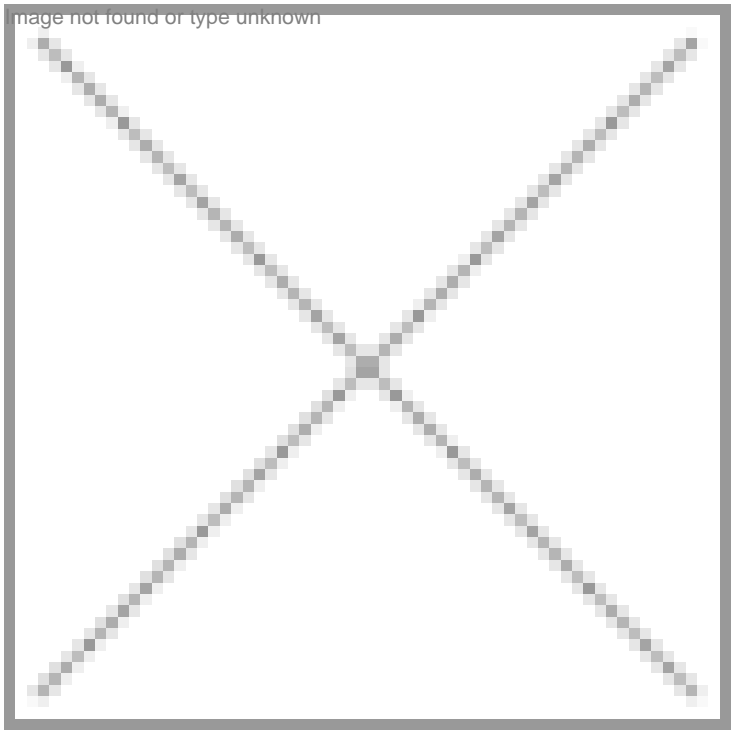


India, china on par?

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Strategies of leading MNC's give equal importance to both countries
-Ramesh Srinivasan, Principal, McKinsey & Company, US

With physical boundaries and the world shrinking to become a 'global village', life sciences companies are actively looking at tapping the opportunities in the developing countries. In an exclusive interview with BioSpectrum, Ramesh Srinivasan, Principal, McKinsey & Company, US, expresses his views on the opportunities that developing countries have to offer in the coming decade, the debate on India and China, and his optimistic opinion on the Drug Controller General of India.

Q Do the emerging markets have the capabilities to prove themselves in the drug discovery space rather than drug development?

If you look at R&D investments made by multinational companies (MNCs) in the emerging markets, you will notice that most of them are mainly looking at drug development, supporting clinical research, data management and support services for drug development. But, that trend is changing now, as these regions, especially India, are also looking at basic drug discovery research and innovation. In India, companies are setting up research centers like the Bristol-Myers Squibb (BMS)-Biocon Life Science Center for Excellence in Bangalore for drug discovery.

Similarly, many other global companies are partnering with Indian companies for discovery research. Even in China, you will see that people are making investments in basic research as well. Most of the big names have made early inroads and it is going to become a part of their global discovery operations that also depends on the research findings. As they get

comfortable in these regions, I can see these operations becoming bigger.

Q How aggressively are the top global companies looking at the emerging markets in order to be at par with the regional companies?

It is very difficult to point out who will lead the market in these regions, but it would be fair to say that most of the pharmaceutical companies are looking at the emerging markets in a big way and it is one of the top three priorities on their list. If you see the top global companies, they have publicly talked about penetrating these emerging markets whether it is Pfizer, GSK, Novartis or Sanofi-Aventis. For the next 5-10 years, we have to wait and watch how these markets shape up.

Q Is the regulatory structure in India a challenge for the growth of biotech industry?

Actually, I am quite optimistic as far as the regulatory structure in India is concerned. With the introduction of the product patent in the country, MNCs are getting comfortable here and are open to launch their products here. I also see that the DCGI is very progressive about enabling clinical research, which today has become much easier in India. At the end of the day, you have to protect patent rights that is the responsibility of the government and the DCGI is working towards this direction by making changes to make things easier.

Q A number of companies from India and China are looking at biosimilars space in the US and Europe. What will determine the success of this upcoming space?

Biosimilars is a sensitive and complex area. Even after the launch of biosimilars in the US, there will be brands, which physicians have to prescribe for their patients. The issue of substitution will not be that intensive here, and above all, we need to see how many competitors we get to see in the biosimilars space as compared to small molecules. So, as of now, the dynamics of the market will depend on how many companies will enter this space and at the same time how stringent are the regulations around the issue of substitution. This can change the relative attractiveness of the market. There might be a possibility of the market becoming less attractive like small molecules. So, it is still an open question as to how this market space will develop.

Q Comparing India and China, which country has the chances of being the leader in the life sciences space?

In future, companies cannot afford to ignore either India or China. Both these regions have their own set of challenges and advantages. It is a question of how a company looking at entering these markets gets to see a long-term growth in both these countries. Both India and China are at par with each other now. The strategies of most of the leading MNCs across the globe are looking at both the regions and not just one of them.

Nayantara Som in Mumbai