

# What Does The Pharma Industry Want From CDMOs?

Whitepaper

PharmaIntelligence  
Informa





# Executive Summary

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While the pharmaceutical industry is thriving amidst a rapidly changing global environment, many CDMOs have found themselves looking to seize new opportunities to expand their footprint in the market with so much innovation, intense competition, and price and cost pressures. But what do organizations really want from CDMOs? The answers and the processes to meet and exceed those expectations are what will help CDMOs build and cement relationships for now and the future.

In the last few years, “pharmaceutical companies have relied on CDMOs more and more,” reported [Tapemark](#). However, [there have been projections](#) that CDMOs are likely to serve fewer pharma customers, but under longer terms and repeat deals, with the role of a more strategic partnership versus just repeat business.

With an ever-increasing desire by the pharma industry to outsource production coupled with a competitive landscape, it's integral that you align your organization's overall strategy to meet the specific needs of the

pharma industry. This overall strategy looks different than it did a handful of years ago - even one year ago - and it needs to be driven by marketing and business development teams to stay at the forefront of this constantly changing industry.

We surveyed over 200 of Pharma's decision-makers from across a variety of organizations to identify what exactly the pharma industry wants in a CDMO. Plus, how the era of COVID-19 plays a role in the overall CDMO and pharma landscape.

This survey provides CDMOs with key insights into what's important to the pharma market which can be translated into how best to position your organization within the industry.

## Specifically, the survey referenced in this report covers:

- Development & growth partnership opportunities for CDMOs
- Timelines for when organizations plan to partner with CDMOs
- Perceived benefits of partnering with CDMOs
- Main challenges in partnering with CDMOs
- The impacts of COVID-19
- Scaling-up processes within pharma organizations



# Survey Results

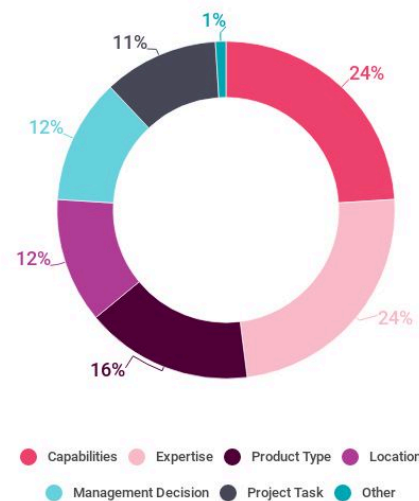
# Survey Results

## *So, what do they want?*

The survey focused on organizations that either already partner with CDMOs or are seeking to in the next year, reasons why they do so, characteristics they look for, challenges, and other key insights to help cater marketing outreach and messaging.

There's been a lot of research done in the past couple of years on whether CDMOs should become a "one-stop-shop", but our latest survey reveals exactly what it is that the pharma industry wants from a CDMO. In this survey, 78% of respondents currently work with CDMOs, and it was a fairly balanced split between those who have a preferred CDMO and those who do not, at 51% and 49% respectively. While our survey showed that 63% are not thinking about switching their preferred CDMO in the next 12 months, what was really compelling was that 90% of respondents said their organization works with **more than one** CDMO. This is a big opportunity for CDMOs with unique capabilities and strong communication skills to increase their impact across the pharma industry.

## How are responsibilities distributed between these CDMOs?



Survey responders noted that the 4 factors most important to their organization when partnering with a CDMO are:

1. Location
2. End-to-end offering from DS to DP
3. Reputation
4. Portfolio of service/equipment offering and proven experience in launch/commercial activities

When deciding on which CDMO to partner with, respondents showed that they deemed capabilities, expertise, cost, location, and end-to-end offerings as most important. From this, it's evident that it's vital to position yourself as an integral partner and start building awareness and strategic partnerships within the pharma industry. What's more, since 86% of respondents said they expect partnerships to take place within the next 6 - 12 months, you need to act quickly!

## The Benefits Of Outsourcing To CDMOs

With 59% of survey respondents sharing that their organization outsources to CDMOs 1-10 times per year (and just under a quarter utilize CDMOs services over 10 times a year), it's clear that CDMO's have proven their worth and are truly recognized as a valuable partner and viable alternative to in-house capabilities. And, according to [Grand View Research estimates](#), "the CDMO market will grow from \$98.7 billion in 2018 to \$157.7 billion in 2025". It's not just increasing global populations, better insurance coverage in developing countries, and aging societies in industrialized countries fueling the growth of the CDMO market, it's also due to

the greater willingness of pharmaceutical companies to outsource services. This willingness to outsource provides pharma companies the ability to focus on core competencies while decreasing time to market, cutting costs, reducing complexity, and reallocating those savings back to internal resources.

### Pharma's decision-making respondents identified the following as the key benefits of partnering with a CDMO:

- Access to infrastructure, machinery, and equipment
- Cost efficiencies
- Increasing manufacturing capacity
- Flexibility

And told us that the majority of them would typically instruct a CDMO during the early development phase (52%), followed by 36% instructing during late development and only 12% appointing a CDMO at the post-market approval stage.

## Challenges & Criteria For Partnering With CDMOs

Survey respondents shared with us that the main challenges for them in partnering with a CDMO were both communication difficulties and overall project management issues. These weren't the only two standout winners, communication and project management difficulties were followed closely by increased costs and quality control. Speed of production also made the list as the fifth most pressing challenge of CDMO partnerships, so CDMOs that can resolve the communication issues could also help alleviate the other concerns creating friction for progress.

