

## Leaders speak at US-India BioPharma & Healthcare Summit 2011

CXOs from the global biopharma shared the dais with their Indian counterparts in a frank sharing of concerns and suggested solutions focussed on how India can align more closely with their agendas for a win-win situation. **Viveka Roychowdhury** reports

India's potential as a global biopharma and healthcare 'hotspot' was at the heart of the recently held US-India BioPharma and Healthcare Summit 2011. Held in Boston, a city often dubbed the 'cerebral cortex' of the US, this year's Summit featured intense discussion and lively debate between the cerebral (academia), corporate (industry), capitalist (VC and PE firms) and policy making strands of the biopharma and healthcare industry.

With panel discussions on drug discovery and collaborative research, financing, industry-academia partnerships, other healthcare opportunities like drug development, and clinical research, delegates at the Summit heard industry leaders air their views and share their insights. Diabetes as the chosen therapeutic area focus for this year got special attention as well.

In his opening remarks, Karun Rishi, President-USA-India Chamber of Commerce (USAIC) quickly sketched the positive outcomes of previous Summits in its stated endeavour to accelerate US-India trade and investments. Thanks to the ecosystem created over the years, this year's Summit too attracted global thought leaders as speakers. Introducing the Master of Ceremonies for the day, Rishi called on Dr Bill Chin, Executive Dean for Research, Harvard Medical School who gave a bird's eye view of the sector, ending with some provoking questions: What are the new models in which we can engage to deal with the many challenges facing the industry? And how can India play a more important role? Do we use personalised medicines for all the challenges? He drew attention to the fact that while there are successes in China, there are also grave issues. A lot still needs to be done on the industry-academia partnership model as well, he cautioned. The therapeutic focus area of type II diabetes, which is a major problem in India, is another area calling for more action and attention.

### On the right track ...

Every year the USAIC commissions an annual Position Paper and this year's Paper, by The Boston Consulting Group (BCG), addressed the foremost question in the minds of the industry: how can India address steadily decreasing R&D productivity? Bart Janssens, lead author of the report and Partner and Managing Director in BCG's Mumbai office said, "We believe that the key strategy has to be about enhancing R&D productivity rather than only lowering costs."

India and other emerging nations have benefited from the trend of declining R&D spend in developed nations, as global biopharma majors divert more such investment to emerging nations. US Biopharma companies



Release of the BCG report



Power breakfast meeting before the Summit



Panel discussion on Drug Discovery and Collaborative Research

spent 24 per cent of their R&D budgets in foreign countries in 2009, up from 17 per cent in 2002. Over the same period, India's share of these foreign expenditures increased ten-fold to about \$500 million but this is still only about one per cent of such investments. India ties with China on this count but lags Eastern Europe (about eight per cent) and Latin America (about four per cent).

Though more than 70 per cent of the 40 global biopharma executives polled for the report were satisfied with their R&D alliances in India, and three out of four expect to increase their R&D activities in India, India continues to play a relatively small role in global biopharma innovation, according to the BCG report.

Summing up his vision for the industry Janssens said, "Every partner should have a clear long term vision of the final goal. A strategic focus is very important as this will allow them to develop a competitive advantage. Developing collaborative partnerships by combining global capabilities will require change, which is difficult but to improve is to change and finally, to be perfect is to also change."

**... but partners should ask India for more innovation**

The first panel discussion of the Summit focussed on "Drug Discovery and Collaborative Research: Increasing the odds of success". Moderated by Chin, the first panellist, Dr Peter Mueller, Executive Vice President - Global R&D, Vertex Pharmaceuticals made a very pertinent point when he alluded to the cultural bias in India against risk and asked what the developed world could do to encourage and foster entrepreneurship in the country. He believes that more must be asked of Indian partners on this count.

However, Hari Bhartia, Co-Chairman and Managing Director, Jubilant Life Sciences, himself a fairly successful biopharma entrepreneur, countered that India is changing in this respect but it will take some more time as the country opened up to the world only in the 90ties, after which clusters and an ecosystem started developing.

And the change has

already attracted players like Endo Pharmaceuticals. Highlighting India's role, Dr Ivan Gergel, Executive Vice President R&D, Endo Pharmaceuticals another panellist, pointed out, "R&D is a risky business, the question is always about finding ways to do more with less. Endo is doing all our R&D in India for the past three years, and we wouldn't be doing R&D if it

were not for India."

So with examples like Endo Pharmaceuticals, has India found her niche? "No, we are not yet there yet as there have been some not so successful partnerships," opined Dr Martin Fitchet, Chief Operating Officer, Johnson & Johnson Pharma R&D. He also made the point that the management of health should include preventive, diagnostic and

prognostic elements and should move towards the integrated model.


