

Technical Talent Tailing Off At CDMOs?

Jan 11, 2024

In terms of revenue the global pharmaceutical contract manufacturing market was worth \$176.5 billion in 2023, and will reach \$258.3 billion by 2028, growing at a CAGR of 7.9%. That's a lot of outsourcing. And a lot of dedicated human resources, among other things. The largest outsourcing market, according to the report and as most of us instinctively know, remains North America.

And despite current geopolitical "frictions," reshoring and the like, Asia is still estimated to have the highest growth during the next five years (CAGR of 9%). "Varying regulatory requirements across regions" and "the introduction of serialization" (and costs associated with both) are listed in the report as examples of challenges the industry has to deal with to maintain growth trajectory.

When I asked outsourcing professionals at the end of 2023 about the year ahead, their concerns consolidate around the need for more *skilled* human resources at CDMOs – knowledgeable, trained and experienced professionals to handle the advanced therapies and technologies of today. We will focus on that today.

First, let's state that the needs of our industry can change quickly, and our CDMOs accordingly adapt to customer needs. Perhaps any skilled worker gaps will be filled. For example, we note the hands-on training increasing at university Centers for Biopharma Manufacturing across the U.S., and there are more former-biopharma workers moving to CDMOs.

But for now, realities and worries persist. Particularly, should you be at an emerging biopharma organization, but also at larger pharma. The Big Pharma share of the pharmaceutical contract manufacturing market is expected to register the highest CAGR during the forecast period. That means these collasi will need more help than ever.

And Big Pharma, we hear repeatedly, already vacuums up the "A Teams" at the CDMOs. That may be true or not, but either way many executives at smaller developers don't feel the skillsets and levels of their FTEs and other workers are where they should be – or as we will see in a moment, where they even once were. Below, representing a number of similar conversations, I anonymize and edit one of the more vocal vices expressing concern – and real experience – over the professionals at CDMOs attempting to meet their needs.

A Comparative History

"Having been engaged in work from the pharma side – big and small companies – outsourcing to CDMOs for over twenty years now, in the small-molecule space. Today, I see a distinct difference in technical performance compared to my mid-2000s CDMOs. Many CDMOs, including some of the biggest, don't seem to be bringing in the talent they used to attract.

Whereas my early days in this business showed many CDMOs fielding teams that could provide good ideas and troubleshoot effectively, many CDMOs now seem to require a lot of our technical handholding, even on fairly basic stuff. That is tolerable if you have a strong technical team—I do, fortunately—but could be very tough for emerging biotech that lacks the resources to field an internal technical team."

Projects Not Managed

"Likewise, project management performance remains quite heterogeneous across CDMOs. Some are effective, but others—again, even the big CDMOs that inhale tens of millions of dollars in a heartbeat—provide poor project management support. This results in delays, misaligned expectations, missed deliverables, and

cost overruns. The amount of oversight we have had to invest in some CMOs represents a noticeable drain on my resources.

Whereas I was once a strong advocate for leveraging CMOs for even the most complex projects, now I approach each new CMO with hesitancy, or even apprehension, as to what we shall discover once we begin working with them. They mostly have strong BD teams that push their capabilities, but actual performance is a mixed bag.

Don't misunderstand: I sometimes get some great surprises where CDMOs execute much better than I would have expected. However, the average does not seem to be close to what I was used to in the mid 2000's."

Big Challenges

The biggest challenges this professional sees? Here's his list

- *Technical execution and plant staff execution (high deviation rates)*
- *inflexible in approach (larger CDMOs have a 'my way or the highway' approach, although they are often not actually good enough anymore to be that rigid)*
- *lack of engagement of technical staff—sometimes even staff versed in the local language and acting as PIP locally—on manufacturing challenges*
- *opacity in CDMO decision-making, tactical and strategic*
- *lack of engagement on deviations*
- *obscure scope changes that seem to capitalize on minor ambiguities in the original proposal to increase project costs just to deliver the original scope*

Stay Inside?

"Many CDMOs are pushing their *perceived advantage in this seller's market* in ways that make contract negotiations overly onerous. There is shifting of additional cost and risk onto customers, and indefensibly long binding windows (*e.g.* 90 days for a single-shift package run). You can probably sense some disillusionment in my notes above. These experiences make me appreciate the CMOs we effectively resonate with all the more, however having some good ones as a yardstick places some of the industry leaders in an even worse light.

The pendulum has swung so far in the CMOs favor, it naturally has folks in my job reflecting on the benefits of having internal manufacturing..."

All Sides Welcome

Despite the final comment in our narrative directly above, even more than ever "CDMOs enable the successful business models in our biopharma industry."

And CDMOs are a driver to the actualization of advancing science and technology, and ultimately the delivery of new options to patients around the world. How they have pivoted to cell and gene therapies, vaccines development and other advancements through the last few years is amazing in itself. For the most part, our service organizations get it right, adjust to your needs, and provide you the option to stay lean and nimble.

But again, good to keep our checks and balances, and hear the in-the-trenches experiences from outsourcers who have been at this for years. I believe airing all sides will help us hit – or surpass – that \$258 billion market goal.

Source: [Technical Talent Tailing Off At CDMOs \(outsourcedpharma.com\)](https://outsourcedpharma.com)