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Pharmaceutical Contract Development And Manufacturing Organization (CDMO) - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Abstracts

The Pharmaceutical Contract Development And Manufacturing Organization Market size is estimated at USD 243.29 billion in 2024, and is expected to reach USD 331.98 billion by 2029, growing at a CAGR of 6.41% during the forecast period (2024-2029).

Advanced manufacturing techniques and processes will 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.

Key Highlights

With the rise of personalized medicine, the industry is trying to make clinical trials more accessible and patient-friendly. Technology has become a key element in contract research organizations. CROs are at the forefront of implementing the newest technologies and tools to maintain a competitive edge and ensure they can provide customers with the full range of solutions. Adopting these new technologies has been helping CROs be more effective and increase research speed, driving the CRO market's growth.CROs continue to face challenges ranging from commoditization and changing patient engagement models to pressure from the competition. As larger companies share more market, market stratification forces smaller CROs to subcontract

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or niche down.

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 increase in patients subject to medical procedures, and the improvements in illness detection and diagnosis in developing countries are the factors propelling the growth of this 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 reduces costs. Despite the evidence regarding cost savings and competencies that can be accrued, many companies are reluctant to give up that control. However, the scenario is changing gradually. The pressure on reducing the length of the supply chain and improving lead-time efficiency is forcing the companies to take various measures to meet the demand, turning contract manufacturing into a bottleneck in the supply chain.

The COVID-19 pandemic has exposed significant gaps in the global health systems and disrupted the distribution of medicines, particularly in low and middle-income countries. Governments and industries faced new access-to-medicine challenges as the COVID-19 control effort picked up speed, along with developing new COVID-19 medicines and distributing them worldwide at an unprecedented rate. The CMO/CDMO service industry was in a unique position to help drug developers overcome some of the difficulties brought on by the COVID-19 pandemic. The pandemic impacted the pharma and biopharma industries in many ways, including supply chain logistics, drug development, clinical trials, supplies, and manufacturing.

Pharmaceutical 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

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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 various outsourcing entities. Moreover, companies are not only reaping the benefits of their Asian footprint through in-house investments but are also looking for research-based partnerships to acquire high-end sourcing expertise, build drug discovery, and invest.

For instance, in January 2024, EXO Biologics SA, a Belgian biotech company committed to developing biopharmaceuticals using exosomes to treat rare diseases with high unmet medical needs, launched ExoXpert, a contract development and manufacturing organization (CDMO) specializing in exosomes. ExoXpert offers an MSC-based exosome manufacturing platform used in European clinical trials and is a wholly-owned subsidiary of EXO Biologics.

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 good launch, execution, and completion) are needed to stand out in the market for research and development.

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.

Furthermore, the market is witnessing growth in clinical trials, driving the demand. For instance, according to ClinicalTrials.gov, the total number of registered clinical studies was 437.513 million in 2022, reaching 477.237 million in 2023.

CDMOs are anticipated to discover new opportunities with an increasing number of small and medium-sized pharma firms. Such small and medium-sized pharma companies are mainly accountable for the growing share of new drug approvals and often have no manufacturing capacity.

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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. In addition, the 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 the 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). By 2030, cardiovascular disease are projected to cost the Chinese government USD 1,044 billion. Similar trends for the high prevalence of diabetes are present around Asia-Pacific, 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.

The availability of scientific expertise in India 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.

Pharmaceutical Contract Development And Manufacturing Organization (CDMO) Industry Overview

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The pharmaceutical CDMO market is highly fragmented. Major vendors account for the majority of the market share. The presence of many players impacts the pricing of services, making it a direct competing factor, especially for small-scale vendors. The vendors are expected to focus on delivering one-stop-shop services, providing them with a competitive advantage. These practices would be possible for the CMOs with access to significant capital. This factor increases the competition and acts as an entry barrier for new players. The market faces competition from other CROs and from a wide range of vendors, varying from cloud-based data management tool providers to individual solution providers. In countries where there is a high presence of pharma and biotech research activity, the competitive rivalry is especially high. Some of the major players in the market are Catalent Inc., Recipharm AB, Jubilant Pharmova Ltd, Patheon Inc. (Thermo Fisher Scientific Inc.), and Boehringer Ingelheim Group.

In February 2024, Catalent Inc. and Novo Holdings entered into a merger agreement under which Novo Holdings will acquire Catalent in an all-cash transaction that values Catalent at USD 16.5 billion.

In February 2024, Recipharm, a contract development and manufacturing organization, entered into an exclusive licensing and collaboration agreement with Medspray and Resyca to develop soft mist nasal delivery devices for single and combination pharmaceutical products.

In January 2024, Parexel and the Japanese Foundation for Cancer Research announced a strategic alliance to accelerate access to oncology clinical trials in Japan.

Additional Benefits:

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