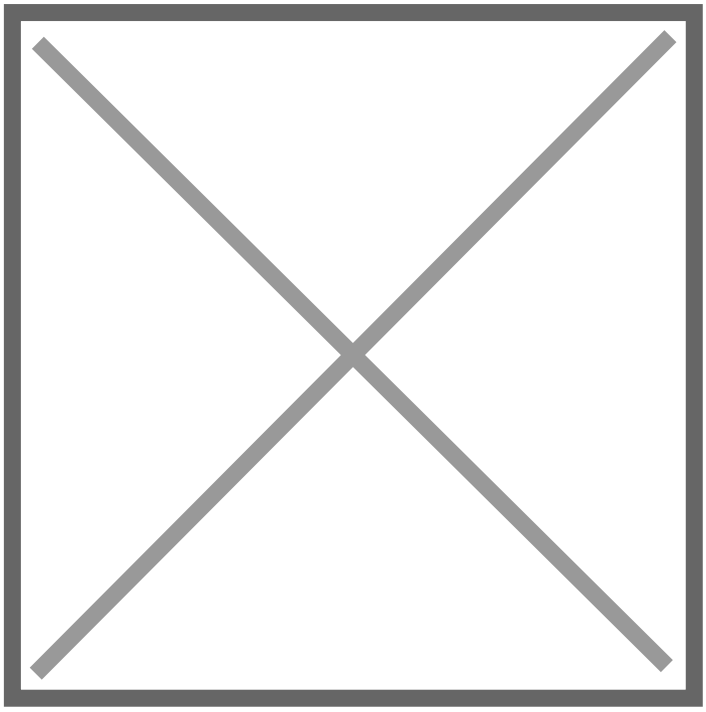


Europe Calling for Siro Clinpharm

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In tune with its globalization plans, Siro Clinpharm is now looking at exploring European markets.

Siro Clinpharm Pvt Ltd. based in Mumbai has mammoth plans up its sleeve in 2008. It is all set to launch its aggressive growth strategies and expansion plans. Having now consolidated its position in India by providing end-to-end clinical services, serving nine out of the top 10 bio-pharma MNCs, this 12-year-old company is all set to venture into a "go global" mission and in the long run label itself as the first Indian MNC CRO. As a part of its business model, it is first setting shop in Eastern Europe and other non-traditional countries--all of which provide the same advantages as India namely, trained and skilled expertise and trails at a much lower cost. Dr Anand Bidarkar, vice president, business development, Siro Clinpharm, said, "With the US and Western Europe markets still being our biggest clients, we now want to differentiate ourselves from other CROs by penetrating into those geographies which are unexplored but which offer the same advantage as India. That is where we can emerge as a Indian MNC CRO."

Going global now has become a business necessity for Siro Clinpharm. "If we don't take the step now then a number of global CROs will come to India and give the same India advantage. This will lead to rising competition, which will ultimately eat into our margins," added Dr Bidarkar

Trend in Europe

According to Frost & Sullivan, the European CRO market is estimated to be worth $4.3 billion in 2007 with a growth rate of 10.4 percent. One of the key trends in the European CRO market has been Eastern Europe's emergence as a key hub for handling low-cost clinical trials, where as Western Europe faces the subdued state of preclinical-clinical research. Eastern Europe is the sunshine region for the industry. Low costs and the ease of patient recruitment are the key drivers behind the region booming for American and Western European pharma companies.

Most leading CRO's now have an established presence in Western as well as in Eastern European countries such as Hungary, Poland and the Czech Republic in addition to making forays into Bulgaria, Russia, and Croatia amongst others. The inclusion of 10 central and Eastern European countries to the European Union means a larger EU population. The well-developed populations of Romania and Poland become lucrative hubs for clinical trials.

On the regulatory front, some areas significantly impacting the industry include the EU Clinical Trials Directive and EDC (electronic data capture). For all CROs in the region, the key competitive factors are likely to be thoroughness, quality of research, project completion timelines, price, knowledge of local regulatory environment, language as well as culture.

Source: www.acunovalife.com/europe_faq.htm

Why Eastern Europe?

Setti ng up shop in Eastern Europe is a strategic move in augmenting their grandiose plans to emerge as a global MNC CRO. It is a simple case of demand and supply that comes into operation here. Presence in "high speed-optimal cost' geographies will allow Siro to provide a compelling alternative option to pharmaceutical companies. This initiative also makes business sense to a number of global pharma and biotech companies stationed in Europe who mainly outsource their clinical trails on a large scale to India "Proximity makes a huge difference. We are right at their door step providing clinical trails with the same high quality standards that would have been offered in India and plus at one-third the cost," added Dr Bidarkar. In fact, Siro has also entered into an alliance with a well-established European company. Here again they were looking at an alliance which would offer them a synergy and a foothold in Europe when they would get there.

At present, it was tight-lipped about the alliance, the name of the company and the investments, as they are now in the silent period phase. The alliance is due to be announced in April. All they could reveal was that the company was a western established company and is also spread all over Eastern Europe which is but in line with their strategic plans for Europe. "This is a company with well-established operations all across Europe and it has strengths we are looking for like in clinical data management and biostatics. We can also have access to people with experience and access to experienced investigators across these countries. The company also has strategic alliances which can help us in clinical trails services in nations apart from Europe It is a perfect compliment for our needs," added Dr Bidarkar.

