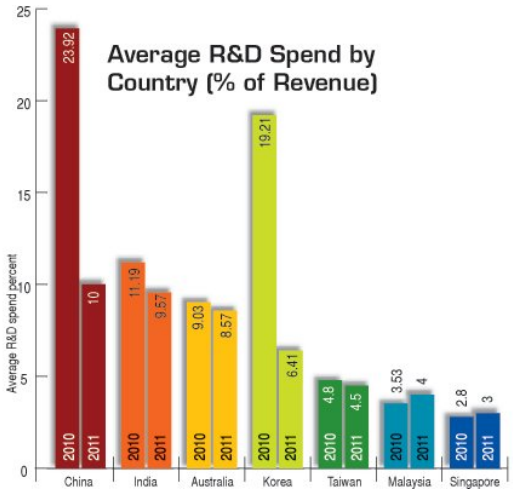
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Average bioscience R&D spend in APAC down 50%

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The research and development (R&D) spend in Asia Pacific in 2011 was down by 50 percent to an average of 6.58 percent, from 12.34 percent in 2010. According to the *BioSpectrum Asia* survey findings, this pull-down effect was due to the single digit (8.37 percent) industry growth of the bioscience industry in the Asia Pacific region in 2011.

Since 2008, the Asia Pacific countries witnessed a continuous rise in the R&D spend by the companies. The average R&D spend, as percentage of total revenue, in the region increased from 8.93 percent in 2008 to 9.44 percent in 2009 touching 12.34 percent in 2010. The increase is testimony to the fact that the companies in the region are keen on developing new chemical entities (NCEs), biosimilars, generics, new therapies based on stem cells, medical devices and diagnostic kits, however, 2011 may have slowed down their efforts in all likelihood.

Even though down by 50 percent, China continues to lead the region's R&D spend average. Companies in China spent an average of 10 percent of their revenue on R&D. Besides this, about 60 percent of the companies in the revenue range of $5 million-to-$20 million (mid size) are spending on R&D in China.

Indian companies spent 9.57 percent of their sales revenue on R&D. Along with the government investments, in South Korea the companies are spending an average of 6.41 percent of their sales revenue on R&D. Australia's R&D spending has witnessed only a slight drop from 9.03 percent in 2010 to 8.57 percent in 2011. In Australia, over 60 percent of the companies with less than $1 million in revenue have been spending on R&D. Taiwan, Malaysia and Singapore spent less than five percent on R&D in 2011 more or less at the same average levels as 2010.

The bright spot is that small and medium size companies in the region focusing on biotechnology and medical technology space are investing in R&D.

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Overall, 30 percent of the companies in the Asia Pacific region with less than $1 million revenue are spending on R&D followed by companies with $1.1 million-to-$5 million (25 percent) and companies having revenue in the range of $5.1 million-to-$10 million (15 percent).

In terms of segment split, pharma continues to appropriate major share of R&D spend followed by medtech and biotech.