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BioIT: Looking for vertical growth

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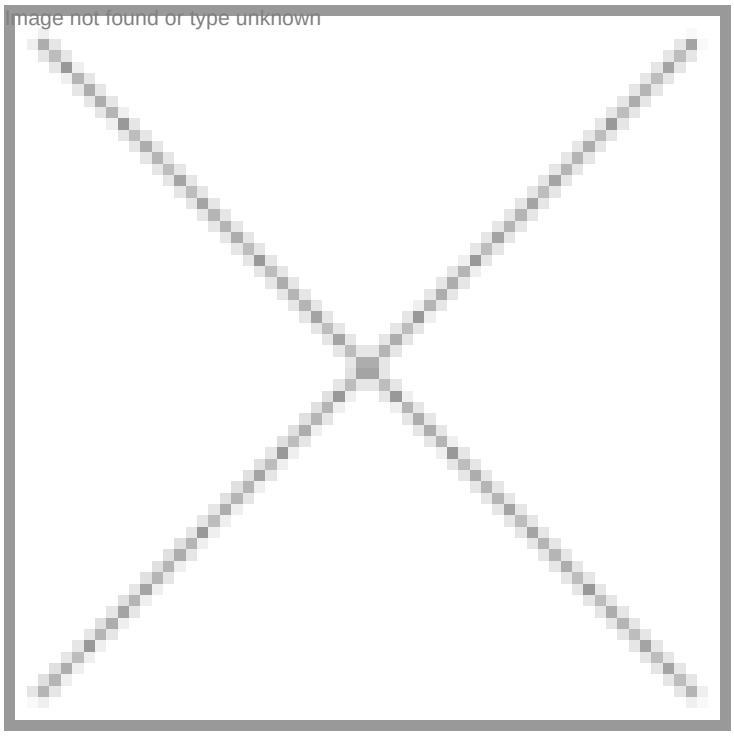


BioIT: Looking for vertical growth

The Indian bioinformatics market that registered about Rs 100 crore in 2005 has been growing rapidly. The three years average growth of Ocimum Biosolutions, a Hyderabad-based life sciences R&D enabling company with competencies in BioIT, Microarrays and Contract Research Services, reveals the market potential for the Indian bioinformatics companies. Ocimum Biosolutions, which has registered 823 three-year percentage growth has been ranked 55th amidst the 500 fastest growing technology companies of repute across the Asia-Pacific region by the Deloitte Technology Fast 500 Asia-Pacific 2005 Program. It also has the distinction of scoring 4th rank in the Deloitte Technology Fast 50 India 2005 Award, again a program based on a three year average percentage revenue growth which ranks the 50 fastest growing technology companies by geographic region.

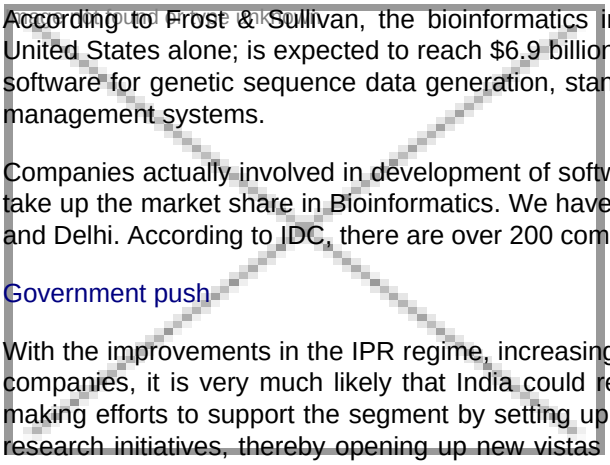
And the agreement between Tata Consultancy Services (TCS), a leading global technology services company that developed the Bio-suite, with Congenia, a biotechnology start-up promoted by Italy's Genextra Spa group to provide advanced fragment-based lead optimization solutions for drug discovery proves India's Bio-IT strengths. It also indicates that the Indian bioinformatics companies are capable of fulfilling the requirements of the global biotech and pharmaceutical companies.

Supporting factors

India's entry into the product patent regime in 2005 has really boosted the bioinformatics sector. Since many leading Indian pharmaceutical companies are investing on R&D, drug discovery research is likely take an early lead in this new patent

regime.

IDC foresees that IT spending in biosciences in India will cross $138 million by 2005, mainly in the areas of system clusters, storage, application software, supply chain management, data protection and services. Also the government's life science focus provides a great deal of the necessary backbone to develop and deliver innovative products and technologies. This focus will also helps to build fast-growing and lucrative enterprises, attract international investment, and create additional high-value employment opportunities.



According to Frost & Sullivan, the bioinformatics industry which generated revenues totaling $1.38 billion in 2000 in the United States alone; is expected to reach $6.9 billion by 2007.This forecast includes revenues from markets for hardware and software for genetic sequence data generation, stand-alone genetic sequence analysis systems, and genetic sequence data management systems.

Companies actually involved in development of software tools, database solutions and others that only market these products take up the market share in Bioinformatics. We have the promising start-ups based at Bangalore, Hyderabad, Pune, Chennai, and Delhi. According to IDC, there are over 200 companies including the IT ones are functioning in this space.

Government push

With the improvements in the IPR regime, increasing support from the government and continuing efforts of the private sector companies, it is very much likely that India could repeat its IT success story in bioinformatics too. The government is also making efforts to support the segment by setting up BioIT Park. These parks would be a conglomerate of academic-industry-research initiatives, thereby opening up new vistas for the Indian Bioinformatics market and making it a sunrise industry for the future. The Department of Biotechnology, Government of India has been working with other departments to set up this park, which is expected to position India in the global hub of Bioinformatics.

The Department of Biotechnology in its National Biotech Development Strategy has also pointed out some strategic action plans in the following areas - human resource development, infrastructure development, testing of public domain resources, inter agency coordination, strengthening of DICs and sub DICs and Bio IT parks and promotion of bioinformatics industries. These initiatives will support the segment to grow vertically and to take a major pie in the global bioinformatics sector in the next few years.

This sector is the quickest growing field in the country. The vertical growth is because of the linkages between IT and biotechnology, spurred by the human genome project

With the Government getting its act together, introduction of the product patent regime in January 2005 and the private sector stepping in, India is becoming an important player in genomics and bioinformatics. Considering the potential, it is expected to grow to $120 million by 2006 and likely to take a major pie in the global bioinformatics sector in next few years.