Pharmaceutical Contract Development and Manufacturing Organization (CDMO) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Pharmaceutical Contract Development and Manufacturing Organization Market size is estimated at USD 238.47 billion in 2024, and is expected to reach USD 330.36 billion by 2029, growing at a CAGR of 6.74% during the forecast period (2024-2029).

Key Highlights
-Advanced manufacturing techniques and processes are projected to help the CMO market grow. CMOs are expected to improve the efficiency of their manufacturing processes, minimizing waste and lowering costs, owing to new operational strategies, such as continuous manufacturing. The growth of small and mid-sized pharmaceutical firms, which are in charge of an expanding portion of new drug approvals and frequently lack manufacturing capacity, is anticipated to be a driving force behind CMOs adopting new manufacturing technologies.
-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. Pharmaceutical innovator companies must fill their pipelines with fresh medications in light of the pharmaceutical industry's continued expansion, particularly from the onset of the COVID-19 pandemic. They lack the funding to research, create, and produce goods. Therefore, the need for CMOs is crucial.
-Growth of the generic drugs market, high uptake of small molecule drugs across a wide range of diseases, patent expiration of various drugs, advanced manufacturing techniques for active pharmaceutical ingredients (API), finished dosage formulations (FDF), growing requirements for advanced processes and production technologies to meet regulatory requirements, rising deals, such as mergers, acquisitions, and other investments, increased demand for generic injectables, growing pipeline of COVID-19 vaccines and biologics production, and increasing geriatric population are contributing drivers of CMO market.
-With the rise of personalized medicine, the one-size-fits-all model is rendered obsolete. Since the industry is trying to make clinical trials more accessible and patient-friendly, technology has become a key element in contract research organizations. To

maintain a competitive edge and ensure they can provide customers with the full range of solutions, CROs are at the forefront of implementing the newest technologies and tools. Adopting these new technologies has been helping CROs to be more effective and increase the speed of research, thereby driving CRO market growth.
-The costs invested in R&D are continuously increasing, yet the valuable results from these processes are becoming rarer. Many pharmaceutical companies have invested in AP biologics and injectable capabilities projects. Also, pharmaceutical companies have been seeking vendors who provide contract manufacturing, contract packaging, and quality testing services. In addition, third-party logistic providers, like DHL, have been extending their service capabilities to include contract packaging services. Furthermore, as the turnaround in formulations and technology increases, CMOs will need to invest more significant amounts to achieve agility and accommodate quicker changes in the manufacturing setup. All these factors may restrict the growth of the studied market.
-The CMO/CDMO service industry is in a unique position to help drug developers overcome some of the difficulties brought on by the COVID-19 pandemic. The pharma and biopharma industries were impacted in many ways by this pandemic, including supply chain logistics, drug development, clinical trials, supplies, and manufacturing. The COVID-19 pandemic spurred digital transformation initiatives across the pharmaceutical industry, particularly in clinical development. The need for quicker clinical development increased as COVID-19, non-COVID-19 drugs, and treatments continued to develop during that period.

Contract Development and Manufacturing Organization (CDMO) Market Trends

Increasing Investment in R&D Drives 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. Also, companies are not only reaping the benefits of their Asian footprint through in-house investments but also looking to research-based partnerships to acquire high-end sourcing expertise, build drug discovery, and invest in Asia.
- In January 2022, Aragen Life Sciences (formerly GVK Biosciences) stated that it anticipated demand for outsourced research, development, and manufacturing services to 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.
- In addition, the need for proper infrastructure for the safe handling and containment of high-potency drugs, especially the need for appropriate analytical skills for high-potency drugs and adequate project management (including proper launch, execution, and completion) is needed to stand out in the market for research and development. In January 2022, Aragen Life Sciences (formerly GVK Biosciences) stated the demand for outsourced research, development, and manufacturing services might 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.
- As pharmaceutical companies shift their target toward scientific research and pharmaceutical marketing, CDMOs can further establish themselves as vital partners and build strategic, integrated partnerships with their customers. Given the rising number of complex and high-potency compounds, CDMOs can stand out through advanced technology and specialized expertise.
- In addition, new operational approaches such as continuous manufacturing are expected to allow CDMOs to improve the efficiency of their manufacturing processes, reducing costs and wastage. CDMOs are anticipated to discover new opportunities with an increasing number of small & medium-sized pharma firms. Such small & medium-sized pharma companies are mainly accountable for the growing share of new drug approvals and often have no manufacturing capacity. According to Pharmaprojects, globally, there will be 20,109 drugs in the R&D pipeline in 2022.

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. Additionally, 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 driving factors boosting growth in the region.
- For instance, China has over 180 million elderly citizens suffering from chronic diseases, of whom 75% have more than one, according to the National Health Commission (NHC). Furthermore, by 2030, cardiovascular disease will cost USD 1,044 billion to the Chinese government. Similar trends for the high prevalence of diabetes are present around Asia-Pacific geographies, including China, South Korea, and Australia.
- 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 numerous reasons why certain regions attract organizations conducting clinical trials. Some include 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. India provides preclinical services at lower costs than developed nations. Initiatives taken by the Indian government to expand the CRO potential have offered an attractive market opportunity in recent years.
- Additionally, the availability of scientific expertise in the country may boost business growth over the next few years. Clinical trials in the country are about 50% less costly than in the United States. India is one of the largest drug producers and has the most FDA-approved manufacturing plants outside the United States, giving it a competitive edge over China.
- Over the past few months, Novotechannounced numerous collaborations to facilitate the project management of clinical trials and boost biotech drug development. For instance, in July 2022, Medidata announced its renewed partnership with Novotechto continues scaling clinical studies in various therapeutic areas from 2022. With this renewed partnership, Novotechis equipped with flexible, configurable tools to address clinical research needs at scale and facilitate accelerated drug and device development in Asia Pacific and the United States.

Contract Development and Manufacturing Organization (CDMO) Industry Overview

The Pharmaceutical CDMO market is fragmented since 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. Players in the market are adopting strategies such as partnerships, company expansions, innovations, and acquisitions to enhance their product offerings and gain sustainable competitive advantage.

- June 2023 - Catalent announced that it has broadened the scope of its One Bio Suite solution, comprising development, manufacturing, and supply for a range of biotechnological modalities including antibody and recombinant proteins, cellular and gene therapy as well as mRNA.
- January 2023 - Catalent announced that it signed a development and license agreement with Ethicann Pharmaceuticals Inc., a Canadian/American specialty pharmaceutical company specializing in creating high-value cannabinoid drug therapies, using Zydis orally disintegrating tablet (ODT) technology to advance Ethicann's clinical drug pipeline. Per the agreement, Catalent would use

its Zydis technology to create pharmaceutical products containing cannabidiol (CBD) and tetrahydrocannabinol (THC) for Ethicann's use in clinical trials for a variety of conditions.
- January 2023 - Thermo Fisher Scientific Inc. acquired the global provider of specialty diagnostics, Binding Site Group, for USD 2.8 billion. With the addition of ground-breaking innovation in multiple myeloma diagnosis and monitoring, the Binding Site broadens Thermo Fisher's already expanded specialized diagnostics range. Patient outcomes can be significantly impacted by early diagnosis and well-informed treatment choices.

Additional Benefits:

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

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