

## “India will be Cepheid’s first manufacturing site outside US & Europe”

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By : Rahul Koul - July 24, 2018



***Cepheid, a leading molecular diagnostics player, is one of the twenty operating companies of its parent, Danaher which is a global science and technology innovator. The GeneXpert TB diagnostic systems from Cepheid have played a huge role in tackling the tuberculosis globally. The company has just launched the GeneXpert Edge TB diagnostic system, the latest from its stable in India and is planning to manufacture cartridges in the country itself.***

***In a joint ‘face to face’ interaction, the BioVoice spoke exclusively to Mr Peter Farrell, Executive Vice President, Cepheid, and Mr Jai Shankar Krishnan, President & CEO, Danaher India who were in New Delhi for a closed-door panel***

***discussion on TB with leaders and experts from the healthcare sector. In the detailed discussion with Rahul Koul, they shared the details of Cepheid's efforts towards TB elimination, India manufacturing plans and much more. Read on:***



**What was the agenda of the stakeholders' meeting on TB elimination efforts held at Delhi which you were a part of?**

**Peter Farell: Tuberculosis is the ninth leading cause of death worldwide and the leading cause from a single infectious agent. And now the emergence of TB resistant strains to first-line medication has alarmed doctors and public health experts, requiring policy makers and experts to respond to the evolving needs with urgency. At the closed-door meeting at New Delhi, the stakeholders including us deliberated on the need, challenges, solutions, next steps, and commitments towards innovation and partnerships in TB.**

**The meeting was organized by the International Union against Lung Disease and Tuberculosis which is a leading international scientific organization providing expertise to advance solutions to public health challenges affecting people living in poverty. It was represented by the government agencies, private industry and the international not for profit organizations such as FIND, WHO, CHAI, USAID etc. which deal with health issues and healthcare.**



**What was the role Cepheid played at the meeting?**

**Peter Farell: We made two major announcements including access, important challenges that have to do something with TB. One is the providing of access. Our system on mobile van will travel to rural villages. 45 mobile vans that the government, FIND and Cepheid have jointly funded to take the TB testing close to patients. The announcement we are making today is the GeneXpert Edge. It is our portable battery operated system that is gona allow even further access where patients need to be treated. It can be even taken on motorcycles to the required places. That is a remarkable achievement as the goal to treat the patients on the same day when they are diagnosed. Today somebody gets their sample and goes somewhere out, you never know when the patients are getting treated or whether the diagnostic results will come sooner or easily.**

**Second is the localization which means the manufacturing locally in India. That is next in 120 days, we will decide through the parent company, Danaher or some other means. But our goal will be mid next year or third quarter for the TB cartridge product made in India. Access and localization we think are two big thing that improve patient care and allows us to contribute to be TB free.**



**You said that you are considering manufacturing in India by next year? Could you elaborate more on this?**

**Peter Farell: Yes, we are looking at expanding in 2019. That includes some of our commercial access initiatives as well as manufacturing.**

**Our original plan is to manufacture in India. While currently we are targeting to manufacture a one set of products i.e. cartridges for the GeneExpert diagnostic systems. As the need and requirements happen, we will decide how we expand from there.**

**Our growth is 7-8 times of the GDP which is much higher than in India and globally. We focused plans that would allow us to spearhead growth in next five years in India.**



**Please elaborate in details on the company's business outlook for India?**

**Jai Shankar Krishnan: I will specifically talk about Danaher. The company has been in India for many years now. We have a very strong footprint. It is bunch of twenty companies and Cepheid is a wholly owned company of Danaher. So, anything that helps Cepheid establish in India and also help the local market place including the manufacturing sites, we are always positive about it.**

**If we look at the synergy symptoms of what we could do together or it could be the green field which Cepheid needs to be on its own. Danaher would be extremely happy to help, invest, support, nurture and host of stuff that is relevant to happen. Danaher already has a R&D footprint, manufacturing footprint in India. We have got a very strong inorganic and organic growth in last 5-6 years.**

**Peter Farell: So for Cepheid, it was the year 2008 when we started selling our products in India. In 2013, we started our commercial organization, that expanded into service, more direct sales. Now this next phase which is manufacturing. We have evolved as this will be second manufacturing site outside United States. We already have one in Sweden. We have three facilities manufacturing various parts of our products in California but this will be the first one outside the Europe and US. So we are excited about that.**

**Jai Shankar Krishnan: In our experience, when a company wants to come to India, typically do imports and when you have a strong commercial base, you then slowly evolve into what is needed local manufacturing stuff.**

**I think we are turbo charged especially Cepheid as part of our journey reflection, we commercialized the business and now are embarking on the next journey. It has been the fast projectory growth that Cepheid has been looking at.**

**Peter Farell: One of the reasons why we chose India is that one of the cartridges that we will manufacture here, has big demand here due to the TB population. Not only does it allow us to have a bigger footprint in India but also the patients that are dealing or living with TB.**



**How do you look at the TB scenario in India and how realistic does the goal to eliminate it by 2025 seem to you?**

**Peter Farell: The global goal for TB elimination is 2030. So, India's goal is much ahead of the global one. I think the elimination of TB is ambitious but doable. The partnership between government, private sector and other not for profit organizations such as Union, FIND, CHAI etc and other players is really playing a great a role in elimination.**

