BioSpectrum the business of Bio & Health Sciences

BioSpectrum-ABLE Survey Records the Biotech Industry Pulse

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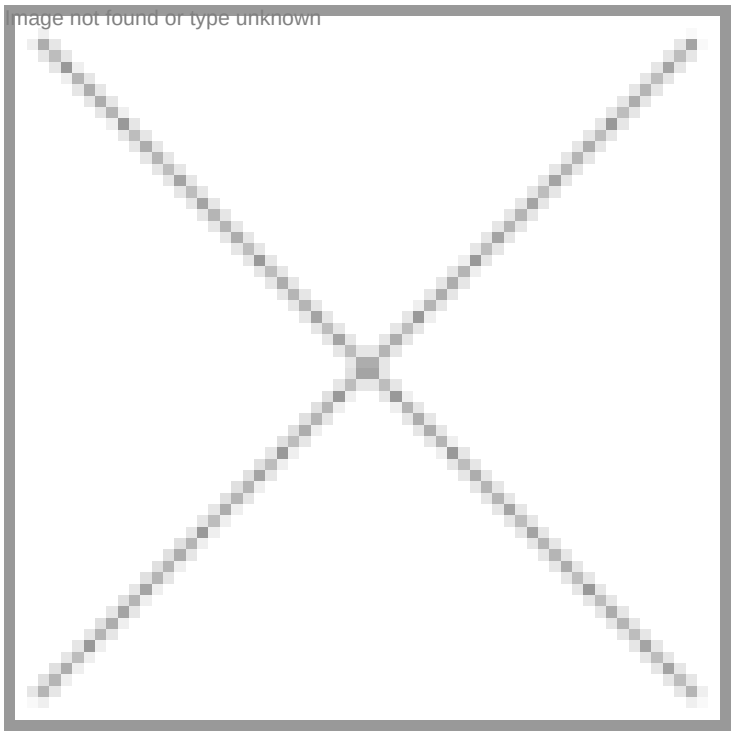
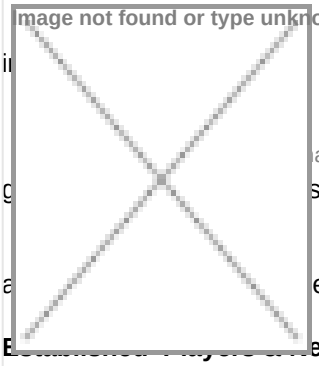


Dr Satya Dash



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This is the 9th year that BioSpectrum & ABLE have collaborated to track the biotechnology industry growth in India. This yearly survey is eagerly awaited by all the stakeholders interested in the status report and growth opportunities in this vibrant knowledge-based

It is clear from the revenue statistics that the trend of growth in this industry has continued and the industry has crossed 18,000 crore or $4 billion in dollar terms, posting a 21 percent s revenues of over 14,000 crore (approx $3 billion).

However, despite the expectations, the industry has not touched $5 billion yet – perhaps the ecession in 2008 are still being felt globally.

Established Players & New Entrants

It is interesting to note the overall ranking in this sector. While the top players have maintained their positions with Biocon, Serum & Panacea leading the way, Transasia and Ankur Seeds have posted exponential growth figures to leapfrog to 10th & 11th position respectively. Continuing the trend of growth in the seed business, Krishidhan Seeds has also climbed to join the top 20 firms.

Other biotech SMEs that have shown incredible growth over the last year are Anthem Biosciences, JK Agrigenetics, Metahelix, Bayer Cropscience, Ecron Acunova and Semler Research. Surprisingly though, many established players have seen a fall in revenues such as Shantha Biotech, Jubilant Life

Sciences and Suven Life Sciences.

The Southern-Western Leadership

The southern region is slightly ahead of the western region in terms of total share of revenues, however, the south comfortably leads in the number of firms (172 vs 137). Bangalore and Hyderabad are leading the way and the recent announcement of building a cluster and incubator in Bangalore will help maintain the leadership of this region. The north cluster follows at the third spot but hopefully new clusters, especially in the NCR, will help close the gap in the future. What is revealing is, that despite possessing huge bio-resources and many leading institutions, the eastern part of India is lagging in terms of proper biotech enterprises. The states of Bihar, West Bengal, Orissa, Assam and the North East need a focused strategy to seed biotech enterprises.

The survey shows that there are now 362 firms in India that are focussed on some aspects of biotechnology. This is an important indicator. The vibrancy of a knowledge intensive and highly regulated industry such as biotech depends on the number of new start-up firms that are establishing and injecting fresh business ideas, solutions, and products built on innovation. What do we need to have in policy terms to say that India can treble the number of innovative biotech firms in the next five years to cross the one thousand mark? How do we make the biotech landscape investor friendly and ease the burden of establishing and operating start-ups? Indeed for the sector to grow even further several concomitant factors have to be addressed:

Streamlining Regulation: Regulation that enables innovation is the key. ABLE facilitated, as “Knowledge Partner” aregulatory session at Bangalore INDIA BIO last month. What became clear from discussions there as well as from all other fora is, that Industry will like to have a scientific evidence-based, clear and non-ambiguous, streamlined and transparent regulatory mechanism where procedural delays are minimized and technical considerations are dealt with by expert committees that are not created on an ad-hoc basis.

For India to achieve a leadership position in biotechnology, this is foremost in all sectors of biotechnology, i.e., biopharma (including diagnostics & devices), agri-biotech and industrial biotech including food & nutrition. Indeed, it goes without saying that investor confidence is directly linked to a clear and streamlined regulatory landscape.

Early Stage Funding

The unique nature of this sector necessitates very early stage funding especially at the “pre-prototype” stage, for this iswhere the risks are at their highest for both big and small biotech firms alike. While SBIRIs and BIPPs have injected much-needed early stage funding, India has to find a mechanism to scale-up these funding mechanisms. The recent DBT-Wellcome Trust initiative in “R&D for affordable healthcare” is indeed a step in the right direction. Another important bottleneck has been the “DSIR certification” criteria for access to these funding schemes. Perhaps streamlining the DSIR certification process such that valuable time and energies are not lost for firms will go a long way.

Access to Technology Resources

Common access to efficiently-run technology platforms for the industry is crucial as it saves cost and time while it allowsfirms to conduct cutting edge development of products.

The Future Ahead

Indian biotechnology industry is showing signs of consistent and mature growth in the 20 percent range. It has done well despite the global recession. Indian biotech firms are globalizing and strategically partnering with other firms – the Pfizer-Biocon and Glenmark-Sanofi deals are indicators of the kinds of new partnerships to emerge.

It is clear that vaccines, diagnostics and devices along with biosimilars will be key growth areas in biopharma. The agri-biotech sector is poised to grow – especially, the seed business in the area of new hybrids. Regulatory clarity in both biopharma/healthcare & agribiotech will be crucial for the future. There is a perceptible dynamism in systems biology (or BioIT) firms that are building predictive models, both disease and organ models, and enabling drug discovery research.

The growth potential of BioIT firms in India built on India’s strengths in IT and biology remains high. The CRO industry has become highly competitive and many CROs now have to show unique differentiation other than cost arbitrage. Many CROs have chosen to follow a risk-sharing model for growth to transition themselves into drug discovery firms. While this transition might take years it is a positive trend for the industry.