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Adopt Unilever Model, Tech To Prevent 'India Plus One' Situation – CRDMO CXOs

Enlisting Millennials, Gen Z Is Key

by **Vibha Ravi**

CRDMO CXOs sketch a promising landscape for the Indian industry, highlighting technology, scale and talent, particularly millennials and Gen Z, as key factors in a SWOT analysis - while cautioning that a global 'China plus one' strategy could turn to a 'India plus one' too.

A bevy of CXOs in India engaged in a literal strength, weakness, opportunity and threat (SWOT) analysis for contract research, development and manufacturing organizations (CRDMOs), amid promising growth prospects both in the country and worldwide for the sector.

Though geopolitics around China and the "China plus one" strategy increasingly being adopted by global firms present an undeniable opportunity for Indian companies, top executives on a panel at the recent BioAsia conference in Hyderabad also cautioned that if they don't keep an eye on quality and cost, nothing would stop the same global firms from moving to an "India plus one" model too.

"We need to be very humble and say we are not the only solution providers in the world," Akhil Ravi, CEO at [Dr. Reddy's Laboratories Ltd.](#)'s subsidiary Aurigene Pharmaceutical Services, pointed out.

Attracting and retaining talent, adopting technology as a game changer, enlisting the support of small- and medium-scale enterprises to ensure raw materials supply and the government to create a conducive ecosystem for growth were among the points discussed.

Amid the serious talk, a mention by [Syngene International Ltd.](#) CEO and managing director Jonathan Hunt that R&D jobs are as lucrative as those in software or engineering, and another by

the chief operating officer of Sai Lifesciences, Sauri Gudlavalleti, likening the talent hunt in the industry to that of a major cricketing league, perked up the audience.

Meanwhile, Anil Matai, director general for the Organization of Pharmaceutical Producers of India, encouraged CRDMO participants to seek a Production-Linked Incentive (PLI) scheme for the segment.

“It's considered services, but still for rendering those services, you need physical infrastructure. So, maybe a PLI scheme can be extended. But there needs to be advocacy for that, nothing comes without asking, there needs to be a solid case,” he added.

While Indian CRDMOs are extremely small compared to Chinese ones like [WuXi Biologics](#), the latter have benefited from sustained efforts by the Chinese government to build scale, attract talent and drive innovation to gain a dominating competitive edge. (Also see "[Bellwether Wuxi Biologics' Plunge Indicative Of China Biotech Challenges](#)" - Scrip, 6 Dec, 2023.)

India has of late made a similar effort to support the pharmaceutical industry with PLI schemes although the gigantic scale of Chinese companies eludes the Indian landscape.

The Big T

A need for speed and economy in the drug discovery process, not just at established pharmaceutical companies but also at biotech startups, is driving more outsourcing to CRDMOs and whoever plays the game best stands to win.

Talent management is one of the biggest limiting factors, panelists said during the discussion moderated by EY partner and life sciences leader Suresh Subramanian, while highlighting usual success stories like China and unusual ones like the Indian Premier League (IPL) in cricket as

KEY TAKEAWAYS

- Talent acquisition and management is a critical limiting factor for CRDMOs in India
- Millennial, GenZ “swagger” could be used for good
- Indian Premier League (cricketing league) and Hindustan Unilever have successfully drawn talent from abroad
- India needs a 'Thousand Talents Program' like China
- Technology could help with optimal utilization of talent and be disruptive at the same time
- “Ticket to play” includes world class infrastructure, focus on quality, ESG framework
- Complacency could lead to global firms’ outsourcing strategy changing from China plus one to India plus one too

means of tackling this challenge.

Drawing a parallel with the IPL, which has players from global cricketing teams on participating squads, Sai's Gudlavalleti pointed to members of the panel at BioAsia to prove that India is open to sourcing international talent.

“Two of the members are not from India originally. So, India is open to getting the best finisher from anywhere. Each of our companies has very senior leaders who are not necessarily Indian. So, I think when you mix talent you can actually get fantastic results,” he said, referring to [Biocon, Ltd.](#) subsidiary Syngene's Hunt and Jubilant Biosys CEO and MD Giuliano Perfetti.

Hunt, from the UK, succeeded Peter Bains as CEO for Syngene in 2016, after previous stints at [AstraZeneca PLC](#) and Bayer Schering Pharma. Similarly, Italian national Perfetti held leadership positions at Fabbrica Italiana Sintetici and AstraZeneca before joining Jubilant Biosys as CEO in 2021.

