Scrip
Informa Pharma Intelligence

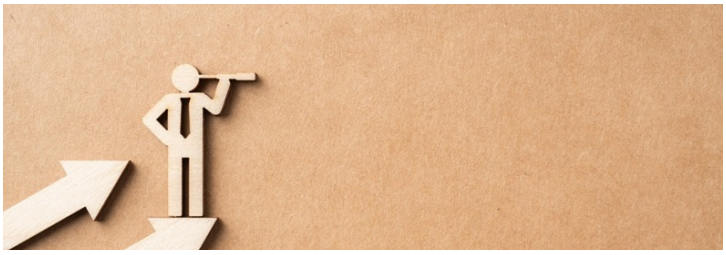
India CEOs On Automated Plants, New Modalities, Tackling 'The Great Talent Reshuffle'

14 Mar 2022 | **ANALYSIS**

by Anju Ghangurde | @ScripAnjuG | anju.ghangurde@informa.com

Executive Summary

The top leadership of Cipla, Dr Reddy's Laboratories, Zydus Cadila, Sun Pharmaceutical Industries and Lupin discuss automation roadmaps, strategies for a play in new modalities and talent acquisition and retention amid the global "great resignation."



INDIA CEOS DISCUSS KEY TRENDS *Source: Alamy*

CEOs of front-line Indian pharma firms deliberated at a recent summit some of the key trends set to define the future of the industry, including digitization and automation of operations, new modalities and tackling the "great talent reshuffle." (See Side Box)

With the pandemic having accelerated digitization across the sector, most Indian drug makers now appear to have a clear digital and automation roadmap in place.

“Touchless” factories is where things are going, declared Cipla Limited's global CEO and managing director Umang Vohra at the recent Global Pharmaceutical Quality Summit organized by the Indian Pharmaceutical Alliance, which represents leading Indian firms.

Vohra indicated how automation is moving well beyond just plants, with a huge focus within Cipla to on activities at its labs. (Also see "Cipla COO On Joining The Revolution In Manufacturing " - Scrip, 9 Apr, 2019.)

“When we began to speak to people, we realized that the focus and the trend is more on-time, real-time type of testing, which means you don't even need to take a sample to a lab, you can actually test it on your own line. That's the future, which we hope can pan out in the industry,” Vohra noted in a panel discussion moderated by McKinsey & Co. chairman (Asia) Gautam Kumra.

Theme Of Miniaturization

Cipla’s CEO also referred to the “theme of miniaturization,” wherein traditionally a significant part of the footprint of manufacturing facilities has been very large, whether it’s active pharmaceutical ingredients (APIs) or formulation facilities - but that could change in the future.

“These technologies allow us to condense a lot of that into smaller and possibly more manageable units and I think that's the other trend. The plants of the future will look very different, both in terms of their footprint in terms of the people required and the systems required to keep them up,” Vohra predicted.

The Great Resignation, Talent Reshuffle

CEOs of leading Indian drug makers, at the IPA Summit weighed in on a pressing issue – the one around talent acquisition and retention amid the "great resignation" being witnessed globally across sectors and accentuated by the pandemic.

McKinsey & Co. chairman (Asia) Gautam Kumra, who moderated the CEO discussion at the summit, observed that globally lot of top executives are worried about what it takes to attract, retain and develop talent, with some perturbed by the “energy that is going into just retaining and holding on to people.”

The Harvard Business Review (HBR), quoting US Bureau of Labor Statistics, has noted that four million Americans quit their jobs in July last year, with an unprecedented 10.9 million open jobs at the end of that month. Resignation rates were the highest among mid-career employees and in the tech and health care industries, an HBR article last September said.

Among a string of observations at the IPA session, Cipla’s global CEO Umang Vohra emphasized that millennials make decisions very differently from those before them and attracting talent would need

Zydus Cadila chairman Pankaj Patel indicated that the company is looking to build a finished dosage form site which is "highly" automated.

"A fully automated plant for formulations is a dream. But I think the first step will be a 'maximum' automated plant and then we'll do something which is like fully automated," Patel said at the session.

The company's goal is to build such a plant, which it hopes to commission "soon" and could be the first step towards getting into automation for finished dosage forms.

On the APIs front, Zydus Cadila is looking at bringing in newer technologies, while also driving further momentum in the biosimilars business.

Achilles Heel Of Industry

While firms make strides towards the automation of facilities, top executives also touched upon certain systemic weaknesses that need attention upfront.