Murali Gopalakrishnan, Head, Global External Research, Abbott Laboratories, also spoke about the opportunities for 'frugal innovation' when outsourcing research especially to India with Mueller reiterating that 'the biggest risk is not to take risk'.

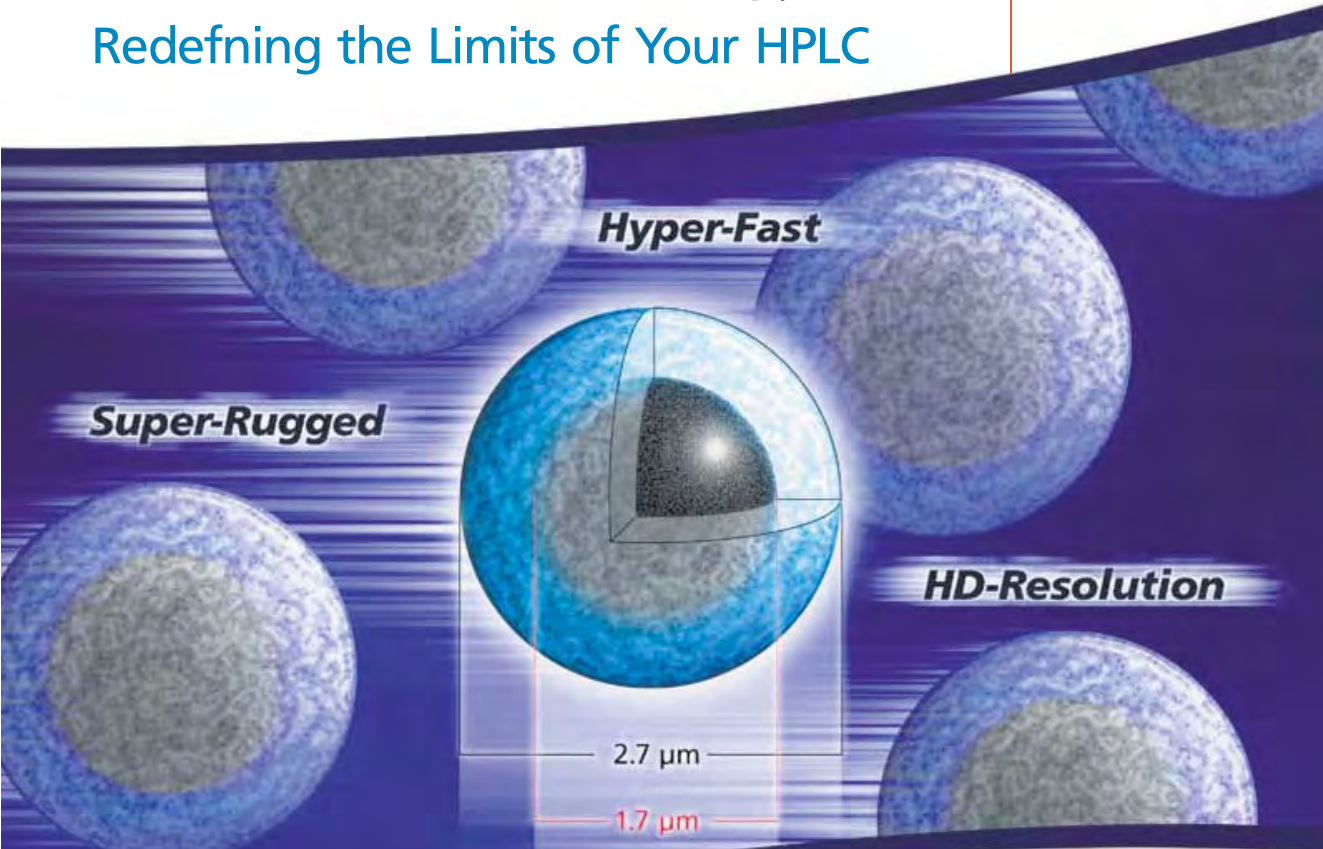
A query from the audi-

ence brought the attention back to the very risk averse culture in India and asked panellists on their recommendations to fix the problems of trust, as when clients use the fail-first/fail-fast maxim, they pull back investments on projects that look likely to fail leading to a lack of trust on both sides. Bhartia stressed the need to get over the Asian attitude to failure, proposing that

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► “We should take every opportunity to celebrate the risk-taking approach there is a need to build failures and risk into the business model.” The round of applause that got him probably was an indication that his sentiment had many takers.

