

We are co-innovating with global pharma companies: Syngene MD & CEO

Venkatesha Babu | Bengaluru | Updated on December 25, 2021

<https://www.thehindubusinessline.com/companies/we-are-co-innovating-with-global-pharma-companies-syngene-md-ceo/article38031492.ece>

Syngene International, an early player in the CRAMS (Custom Research And Manufacturing Services) segment, was spun off from Indian biotech major Biocon to offer contract R&D capabilities and is now a fully integrated player. When global pharma majors like Glaxo Smith Kline, Bristol Myers Squibb, Amgen or Baxter need a reliable partner to co-innovate today, they turn to Syngene.

Jonathan Hunt, MD & CEO of Syngene, spoke to *BusinessLine* on what sets the company apart in the competitive CRAMS space and the road ahead. Excerpts:

Recently, Amgen renewed its research collaboration contract for five more years. You seem to have sticky customers who work with you for longer periods instead of the traditional industry norm. What is different?

That is because of our business model. What we do, including how we operate, doesn't have a lot of precedents in India. Some tend to look at us as just another derivative of the Indian generics industry but we are not. We are a services business focussed on science and innovation.

Inside our campus is the mindset is that we are a People's Republic of the United States FDA (Food & Drug Administration). We operate in a highly regulated industry that has controls, checks and balances apart from governance and rigour. We operate to a single standard of global science, driven by excellence and a high compliance regulatory mindset. Whether it's the US FDA, European or Indian regulators, we meet and exceed their standards every day. It is one of the things that reassures our global clients.

We don't do much with Indian partners because the Indian life sciences industry is not yet fully focused on innovation. Our global partners range from companies in Australia to Japan, Europe and, of course, North America. What they're looking for is intellectual collaboration and added value.



Jonathan Hunt speaks to BusinessLine on what sets the company apart in the competitive CRAMS space and the road ahead

Twenty years ago, one would come to a company like Syngene for something scientifically simple but done well. However, today they're coming to Syngene because we can intellectually match their thoughts and innovation, debate with them, add value, collaborate and drive science along with them.

Haven't CRAMS or even CDMO (contract diagnostic and manufacturing) services been offered earlier by a number of players including the likes of Divi's and Cadila?

Not really. Unfortunately, the nomenclature doesn't help. It's like alphabet spaghetti in some ways with CRAM's, CDMO, or R&D discovery services.

Our focus as a company is more towards the research innovation piece, the front end. So think of us, predominantly, as scientists in labs doing innovative experiments. If you look at some of the companies you mentioned, for instance Divi's, I think they're a really good company. However, they are downstream of that, into the manufacturing. And they do that well but it is different from innovating up the value chain. So we're a little bit further upstream.

Predominantly, where we overlap is manufacturing. If you look over recent years, some capital investments and expansion that we've put in place has gone into increasing our development organisation. We run on four different divisions — Discovery Services, the traditional heartland and, by value and volume, the biggest today; Dedicated Centres, a specialised form of discovery research for the likes of Amgen; Development Services, the scientists in the lab working out formulations and processes; and Manufacturing, where we work out how you do things at scale.

Divi's, for example, is particularly strong at manufacturing. In the pharma industry, the average timeline from having an idea to getting a product to the market would be 10 to 12 years. We do a lot of work in years 1/2/3, even into year 4. Some of the organisations that you describe are more active in years 7/8/9/10.

Does such co-innovating reflect in your margins?

On a global basis, across our Chinese, European, Indian, or other competitors, our margin structure is above average and often upper quartile. It might vary slightly depending

on what we're doing on the capex side. We've been a high-growth business for a decade or more and we're constantly scaling and growing. So some margins are compressed by that sort of investment.

The more you are seen as a scientific equal and a source of good ideas and problem-solving solutions, the stickier clients are and longer the contracts will be. We've created a culture, a workforce and a set of processes that add value and we want to ring-fence and protect it. So we have worked on becoming a platform for integrative drug discovery that allows us to sit, not just with big clients, but with players of all sizes. Today, we count among our clients eight of the top 10 and 18 of the top 25 biopharma companies in the world.

We offer a good fit for innovative start-up biotechs. We are (nearly) a 30-year-old company of real scale, breadth, depth and experience who they can collaborate with. Because they're small organisations, they don't have masses of departments to manage contracts, relationships and outsourcing. They want to meet as scientific collaborators and for us to really contribute to their growth.

You have more than 400 clients. Beyond the pharma sector, what other segments are witnessing growth?

The animal health segment is growing well. Six of the top 10 animal health companies have their antecedents in being divisions within pharma companies. We also have clients in the nutraceutical and cosmetics business. They are a good adjunct to our core business. But actually, the core business is human health, whether it's pharma or biotech, mega-cap corporations or innovative start-ups.