Dr. Reddy's Laboratories Ltd. co-chairman and managing director, G V Prasad, emphasized that if the Indian industry wants to automate systems, digitalize them and use the data to generate insights, it also needs the underlying processes to be highly developed.

"This is the Achilles heel of industry. Most of our processes are developed in the past; the understanding of processes is not deep enough and this causes considerable losses in the manufacturing system," Prasad said at the virtual event.

The executive stressed the need to get those aspects right - a deeper understanding of processes, "mastering them, and then digitalizing them. Otherwise, if you digitalize or you automate an inefficient process, you will have an inefficient computerized process. The first thing is to fix those things."

Digital transformation also requires some other core components, including the right people who understand the process, as well as the technology, understanding how algorithms work and how they generate insights, what the "cause and effect is - a lot of such things. So you need deeper expertise; you firms to be a "bit more friendly" to how their decision-making and "psyche" work.

About 10 years from now, these millennials are going to be the workforce and organizations have to get ready to offer some flexibility on how they think and work, whether in labs, plants or the field, he stressed. "I think that's a big seismic shift we all need to address," Vohra said.

A thriving private equity environment also means talent has various opportunities and higher wealth creation potential. Cipla, for one, is trying to see how careers can evolve and how it can compensate this with wealth creation and also facilitate capability-building.

Dr Reddy's co-chairman and managing director, G V Prasad, had a distinct take and suggested that pharma could look at tapping talent from other sectors. He went on to cite Vohra as a "prime example" - the executive had moved to Cipla from Dr Reddy's but had prior stints with PepsiCo and Eicher Motors.

"Very proud of him; so in that sense if we take risks of talent it can benefit the entire ecosystem. Our manufacturing head came from the FMCG [fast-moving consumer goods] sector. So it's possible to get talent from other sources, just not the pharma industry," Prasad said.

"It's been a good experience for us doing that; of course, some jobs require specialized skills but many of the leadership roles, you can take some chances."

Zydus Cadila's chairman, Pankaj Patel, referred to the "musical chairs" witnessed for some of the jobs in the industry and suggested that part of the solution lay in developing talent and providing opportunities for people within the organization. That would require "coaching" these people and deciding "who can go coach them" to take higher responsibility.

"Can we hire consultants from abroad to come and train them to get those skills which might be missing, fill those gaps and create an internal

need centers of excellence in the organization, which can make this come alive."

Industry leaders too need to turn digital savvy, Prasad emphasized, adding that it was imperative to drive good processes, understand simplification and the user experience.

"Science and common sense, all of this have to come together to make this work. The real challenge is finding talent, who are not superficial, will stay with the organization and help navigate these complex challenges," Prasad said.

New Modalities, 'Fast To Catch Up'

McKinsey's Kumra also posed a question to the Indian CEOs around the emergence of new modalities, including those around cell and gene therapies and technologies and the implications on their companies from an operations and capability standpoint. (Also see "J&J's Gorsky Puts Spotlight On Big Picture Potential Of Asia, New Technologies" - Scrip, 7 Mar, 2022.)

While the CEOs had a wide array of viewpoints, the tenor was generally forward-looking. (Also see "Respiratory Plus: Cipla Shapes Future In New Age Platforms, Devices, Diagnostics" - Scrip, 18 Jan, 2022.)

Zydus Cadila chief Patel indicated that some Indian firms are already investing in or looking into these new areas "very actively" and drew parallels to how in the past people were skeptical and suggested that biological drugs would be difficult to make.

"Almost 30 biosimilars are manufactured in India - most of the important ones which are patent-expired are all produced in India now and they are available at a fraction [of the innovator price], benefiting patients," he pointed out.

He believes that Indian industry would continue to do that part "smartly" but would move forward and get into the new areas as well. "The way science has developed, the way technology is now available, it is possible that in all of these newer areas, we may not be pioneers but we'll be fast to catch up," Patel declared.

The emergence of new modalities, including those around cell and gene/RNA therapies and technologies, are expected to drive around 40% of the global pipeline going forward. Global sales of cell and gene therapies are forecast to scale the $60bn level by 2030. (Also see "McKinsey Exec On Technology Trends Reshaping Future Factories" - Scrip, 9 Mar, 2022.)

Others like Sun Pharmaceutical Industries Ltd. managing director Dilip Shanghvi stressed that it's not a question of if but when Indian firms transition more widely to the innovation business, "where a few of the products developed by these companies become available and are approved to be marketed globally."