**Money matters**

The luncheon session offered much more 'food for thought' on another crucial factor: financing strategies. As the moderator Jeff Elton, founder and Chief Executive Officer, KEW Group kicked off the discussion on funding innovation, investment opportunities and cross border M&A trends, by calling upon each panellist to short list the areas where they saw money coming in. While KV Subramaniam, President and Chief Executive Officer, Reliance Life Sciences listed service providers, pharma M&A and partnerships, Robert King, Senior Partner, Global Healthcare Group, Goldman Sachs predicted that we might see minority stake buyouts as a prelude towards full takeovers. He also pointed out two opposing trends: while some large pharma companies are diversifying others are slimming down to focus on core competencies. Subramaniam once again stressed that its key to balance the service and R&D projects so that a company is financially self-reliant.

Balancing the discussion with a policy maker's perspective, Dr M K Bhan, Secretary, Department of Biotechnology, Government of India said that the Indian government is increasing the allocation for R&D and a special fund created to buy technology/intellectual property and use it for the good of the general public. In fact he had more funds that he could use and it was a challenge to find the right company to invest in.

When questioned on the government's move to cap FDI in the sector, he indicated that though there are concerns that increased foreign investment would result in a phasing out of commercially non-viable but crucial medicines, he does not believe that this will go through. That said, he stressed the need to both allay these concerns and engage on these humanitarian concerns.

Dr Ansbert Gadicke, Founder and Managing Director, MPM Capital chose to focus on the “Fundamental significant role played by small companies/start ups in innovation as all big biopharma companies need to partner with them.” But these start ups are focused on cash flow generation instead of innovation because “no one wants to give start up capital, only growth capital,” he analysed. Pointing to the US Government's financial stimulus package wherein many US biotech companies got \$250,000 each, he commented that most governments make bad investors, and attitudes are either “cynical or critical”. Initial seeding capital will therefore have to come from strategic sources and maybe government. Once there is some success, this will attract VC funding.

Comparing the biopharma start



“Show me the money”: panel discussion on financing strategies



Post lunch panel discussion on industry- academia partnerships, the potential new growth engine



Debating the diabetes dilemma



Sighting new opportunities: divining the direction of the needle of innovation

ups across the world, Bhan commented that unlike the US and most countries, start-ups in India were started by business families with spare cash and not scientists. But this is changing, he informed and the Indian Government is now allocating 30 per cent of the total annual budget to go to small start-ups.

He was at once swamped with queries on the Indian Government's support to biopharma, to which he listed several measures in the pipeline like the move to fund universities and academic institutes to build 20 per cent of their physical infrastructure as low cost infrastructure available to industry. In a strong message to global biopharma he predicted, "Indian is transitioning from a risk-averse to a risk taker so global biopharma should invest today and help this transition. The evolution will be complete in 10 years but if they don't invest today, that's a risk."

#### Searching for a new engine of innovation

The post lunch panel discussion on industry-academia partnerships deliberated on another query: Can such partnerships be the engine of a new wave of innovation? Yes, said moderator Dr Barry Bloom, Distinguished Service Professor, Harvard School of Public Health, mentioning the most obvious and big example: universal health insurance schemes.

Panellist Dr Harris Berman, Dean ad interim, Tufts University School of Medicine took this thought forward, relating how industry partnerships are seen as the only way to overcome the research funding cutbacks imposed by UK's National Institutes of Health (NIH) due to the financial crisis. India continues to be a focus due to the knowledge of the pharma process, he commented.

Bhan too spoke of the "glue grants" being created by the Government of India to encourage researchers in academia and industry to work together. "I have incorporated a lot of these practical possibilities in the 12th Plan based on my experiences in the past years," he revealed.

For Dr Vijay Chandru, Chairman and Chief Executive Officer, Strand

Life Sciences, "Genomics will be the Y2K for Indian biotech as India has the talent in this field" and this will be a growth engine. Julius Knowles, Head, Platforms, Strategic Alliances, NIBR (Novartis) explained how at NIBR partnerships were at three levels: individual, company/organisation and community (NGO) level partnering each achieving different

goals.

Dr Lansing Taylor, Director, Drug Discovery Institute, University of Pittsburg spoke about their student and researcher exchange programmes in countries like China and Italy as part of their joint venture with GE Healthcare to work on drug research and development. When asked to close with a wish on what could be different,

Taylor asked for greater flexibility on the part of academics. When Chandru wistfully quipped that he would love it if we could create a Beijing Genomics Institute (BGI) in India, Bhan offered to foot the wage bill of the Indian BGI. But Berman possibly spoke for everyone when he fervently wished that bureaucracy could be cut down.