**Comparing the initiatives of last year and this year, I think today the discussion is more on what we should be doing than what we should have done. That is the start of the progress. I think it is ambitious but I think it surely can happen.**

**Our prespective in diagnostics, as I mentioned before, is largely improving access and little bit on innovation because this is not just a detection issue but the treatment and to make sure that people get the access to it.**

**One last thing that I am reminded from Dr Dang, is that starting education earlier for people so that they understand this at young age earlier if you are going to make that change. We have seven to eight years to do a better job on education.**



**There are many transformative technologies that are coming up to treat TB? How can these be made affordable?**

**Peter Farell: The cost share for Indian government is 9 US dollars and 98 cents per system. So is this really an issue for elimination of TB or the cost of the drug or the cost to the hospital for patient to come back and get treated? We have a compassionate cost of 9.98 dollars that has been established as global contract for access to developing countries and it is been over 12 million test last year around the world for TB. We believe that we have already passed the standards set by the global bodies like WHO.**

**We have other technologies such as XDR test which is for multiple drug resistance bacteria treatments. 94,000 people in India are reported to be drug resistant in India. Hence, it is big menace.**



**We would like to know about the latest diagnostic tests for overcoming the challenges such as MTB or MDR?**

**Peter Farell: I think the TB diagnostic test for multiple drug resistance MDR has to be sensitive and specific. At Cepheid, we have double or triple check for such products. We have an analyzer that would just go anywhere and with the new GeneEpt Edge in a sack, it is getting closer to a patient. Access is a real big deal and I think the innovation is made made around access, more people will get treated and ultimately will get reduced incident rate in India.**



Health ministry in India has been accelerating efforts to spread awareness, roping in even big TV stars. Do you think it has helped in educating the masses?

**Peter Farell:** We have come across many TB champions who have faced the disease and come out of it. Again, there is an example of a TB survivor whose disease relapsed and she is living with multiple issues. TB is a disease people shy away from talking about. It makes people feel uncomfortable. Whether it would be a family member or it would be a family member, makes some people uncomfortable.

Any type of positive awareness, therefore, should not necessarily have a stigma attached to it. The grassroots education about the disease and its causes, diagnosis and treatment is a must.

I have seen that the actors that the Union or the Indian government programmes are featuring, have suffered the terrible disease. It motivates the sufferers because the people they are listening to, are survivors. If you hear any survivor talk about the experience, it comes down to detection and treatment. Not many come to a fun story.



You have travelled globally to various countries and met TB patients and doctors. Please share your experiences with our readers.

**Peter Farell:** TB is a terrible disease that affects a lot of people globally. The Union has done a considerable work. They have helped in decrease in number of cases in Africa. They run a programme with GeneXpert on TB monitoring. There are other places in South East Asia, USA where it has been highly successful.

You need a whole system and that is what has been a problem in India, South Africa. More developed countries have already the 100 percent coverage. India is starting to get there. As the will of the government has support of organizations like FIND and CHAI and others, I think the very important things that we have learnt at different places will be applied in India.



What will be the challenges to eliminate the TB as per set goals?

**Peter Farell:** I think it is the lack of education, tests and treatment. These three things are difficult challenges that stand before India or any country that is fighting TB.



Since you are introducing GeneXpert Edge in India, is Cepheid now a part of the government elimination programmes?

**Peter Farell:** It has been a WHO endorsed product and the earlier series of GeneXpert have been a part of global efforts to eliminate TB since last 8-10 years now. Every programme of the world and I would say even 95 percent of TB molecular test globally are done on GeneXpert.

This is more sensitive and specific test.



On the corporate side, you looking at partnerships in India? Other than government programmes, is there other way of disseminating technologies?

**Peter Farell:** One of the best part of government run programmes is that they allow access and availability of technologies to real patients.

For the wider use of such technologies, we are part of consortia to defeat the TB. When you hear about the FIND or any other organization running the programmes to tackle disease, we are a part of it.



How do you find the Indian market as growth opportunity and potential for your business?

**Peter Farell:** It is a high growth opportunity for us and we look at it in different product categories and segments. The more operations we build here, more products get approved and we will expand.



What opportunities is Danaher looking at in next few years cutting across all segments?

**Jai S Krishnan:** We are not looking a diversifying into any newer areas. We will continue to strengthen our existing businesses.

We will continue to invest in India, both product and R&D processes. We have a R&D hub in Bengaluru. We do lot of software and hardware in India and we are infact filing for lot of global patents from Indian office. Indian market is one is most high rated markets and we are looking at localization.



What is your company's share of activities within life sciences and biotech market?

**Jai S Krishnan:** We have a large presence in life science and biotech market. We work with academia, and infact, our 30-40 percent business comes from government institutes and acengies. It is playing a big role in our interest in investing in the sector.

We are also involved in collaborative model of research and development within life sciences. We have collaborated with National Centre for Biological Sciences (NCBS) and Indian Council for Medical Research (ICMR) for front-end research. Infact, we are working on biologics research, especially collaborative projects.