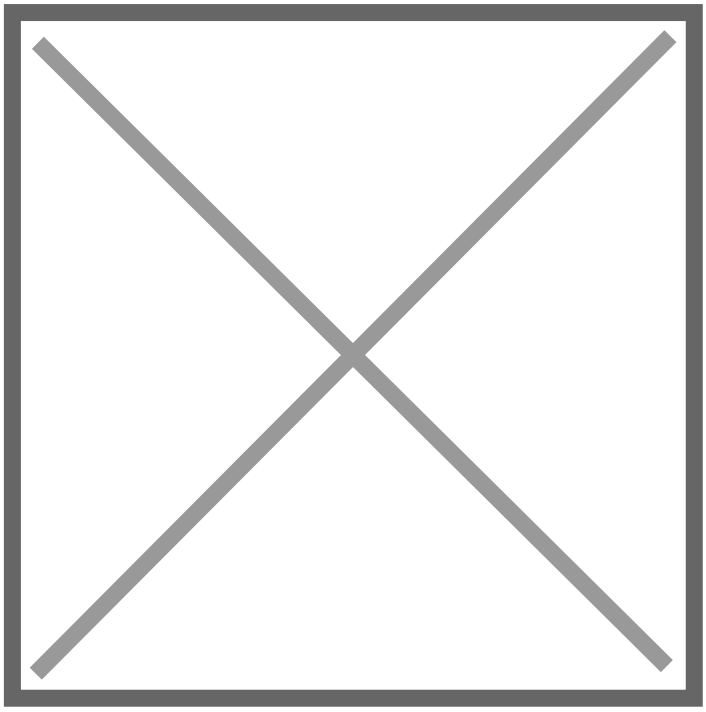
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Competition in diabetes market hots up

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The latest development being the Eli Lilly-Lupin alliance in keeping with industry trend of distribution tie-ups with local companies for a stronger foothold in the Indian market

Shutterstock54979024The alliance between Eli Lilly India and Lupin for the promotion and distribution of Lilly's Huminsulin range of products is yet another deal between a multinational company and a local company to grab a slice of the growing diabetes market.

Recently, there has been a trend towards marketing/distribution alliances between multinational companies and local companies in the race to grab a slice of the Indian life sciences market. Towards the beginning of the year, Germany-headquartered Bayer entered into a 50:50 joint venture with Zydus Cadila to form Bayer Zydus Pharma, which would look at marketing pharmaceutical products in India. This was followed by a joint venture between Sun Pharma and Merck to bring in innovative drugs into emerging markets. Prior to this, in 2010, a landmark marketing alliance was inked between Pfizer and Biocon to market the latter's four insulin biosimilar products.

The deal between Eli Lilly India and Lupin if for the promotion and distribution of Lilly's Huminsulin range of products, including Huminsulin R, Huminsulin NPH, Huminsulin 50/50, Huminsulin 30/70 and Humapen Ergo II. Lupin India's formulations business will promote and distribute the range of products in India and Nepal, virtually doubling the number of sales representatives behind the diabetes care product.

Company perspective
The strategic collaboration will achieve major synergy arising from the strength of the product portfolio of Lilly and the promotion and distribution capabilities of Lupin.

Establishment of a wider reach in terms of sales and distribution will ensure a stronger foothold for Lilly in the growing insulin market in India. Ã¢â?¬Å?As our highest priority, diabetes is a clear must win for Lilly emerging markets,Ã¢â?¬? says Eberhard Ludewigs, vice president, emerging markets, Eli Lilly. Ã¢â?¬Å?This partnership will allow us to change our game in India. We will have a stronger footprint with many more sales representatives promoting our diabetes brands, and this will become a foundation to expand our diabetes business not only for current products, but also for our future pipeline. Lupin is well-aligned with Lilly's goal of expansion in India and other emerging markets.Ã¢â?¬?

The biotech revenue of Lilly stood at 204 crore ($44.0 million), registering a nine percent growth in 2010 as compared to 187 crore ($41.2 million) in 2009. Lilly currently has seven products in its biotech stable namely, human insulin (Huminsulin); human insulin analogues (Humalog), human growth hormone (Humatrope), teriparatide (Forteo); drotrecogin alfa (Xigris), ReoPro (abciximab-monoclonal antibody) and exenatide (Byetta). Currently, Lilly's anti-diabetes product range is said to be contributing to the 60 percent of overall revenue of the company.

For Lupin, this alliance is a platform towards augmenting its growth in the diabetese market in India. Lupin launched its own insulin brand, Lupinsulin, last year with sales of 25 crore. Lupin Diabetes Care was carved out of the Pinnacle division in 2004, with an objective to focus on the diabetes market. The division recorded a strong growth of 31 percent during FY 2011 and contributes to seven percent of the company's IRF portfolio. It has built brands like Gluconorm, Telista, Lupisulin and Matilda.

