



Funds beneath its wings, Indegene looks to soar, solving sales problems for Pfizer, Amgen et al.

Manish Gupta, co-founder and CEO, Indegene; image credit: @Indegene via Facebook

Synopsis

With the pandemic fast-tracking tech adoption, Indegene is poised to harness the opportunity of driving the digital transformation of the life-sciences industry globally.

By Isha Trivedi and Jochelle Mendonca

It takes years and billions of dollars for a pharmaceutical company to develop an innovative drug, but commercialisation of drugs is also an investment-heavy affair.

According to an analysis by consulting firm McKinsey, commercial function accounts for almost 40% of operating costs of leading global pharma companies, and sales force remains the biggest driver of commercial spends. McKinsey estimates spend on global pharma sales force at USD40 billion in 2018.

Enter Indegene. This Bengaluru-based company helps global pharma companies engage with their customers and regulators in a more efficient and cost-effective way through digital technologies. While its key focus is to provide services and solutions for pharma sales and marketing, Indegene also works with companies in their medical affairs, regulatory, and R&D operations.

While the company has been around for over 20 years, the majority of its growth has come only in the last decade. That's because pharma companies have lagged in adopting digital technologies. Even when they did, their digital initiatives were small.

Indegene focuses on the pharma industry and competes with life-sciences or healthcare verticals of traditional IT companies as well as pharma-market data aggregators like IQVIA and consulting firms, including ZS Associates. Its biggest market is the US.

While the largest IT-services companies are leaders in the space,

Indegene Pvt Ltd: financials

	FY16	FY17	FY18	FY19	FY20
Revenue	344	472	475	553	651
Net profit	35	39	4	14	37
Ebitda margin (%)	15.1	15.0	5.9	7.6	12.7
Employee costs	183	265	317	367	407
Employee costs as percentage of sales	53.2	56.1	66.7	66.4	62.5



Five-year CAGR

Revenue: 13.6%
Employee costs: 17.3%

Revenue expectation

USD89 million in FY20
USD130 million in FY21
USD200 million in FY22



*Figures in INR crore unless otherwise mentioned
Source: Ministry of Corporate Affairs; ET Prime Research*



research firm Everest Group considers Indegene as a “major contender”. In Everest’s methodology, a major contender is one that offers the leaders stiff competition by making high-profile investments and meaningful partnerships around digital offerings.

During the pandemic, pharma companies got real-world evidence of the impact that digital technologies can make, giving them the confidence to invest more in digital to transform their business model.

“Covid-19 has given a big fillip to digital transformation. Since we are among the prominent ones (doing so) for the life-sciences industry, we are getting a lot of market share,” Manish Gupta, co-founder and chief executive officer of Indegene tells ET Prime. “Our global employee strength is 3,500, of which about 1,000 were added over the last 10-12 months to cater to the spurt in demand.”

The trend of going digital in pharma is here to stay. Hence, Indegene with its long experience and deep understanding of the sector is well positioned to benefit from it. This has attracted investors’ interest in the company.

In February 2021, Indegene got a funding of USD200 million from private equity firms Carlyle Group and Brighton Park Capital for minority stakes in the company. Some reports suggest that Indegene is now valued between USD600 million and USD700 million. Indegene plans to use the funds to pursue mergers and acquisitions (M&A), enhance global presence and expand to adjacent businesses.

With its improved financial position due to the fresh fund infusion and increasing demand for digital interventions in pharma and healthcare, Indegene is on the cusp of seeing a major shift in its growth trajectory.

Scoring with a sharp portfolio

Rising competition in the global pharma market is driving multi-year digital-transformation programmes. Indegene has developed a deep understanding of the sector, and has built a robust database and strong

relationships, enabling it to create customised and efficient digital solutions across functions.

#1. Marketing and commercial: “Pharma companies have traditionally relied on a high-cost sales rep-centric marketing model. The effectiveness of this model has been steadily declining, while sales and marketing costs have continued to remain at 22%-24% of revenues for big pharma. The industry is hungry for integrated digital, multichannel, non-sales rep customer-engagement models,” Gupta says.

Indegene helps pharma companies modernise their content supply chain and multichannel customer-campaign operations. Through the digital initiatives, the company aims to help pharma firms bring down sales and marketing costs to 10%-15% of revenue.

#2. Medical content management: With increased pressure on regulatory compliance, pharma companies are struggling to scale their operations for regulatory submissions, medical compliance, and management of drug safety and pharmacovigilance, which includes product labelling. Indegene provides tech-enabled solutions that can automate development of regulatory documents and process medical adverse events.

#3. Co-commercialisation: Indegene partners in commercialising select products or portfolios through a digital physician- and patient-engagement model on a revenue-sharing basis.

#4. Clinical trials: Indegene is also engaging with companies to conduct clinical trials in a more efficient way by adopting digital technologies to reduce the time taken to develop a drug and cut costs.

The bottom line

The company believes its offerings in sales and marketing and co-commercialisation will be the key growth drivers. It will allocate more capital to these segments and to create intellectual property-based technologies.

Indegene is also engaging with small and mid-size biotech firms to provide end-to-end solutions, an area that could offer significant opportunities.

While Indegene’s growth has been slow in the past, its performance in the last two years has been strong. Add the pandemic-induced push, and it seems that the company’s patience and prudence is finally going to pay off.

This is an abridged version. [Click here](#) to read the full story.