

Drug discovery offshoring - all about finding the right partners

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ValueNotes

Global pharmaceutical companies are increasingly turning to Indian vendors offering drug discovery research using newer techniques at much lower costs. Major drug discovery companies are realizing that the question is no longer whether to outsource or not, but one of finding the right partners.

Drug discovery is the process by which molecules are identified for their therapeutic efficacy, and can take up several years. Companies are now finding that improving the hit-to-lead conversion and early identification of unsuccessful compounds can accelerate the drug discovery process.

The latest publication from ValueNotes, a Pune-based research company, and Knowgenix, titled “Contract Research Opportunity for the Indian Pharmaceuticals Industry” expects contract research outsourcing to grow at a CAGR of 23.6 percent per year up to 2010. Of the various segments in contract research, outsourcing of drug discovery research is slated to show the highest CAGR of 26% per annum. These estimates too are conservative, as several of the top Indian outsourcing vendors are pursuing some combination of international expansion and investment in new drug discovery programs in the product patent regime.

The drug discovery stage consists of biology as well as chemistry research. While India is strong in talent pool for chemistry services like NCE research or NDDS development, there exists a dearth of professionals for biological services such as protein structural analysis or expression profiling. This is one of the main challenges facing Indian companies at this time, since the talent pool available for biological services is currently very small. The report envisages that Indian companies will enter into various strategic alliances and also acquire companies in India and abroad to build on capabilities to leverage the opportunity. According to ValueNotes analyst and co-author Suchita Chaudhari, “there is an increasing trend amongst the Indian contract research organizations to move up the value chain by becoming preferred vendors of a few global outsourcers than serving as jack-of-all trades. Preferred vendors often land up with high margin contracts such as researching and/ or developing proprietary technologies for the client”.

About ValueNotes

ValueNotes Database is a leading provider of business intelligence and research, with expertise across selected domains and types of customer needs. Working with clients across the globe we have significant understanding of international markets.

About ValueNotes Outsourcing Practice

The ValueNotes Outsourcing Practice is one of the largest information providers on the outsourcing industry. Our Outsourcing Practice uses a comprehensive, analytical framework providing fresh insights into the fast emerging and yet, complex outsourcing space. We extensively track the outsourcing space in-depth through a regular analysis of news and events and continuous primary research and contact with the industry.

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