

Biomedical sciences to focus more on research, medtech

Industry observers see investments in production facilities slowing

By CHEN HUIFEN

THE biomedical sciences (BMS) industry is tipped to see more focus on research tie-up and medical technology in 2010, while investments in drug production eases.

Industry observers say investments in production should slow down as major drug players, after a series of mergers and acquisitions, continue to consolidate their operations worldwide.

But the drug majors are likely to keep spending on research and development – and they will recognise Asia as a rising hot bed of innovations.

"We expect 2010 to be a year of collaborative growth for the Asian BMS market," says Abhijit Ghosh, pharmaceutical & life sciences leader at PricewaterhouseCoopers Services LLP Singapore.

"BMS and pharmaceutical players should explore working with academic institutions, hospitals and technology providers, which will fuel the appetite for more mergers and acquisitions in Asia."

More and more clinical trials are expected to be conducted and cross-border R&D collaboration between Asian and foreign companies are likely to rise, he says.

"From Singapore's per-

spective, we can expect more foreign direct investment (FDI) from clinical research organisations and medical device manufacturers and distributors," Mr Ghosh says.

Echoing him, Simranjit Singh, Frost & Sullivan's Asia-Pacific healthcare practice director, says: "Over the past decade, the rise of Asia as an important location for 'innovation off-shoring', has challenged the notion that the US will remain the innovation capital of the world.

"Companies need to set their strategic sights on a future world where Asia is not going to be just a market, or an outsourcing centre, or a manufacturing powerhouse, but also a key component of drug discoveries and high-end innovation as well."

The trend is already clear in Singapore. Where FDI announcements in previous years were dominated by massive dollars pumped into pharmaceutical manufacturing plants, many new FDIs announced in 2009 were for setting up or expanding R&D.

The money that went into production plants were mainly for medical technology devices.

Schering-Plough Corp opened a multi-million dollar Translational Medicine Research Centre in January 2009. The facility is capable of handling 20-30 clinical trials a year when fully operational.

In the same month, Abbott opened a US\$5 million R&D centre in Singapore –



Growing range: More clinical trials are expected to be conducted and cross-border R&D collaboration between Asian and foreign companies are likely to rise, says Mr Ghosh, pharmaceutical & life sciences leader at PWC

its first laboratory in Asia – to carry out analytical research and stability studies. Following that, Takeda opened a research centre here to coordinate clinical trials in the region.

Contract research organisations (CROs) were also in expansion mode, with the likes of Quintiles, ICON and PPD increasing their operations here or building new laboratories.

On the manufacturing front, there were few new announcements other than Baxter International's new biologics plant.

But at least four major plants – of GlaxoSmithKline, Abbott, Roche and Lonza – were rolled out in 2009. Their in-

vestments were announced in previous years.

The medical technology segment fared better, with a slew of new announcements on manufacturing sites. Alcon, Medtronic, 3M Drug Delivery, Agilent and Illumina stepped up their operations during the year, creating a significant number of jobs in the industry.

Reflecting a rising interest in Singapore's R&D capabilities, National Cancer Centre Singapore (NCCS) director Soo Kee Chee says academic institutions here are starting to lead clinical trials for private sector drug firms.

His centre, for instance, is helping a pharmaceutical

firm to coordinate a regional trial that will involve at least 22 institutions from 12 countries.

The pharmaceutical company is providing the tested drug free.

NCCS is also talking to a Danish biotech firm to carry out a phase 3 trial on a cancer vaccine.

If it goes through, the project would be the first phase 3 trial – which is critical for regulatory registration and market entry – on a cell therapy product conducted out of Asia.

"It's a big deal to say that Singapore can develop a drug right from the animal model, all the way to phase 3 registration – it's

a very big deal," says Toh Han Cheong, head of medical oncology at the NCCS. "My sense is that, that's an ambition that the country may like to have . . .

"But I think the fact that we can partner so many different private organisations to build up these capabilities means that we are already moving ahead in terms of our aspirations," he added.

Overall, 2009 has not been all that bad for the local BMS industry, despite the global recession.

"The cumulative output of the biomedical manufacturing cluster from January to November 2009 increased 13.9 per cent compared to the same period in

Key highlights of 2009

Local success

- S*Bio sells licensing rights to two of its cancer drugs to Onyx Pharmaceuticals for US\$550 million
- S*Bio in another multi-million dollar licensing deal, with Tragara Pharmaceuticals for compound SB1317
- SingVax merges with Inviragen and closed \$15 million of Series A financing

Mega mergers of big pharmas with a presence in Singapore

- Pfizer merged with Wyeth
- Merck & Co merged with Schering-Plough
- Roche bought the balance of Genentech

FDIs in biomed R&D in Singapore

- Jan** - Abbott opens US\$5 million R&D centre
- Feb** - Schering-Plough opens first Translational Medicine Research Centre at Biopolis
- Feb** - Abbott announces new Asia-Pacific Nutrition Science Research and Development Centre
- June** - ICON Central Laboratories expands to a new 9,000 sq ft site
- July** - Takeda opens clinical research centre
- Sept** - PPD opens global central lab
- Sept** - Waseda University sets up Waseda Bioscience Research Institute in Singapore
- Oct** - 3M Drug Delivery Systems opens new Singapore lab
- Nov** - Quintiles expands lab and consolidates local offices

FDIs in biomed manufacturing in Singapore

- Feb** - Illumina sets up US\$20 million micro-array manufacturing plant
- Apr** - Baxter announces bio-pharmaceutical manufacturing plant, to start in three to five years
- May** - Alcon breaks ground for first Asian manufacturing plant, estimated at US\$160-200 million
- June** - Affymetrix consolidates manufacturing in Singapore
- June** - GlaxoSmithKline opens \$600 million vaccine plant (announced in 2006)
- June** - Agilent Technologies opens life sciences instruments plant
- Sept** - Lonza breaks ground for 30 million Swiss franc cell therapy plant
- Oct** - Medtronic announces \$80 million pacemaker factory
- Nov** - Roche opens US\$500 million biologics manufacturing plants (announced in 2007)

2008," notes Frost & Sullivan's Mr Singh.

"Over US\$1 billion worth of new investment flowed into the BMS industry in the market segments of biologics, CRO/central labs, medical technologies and healthcare IT," he said.

"This industry growth reflected the global paradigm shift of pharma and medical technology MNCs to increase their investments in Asia and shift the balance of power from economically volatile North America and Europe."