Shanghvi believes that once a few products are successful, it will trigger much bigger "excitement and also a desire from others to participate in the same success."

pipeline? I think that's the only way ultimately we can resolve this issue and that's what we as an organization are trying to," he maintained.

Developing India's talent pool and also attracting high-quality personnel back home, akin to China's "Thousand Talents" program, has been a key theme of discussion by industry heads over the recent past as well.

India, they believe, would need to adopt innovative ways to attract global talent to return to the country, with enabling policies backing those efforts. (Also see "India's 'Thousand Talents' Moment And Models To Shift Gears In R&D" - Scrip, 24 Nov, 2021.)

There have been signs of growing interest in India in cell and gene therapies, though things are generally still in the early stages. For instance, last year local company Laurus Labs Ltd. snapped up a 26.62% stake in Immunoadoptive Cell Therapy Pvt. Ltd. (ImmunoACT), which hopes to launch a CAR-T therapy and has a candidate currently in clinical trials for specific types of hematologic cancer.

Dr Reddy's has also dipped its toes in the CAR-T cell therapy segment via a deal with China's Shenzhen Pregene Biopharma. The Hyderabad-based company has an exclusive license in India for PRG1801, Pregene's single-domain, antibody-based anti-BCMA CAR-T cell therapy injection for multiple myeloma. (Also see "Early Indian Promise For A Cut-Price CAR-T Therapy" - Scrip, 7 Oct, 2019.)

Collaboration Model

Cipla's CEO added another dimension to the discussion, noting that while on the generics side of things most of the technologies were developed internally by Indian firms, in the case of the new modalities, companies were perhaps at a stage where the gap between "where we want to be and where we are today" has to be bridged much faster.

"I don't think we're going to go through a cycle where we will internalize a lot of this to begin with, like the last wave of innovation that happened, but try and leapfrog in it through some kind of collaboration or partnership because these technologies are very different than what we all know," Vohra predicted.

In addition, the talent availability for some of these technologies in India is also "fairly limited," he added. "That ecosystem doesn't exist today. So I think a lot of these models will be more collaboration/partnership-oriented and we are certainly looking at some of these, but it's not an easy step to take," he added.

Conducive Ecosystem, 'Magic To Be Realized'

The top leadership at the other Indian firms echoed the need for a conducive ecosystem in India to drive innovation at scale around these new technologies. (Also see "The Next Frontier: How India Could Up Its Game In Biopharma Innovation" - Scrip, 22 Nov, 2021.)

Lupin Limited's managing director Nilesh Gupta said that he sees a "two speed model" evolving - one in which firms "innovate for the world" where they collaborate with "whoever's the best in the world to do it" and that innovation may or may not happen in India. "But it will be for the world and Indian companies will be a part of that," he said.

The other part is the opportunity for Indian firms to innovate and bring low-cost solutions for using the best technologies.

"So everything from gene and CAR-T therapy...early days but you see companies going down that path and that's actually great for India and other countries like India. Eventually, somewhere, those two lines will merge and you have even more innovation coming out."

Dr Reddy's co-chair Prasad was more direct, noting that the ecosystem in India is not very good for clinical trials and the regulator at times "takes

India Proposes Faster Approvals, Bayh-Dole-Like Policy To Spur Innovation

By Anju Ghangurde

02 Nov 2021

India's draft policy to catalyze R&D and innovation seeks to create a "regulatory bias" towards innovation and aims to cut approval timelines sharply, among a raft of other proposals that include enabling differential pricing for "innovation with therapeutic benefits." The *Pink*

forever" to approve things, making it difficult to leverage industry's ability to do large trials.

Costs in India are low, the hospital system is very advanced, but "somewhere the regulatory system needs to be more conducive to encourage a large number of trials," Prasad noted. The cost of creating infrastructure for biologics in India is significantly lower than global numbers, and also the ability to innovate at lower costs, he added.

Sheet explores multiple nuances of the plan with industry experts.

Read the full article here ›

"We have the elements to bring this together. All it needs is some good political will, regulatory support and of course funding by companies like us. The government has recognized the strategic importance of a strong pharmaceutical industry in India. I think that's something…there is magic to be realized."

Last year, India unveiled a draft policy to catalyze R&D and innovation which seeks to create a "regulatory bias" towards innovation and to cut approval timelines sharply, among a raft of other proposals including enabling differential pricing for innovation with therapeutic benefits.

It also expects to enable a "facilitatory ecosystem" to propel innovation and cross-sectoral R&D.