

## Fourth Convocation and Seventh Foundation Day

### Institute of Pharmaceutical & Healthcare Management and Research

December 18, 2010

Kolkata, India

#### **Speech:**

##### **Envisaging 'Six emerging key strategic changes' in the Indian Pharmaceutical Industry**

I envisage the following six key strategic trends, slowly but surely emerging in India, over a period of time:

1. The country will gradually move towards an integrated and robust healthcare financing system, ushering in the dawn of a new paradigm when:

- Doctors will no longer remain the sole decision makers for the drugs that they will prescribe to the patients and the way they will treat the common diseases. Healthcare providers/ medical insurance companies will start playing a key role in these areas by providing to the doctors well thought out treatment and prescription guidelines.
- For a significant proportion of the products that the pharmaceutical companies will sell, tough price negotiation with the healthcare providers/ medical insurance companies will be inevitable.
- Health Technology Assessment (HTA) or 'Outcome Based Pricing' model will play an important role in pricing healthcare products.

2. An integrated approach towards disease prevention will emerge as equally important just as the treatment of a disease.

3. A shift from just 'brand marketing' to marketing of a bundle of value added comprehensive disease management processes along with the brand, will gradually be the order of the day

4. Over the counter medicines, especially, originated from natural products for common and less serious illness, will curve out a larger share as appropriate regulations are put in place.

5. Regulatory environment within the pharmaceutical industry will be much more stringent.

6. Contrary to the expectations of many, valuation of the domestic pharmaceutical companies will continue to remain high, which, however, will not pose any serious impediment to the consolidation process in the industry

With these emerging trends, required wherewithal in the ball game of the Indian pharmaceutical industry, will be quite different. In the evolving scenario, it may not be easy for the domestic players to adapt to all these changes sooner and compete with the global players on equal footing. Those Indian Pharmaceutical companies, who are already global players in their own rights, would be able to understand the nuances and implement them better in the new paradigm. These players, I reckon, would offer a tough competition to the global players, especially, in their own turf.

However, so far as other medium to smaller local players are concerned, the new environment could prove to be quite challenging, which in turn, could further accelerate the consolidation process in the Indian pharmaceutical industry of the country. Thus, the 'writing on the wall' appears to be - 'understand the trend and start preparing from now on' or 'perish'."