Mr Shakti Chakraborty, group president-India region rormulations and CIS, Lupin, said the agreement will place Lupin in the second position in the Insulin market and fourth in the diabetes market in India. Ã¢â?¬Å?Out of 300 medical representatives, 15 will be dedicated to Nepal and the rest will be based in India. About 90-95 percent of the doctor population is from India and the remaining are in Nepal,Ã¢â?¬? said Mr Chakraborty.

A spokesperson from the company told BioSpectrum that these 300 medical representatives from the company will solely look at marketing of Huminsulin and Lupinsulin. Ã¢â?¬Å?Eventually, there are plans to extend this relationship and, maybe, we would look at distribution of Lilly's other range of diabetic products,Ã¢â?¬? said the spokesperson. While financial details of the deal were not disclosed, the price of the product, it is said, would continue to remain the same.

Ã¢â?¬Å?Strategic collaboration arrangements, product licensing agreements, co-marketing deals and other innovative partnership opportunities are a part of Lupin's strategic tool kit to grow into existing and new therapeutic areas within India and the worldwide pharmaceutical market. We will continue to invest in such partnerships going forward,Ã¢â?¬? said Mr Chakraborty.

Increase in insulin market size

Analysts and industry observers point out that strategic collaborations, like the Lilly-Lupin deal, would lead to a possible increase of the insulin market size in India. Ã¢â?¬Å?Insulin is the fastest growing segment in India showing a 20 per cent year-on-year growth. With this alliance, we might see an approximate increase of 10-20 percent in the insulin market in India due to high reach of Huminsulin in the country,Ã¢â?¬? said Ms Dipta Chaudhury, program manager-South Asia and Middle East, pharma and biotech practice, Frost & Sullivan.

In the insulin market, Novo Nordisk India is leading with close to 60 percent of the market share followed by Eli Lilly with about 26 percent share. The other major players in the market include Aventis, Biocon, Wockhardt and Shreya Life Sciences (The BioSpectrum-ABLE Top 20 survey 2011).

According to Mr Ajit Mahadevan, partner, business advisory services, Ernst & Young, the current Indian insulin market was valued at 975 crore (June 2011 IMS). Ã¢â?¬Å?Introduction of new products in the insulin market will offer consumers more choices in terms of selecting the appropriate medicine and should help in the disease management.Ã¢â?¬?

This is also a wake-up call for other companies operating in the insulin market space. Ã¢â?¬Å?We will see companies working towards various models like introduction of new products and price drops in their products. Eli Lilly has a strong presence in the insulin pen space. We might see companies introducing insulin pen products into the market,Ã¢â?¬? says Ms Chaudhury.

Companies on aggressive insulin strategy

Biopharma companies have been quick to realize the growing potential of the insulin market in India and are in the race to devise drug marketing models. Last year, Bangalore-based biotech company, Biocon, and Pfizer entered into a landmark alliance under which the latter would pay 900 crore ($198 million) to the former to have exclusive rights to commercialize Biocon's insulin products.

Towards the beginning of 2011, Wockhardt announced a strategic global alliance with the US-based Sheffield Bio-Science, a Kerry Group Business. Under this partnership, Sheffield Bio-Science will have exclusive sales and distribution rights to supply recombinant insulin to the cell culture markets worldwide. According to estimates, the potential of cell culture markets is around $50 million. In 2005, Novo Nordisk India, entered into distribution alliance with Abbott for marketing of its insulin products in India. Besides this, the company also has an alliance with Torrent Pharma for the manufacture of insulin formulations.

More such deals to follow,

It is predicted that favoured therapeutic areas for most of the alliances would mainly include anti-infectives, diabetes and oncology. Ã¢â?¬Å?Diabetes is a segment that caters to a wide set of doctors and specialists. MNCs usually have niche targets and cater to only a selected set of doctors. Now they are looking at wider doctor/customer reach. Indian companies on the other hand have an aggressive marketing plan in place and a wider network and reach. Collaborations between the two definitely makes strategic sense,Ã¢â?¬? said Ms Chaudhary.Mr Sujay Shetty, partner, pharma and life sciences,

PricewaterhouseCoopers, India, states partnerships like the Lilly and Lupin alliance is the way ahead for India. Ã¢â?¬Å?We will see MNCs utilizing the superior marketing and distribution of local companies in order to grab a slice of the Indian market,Ã¢â?¬? says Mr Shetty.

Nayantara Som in Mumbai