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CMOs look towards Asia to reduce cost by 50%

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Biopharmaceuticals to boost downstream processing in Asia

Singapore: Global contract manufacturing organizations (CMOs) are set to steadily become more and more popular, as Western pharmaceutical companies outsource production to Asian countries in a bid to cut costs, estimates a new report by healthcare experts GBI Research.

The report cites that the overall cost of drug manufacturing is up to 50 percent cheaper in India than in Western countries, which is pushing big pharma to set up shop in India.

Major CMOs offer upstream and downstream manufacturing functions equally; and, in addition to manufacturing in biopharmaceutical production, they also offer clinical trials, logistics, packaging, and even marketing. According to the industry experts, manufacturing functions dominate almost 60 percent of the CMO market, with downstream processes accounting for 50 percent of the manufacturing process.

GBI Research also suggests that the CMO market size for downstream processing is set to grow at a compound annual growth rate (CAGR) of 15.1 percent, which is higher than the growth of the overall CMO biopharmaceutical market, due to the approval of biosimilars in the downstream industry. This is is expected to drastically increase the future demand for equipment and reagents.

In spite of high drug prices, biopharmaceutical firms are not currently able to fulfil high market demand, and once these prices come down, demand will grow at a much faster rate. The increased use of disposables in biopharmaceutical manufacturing is also boosting the downstream market, as reductions in capital and cleaning costs for pharmaceutical companies turn profits for CMOs.