However, these partnership challenges may not come as a surprise to you if you read the [Mathias at Renschler Biopharma article](#) where he too shared that communication between clients and CDMOs had to evolve with clients needing to be "served in a more strategic way."

When organizations are looking to partner with a CDMO, quality, expertise, cost, and asset/bioreactor capacity rank as the most important factors. On the

other end of the spectrum, respondents didn't seem too concerned with factors like location, portfolio of equipment/service offerings, reputation, and end-to-end offering from DS to DP. Despite reputation ranking third from the bottom, quality work and industry expertise carries enough weight for CDMOs to establish strong relationships with their clients.

## The Impact Of COVID-19 & How Companies Are Dealing With It

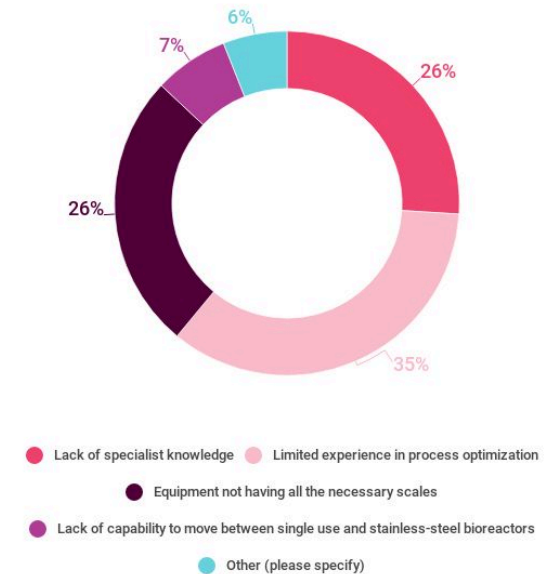
Just over half of respondents said they experienced significant changes in market demand (53%) as a result of the COVID-19 pandemic and many expect this trend to continue, with just over half (57%) anticipating an increase in product demand over the next 12 months with a rise in product development and launches seen as a key reason for this growth in demand. This shouldn't be surprising given the increased focus on pharma throughout the pandemic; the world has looked to pharma to react quickly and pivot for changing priorities. In fact, 21% of respondents said that COVID-19 is the number one reason for the increase or decrease in market demand for their products.

When asked, "what strategic action does your company take to manage an increase in demand," 34% responded with "additional production through a CDMO." This has translated into a massive business opportunity for CDMOs! In an industry that changes faster than most, CDMOs that can be agile and adapt to the current market conditions will find success as outsourcing is more engrained in how pharma companies bring products to market.

In their current state, just over three-quarters of respondents feel that they are currently capable of managing shifts in market demand, while 23% feel incapable of managing demand shifts at the present time. The key issues in trying to manage shifting market demands are ensuring resource availability and predicting market fluctuations.

With over half of survey respondents indicating they don't have any warm start agreements in place to ensure rapid responses to substantial demand shifts, it's clear that the industry needs CDMOs to be on hand to support the pharma industry with changes in market demand.

## Respondents told us that these are the biggest challenges for a CDMO in meeting an increase in demand:



## Biggest Concerns With Scaling For Pharma Companies

The market is changing and organizations are ready to adapt. So how do they deal with scaling? Survey respondents indicated that the primary concern for

their business regarding difficulties in scaling up is the increase in time taken (39%) followed by loss of market share (27%).

When asked about the top 3 key technical aspects they considered when scaling up, three answers ranked closely together showing shared concerns across organizations. Ensuring compliance with regulations, optimizing the cost of goods sold, and the need for tech transfers between different facilities shared similar sentiments at 26%, 23%, and 22%, respectively. As a CDMO looking to establish business opportunities, expertise in filling these gaps of concern will help form lasting relationships with clients trying to increase their footprint.

## Final Thoughts

The current state of the pharmaceutical market environment has presented CDMOs with an enormous growth opportunity, but that doesn't come without complications. As the rate of product development and market demands increase, CDMOs need to be just as agile with how they can support organizations that are

becoming more and more comfortable with outsourcing pieces of their process. Pharma outsourcing is the new norm - it's up to CDMOs to decide their strategic approach to partnerships.

## Pharma Intelligence Marketing Opportunities

In a fiercely competitive landscape, a smart marketing strategy can make all the difference. Our goal is that the in-house team has the time and space to focus on priorities, while we take on some of the time-consuming aspects of planning and executing campaigns. We offer full-service marketing capabilities and work with clients to support them when and where they need it according to their objectives and budgets. Plus, we have a world-leading editorial team who are at our client's disposal to help create content to engage the industry using both their contacts and expert knowledge of the industry. It's important to reach as many decision-makers as possible in a company with the right message via the right channels at the right time. Our marketing executes campaigns to the key areas of the pharma industry all day every day – utilize

their expertise and knowledge. Informa Pharma Intelligence offers you the opportunity to engage with the right people and boost brand awareness and thought leadership recognition to set yourself apart from the crowd. In fact, marketers that distribute their branded content in partnership with a publisher see a higher brand lift – 50% higher, on average – than those who publish content on their own. Informa Pharma Intelligence partners with you to plan and execute comprehensive, digital campaigns that get your messaging to pharma's senior decision-makers. We create custom content such as whitepapers, webinars, industry research, eBooks, and roundtables to ensure you maximize your impact on your target audience. Informa Pharma Intelligence does not offer free subscriptions, ensuring readers are highly engaged and rely on the information, news, and analysis they receive from us daily. In addition, Informa Pharma Intelligence awards ceremonies can help you shake hands with potential business partners.



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