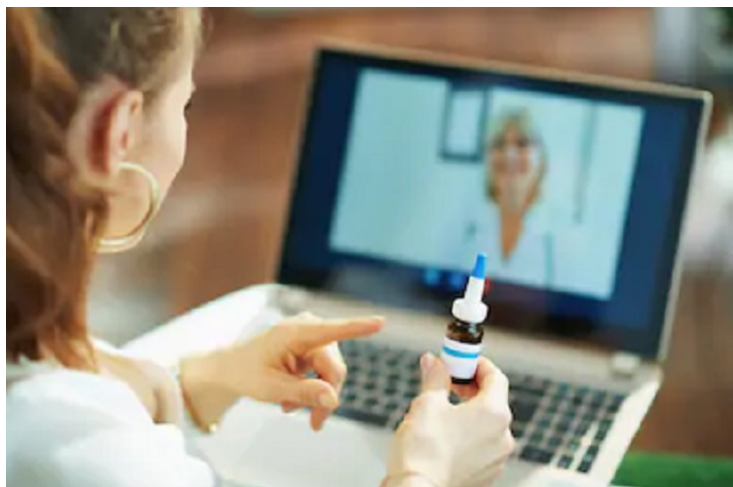


## Digitized Indian pharmaceutical industry promises a golden revolution

10 November 2020 | News

### Burgeoning ePharma businesses aim to thrive in the new normal



The golden period of the Pharmaceutical industry has kick-started in India. Indian Government is mending its image from being a controller to becoming an enabler. In a short span of time, US Food and Drug Administration (USFDA) has approved several manufacturing facilities at India. Indian Drug companies are coming in as a preferred choice, at a time when supply-chain disruptions due to the Covid-19 pandemic are causing drug shortages across the world. Although there is a long way to go but the interested global business community has already received the right message that this is the time to invest in Indian pharmaceuticals industry for exports as well as for domestic market.

Immediate need of the hour is to review and revamp complete supply chain for making sure that the assured supply of needed drugs to Indian citizens is established at affordable prices. There are recognised concerns in the way for assured supply chain for this industry.

India has been importing 2/3 rd of imported APIs from China amounting to around US \$2.4 b. India has taken concrete steps and has already identified to prioritize manufacture of certain active pharmaceutical ingredients (APIs). As part of a Production-Linked Incentive Scheme, financial incentives for the eligible manufacturers of 53 critical bulk drugs (26 fermentation-based and 27 chemical synthesis-based bulk drugs) have been provided by the Government on their incremental sales over base year 2019-20 for a period of six years. Apart from backward integration in the form of replacing imports by domestic production of APIs, businesses in India are bound to make further investments in increasing capacity for producing vaccines.

No one would be surprised if some new JVs with other leading global companies are announced in near future. Experts have a feeling that American businesses pay more attention to systems than its people while reverse is true for Indian businesses. Although one cannot ignore human capital aspect but in order to stay competitive, established companies also need to improve effectiveness, efficiency and security of its systems by constantly upgrading them.

## The need for digital transformation

While the Indian pharmaceutical industry is competitive, it can enhance its competitiveness by another level, if it adopts digital technologies. A report by management consulting firm, Bain & Company, says that pharmaceutical executives expect smart connected factories to produce savings of 20% or more, while improving quality. These executives also predict a 17% reduction of costs related to poor quality.

Predictive analytics tools can be used to identify patterns of quality problems across production, logistics or packaging, and help the company react faster and prevent defect related issues. Analytics can also be used to gain insights from historical demand trends and reduce inventory, which in turn, can help in streamlining production plans.

In the current times of Covid 19, this can be an invaluable tool in deciphering demand and planning accordingly. Similarly, by using IoT or data from sensors, pharmaceutical firms or drug manufacturers can proactively identify machine breakdown patterns and prevent machines from going down.

The digitization of the supply chain can also yield significant benefits. For example, McKinsey has predicted that inventory reduction could help the pharmaceutical industry save \$25 billion. This can be made possible using digitized supply chains that help pharmaceutical firms predict demand in a better way and avoid overstocking. A digitized supply chain can also help in ensuring that the right pharmaceuticals are at the right stores or regions at the right time (invaluable in the times of Covid 19).

From a manufacturing viewpoint, a digitized supply chain is also extremely important to have better visibility of the inventory of raw materials that go into the manufacturing of drugs. Indian pharmaceutical firms also need to have an alternate supply chain strategy with sourcing options to adjust to changing business dynamics or geopolitical situations.

The World Health Organization estimates that one in ten medical products (which includes pills, vaccines, and diagnostic kits) are either substandard in quality or are fake. By using a blockchain, drug manufacturers or pharmaceutical firms can easily verify the authenticity of the drug or specific products.

At an overall level, pharmaceutical firms can look at re-inventing their digital core, by following best practices for digital transformation. This can also be done by implementing enterprise software like SAP S/4HANA, which helps organizations follow a defined template for digital transformation. This can also help pharmaceutical firms and drug manufacturers with the ability to react quickly in the marketplace by leveraging the promise of emerging technologies such as AI, machine learning, robotic process automation (RPA) and IoT.

A digital core will help pharmaceutical firms and drug manufacturers take their efficiencies to a different level leading to optimal delivery of services with a huge impact on operations and performance.

Vinay Vohra, Founder & CEO, CorporateServe, Gurugram