

Global Drug Discovery Outsourcing - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Global Drug Discovery Outsourcing Market is expected to register a CAGR of 7.5% during the forecast period.

COVID-19 had a significant impact on the drug discovery market owing to the high demand for vaccine discovery by various pharmaceutical and biotech companies in the past three years. Drug discovery outsourcing has become a key aspect of developing effective treatments against the virus. For instance, in June 2021, Catalent, Inc. collaborated with Moderna, Inc. for the manufacturing of the Moderna COVID-19 vaccine and potentially other investigational programs in Moderna's pipeline at Catalent's biologics facility in Bloomington, Indiana. Therefore, COVID-19 had a significant impact on the market growth as companies in the pharmaceutical and biotech industries were increasingly outsourcing research activities to CROs. These operations included both early-stage clinical development and fundamental research using in vitro and in vivo models. The market is expected to show a stable growth rate in the forecast period owing to the rising demand for cancer drug discovery outsourcing.

In addition, the increasing R&D in the biopharmaceutical industry and increasing demand for outsourcing services in drug development are actively affecting the growth of the studied market.

According to a review article published in the Indian Journal of Pharmacology in December 2022, outsourcing drug development services to contract research organizations (CROs) has become an important strategy for cost and risk reduction, capacity building, and data generation. The article reported that on a global basis, approximately one-third of the drug development processes are outsourced, and the data generated by independent third parties are well appreciated during regulatory submissions. Thus, drug discovery outsourcing will increase the success rate and the speed of the drug discovery process, which is expected to propel market growth during the forecast period.

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Drug discovery is a lengthy and costly process. These reasons have forced pharmaceutical and biotech companies to opt for outsourcing these research activities to reduce the cost of development. Many academic and private Contract Research Organizations (CROs) adopt strategic initiatives with pharmaceutical companies to assist them in developing the desired drug. For instance, in April 2021, Charles River Laboratories International, Inc. and Valence Discovery announced a strategic partnership to provide clients access to Valence's artificial intelligence platform for molecular property prediction and generative chemistry and accelerate preclinical drug discovery efforts. Also, in June of 2021, GenScript Biotech Corporation entered into a strategic licensing agreement for Ligand's OmniAb Platform, a multi-species antibody discovery platform, to generate highly diversified, fully human antibodies that are optimized in vivo for immunogenicity, manufacturability, and efficacy. The rising partnership leads to huge research and development spending on the drug discovery process, which is expected to augment the market growth during the forecast period.

Therefore, owing to the aforementioned factors, such as rising demand for drug discovery outsourcing and increasing strategic initiatives by market players, the studied market is anticipated to witness growth over the analysis period. However, the high cost of drug development and stringent regulations for drug manufacturing is likely to impede the market growth.

Drug Discovery Outsourcing Market Trends

Oncology Segment is Expected to Hold a Significant Market Share Over The Forecast Period

The oncology segment is anticipated to hold a significant market share over the forecast period owing to the factors such as the high burden of cancer worldwide and research and development activities in the oncology segment.

According to the American Cancer Society Cancer Statistics 2023, 1.9 million new cancer cases are predicted to be diagnosed in the United States in 2023. Out of the total cancer cases, breast cancer is estimated at 0.3 million new cases, leukemia with 59.6 thousand new cases, and lymphoma with 89.3 thousand new cases in the United States in 2023. Also, according to the Canadian Cancer Society May 2022 update, it was estimated that 30 thousand Canadians would be diagnosed with lung and bronchus cancer, representing 13% of all new cancer cases in 2022.

Furthermore, as per the Australian Institute of Health and Welfare (AIHW) 2021 report, a total of 150,782 new cancer cases were estimated in Australia in 2021. Out of the total number of cancer cases, breast cancer cases were estimated to be 20,030, lung cancer with 13,810 new cases, and prostate cancer 18,110 cases were estimated to occur in 2021. In addition, as per the ICMR 2021 Report, it has been observed that the number of cancer patients in India was expected to rise from 26.7 million in 2021 to 29.8 million in 2025. The huge burden of cancer worldwide creates the need to develop innovative drugs or vaccine for the treatment, which is expected to propel the market growth.

The strategic initiatives adopted by key players are further contributing to the growth of the segment. For instance, in October 2022, Merck and Moderna entered an USD 250 million cancer vaccine partnership to jointly develop and commercialize mRNA cancer vaccines. Also, in November 2022, Theragent, cell therapy CDMO was selected to provide manufacturing and testing services for CellVax's novel cancer immunotherapy candidate, FK-PC101. Thus, the rising partnerships for manufacturing and outsourcing of innovative cancer drugs are creating opportunities for the growth of the segment during the forecast period.

North America is Expected to Hold a Significant Market Share Over The Forecast Period

North America is expected to hold a significant market share owing to the factors such as higher adoption of technological advancements, established research facilities, and high investment in R&D for drug discovery.

The advantages of outsourcing, such as fast product development and expertise acquisition, will out shadow the cost involved in

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the procedure. Outsourcing can increase success rates and accelerate drug discovery and development, potentially leading to higher profits. In June 2021, Curia Inc, formerly AMRI, announced that it has entered into a definitive agreement to acquire LakePharma Inc., a privately held biologics drug discovery, clinical research, development, and manufacturing organization with operations in California, Massachusetts, and Texas. The combined company will provide expertise in both large and small molecules, from drug discovery to drug substance manufacturing.

Additionally, the strategic initiatives adopted by key players, such as partnerships and acquisitions, are expected to propel market growth in the region. For instance, in January 2022, Shanghai Fosun Pharmaceutical (Group) Co., Ltd entered into a collaboration agreement with Insilico Medicine, an end-to-end artificial intelligence (AI)-driven drug discovery and development company to advance the discovery and development of drugs targeting a number of different targets globally through the use of AI technology. Insilico will receive a payment of USD 13 million for the R&D collaboration projects. The strategic collaboration will boost the research and development of four biological targets. The expansion of outsourcing services across different regions is a major driver for market growth.

Furthermore, the high burden of chronic diseases like cardiovascular diseases, cancer, and respiratory diseases in the region is further expected to propel the market growth. For instance, according to CDC National Center for Health Statistics, the latest update, 4.9% of adults aged 18 and over, people in the United States had coronary heart disease in 2021. Thus, the requirement to develop a safe and effective treatment is further on the rise, and collaborations with Contract Research Organizations (CROs) will make the process accelerate quickly. In view of these above-mentioned factors, the Drug Discovery Outsourcing market is expected to get a boost in the region.

Drug Discovery Outsourcing Industry Overview

The drug discovery outsourcing market is highly competitive, with several players across the globe. In terms of market share, few of the major players currently dominate the market. With the increase in research and development activity, many regional players are expected to contribute to the Drug Discovery Outsourcing market over the forecast period. Some major players are Charles River Laboratories International, Inc., GenScript Biotech Corporation, Curia Inc., Dalton Pharma Services, Evotec SE, Thermo Fisher Scientific (PPD, Inc.), Oncodesign, Jubilant Life Sciences Limited, Eurofins Scientific, WuXi AppTec, Laboratory Corporation of America Holdings, and others.

Additional Benefits:

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

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