

Oxygen Healthcare estimate 50% of all routine chemistry research activity will be carried out offshore in 5 years

06.05.2005 - India has the potential to be the premier destination for conducting chemistry based research for a number of large pharmaceutical and biotechnology companies alike. Indeed Oxygen Healthcare estimates that 50% of all standard chemistry research will be carried out offshore. The dynamics are compelling, employee costs and the cost of setting up a laboratory are 1/3 of a comparable operation in the West (although there are additional costs associated with operating a business in a developing economy).

Sunil Shah, co-founder of Oxygen Healthcare explained: "The financial benefit is such that many biotechnology companies are "testing-out" smaller projects with overseas companies with a view to reshaping their in-house chemistry laboratory capacity and with some questioning the need out right for a chemistry laboratory at all - at least for routine chemistry."

There has been significant interest from clients prior to Oxygen Healthcare Ltd May 3rd Launch in Cambridge, UK. Indeed, Oxygen Healthcare has already working with a multi-billion dollar company and a NJ based biotechnology company since its laboratory went live on April 4th, 2005. At present it is estimated that 0.5% of the global chemistry research is conducted in India. These are mostly via the offshore base of large global pharmaceutical companies and the emergence of new offshore arms of India's large generics industry. Investment continues apace in new academic institutes and new laboratories as India gears up to open up a new-front in outsourcing. Salaries are on the way up attracting the best and most motivated candidates. Almost all pharmaceutical operations in India have a significant element of export activity in-part driven by generous government tax incentives for exporters. Employees are achieving early exposure to international clients and international projects. Moonlighting entrepreneurial PhD students are sub-contracting space in smaller laboratories and working with for clients in Russia to supplement their meagre PhD grants. Shifts in India's IP policies allied to aforementioned factors have caused a boom in the research sector and the Indian market is expected to grow 5-fold in the next 5 years.

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