

MNCs set to maximize opportunities as Indian pharma gears up to unlock its inherent strength

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With Indian pharma and biotechnology companies exploring all possible avenues to unlock its inherent strength, the multinational companies are sniffing great opportunity to not only consolidate its presence globally but also surge ahead of competition by deploying financial and marketing clout.

The Pfizer and GSK deals with Indian pharma industry clearly indicate the way forward not only for MNCs but also for the domestic sector. Strategic alliances, mergers & acquisitions, and collaborations could only be expected to become more aggressive in the near future.

“It is an open secret that the global pharmaceutical industry’s sales and marketing model is under tremendous pressure. It is estimated that global pharma will lose between 14 per cent and 41 per cent of their existing revenues with patent expiries. Spate of layoffs, re-organizations and growth in outsourcing are a testament to the fact that the pharmaceutical industry is trying to reconfigure itself and adapt to a new reality. With Indian companies providing lucrative opportunities to MNCs for associations on the bio-similars front, what makes them more appealing is the emerging markets they provide avenues to. Our experience suggests that MNCs will continue striking such deals, while also driving cost savings on the sales and marketing front, through offshoring,” said Manish Gupta, director, Indegene.

Industry observers said Indian pharma industry has built manufacturing prowess, the irony is its product acceptability in overseas markets is proving to be a challenge owing to delays in product registration and regulatory clearances.

Against this backdrop, it is an ideal situation both for Indian pharma and MNCs to collaborate and maximize opportunities. In the recent past, this strategy has got a fillip and signing of mega deals only shows that this could be only way forward, opined the industry observers.

In May 2009, Pfizer struck two deals: With Aurobindo Pharma, it acquired rights to 55 solid oral dosage and five sterile injectable products of anti infectives, cardiovascular (CVS) and central nervous system disorders (CNS) to be marketed in Asia, Latin America, Africa and the Middle East. With Claris Lifesciences, Pfizer got the access to a sterile injectables portfolio.

Early this year, with TCG Lifesciences Limited, Pfizer collaborated to develop preclinical candidate molecules in a series of discovery target programs. In collaboration with Strides Arcolab, Pfizer commercializes 40 off-patent sterile injectables and oral products in the regulated markets.

The recent Pfizer-Biocon deal is the first for the MNC in the biological space. The pact would enable Biocon to bring to the table its high quality and cost effective products, while Pfizer will deploy its marketing muscle, and in the process give the two companies an edge over the competition.

Pfizer set-up the Established Product Business Unit in 2008 which focuses on off-patent products, new molecules, generics and injectables. In the last five years, GSK too inked pacts with Ranbaxy, Dr Reddy's and Strides Arcolab.

Answering media queries on the strategy of MNCs to strengthen presence in emerging markets, David Simmons, president & general manager, Established Products Business Unit, Pfizer said in a conference call from New York that marketing and manufacturing alliances are preferred options. Further, he said in the case of Biocon this is the first step to explore further opportunities.

Alliances are a win-win situation for both Indian and MNC pharma companies. While the former can grow in capacities and turnover, the latter is looking for companies here with a sound product research and branding to leverage the situation. But the flip side is that in a passage of time, Indian companies will lose the opportunity in making in-roads into the global market, pointed out Kaushik Desai, chairman, Industrial Pharmacy Division, Indian Pharmaceutical Association.