be re-shored by customers looking to strengthen business continuity plans and secure their supply chains. Again, CDMOs must look to manage their customer base while ensuring a sustainable balance exists within their project portfolio to mitigate risk.

Innovation and efficiency

In such a crowded market, CDMOs have always been looking for new ways in which to stand out and differentiate themselves. Historically, this has seen CDMOs building innovation to offer more services and technologies for their customers. However, in the current times of economic pressures, any investment must offer a return sooner, or savings need to be created internally through efficiencies, without risk to safety, quality or product delivery. Increasingly, CDMOs are looking to make savings by managing existing assets more efficiently, and driving for sustainability targets that come with economic benefits.

References

1. https://www.ccdc.cam.ac.uk/discover/blog/fda-novel-drug-approvals-2022/

Mahesh Bhalgat
Chief Operating Officer
Syngene International Limited

Growth in outsourcing is fueled by the evolving dynamics and the intellectual value provided by CROs and CDMOs

In an increasingly arduous drug development backdrop as it relates to escalating costs, timelines, probability of success, among regulatory and other variables, CROs and CDMOs have emerged as efficient providers of an increasing array of value-added services for companies. The addition of high-value capabilities lets CDMOs quickly progress companies from the preclinical phase through to full-scale commercial launch swiftly by delivering effective solutions for every step in the development process. According to Frost & Sullivan, the global CRO/CDMO market is expected to see 13% CAGR to reach $226 billion by 2025. What's more interesting is that 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, bring innovation, debate with them, add value, collaborate and drive science along with them. That's a significant shift. Cost arbitrage in India is a consideration of the past. India today and the India of the future is about being world-class, excellent, capable, scientifically competent, and adding value through innovation.

Biotechs specifically need CROs/CDMOs

In the last couple of years, a lot more biotech companies[1] have come up and traditional pharma companies looking at ways to diversify and de-risk. The smaller companies continue to be major sources for innovation, and many have a pipeline that consists of anywhere from a one to a few products in development. Since many smaller companies have limited wet lab capabilities and no manufacturing infrastructure, and often don't plan to develop those core competencies, the best way to access such a setup is through an experienced CRO-CDMO who has end-to-end capabilities. The advantage of working with the right CRO-CMDO, along with infrastructure, is access to technical expertise to help bring their products to clinical stages, and eventually to market approval and commercial launch. We have witnessed an increase in the number of collaborations between emerging biopharma companies and CROs/CDMOs in recent years. While large pharma companies are expected to grow R&D spending at a rate of 4% annually, R&D spending in biotech is forecast to grow twice as fast, at up to 8% per year.

There is good momentum for approval of new chemical entities and new biological entities underpinned by a strong pipeline of drugs in the early stages of discovery and development. The continuing drive to reduce the cost and cycle times associated with drug discovery while driving productivity is expected to increase outsourcing further, as CROs and CDMOs can bring economies of scale and provide ways to absorb fixed costs. On the manufacturing side, growing demand for biologics, continued capacity consumption from vaccines, the capital-intensive nature of the business, and the complexity involved in biopharmaceutical manufacturing is driving demand for outsourcing.

Increasing importance of ESG

Pharma and life sciences outsourcing strategies are moving away from pure vendor-buyer relationships to business alliance partnerships. Besides looking for scientific caliber and technology adoption, topics such as ESG will play a very important role in choosing a partner organization. Concerns over climate change, cyber incidents, global supply issues, economic gaps and social justice movements have become catalysts for an increasing adoption of ESG. As per a recent report by McKinsey, across industries, geographies, and company sizes, organizations have been allocating more resources toward improving ESG. More than 90 percent of S&P 500 companies now publish ESG reports in some form (Source: McKinsey, 2022). While pharma and life science companies embrace ESG as part of conscious consumerism, they will expect their partners to follow suit. ESG will also play a role in changing the way in which CDMOs operate. For example, CDMOs are already transitioning to continuous manufacturing from traditional batch manufacturing, in an endeavor to reduce carbon emissions from their manufacturing plants.

References

1. https://www.pwc.com/gx/en/pharma-life-sciences/pdf/challenge.pdf