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The near future of pharma will see pharma manufacturers, regulators, prescribers and patients taking advantage of all the technological advances throughout the pharma value chain. Pharma industry has evolved considerably and IT is one of the key factors contributing to this growth. Discussing the IT developments in pharma, Somenath Nag, Director - Business Development and Marketing, ALTEN Calsoft Labs, avers, "The Indian pharma industry has experienced a phenomenal growth over the last few decades. Its turnover has grown from a mere \$ 0.3 billion in 1980 to about \$ 21.73 billion in 2009-10. At present, the Indian pharma industry ranks third in terms of volume of production (10 per cent of global share) and is the 14th largest by value (1.5 per cent); growth has been driven by not only big companies but also the small and medium pharma companies. IT has contributed a lot in this phenomenal growth." He continues, "Various software systems such as Enterprise Resource Planning (ERP), Laboratory Information Management System (LIMS) have enabled small pharmaceutical companies to increase productivity, efficiency and achieve regulatory compliance."

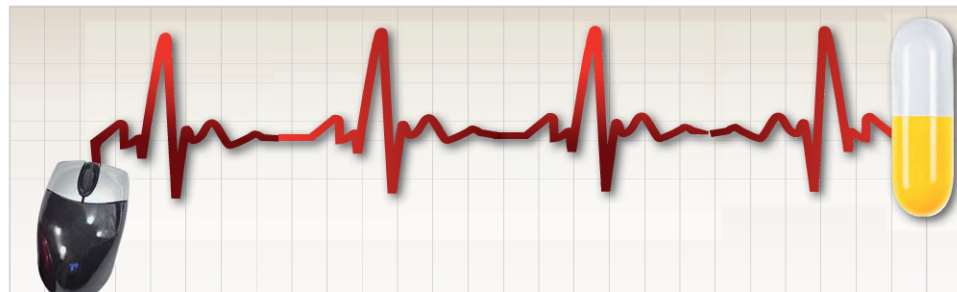
Relying on IT applications

Pharma companies are using IT rampantly. Elaborating on abundant IT usage, Nag comments, "Pharma companies are using IT across various functional areas such as R&D, QC, QA, clinical development, manufacturing and supply chain, sales, marketing and corporate management." Today, a number of software solutions are commonly used in the pharmaceutical industry.

Elaborating on the transition that has taken place during the years, Subir Bhatnagar, Vice President and Global Head - Solutions, AGC Networks, says, "About a decade ago, Small and Medium Business (SMB) players in pharma were conservative in their IT spending. They focussed on R&D and IT was considered a communication technology, but today the situation has changed to a great extent. SMB pharma firms have realised that IT can play a considerable role in better product development as well as business management, giving them an edge over the increasing competition." He explains that today they use the whole gamut of IT services be it network solutions such as SSL VPN for secured connectivity across plant with warehouses

IT applications in pharma SMEs Providing the right cl(k)ick!

Technology in its complete *avatar* as communication, network, storage and applications provides enterprises ways to operate seamlessly and cost effectively with optimal use of resources. Let us analyse the advantages of IT applications along with the conjoined challenges.



and offices, to cost-effective storage solutions such as cloud applications, which help them transport and track their stocks; one of them typically being On-Demand ERP solutions. Some of them also look for cloud-based collaboration solutions to interact with their vendors and customers. He highlights, "Most IT companies now provide solutions in an open mode that means they hardly have to invest on technology and are at liberty to let go of the one which does not deliver value." He says, "From applications perspective, today many pharma companies deploy accounting applications developed for pharma vertical and transport solutions for better material management. Though we have few applications which help them in R&D, the main support from IT is of business infrastructure management." Expressing his thoughts on how India is placed, Bhatnagar says that in developed countries the technology adoption in SMEs is at a better stage across verticals and not just pharma. But this gap is soon closing with Indian SMEs adopting technology at a fast pace. He



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Somenath Nag
Director - Business Development and Marketing, ALTEN Calsoft Labs



says, "A key reason for this gap is the fact that till some time back technology companies were focussing on the needs of large enterprises. Now, there is a lot of focus in tailor sizing the solutions developed for SMEs and leveraging large Indian SME base, which is growing at a faster pace than enterprises. So the situation is different today, but will not be for long."

However, it is all about understanding that IT today is a strategic tool, hence, should be adopted keeping the corporate strategy in mind. Companies need to treat IT as a strategic function and use it as a distinctive competence to build competitive advantage. Few essential factors that need to be considered while deploying an IT system are:

- » Criticality of the business process and necessity of IT enablement of that business process
- » Return on investment
- » Business value derived from adoption of IT in any business process
- » Statutory-/compliance-related needs

Improvement initiatives in pharma companies have yielded maximum benefits in terms of improved quality, increased profitability and improvement in service levels.

Cost intensive but is it effective?

Any IT system implementation is a cost-intensive affair. In traditional model, any IT system implementation required both fixed cost as hardware, software licenses and storage and variable costs such as annual maintenance fee, consulting fees, support cost. Talking about the cost factor, Nag says, "These costs, especially the fixed cost, were a challenge for small companies in adopting IT systems. The new SaaS or 'On Demand' software and cloud computing have made a paradigm shift in how smaller companies adopt and use IT applications." He elaborates that SaaS- or cloud-based solutions eliminate the need of fixed costs in the

form of IT infrastructure and converts the complete IT application cost to a variable cost. Due to this, SaaS and cloud computing are enabling smaller companies to adopt IT faster than earlier and to become more competitive in the market place. Commenting on the cost factor, Bhatnagar says, "It is a myth that technology adoption is a costly affair. With existing technologies such as VoIP, speaking has become cheaper. With platforms such as Facebook giving one the opportunity to build enterprise's group staying connected comes at a virtually zero cost; emerging technologies on cloud model are further being explored to deliver efficiency at lower costs. Optimistically, we do not see any next gen technology built which will be more expensive than the predecessors. Finally, there is no hardware or services process of which have gone up and tech companies now have open model for most of technology deployments. All these facilitate SMEs to take the maximum advantage of technological advancements."



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Subir Bhatnagar
President and Global Head - Solutions, AGC Networks



Overcoming the hurdles

While adopting IT companies often face following challenges:

- » Identifying right business process that needs automation
- » Identifying right product/solution that fulfil the need correctly and optimally
- » Identifying a right partner
- » Resistance to change

Discussing about the challenges, Nag avers, "Among all the above factors, the resistance to change is the most severe challenge that companies face. To overcome these challenges, companies need to manage the IT adoption initiative as a change management initiative and follow all the processes required to implement as successful change management processes; they should create an IT strategy and IT adoption road map. Further, evaluating these strategy and road map from time to time is also required. Also, it is important to calculate the total cost of ownership for 3 years for any solution." Talking about his company, Bhatnagar avers, "At AGC we create solutions that help SMEs operate efficiently and effectively. Adopting Information and Communication Technology (ICT) is an adaptive challenge, not a technical challenge. AGC Networks plays a critical role in this process by breaking the myth that 'technology is for large enterprises' by first understanding their business needs and then helping them in choosing the appropriate technology. Most of these SMEs are mostly owner driven. Making them aware of technology and its benefits is doable but convincing them to adopt over their existing system is challenging as at times this adoption can disrupt their way of operating, though momentarily." Thus, building a strong channel network across the country becomes imperative in order to stay close to the target customers. **MR**