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A beachhead in India

Ottawa entrepreneur Rohit Prakash targets software market for drug R&D

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A sign of the times: Hotel space is at such a premium in Bangalore that IBM now books its executives into five-star establishments in Chennai, several hundred kilometres to the east. From there, they commute by air into Bangalore, an exercise that chews up at least four hours daily -- and that's when road traffic from the terminals is reasonably clear.

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Rohit Prakash, the CEO of Sygenics Life Sciences Software, is no stranger to India, but even he was surprised by the level of business activity he witnessed during a recent two-month visit.

"If it wasn't for the influence of the people we were seeing," he says, "there's no way we would have found a decent hotel in Bangalore on short notice."

Prakash's return the subcontinent, too, is a harbinger. He runs a one-year-old software company that is developing its first customers in India before turning to other markets. This marks a sharp departure from the usual pattern that sees Canadian tech firms establish beachheads in North America before expanding their horizons.

Prakash will announce today that Sygenics LSS has secured its first purchase order from the Mumbai-based information technology unit of Shreya Group, a global drug manufacturer. The Shreya unit will not only use Sygenics LSS software to help expedite in-house research efforts, but it will market the technology to other drug manufacturers as well.

Sygenics LSS makes software that helps pharmaceutical companies and contract R&D specialists manage the reams of data generated by drug research, patient care and clinical drug trials. The technology also tracks whether the trials are complying with a host of regulatory standards.

Prakash -- a former manager at a series of Ottawa tech firms including Kinaxis, Crosskeys and Mitel -- expects soon to complete negotiations for several other purchase orders arising from his marketing efforts in India. His journey included stops in Delhi, Mumbai, Hyderabad and Bangalore. Among the new clients: Panacea Biotec, a mid-size pharmaceutical company based in New Delhi.

The idea is to create a series of software packages over the next year or so tailored for different aspects of the health and drug industry.

For Prakash, tackling India first is natural.

"The state governments are putting big money into trying to create the next life sciences centre," he says, "Everybody wants to re-create Bangalore's success in establishing a world centre in information technology outsourcing."

Although India's \$5 billion-a-year pharmaceutical industry represents less than two per cent of the globe's total output, its share is expected to rise rapidly in coming years. In part, this is thanks to India's recent move to conform with the World Trade Organization rules governing the protection of drug patents.

Under the new regime, multinationals such as Merck & Co. and GlaxoSmithKline are expected to set up or expand facilities in India to make drugs for local and export markets.

At the same time, Indian pharmaceutical firms such as Ranbaxy, Dr. Reddy's Laboratories and Cipla are moving swiftly to create their own drugs -- as well as continue to make generic formulations.

Both sets of potential customers, domestic and foreign, proved amenable to a pitch by Prakash.

"We met with the top players across the country," he says.

"The red carpet was rolled out everywhere."

Prakash and Sygenics LSS vice-president Usha Thakur had expected to meet with mid-level information technology executives at each call but, instead, found themselves introduced to prospective customers' chief scientists and chief information technology executives.

The potential is huge. India already supports 20,000 foreign-owned and domestic drug companies. But relatively few have invested in industrial-strength data management software.

Sygenics LSS expects to have a handful of significant lead customers in place by yearend, when it will have begun marketing its technology to U.S. firms as well.

From there, Prakash hopes to ramp up sales significantly.

In the early going, Sygenics LSS will rely heavily on the resources of its clients to fuel growth. The company is seeking capital from angel investors but a number of prospective clients have already expressed interest in buying equity.

For the moment, Sygenics LSS is a tiny operation with just five full-time employees, most of them based in Montreal. (Prakash is Ottawa based). However, the company will expand rapidly if the promised purchase orders come through.

Sygenics LSS is the brainchild of Raj Vadavia, a Concordia grad who grew up near Mumbai and emigrated to Canada at age 17. Vadavia is the CEO of Sygenics Inc., a Montreal-based data software and consulting firm.

Vadavia hired Prakash in 2004 to provide advice about what markets he should tackle using Sygenics' data analysis software. Prakash, 36, recommended chasing the life sciences market.

Vadavia and a fellow Sygenics executive, Thomas Fedoryak, then launched Sygenics LSS -- and tapped their consultant to run it.

The fondest hope of Vadavia and Prakash is that Sygenics LSS will soon become a much bigger entity than Sygenics Inc.

That shouldn't be difficult. Sygenics Inc., which once employed 40, is down to 10 workers. And Prakash and his team have their sights on a market so hot, the best hotels in its major cities can't keep pace.

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