#### The diabetes dilemma

Moderated by Dr Paul Strumph, Vice President-Therapeutic Strategy Lead, Quintiles the panel discussion on diabetes covered topics ranging from the science, research trends as well as market opportunities offered by a disease which is increasingly becoming India's top medical concern. Strumph alluded to CROs like his company as the



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► 'arms and legs' which help other other stakeholders achieve their goals in these areas. Coming straight to the point Kiran Mazumdar-Shaw, Chairman and Managing Director, Biocon said, "We have to look at access and affordability of diagnostic and treatment. Affordability has been addressed by generics and insulin analogues but now accessibility has to be addressed." Dr William Mezzanotte, Vice President-Global Products Leadership, AstraZeneca spoke on this company's approach to the problem while Dr Suri Venkatachalam, Founder and Chief Executive Officer, Connexios Life Sciences commented on the role of 'innovative drugs' to address this issue. Alluding to the major markets, Dr Martin Fitchet, Chief Operating Officer, Johnson & Johnson Pharma R&D made the point that India and China will soon account for the highest number of diabetes patients and wondered "how we can incentivise industry partnerships with governments on public health" in this context. Dr Steven Shoelson, Professor of Medicine, Joslin/Harvard Medical School spoke about research trends in this area, specifically studies being conducted on the diabetes-genome link and how this could impact disease treatment and drug discovery.

Moderated by Dr Gunther Winkler, Senior Vice President, Biogen Idec the final panel discussion of the Summit, tried to guess where the needle of opportunity was pointing to in drug development, clinical research and other healthcare areas. Dr Sanjay Mittal, Director- Research and Clinical Cardiology, Medanta - The Medicity kicked off the discussion saying that we first need to understand the Indian scenario and therefore need to have a public survey to collect Indian data on diseases. His organisation is collecting data on cardiovascular disease in collaboration with Duke's University (Medanta Duke Research Institute) while another collaboration with the Indian Institute of integrative Medicine (IIIM) is on for diabetes data.

Debasish Roychowdhury, Head of Global Oncology, Sanofi asked, "If the needle is value, what can we do to move from an activity-based to vision-based transaction model?" Dr Nora Dyer, Head of Search and Evaluation, Novartis Pharmaceuticals spoke of Novartis' strategy to increase its India presence and said that India will play a key role going forward, as they will be working on diseases relevant to India like CVD and COPD.

The picture is not all rosy of course. Alluding to the long road ahead but offering a glimpse of the opportunities, Krishna Kanumuri, Chief Executive Officer, Sai Advantium said, "Most (drug) development is still being done in the West but we have a lot of clients who have proof of concept." Roychowdhury offered a sobering note reminding the audience, "The issue of ethics will become very important because standard of care will differ. We have to think of how we can also address the accessibility problem." Another challenge is retaining young



Miles to go and many promises to keep: Dr M K Bhan, Secretary, Department of Biotechnology, Government of India receives the Lifetime Achievement Award



Dr Nirmal Ganguly, Chairman JIPMER, and Ex-Director General ICMR takes a stand during the Q&A

scientists, commented Dyer while Winkler pointed out that doing toxicology studies in India is a challenge. Krishna too mentioned that the regulatory environment has to support the industry on this front. Dr Nirmal Ganguly, Chairman JIPMER, and Ex-Director General ICMR informed that this is happening with two major primate breeding centres coming up which would take care of toxicology studies.

In his closing comments, Roychowdhury stressed that internal monitoring and auditing are very important in clinical trials while Ganguly agreed that a lot more needs to be done on this front. While Mittal reminded the audience that "we are fast learners," Roychowdhury hoped that the mistakes of the past would not be repeated.

The Summit concluded with Bhan receiving the Lifetime Achievement Award for his long-standing and deep commitment to promote biomedical R&D, fostering innovation, promoting public-private-academic partnerships, institution building and for helping to that the US and Indian biopharma relationship to the next level.

**Look beyond the noise: Bhan**

Accepting the Award, Bhan spoke expansively on his vision and hopes for India as a nation and biopharma super power saying, "We have progressed over the past decades. We

need to look beyond the noise and see what is driving it."

Enumerating the country's milestones he said, "The story of India's sustainable capacity development became visible post 2004 in terms of more research papers being published, more PhDs being generated."

Making no apologies for putting India's priorities first, he insisted, "Yes, we want innovation and discovery but it should also be accessible. You want a simple diagnostic test which is so low-tech, you require a genius to discover it. The difference today in India is not its capacity but its attitude. Because we have become very self-critical, hammering each other for our weaknesses. This is the foundation for transparency and openness. For instance, we have five activists and five government officials writing and anti-corruption law. In India's weaknesses, I find tremendous strengths."

Bhan's parting shot received nothing short of a standing ovation: "Can the (Indian) government match up to the aspirations of Indian society?" he wondered.

The Summit came to a close with the emcee for the day Chin suggesting that the organisers put together a team to come up with recommendations which could be taken forward. The day ended with a charged power-networking session. ■

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