Gudlavetti also recalled how consumer goods giant [Unilever PLC](#)'s Indian subsidiary Hindustan Unilever Ltd. (HUL) had run a campaign back in the day to recruit researchers working in the US. HUL said “work in the US during the day, come back to your family during the evening because the quality of research labs in India and the work environment and quality of problem solving is just as good and financially rewarding [as in the US],” he added.

Make The Grass Greener

Other panel members highlighted the "Thousand Talents Program" adopted by China to establish a dominant presence in the biotech segment. The program by the central government to recruit experts in science and technology from abroad, principally but not exclusively from overseas Chinese communities, has been a major success.

Late To The Antibody-Drug Conjugate Party, But Will 2024 Be A Turning Point For India?

By [Vibha Ravi](#)

04 Jan 2024

In 2024, Sun Pharma's ADC candidate is expected to be in human trials, while CDMOs like Piramal Pharma Solutions and Aurigene are to operationalize significant new capacities. But can India compensate for a late start on the ADC journey by tapping low development costs and favorable policies, or is it too little with China far ahead in the race?

[Read the full article here](#)

Hunt recalled an incident from 20 years ago when a Chinese national who was a tenured professor at a top tier US university returned to China. “The offer was simple. We will build your hospital and it's yours. It'll be a research center and you determine the research. We will fund it for a decade. We only ask that you generate, over the next 10 years, PhDs coming out of our own research environment that will fill our industry and drive innovation.”

Incidentally, [Bristol Myers Squibb Company](#) CEO Christopher Boerner recently spoke about making the US firm's center in Hyderabad its largest R&D site outside of the US. (Also see "[BMS' Boerner Bets On AI-Driven R&D In India, Points To Potential For MS, Lupus Drugs](#)" - Scrip, 4 Mar, 2024.)

"If we can invite [Indian] scientists back from the West...if we can incentivize them to come back...it'll make a tremendous difference." - Aragen Lifesciences CEO Manni Kantipudi

In another panel discussion at BioAsia, BMS's head of IT Culture and Strategy, Vani Kondaram, recalled how she “put her hand up” when the call for a person to set up the unit in India came because she wanted to stretch and “be part of building something exciting.” In addition, it gave her an opportunity to reconnect with India.

CEO of Aragen Lifesciences, Manni Kantipudi, said: “If we can invite scientists back from the West, and I think most Western companies have Indian scientists working there, if we can incentivize them to come back via tax incentives or other things, it'll make a tremendous difference, because they not only bring the knowledge, they also bring the network because they've worked with a lot of people who trust them.”

While Aragen has 200-250 employees who have opted to return to India for personal reasons “there was no incentive. But that's a very low hanging fruit at the national level that the government can do. In the recent budget they did something like this for researchers coming back to universities. That can be extended for companies like ours,” he added. (Also see "[AI/ML Efforts, Quick Approvals, Regulator Digitalization: What India Is Doing For Drug Discovery](#)" - Pink Sheet, 8 Jan, 2024.)

Use The 'Swagger'

At the same time, it's crucial to also build, train and retain younger talent within the country, including millennials and gen Z, who are often perceived as difficult to work with, the CXOs

agreed.

Jubilant's Perfetti highlighted that companies need to establish an environment for innovation where employees can truly experiment and create. "I think that's not easy. And we need to deal with a new generation, the youngsters, who are completely different from our managers."

Syngene's Hunt agreed saying "you've got to set the expectation right, because real innovation comes from a clash, the clash of ideas. You're trying to overturn an orthodox system."

Voting for the generation of millennials and gen Z, he added "I'm very hopeful of the young generation...they've got another language, a little bit of swagger. They're not bowed down by hierarchy. They want the best guy and idea to win, not the most senior person."

Hunt also made a strong appeal to participants at the event to motivate their children to take up fundamental sciences and research. "Nobody in the West ends up a scientist by accident. You make that choice, because you're passionate, you've got conviction."

"I'm very hopeful of the young generation...they've got another language, a little bit of swagger. They're not bowed down by hierarchy." - Syngene International CEO Jonathan Hunt

Apart from the impact that such a career could have on society at large, it's also well paying. "It's financially lucrative. Our top scientists earn more than software coders, doctors or engineers. But that's not necessarily what's thought within young people when they are choosing their career options," he added.

