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A Pharma Lens: Looking Back at 2022

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The pharmaceutical industry across the globe and in India has had a rough decadal start with COVID-19 proving to be the proverbial trial by fire. Pharmaceutical companies were forced to manoeuvre through a once-in-a-century event with a sliver of margin for error.



In the past three years, we have witnessed the pharma giants stepping up to the occasion, by becoming innovative, agile and committing to India's health with full vigour. As 2022 draws to a close and the threat of COVID-19 ebbs, it is time to accelerate and brace for newer challenges and opportunities that the remaining decade has in offing.

The global pharma market growth trend of the last decade is expected to spill well over in the current one. By 2023, the global market size of pharmaceutical products is expected to cross over the $1 trillion mark for the first time. For India, EY-FICCI Indian Pharmaceutical Industry estimates the industry will touch $130 billion in value by the end of 2030, tripling from $41.7 billion in 2020. In other words, the growth of the pharma industry in India is just starting, with another strong decade of yearly double-digit growth anticipated.

As exhilarating an opportunity, it is not devoid of challenges. Globally, pharma companies will need to prepare against the global macroeconomic challenges of inflation, disruption in global supply chains, fluctuating market demands and higher labour costs. With geo-political war tensions simmering, the industry cannot afford to wish away these challenges at least before the end of 2023. On the home ground, Indian counterparts will need to address challenges of low R&D spending, scarcity of skilled manpower, weak intellectual property (IP) laws and rights and potential shrinkage in exports as more countries look inwards to meet their pharmaceutical demands. Moreover, the need for a heavy dose of agility and resilience is in order.

Pre-pandemic overview

India had a great kick-start in building a reputation as the world's emerging pharma innovation hub even before the pandemic knocked. The pharma industry in India has the required scalability, capabilities and access to a skilled talent pool; all of which point towards the immense possibility to emerge as a centre of innovation for pharmaceuticals. The domestic industry has bolstered this reputation with its timely adoption of digital processes leading to improved transparency and strong mitigation measures against potential data loss.

In the post-pandemic era, the industry has scored well – in India and on the global front, with its agility and 'on-its-feet' approach in ensuring a steady supply of life-saving medicines and an efficient roll-out of two home-manufactured vaccines. No less a mean feat, considering India's more than a billion population. In this context, as noted in an EY-FICCI pharma industry note, the pharma industry in our country must consolidate these present advantages and undertake fundamental reforms to actualise the possibility of turning into a powerhouse of innovation for the world.

Visualising 2023

In the year to come, India should focus on building a strong foundation for innovation in the pharmaceutical industry. To be able to create a thriving innovation ecosystem, the pharma research sector in India will need four key building blocks, namely infrastructure, legal intellectual property rights (IPR) framework, human resources, and financing. The responsibility to meet these needs' part lies with the private sector and part with the government.

India should seek to create a policy framework encompassing scientific research and education and skills development, ease of doing business, regulatory policies, intellectual property and technology commercialisation, government procurement, and tax and financial incentives. Through its effective prevention and treatment of COVID-19, the pharma industry has demonstrated its ability to take huge, independent research risks, without comprising shareholders' interests and public health responsibilities. The industry must now collectively work towards supporting, recognising, and rewarding these high-risk research and development behaviours.

The sector should aim to build on the in-roads made during the pandemic. The entire pharma ecosystem must now collectively work towards creating a conducive environment which would further boost the growth of innovation and research-led companies. We are by now witnessing tremendous collaboration between companies, especially through voluntary licensing and tech transfers. More of these will be needed, with an added commitment towards sustaining them.

The ask from the Sector

An innovative ecosystem needs critical infrastructure such as a robust network that includes requisite facilities to conduct research. In-house pharma R&D, clinical infrastructure, biotech cluster, parks or incubators, startups, and IT infrastructure to name a few. We need to channelise our current resources like youth and skilled manpower from pharma and life sciences backgrounds, developing partnerships between industry, and academia fostered by the government and aim to overcome the regulatory hurdles, by working towards this common goal together: Making India the Reliable Pharmacy of The World.

Thus, a business environment that embraces innovation and a healthcare system that recognises and rewards the value of medicine is adequately needed. The former deals with a public and private, direct, and indirect R&D financing mechanism, while the latter concerns the overall public investment, insurance coverage, pricing, and reimbursement.

The development of vaccines in a short period has boosted the government's confidence in pharmaceutical R&D. The private sector should leverage this confidence. Post-pandemic, both innovation and R&D are increasingly being incentivised and rewarded and the time is ripe to build on this well-earned recognition.

Capturing India's growth

India's science and technology innovation eco-system has gained from the forward-looking initiatives of the Government of India such as Start-Up India, Make in India, Digital India initiative etc. Increased government funding, a well-defined policy including IP protection and a boost to public-private partnerships across the country can create a plethora of opportunities that would transform India into a centre of pharma excellence.

COVID-19 also brought to light the need for a thriving and cooperative private and public scientific and research community. This can be actualised through the availability of highly skilled and technically trained human resources including but not limited to skilled and trained scientists, researchers, and technicians. Government investments in making this talent pool available to the private sector and efforts in retaining this talent will go a long way.

Looking ahead

The year 2022 witnessed the strengthening of partnerships between India's pharma industry and the government. It is time for the industry to make a strong case with the government for a tighter, well-defined intellectual property ecosystem. Industry leaders should communicate passionately about the direct link between greater innovation and improved public health. A sound and effective policy environment that enables, protects, and supports innovation is worth striving for.

Such policy measures will make way for increased private-sector investments in pharma research and development. A higher score on the R&D metric will help the country's pharma industry to open to greater foreign investments. Industry-friendly

measures will also bolster the on-ground execution of the government's vision of discovering India through innovation.

We should all laud the government and the pharma sector for the declining graph of India's COVID-19 daily caseload and attribute it to the collaborative, creative and scientific approach that the governing bodies and the industry showed to save the lives of the people in India and worldwide. It is thus time to shift gears back to long-term strategies and execution as pharma companies emerge from the two years of immense change and evolution. To succeed under these new and challenging conditions will require a renewed emphasis on operational strategies.

The future of the pharmaceutical sector now rests on how stakeholders across the industry can collaborate with the government to leverage the momentum and innovate to ensure equitable access to safe and affordable healthcare for all. All of this, without losing sight of the opportunity to emerge as the world's preferred investment destination for pharmaceuticals is what is, our top priority now.

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