



## Life Sciences in India: Reaching New Heights

In November 2008, Korn/Ferry International held an executive forum in Mumbai to discuss the challenges and opportunities for life sciences companies in India, including how to quickly crystallise global trends and adopt best practices. This paper summarises the key discussion points as well as views from panellists comprising top executives from local and multinational pharmaceutical organisations. The panel was moderated by Mr. Jay Kizer, Global Managing Director of Korn/Ferry International's Life Sciences practice.

### A Landscape of Challenges and Opportunity

There is no doubt that the beginning of the Product Patent Era in 2005 led to a renaissance of the pharmaceutical industry in India. Leading Indian pharma majors began placing greater emphasis on research and development while MNCs returned to the fold with ambitious plans to build market share and brand presence.

A large part of India's attractiveness stems from the sheer size of its demographics. According to Anil Matai, CEO of Novartis' pharma business in India, "65 percent of the market is virtually untapped because the current infrastructure only enables us to reach 30 to 35 percent of the population." Sanjeev Shishoo, ROFE (Region of Far East) - Vice President, for Novo Nordisk Pharma, echoed the point, noting the "improving microeconomic situation" in India has led to greater affordability and access to pharmaceutical products. Taking into account the current per capita spend on medicine in India of about seven dollars and the projections for demand in emerging countries, it is easy to see the tremendous growth opportunities.

While the future looks bright, the challenges remain varied. From lack of clarity in terms of what is patentable, to infrastructure and policy issues, the journey to success is fraught with obstacles. The biggest challenge remains one of talent management. The severe dearth of talent facing the industry currently means that companies have to pragmatically decide how best to manage and leverage the talent that they have, understanding that the education system may only be able to plug the demand and supply gap in 10 years rather than two.

In addition, companies now face greater complexity in integrating different global cultures as a result of rapid inorganic growth and acquisitions. As pointed out by Sanjay Murdeshwar, Managing Director, Bayer Pharmaceuticals Pvt Ltd, "The challenge remains how to leverage our global portfolio and knowledge and add value to the patients in India with a distinct Indian flavour and conditions."

**"There are still a few ambiguous areas [on the Patent Act] but I see significant clarity emerging in the next one to two years on quite a few aspects, which will have a significant impact on the landscape of the India pharma industry."**

**Anil Matai, CEO, Pharmaceuticals Division, Novartis India Limited**

**"Not being in India is not a choice anymore. The global healthcare industry has been evolving over the last five to ten years...and every healthcare company is now looking for newer growth opportunities."**

**Sanjay Murdeshwar, Managing Director, Bayer Pharmaceuticals Pvt Ltd**

Dr. Bhunesh Agrawal, Chairman & Managing Director India, Roche Diagnostics noted that executives in the industry also needed a change in mindset requiring them to be more "process minded," and expand their thinking beyond the confines of their region or India and think about what it truly means to do business on a global context.

The market of having patented products means that companies can no longer rely on the current marketing capabilities of brand building but must include more scientific selling skills and build the capabilities for partnering – with both privately held companies and with the government, especially to provide the infrastructure.

There have also been calls for the government to step up investment in healthcare and infrastructure. One way is by partnering with private companies to improve healthcare and knowledge about the products within certain states. For example Novo Nordisk has signed a memorandum of understanding with the government in Goa to improve diabetes care – moving from a role of pure seller to one of solution provider.

Lastly, the final challenge is one of investment – convincing global headquarters to invest in India. Though they have apprehensions on the lack of clarity on some aspects of the Patent Act, companies here are optimistic that issues will be ironed out, paving the way for greater investment and growth. India is still seen as one of the last frontiers for global companies, after countries such as Brazil and Russia, with a strong market share and a captive market of over 1 billion people.

Drivers of Growth	Challenges
<ul style="list-style-type: none"> <li>• Demographics and Affordability</li> <li>• Patented Regime</li> <li>• Innovation in terms of market development e.g. diabetes and heart disease</li> <li>• Growth in healthcare and insurance services</li> <li>• R&amp;D and Outsourcing</li> </ul>	<ul style="list-style-type: none"> <li>• The War for Talent</li> <li>• Infrastructure</li> <li>• Ambiguous policies</li> <li>• Inward looking mindset</li> <li>• Government investment in healthcare</li> <li>• Funding and investment</li> </ul>

### Tackling the Erosion of Talent

The issue of talent is especially acute in the life sciences industry in India which has to compete for talent with BPO and call centres. While remuneration, especially starting pay for fresh graduates, was raised as an issue, forum participants highlighted a few other initiatives to tackle the “erosion of talent.”