"If we're really going to innovate, I want the smartest kid in class in my labs and I want them collaborating with the equally smart kid in the US, Europe or wherever because it needs a global network to crack such problems. If you're unraveling the mystery of a disease that nobody's ever cracked before, you are right on the leading edge of innovation, and we need to encourage the very best of us to be doing that," he emphasized.

The youngest on the panel, Aurigene's CEO Akhil Ravi pointed out the importance of mentoring. "On the point of leadership, I would say you also need mentors, ourselves individually, as well as

the teams who are working with us to shape the industry.” (Also see "[Merck As Anchor, Scale As Lever, Aurobindo Looks To Spar With Lonza, WuXi Group](#)" - Scrip, 23 Nov, 2023.)

Among other suggestions was to increase gender diversity and to step up recruitment from smaller towns and lesser-known educational institutions, as a means to overcome a talent shortage.

The Techvantage

Innovation in pharma is driven by three parameters, Sai's Gudlavalleti said, listing speed as the first "because patients are waiting" and until a product gets to market, "every dollar you spend is not liquid."

Risk management and an ability to ramp up are the other two factors, he added. "As we know, a significant percentage of bets do not play out. So, any way that you can de-risk your bet as an innovator is something that you're looking for. Each of us [CRDMOs] has worked with a variety of innovators and technologies, so we probably are at the cutting edge by learning from all the other customers and partners that we work with," he reasoned.

The natural choice for pharma firms then is to approach partners who have already experimented with and learned about the technology they wish to use. (Also see "[Doing It The Nike Way – Novartis, AstraZeneca On Making The Metaverse Work](#)" - Scrip, 12 Oct, 2022.) (Also see "[Strides Sees \\$300m Peak Revenues From CDMO GLP-1 Partners, Sells Singapore Unit At Loss](#)" - Scrip, 6 Nov, 2023.)

Technology poses the risk of disruption in the sector and it's important to stay on top of advanced technologies, digitization and automation "because at some point it is possible for someone to offer exactly what we do at a quarter or half the price without cutting prices but actually being innovative in the way they do that."

It could also be used to solve a shortage of talent, Gudlavalleti added. "For example, there's so much report writing that happens in our businesses, people have to tabulate data, report data. There's so much data analysis that happens. You can do away with all of that by using technology, right?"

Scrip Asks...What Does 2024 Hold For Biopharma? Part 4: Transformative Technology

By [Eleanor Malone](#)

30 Jan 2024

More than 75 industry executives and experts gazed into the crystal ball and shared with *Scrip* their predictions around transformative technologies. Perhaps unsurprisingly, AI was the dominant theme – but gene editing, cell therapies and new targeting modalities were also among the highlights.

Generative artificial intelligence is increasingly being used by leading pharma companies for such routine tasks.

[Read the full article here](#)

(Also see "[What's In Store For CROs, CDMOs – "Stay In Your Swim Lane", Consolidation, Divestitures](#)" - Scrip, 7 Nov, 2023.)

The Non-Negotiables

While Aragen's Kantipudi repeatedly said the issue of intellectual property (IP) is not a limiting factor since it's adequately protected by Indian companies, he also pointed out that unscrupulous players who don't respect IP could be a risk to the industry's growth.

"As long as the IP is held by the pharmaceutical company, they are comfortable doing this [outsourcing]. This is not optional, it's becoming mainstay," he added. (Also see "[Lilly CEO: Affordable Generics And IP Support 'Not Incompatible Ideas'](#)" - Scrip, 1 Mar, 2024.)

Hunt said the industry needs to move away from a mindset of making the cheapest product to the best product. "We need to transition into a bit of ambition, I don't want to be almost as good but a bit cheaper, I just want to be better. And for that, you've got to put the capex [capital expenditure] on the ground, you've got to have support from shareholders and investors and you've got to be willing to go to the front of the queue."

Speaking on capabilities required to grow, Aurigene's Ravi pointed to talent, investments in world class infrastructure, focus on quality, approval by regulators and a focus on sustainability as just "ticket to play" requirements, the "reason why anyone can even play this game." (Also see "[India Pharma Action: GMP Enforcement, CDMO Rage And Private Equity Interest](#)" - Scrip, 24 Jan, 2024.)

"To enable this, you need risk capital, which is an entrepreneur's job, right? It is not anybody else's job to do it," he added.