

Breaking News on Outsourcing Pharma

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CROs must play greater development role

By Gareth Macdonald

09/06/2008- **In the future, drug firms will expect Asian contract research organizations (CRO) to offer improved discovery, development and management capabilities, according to Commonwealth Biotechnologies (CBI) CEO Paul D'Sylva.**

Dr D'Sylva was talking at the 2nd annual Global R&D Congress in Washington DC. He said that *"simply adding affordable capacity by outsourcing to Asia is no longer sufficient,"* and that drug companies are increasingly asking *"CROs to provide more value by operating as full collaborators, with integrated service offerings, the ability to innovate and solve problems."*

While global drugmakers have been quick to turn to Asia for cost-effective manufacturing solutions, problems associated project management, particularly a lack of understanding of the demands of the pharmaceutical market, have begun to negate some of the financial benefits.

D'Sylva argued that *"managers with extensive Western pharmaceutical research and development experience"*, would be increasingly sought by drug companies wishing to outsource to the region.

Earlier this year a Frost and Sullivan report predicted that the Asian CRO sector, which generated revenues of \$1.2bn in 2006, will be worth around \$2bn by 2010. The study forecast that while India and China would maintain their dominance of the sector, CRO's in countries like Australia, Taiwan, Hong Kong and South Korea will increasingly challenge this position.

Venturepharm (Asia) targets \$8bn discovery chemistry market

In May, CBI teamed up with Hong Kong-based pharmaceutical development specialist Venturepharma Laboratories to set up an integrated drug development joint-venture in China.

The new company, Venturepharm (Asia), will be headquartered at a 150,000 square foot R&D facility in Jiangsu province on the country's east coast. Funding is being provided by both VPL and the Chinese government, while CBI's Exelgen and Mimotopes discovery groups will help guide the construction and development of new production capacities.

Venturepharm (Asia) will initially focus on providing state-of-the-art discovery chemistry services for the drug industry, which is a market worth around \$8bn a year according to a recent study by Kalorma Information. The new organisation is expected to recruit up to 200 chemists and begin operations sometime in the third quarter.

Eventually however, CBI hopes to fully integrate Venturepharm (Asia) into its network of global production facilities. The firm said that the organisation will employ the same production, inventory management, quality assurance (QA) and quality control (QC) systems that are used in its other factories.

Commenting at Venturepharma (Asia's) launch, D'Sylva said *"we believe that the need for increasing numbers of drug candidates and the tight economic conditions in the US have prompted pharma and biotech companies to increasingly use reliable, cost-effective outsourcing to drive their drug discovery programs."*

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