First was the need for training and development, especially in the areas of sales productivity. The second was high attrition rates and the need to develop ways of attracting, developing and retaining staff. Companies need to bring a certain degree of “comfort” to the job – making the job more dignified and helping executives develop a career via training, technologies or methodologies. In addition, top managers need to ensure they have a constant dialogue with their teams. Outlining and communicating a shared vision and a common goal also goes a long way in ensuring that employees remain invested.

**“Talent in India is not available in the quantity that is required. So the biggest internal issue remains: how do you attract, develop, retain the talent and ensure that it stays with the company?”**

Another key to ensuring success is finding a foothold on the global stage. The industry’s traditional focus on generics and ‘reverse engineering’ in India has limited the amount of innovation and research and development done there. However, with the expansion of its patent protection system, India is slowly gaining a reputation as a R&D hotspot and global competence centre for Western companies.

**Sanjeev Shishoo, ROFE (Region of Far East) - Vice President, Novo Nordisk Pharma**

Having built an image as the “cheapest producer by launching many products,” the goal now is to make strategic investments in the areas of technology, sales and marketing to develop brands and provide services to customers that will ultimately enable India to move further up the global value chain.

### Top Talent Management Challenges

- Talent Availability – Developing leadership for the future and ensuring supply is able to fuel the growth
- Creating Sufficient Bandwidth – Ensuring there is sufficient work to meet the demand for talent
- Team Alignment – Aligning people and companies to an overall vision and goal amidst globalising business models
- Execution Ability – Continuous learning and new efficiencies
- Culture – Understanding cultural issues and culture development
- Attrition and Talent Erosion – Losing people to other BPOs, call centres and other industries

Paresh Vaish, Partner & Director of The Boston Consulting Group, India believes that the country has a big role to play in terms of contributing to the global pharmaceutical puzzle. Addressing the problem of declining research productivity will provide Indian companies with greater opportunities and drivers for growth. According to Paresh, “Being much more systematic in terms of the way Indian companies go after domestic market opportunities, for example in the way companies approach sales force effectiveness, will lead to much higher growth than today.”

## Taking India to the rest of the world

Indian pharma companies are well-poised to make their mark on the world. In these turbulent times, the sector has shown comparative resilience as the domestic pharma market continues to experience healthy growth and demand for generic medicines in international markets continues to rise.

The growing incidence of lifestyle diseases, large market of untapped customers, rising disposable incomes, greater penetration of health insurance and expanding medical infrastructure will continue to drive growth in the domestic Indian pharma market and fuel the R&D imperative. In addition, the country's intellectual and scientific talent is second to none while the U.S. and MNCs continue to be attracted to the market from an innovation and outsourcing standpoint.

The most pressing imperative remains the need to address significant talent gaps. Finding suitable people, retaining the talented and creating a strong pipeline of leaders who can take on new and future challenges is the only way India can keep its competitive advantage over the next decade and capitalise on global opportunities.

**“I see some of the greatest opportunities for India moving towards this global mentality, growing from reverse engineering to innovation. I really think that the intellectual talent is here, the opportunities are here to be grabbed, and the workforce will spur this country to really become a world leader over time.”**

**Jay Kizer, Global Managing Director of Korn/Ferry International's Life Sciences practice**

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### About Korn/Ferry International in India

With more than 90 offices in 40 countries, Korn/Ferry International (Korn/Ferry) is a premier global provider of talent management solutions and has been ranked the number one executive search firm in the world for the past three years. Headquartered in Los Angeles, the Firm has operated in India since 1995, and currently has offices in Bangalore, Gurgaon and Mumbai, from which it serves its extensive client base nationwide. For more information on Korn/Ferry's Life Sciences practice in India, please contact Madhav Sharan at [madhav.sharan@kornferry.com](mailto:madhav.sharan@kornferry.com) or visit [www.kornferryasia.com](http://www.kornferryasia.com).

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