

Pharma outsourcing accounts for 75% of India's healthcare BPO market: ASSOCHAM-EY study

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At \$2.5-3.1 billion, pharmaceutical outsourcing market (excluding contract manufacturing services) accounts for about 75 percent of the India's [medical](#) process outsourcing (MPO) segment which is currently estimated at \$3.3-4.2 bn, according to ASSOCHAM-EY joint study.

"While the payer outsourcing market constitutes \$700-900 million of India's MPO market, the provider market accounts for the remaining share of about \$100-200 mn," noted the study titled 'Medical Process Outsourcing in India,' jointly conducted by The Associated Chambers of Commerce and Industry of India (ASSOCHAM) and global professional services organization EY.

The recent US regulation on Patient Protection and Affordable Care Act (PPACA) together with the proposed introduction of ICD-10 standards have given impetus to the Indian MPO market.

Besides, domestic players are also gradually moving up the value chain in terms of service offerings while maintaining their cost competitiveness.

"All of these combined will give a boost to the MPO market, with payer BPO market likely to grow at about 10 percent year-on-year (Y-o-Y) in the next three to four years globally, provider outsourcing at more than 30 percent during 2011-2016, and the Contract Research Organizations (CROs) market at 18-20 percent in the coming years," highlighted the study.

"We believe that there has been an ample push from healthcare payers, providers and pharmaceutical companies to move non-core processes to third-party service providers, and India has been one of the leading destinations for outsourcing in this space," said Mr D S Rawat, secretary general of ASSOCHAM.

"India has emerged as the second largest destination after the US in the healthcare outsourcing space. The growing ability of Indian players to analyze big data, discover hidden patterns and unknown correlations are driving new service offerings in this market," said Mr Milan Sheth, partner and technology industry leader, EY India.

Overall, Indian BPO industry stands to gain from the growing demand in healthcare outsourcing.

An evolved medical education system and its established prowess as a hub for outsourcing give India an inherent advantage.

Factors like a mature pharmaceutical and medical education system, large English-speaking population, low cost base, large talent pool and diverse set of business process outsourcing (BPO) providers including local and multinational BPO companies are driving outsourcing in healthcare in India, noted the study.

Besides, rising demand for high-end healthcare facilities and multi-specialty hospitals, established medical and central lab infrastructure and training centers is contributing to the growth of healthcare and life sciences industry thereby fuelling the domestic demand for medical process outsourcing, it added.

In order to fuel growth in MPO sector, the ASSOCHAM-EY study has suggested the government to focus on implementing data privacy laws, introducing proper regulations around intellectual property and patent laws, and give a boost to education to help bridge the skill gap.

Although, Indian regulatory environment has been constantly evolving, the challenges around privacy laws, intellectual property laws and changing clinical trial laws continue to exist.