

Big Pharma to seek only selected generics opportunities, IMS predicts
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IMS Health made two significant predictions, among others, at the 13th annual International Generic Pharmaceutical Alliance (IGPA) conference in Mumbai. One was that Big Pharma is unlikely to emerge as a 'long-list' generics player, which appeared to be something that many in the audience anticipated and accepted.

A second IMS suggestion that Indian firms may cease to operate commercially on a global scale after 2015 had its fair share of challengers, however.

IMS Health's vice-president, global pharma strategy, Graham Lewis, said top originator firms are not expected to become comprehensive generics players, but instead would seek "a few specific areas" where their skill sets offer competitive advantages. Emerging markets and specialist areas are key targets, he noted.

The attractiveness of emerging markets will drive top originators to strengthen their presence through the acquisition of branded generics players, he predicted. Top innovator companies were "underperforming and underweight" in the fast-paced pharmerging region and needed to target the branded off-patent segment there to expand.

But while a large number of originator companies were pursuing generics, Roche, in contrast, was staying within pure R&D. "Roche may be right," Mr Lewis noted, with IMS forecasting a surge in innovation after 2015.

He also observed that while originators with biologics capabilities were well placed to commercialise biosimilars in established markets, manufacturing of biosimilars was expected to remain limited to selected generics players.

Biosimilars of monoclonal antibodies are expected to prove challenging and IMS expects alliances between top originators and generics firms in this area.

Indian firms' future

Mr Lewis also predicted that Indian firms may cease to operate commercially on a global basis post 2015, focusing instead on manufacturing excellence, clinical development partnerships, discovery alliances and the home market.

Mr Lewis told *Scrip* that operating commercially globally was a difficult proposition and that Indian firms may turn to things that they do best. "The expense of operating at a commercial

level is becoming very challenging as generics are under pressure from payers," he said. Besides, the Indian market was growing strongly, he added.

But some leading industry experts disagreed and said that different Indian companies would use different models to internationalise and thrive. "It's unfair to paint all Indian companies with the same brush," said the CEO of an Indian firm that straddles the innovation and generics businesses successfully and is developing front-ends in certain international markets.

Dr Brian Tempest, an ex-CEO of Ranbaxy who is currently an advisor to MAPE, an Indian boutique bank, and UNCTAD, the United Nations Conference on Trade and Development, among other positions, told *Scrip* that over the past 10 years more and more Indian companies had started to focus overseas. This was partly as the Indian domestic market is a 'good market' in which to generate cash flows, unlike the situation faced by Japanese and Chinese firms.

The Japanese and Chinese domestic industries have suffered over the years with many annual and biennial price cuts which have reduced their profitability and their ability to grow overseas, except for a few notable companies, Dr Tempest said.

"The other part is that the entrepreneurial strength of Indian pharma companies is limitless and is never going to be limited to CRAMS [contract research and manufacturing services] and the domestic Indian market," Dr Tempest noted.

While several Indian companies will be acquired by Western companies and others like Dr Reddy's Laboratories may focus on just key overseas markets, the vast bulk of companies will continue to expand overseas, he predicted.

"The strategy of each Indian pharma company may be slightly different - some may focus on CRAMS, some on active pharmaceutical ingredients, some on India, some on the discovery of patented medicines, some on US ANDAs, some on the profitable branded generic markets and some may do a little of everything," Dr Tempest said.

"There are approaching around 2,000 healthcare companies in India and every month a new Indian name appears in the West," he added.

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