Europe is strategic as it has a strong pharmaceutical and biotech companies base there, which offers opportunities for clinical trails and at the same time there is a large unexplored area of East Europe where a large number of clinical trials can be conducted at a much cheaper cost in addition to large pool of experienced manpower available there.

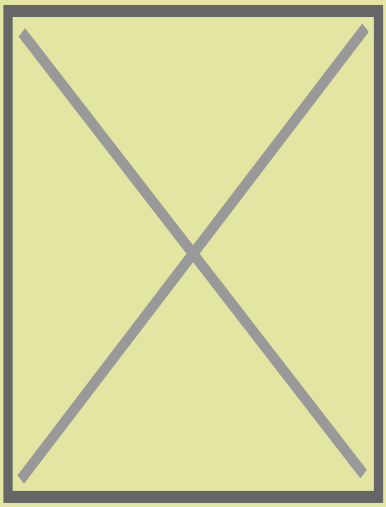
"With the formation of the European Union, Europe has now emerged as one big body and there are a lot of clients that are based out of Europe, like the global pharma big-wigs GSK and Novartis. Thus we can automatically deliver a lot of benefits to

them as well as grow our business and spread in Europe," added Dr Bidarkar.

Expansion to Europe will also give Siro access to a different set of gene pool. This also makes sense in the face of regulatory bodies getting stringent by the day. "When you have covered patients covering a vast range of races like the India, Mongoloid, South-Eastern race, you have covered diverse races which makes your case stronger while making your submission to the regulatory bodies," added Dr Bidarkar. This coupled with the cost structure which is comparatively cheaper than its counterparts in Western Europe makes Eastern Europe a lucrative ground for Siro to kick start its globalization plans.

This region also boasts of a vast pool of experienced and skilled investigators despite the hindrance of less EnglishÃ¢â?¬â??speaking people. This includes areas like biostatistics and key therapeutic areas. "Most people do not realize that there is vast sea of opportunities in biostatistics. Biostatistics is an important part of clinical trails if you are doing statistics and data management work for global trials. Such expertise is there only in Europe. So in a country like Germany where there are a lot of biostaticians, we get an opportunity to attract them," added Dr Bidarkar.

The European expedition would also prove useful for India. "In the past we had given the India advantage to other companies. But there was a limited talent pool and huge amount of work. So we realized that if we are utilizing this Indian advantage why not develop a fresh bank so that the work is spread out. So that concentration will not be there on a few. The cost will also not rise--a simple law of supply and demand," pointed out Dr Bidarkar. This would also prove to be a good opportunity for Indian doctors to become investigators due to their global exposure to the latest techniques and peer interaction.



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Dr Anand Bidarkar, VP, business development, Siro Clinpharm.

Strategy

Strategic alliances and partnerships has been Siro's key growth strategy in the past rather than M&As. In the past Siro had announced a pact with Pfizer where Siro would provide complete data management and biometric services for all of Pfizer's clinical trials. Other alliances included Siro's tie-up with Fisher Clinical services. Siro always followed the inorganic growth path rather than growing organically. It intends to apply the same strategy in its expansion to Europe.

The strategy team at Siro also did a costing exercise and realized that an inorganic growth made a lot of sense because of the synergies and benefits that would come about. Siro's strategy is not a one-country investment initiative. "Our aim is to start with an inorganic base and then grow organically. The synergies are faster because if we started an office in Germany and then Romania then it would have been a slow process and hence the growth would also be slow," added Dr Bidarkar.

To take advantage of the Eastern Europe opportunity, Siro plans to make its presence felt across Europe right from phase I to phase IV trials and not just concentrating on one country which makes its growth strategy distinct from other companies. For this they are setting shop in European countries spanning from Romania, Greece, and Germany to the UK. "We just don't want to take up one unit or phase in one country but have a pretty spread out operation. Like for example in Europe, we cannot take advantage of the Eastern Europe until we are in Romania, in Greece while we might be headquartered in the UK or in Germany. Thus in our expansion plans to Europe it is not just in one country that we will be investing," said Dr Bidarkar.

So Siro plans to first have the core in a western European country and then spread out in other supply countries like Eastern Europe from where there can be an inflow of both patients and investigators, trials can be done at a faster rate and at a low cost. This Siro believes can be a factor, which can differentiate it from other companies.

Infrastructure investment

Growing at an aggressive rate of over 80 percent every year and with its plans to go global, Siro has been making major investments on IT infrastructure and human capital. It has recently announced its implementation of the IT framework comprising of Oracle's Life Sciences Applications (OLSA) and other Oracle applications running on Sun Microsystems (Sun) hardware platform. "This will help us achieve both our organic and inorganic growth plans across the globe," commented Dr Chetan Tamhankar, Chief Operating officer, Siro, at a recent press conference. An investment of $3 million has been made for this initiative for the first phase, which will kick-start in another 6-8 months. Other investments also include churning out quality human capital to expand its expanding business needs. For which it has also set up a Clinical Research Training called the Siro Institute of Clinical Research (SICR). Also a programme called the Centres of Excellence has come up wherein doctors and investigators from two-three tier cities are trained in tune with global standards.

With its larger than life plans to enter into European markets, Siro is all set to graduate from just an Indian CRO to a global MNC.

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