

Outsourcing Laboratory based Services: Inventing a New Future for R&D and Testing by G. Sudesh Kumar. 2006. New Delhi: Tata McGraw-Hill Publishing Company Limited. Pp. 195, Price Rs. 395.

This book discusses the outsourcing of R&D and testing by a variety of major multinational corporations to developing countries, particularly India. It focuses mainly on the pharmaceutical industry, although biotechnology, electronics and materials are also mentioned. Thus, in the introduction, the author states that the book is *not* about IT or BPO but rather about R&D where experimental issues and engineering are important.

The first chapter, titled 'Global outsourcing in a knowledge economy' describes the new face of globalization which emphasizes speed, knowledge, global spread and services. It notes the transformation of the pharmaceutical and biotechnology industries in the last decades, and considers the value chain in globalization. The types of outsourcing in terms of tactical to strategic are discussed. The author presents some findings from an A.T. Kearny study on the locational attractiveness of different countries, where India leads the ratings. India's innovation structure is explained in detail including the human resources and scientific manpower available in the country. Guidelines for outsourcing are presented and the chapter concludes with examples of outsourcing, particularly MNCs outsourcing R&D-type work to Indian firms. A problem with the writing, which persists throughout the book, is that the points made are not very coherent and the arguments are not developed convincingly. Also, throughout the book there is a tendency to diverge from the main issue and discuss somewhat irrelevant topics.

The second chapter is called 'Research process outsourcing: The beginning of pharma contracts.' It starts by describing some contract research organizations (CROs) in India and noting that even big pharmaceutical companies cannot do it all: there are too many potential drugs that can be developed and each may have many paths leading to success. Thus outsourcing in this industry has become big business in itself, since companies are trying to reduce costs and shorten development times. The chapter presents some useful data on the drug discovery process: the steps, the phases/trials, time lines and cost estimates. The role of CROs in India and the advantages they have are illustrated with examples, although India still has only a small fraction of the world contract research market. Other areas where outsourcing in the pharmaceutical industry is taking place are also mentioned, such as diagnostic devices, medical instruments, biotechnology R&D and traditional medicines. The chapter concludes with a prognosis of these trends. While the data presented are useful, the reader would probably wish for more details and supporting facts.

The third chapter, 'Off-shore R&D labs: From citadels to clusters,' traces the evolution

of industrial research very briefly and gives the rationale for off-shore operations. However, the distinction between off-shore facilities, outsourcing and the formation of clusters of industrial research establishments are not clearly made. The usual reasons are mentioned, such as cost, customer focus, proximity to off-shore manufacturing, and strategic intent. However, very little data is presented on the degree to which this is happening. The issue of knowledge transfer is also touched upon. A number of examples from India are given. It is argued that while India may still be a small player globally, the business brought in through off-shore R&D is important for its economy. India has a number of advantages although it is facing severe competition from China in this field. The chapter touches upon some other issues such as the limits of vertical integration which lead to outsourcing, the “open innovation model” and knowledge flows within multinationals. Unfortunately, the points are not neatly linked for the reader to follow.

Chapter four, ‘Testing for quality? Outsourcing is in,’ introduces a number of topics related to testing and quality assurance. The globalization of standards for quality and assurance is noted and the realization of the value of independent testing, leading to a market for independent laboratories, is discussed. The author remarks on the types of testing that are outsourced and also on the types of testing labs. The author also stresses the need for integrity and confidentiality and that the labs must provide value for money to its customers. The issues are important but fairly obvious. Also, many issues are discussed that are hardly germane to the subject of the book. The main point that emerges is that outsourcing is popular because it provides cost savings, is faster, and can provide specialized services that may not be available in-house. The chapter contains a number of examples of Indian firms getting outsourced work.

Chapter five entitled ‘Measured once, accepted everywhere...’ is about measurements generally but it is not clear as to how it fits in with the rest of the book. There is some discussion on quality issues, standards, and globalization requiring uniform, reliable and accepted measures. The matter of Good Laboratory Practices (GLP) is taken up in this chapter, and the related ISO 17025 standard is described. Compliance, documentation, priority are all mentioned and the notion of the ‘chain of custody’ is explained. The chapter concludes with a review of issues related to quality, auditing, certification and accreditation. The issue is of course general, but is also applicable to CROs.

Chapter six, ‘Inventing the future: Citius, altius, fortius,’ is the final chapter and talks about the role of India in the future knowledge-based economy. The chapter also mentions alternative modes of knowledge production and notes the gap that exists between countries. The economic hurdles in doing R&D are also pointed out.

One of the difficulties in reading this book is that there is often very little connection between one paragraph and the next. It is also the case that many points could have been omitted altogether. Instead, there could have been more supporting data, more critical assessments of situations or conditions mentioned, and more original opinions. There are relatively few references (the many quotations do not count as references) and surprisingly, there is no citation system. Works are mentioned in the text but are not listed among the references, and works in the references are not cited directly. There are many unsubstantiated statements which are probably true but not backed by the necessary references or data. The focus on India is good for readers interested in outsourcing in India, but there is very little information on other countries, which would have made the book more useful generally. In conclusion, this book could be useful to readers interested in learning about how Indian firms are benefiting and can benefit further from outsourcing by global pharmaceutical companies.

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Regulation of Financial Intermediaries in Emerging Markets. Edited by T.T. Ram Mohan, R.R. Nitsure and M. Joseph. 2005. New Delhi: Response Books, Pp. 254. Price Rs. 580

This book is a collection of eight articles presented in the ICICI Research Centre-IIM, Ahmedabad International Conference on “Regulation of Financial Markets in Emerging Countries” held in Mumbai in March 2002.

In the first article by T.T. Ram Mohan on “Some Critical Issues in the Banking Sector Today”, the author highlights the improvements that have taken place in this sector since deregulation began in 1993. It is no doubt true that the PSBs in India today have moved a lot towards greater efficiency through large-scale computerization, ATMs, deregulation of rates and control of NPAs, though it must be mentioned that they have been immensely helped through treasury profits in the recent past when interest rates fell. The story is now very different when long-term interest rates have risen by about 2%. If any bank has duration of Government bonds of say 3 or 4 years, the loss can be well understood and the situation has been saved temporarily by transferring such assets into the “Held-to-maturity” category. The author also highlights some critical concerns like risk-aversion by banks leading to a lack of funds in some of the starved sectors, missing the macro-economic picture in controlling NPAs at the cost of long-term performance, corporate governance in banks and development of human capital. The issues raised by the author are well-presented and call for wider debate in the

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