

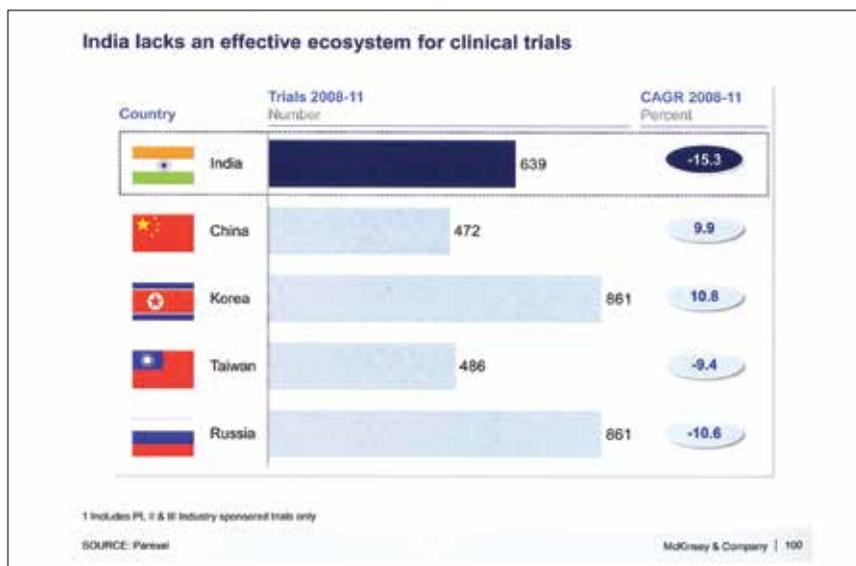
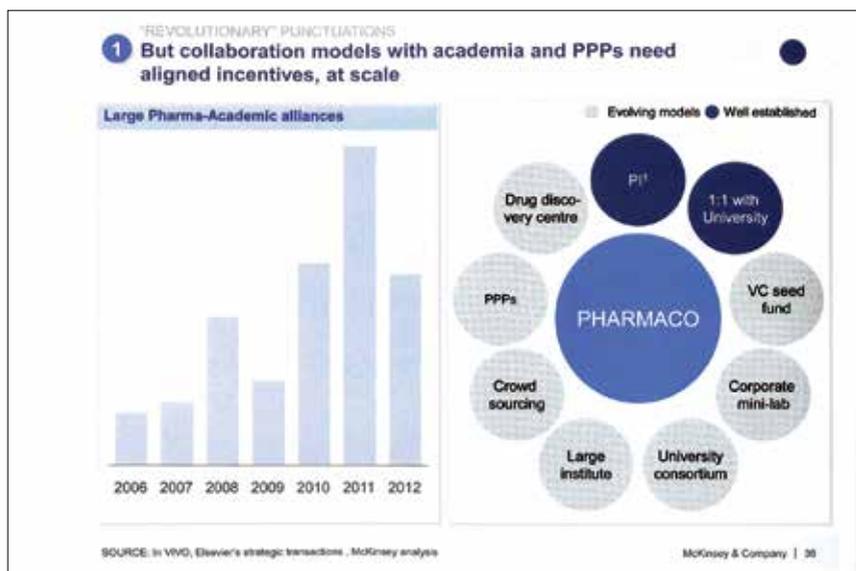
With innovation, India's pharma can serve 4 billion people globally: McKinsey

With some investments in creating innovative BioPharma products, India could address the huge unmet needs of four billion people in the healthcare sector worldwide instead of just her own 1.2 billion people, says a special report by global management consultancy, McKinsey.

“We see a ‘4 billion people development opportunity’ for India,” says the report titled, “Reimagining India’s role in affordable BioPharma innovation,” commissioned by the Boston-based USA-India Chamber of Commerce (USAIC). The reference is to innovative health improvements at low cost, that India can make to the health of its own people, can also be applied to another three billion people in other low income countries who are facing similar issues. These countries can’t afford to spend 10-15 percent of GDP on health as Western countries do.

The report, co-authored by McKinsey’s Mr Ajay Dhankar, was released at the USAIC’s annual Indo-US Healthcare Summit in Boston, in late June 2014.

“Growth, development and access have to go hand-in-hand. Realization of the role that health and healthcare innovation can play in nation building is missing in India (and in many developing countries),” lamented the report. The report was prepared after interviewing more than 30 R&D leaders, CEOs, academia, investors and



government representatives in India and the US. “Our interviews indicated that this basic but bold statement (4 billion people development opportunity) is not well understood by critical decision makers in the ecosystem today and development

will not happen till that gap in understanding is fixed,” wrote Mr Dhankar in the report.

A fallout of this government neglect is that India will continue to struggle at driving BioPharma innovation.

Healthcare leaders listed four major concerns that need to be addressed quickly to make a turnaround: overcome recent pharma manufacturing quality concerns, improve regulatory environment, and reverse in the shift in attention away from India by international investors.

According to the McKinsey report, the biggest obstacle (90 percent of respondents) that India faces in driving R&D at scale is the non-workable regulations on clinical trials and biomedical research. Lack of research talent and negative perceptions about the quality and integrity of clinical trial data are the next biggest concerns.

For example, in the 2008-11 period, the number of approvals for clinical trials in India has shown a 15 percent decline. On the other hand, trial approvals increase by 10 per cent in

China and 11 per cent in South Korea. “In clinical trials, there is no longer an India advantage. In fact, it is rapidly becoming a disadvantage. As a result we are now moving our clinical trials outside India,” a senior industry leader was stated as saying in the report.

McKinsey suggests some lessons India can learn from other countries in Asia to stimulate its pharma innovation system.

China: 1) The government encourages entrepreneurial culture to prioritize commercial outcomes through incentives, increased recognition for wider range of capabilities.

2) Many regional lifescience parks have been set up; high density of big pharma companies and universities are creating completion in some regions.

Singapore: Recognition in clinical trials and manufacturing, highly entrepreneurial cluster and highly collaborative small cluster.

South Korea: Some successes in attracting clinical trials and bio manufacturing and highly collaborative small cluster.

Summing up, the McKinsey report recommends building an effective innovation ecosystem if India has to realize the huge potential in BioPharma innovation.

The key components of the innovation ecosystem include world class talent, collaborative networks, supportive infrastructure, active promotion and outreach and innovation culture. **BS**

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