Pharmaceutical Contract Development and Manufacturing Organization (Cdmo) Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The pharmaceutical CDMO market is expected to register a CAGR of 7.29% during the forecast period. The contract development and manufacturing organization outsourcing market may expand due to the expanding pharmaceutical sector. The key trend affecting the market's growth is the growing usage of analytics by CDMOs.

Key Highlights
A growing number of pharmaceutical companies recognized the potential profitability of working with a CMO for clinical and commercial-stage manufacturing due to the increasing demand for generic drugs and biologics, the capital-intensive nature of the industry, and the complex manufacturing requirements.
The development of new therapeutic modalities focused on personalized medicine, emerging biopharma companies, consumer demand for more affordable medications and higher levels of productivity, and technological advancements, like artificial intelligence and digitization, are some of the main factors driving the growth of the CRO industry.
Pharmaceutical outsourcing evolved from basic processes, namely bottling, to more value-added techniques, such as medical device engineering and R&D. The active process-outsourcing experience, the increasing number of patients subject to medical procedures, and the improvements in illness detection and diagnosis in developing countries are the factors driving the growth of the market.
There has been a gradual change in the working principles of the companies in the market. The pattern shift from cost-control to re-emphasis on value-added services has led to the redefining of CMOs to CDMOs (contract development and manufacturing organizations) and allowed their integration into the value chain of companies.
The costs invested in R&D are continuously increasing, yet the valuable results from these processes are becoming rarer. Many companies have realized that moving this part of the business overseas and taking advantage of the still-emerging pharmaceutical markets effectively reduce costs.

The production of the COVID-19 vaccine and the expanding biologic pipeline fuelled the CMO market, particularly the parenteral market, with unprecedented growth. The COVID-19 outbreak positively impacted the market as pharma companies suddenly faced the challenge of producing millions of vaccine doses for the global population. Many companies, such as Pfizer and AstraZeneca, transferred non-COVID-19 biologics out of their proprietary manufacturing networks to make room for the new vaccines. Due to compressed timelines and manufacturing scaling challenges for the COVID-19 vaccines and medicines, CMOs signed contract manufacturing service agreements at an unprecedented rate in the previous years.

Pharmaceutical CDMO Market Trends

Increasing Investment in R&D Expected to Drive the Market

The United States is one of the largest pharmaceutical markets, accounting for about half of the R&D spending in the pharmaceutical and biotech markets. CMOs play a vital role in this market, investing in new facilities and technology to serve a wide range of outsourcing entities. Companies are benefitting from their Asian footprint through in-house investments and aiming for research-based partnerships to acquire high-end sourcing expertise, build drug discovery, and invest in Asia.
According to a survey conducted by EY in July 2022, the number of CDMOs increased over the past decade, with mergers and acquisitions (M&A) and consolidations being the main growth drivers. The EY team analyzed these deals and reviewed 92 publicly disclosed internal investments from 15 selected global CDMO companies to provide a consolidated view of the CDMO's M&A landscape. The well-positioned CDMO flexibly changed its production line to meet the increasing demand for smaller and more diverse projects. New partnerships emerged, enabling CDMO players to further drive rapid growth in capacity, helping the industry to thrive in areas such as vaccine production.
In June 2021, Bengaluru-based Kemwell Biopharma acquired two new clients from the United States for end-to-end novel biologics projects, including development and clinical manufacturing. It continued supporting commercial drug product manufacturing for two clients despite the lockdowns to ensure uninterrupted patient supplies. It successfully manufactured over 20 batches of a commercially approved drug substance at a 2,000 l scale.
The company also took a few expansion initiatives. It added AMBR250, a high throughput process development equipment, to its existing facility. It also expanded its bioreactor capacity by ordering 200 l and 1000 l single-use bioreactors (SUBs). The company also built India's first cGMP cell therapy manufacturing site as a CDMO during the same period.
In January 2022, Aragen Life Sciences (formerly GVK Biosciences) stated the demand for outsourced research, development, and manufacturing services may continue to gain momentum. With the increasing demand for end-to-end integrated services, the CRO and CDMO industry is likely to consolidate in India and globally. The company added that it expects CROs and CDMOs to invest in new capabilities, build additional infrastructure, and increase their geographic footprint organically or inorganically.
The need for proper infrastructure for the safe handling and containment of high-potency drugs, especially appropriate analytical skills for high-potency drugs and adequate project management (including proper launch, execution, and completion), may help the market for R&D stand out in the future.

Asia-Pacific is Expected to be the Fastest-growing Region for the CRO Segment

Asia Pacific is anticipated to witness the highest growth in the CRO market over the forecast period due to the region's low cost compared to the United States and other developed economies. Growing incidences of chronic and lifestyle diseases, such as diabetes and heart disease, along with ease of patient recruitment and availability of expertise for clinical trials, are major drivers of growth in the region.
For instance, China has over 180 million elderly citizens suffering from chronic diseases, with 75% having more than one disease,

according to the National Health Commission (NHC). By 2030, the treatment of cardiovascular diseases may cost USD 1,044 billion to the Chinese government. There is also a high prevalence of diabetes across Asia-Pacific, including China, South Korea, and Australia.
In April 2021, dMedGlobal, a full-service clinical CRO based in Shanghai, China, and ClinipaceIncorporated, also a full-service clinical CRO, announced a merger, which is expected to meet the needs of fast-moving biotech, pharma, and medical device companies and accelerate the delivery of innovative solutions to patients in the region and worldwide.
With the increasing privatization of clinical trials, there has been an increase in research process outsourcing in developing countries such as China and India. For example, large pharmaceutical companies are increasingly outsourcing research services such as clinical data management, pharmacovigilance, biostatistics, etc.
There are several reasons for certain regions attracting organizations conducting clinical trials, such as cost, patient recruitment, required testing, and shorter timelines. The overall number of clinical trials is increasing in China, India, and Japan, making Asia-Pacific one of the potential regions.

Pharmaceutical CDMO Market Competitor Analysis

The pharmaceutical CDMO market is fragmented, where several vendors contribute to the market share. The existence of numerous competitors in the market has an impact on service pricing, making it a direct source of competition, particularly for small-scale providers. The vendors in the market are anticipated to concentrate on offering one-stop-shop services to gain a competitive edge. The CMO, with access to significant capital, would be able to engage in these activities, thus making entry difficult for new players and enhancing competition.

SEP 2022 - Lonza reported the completion of the extension of its Highly Potent API (HPAPI) multifunctional suite in Visp. The expansion increases ADC payload development and manufacturing capacity, supporting the fundamental research and manufacturing pipeline, ranging from feasibility studies to commercial delivery.
JUN 2022 - Pfizer CentreOne unveiled its new facility in Freiburg, Germany, established in collaboration with Bristol-Myers Squibb, to provide more assistance to European partners with medication manufacturing. With a floor area of 13,500m2, the new facility could make up to 7 billion more solid dosage forms. Overall, the new facility raised its total capacity by up to 12 billion pills and capsules annually, which is a 140% increase.
APR 2022 - Aenova established a new structure for highly potent active chemicals at its Regensburg location. The new production facilities create extremely effective medications, particularly those fighting cancer. Aenova could significantly boost manufacturing capacity with an investment of roughly EUR 10 million (USD 10.28 million) to satisfy rising market demand.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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