

# Internationalisation & Strategic Portfolio Planning

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# Agenda

## **International Market Entry**

Strategies & Challenges

## **Portfolio Management**

Types, Selection & Optimisation

## **Pharmagineering**

More than Q&A!



# Goals

- 1)  
**Understand available options**
- 2)  
**Understand decision points**
- 3)  
**Understand methodologies**
- 4)  
**Build a foundation for strategy**



# About presenter

## **Generic Pharma 2.0**

Founder & CEO

## **15 years in generics**

Sourcing, Development, Licensing, Marketing, Publishing, Consulting

## **International projects**

Pan European Licensing, SE Asia CDMOs, US Entry, GL

## **Pharmagineer**



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A strategy delineates a territory in which a company seeks to be unique.

Michael Porter

If you don't have a competitive advantage, don't compete.

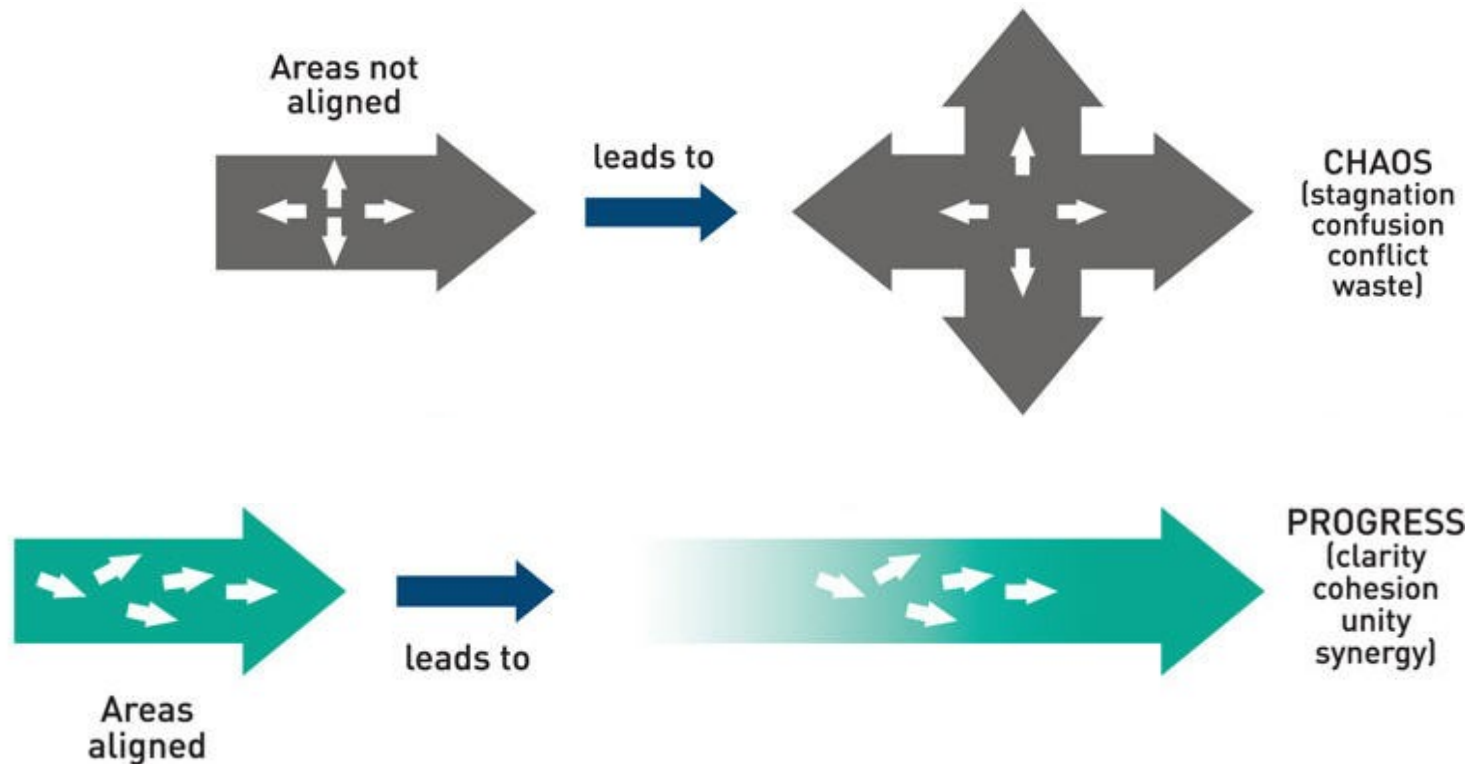
Jack Welch

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# Strategy

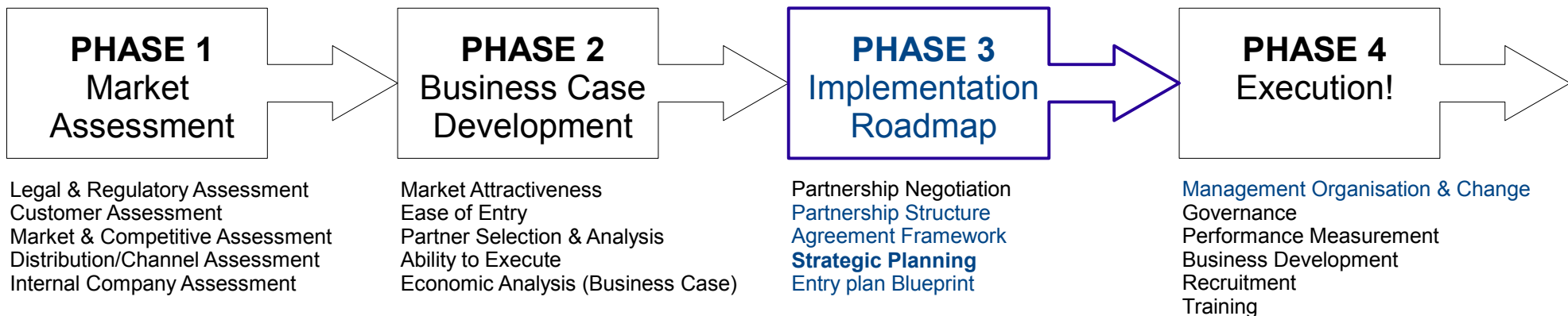
## Importance of alignment Chaos vs Progress





## Strategy

Where does this session fit?



Session 1:

# Market Entry **Strategies** & Management Considerations

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## Market Entry Strategies

Multiple options:

- 1) Contract manufacturer
- 2) Strategic Partner
- 3) License IP
- 4) Distribution Deal
- 5) Joint Venture or invest in existing company
- 6) Acquire control of existing company
- 7) Set up NewCo
  - i) Manufacturing step
  - ii) Sales & Marketing



## Market Entry Strategies

Pro's & Con's

1) Contract manufacturer

2) Strategic Partner

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**Bonus Points:**

Apotex deal with Intas for Biosimilars is example of a strategic partnership – any others?

Session 1:

# Market Entry Strategies & Management Considerations

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## Market Entry Strategies

### Management Considerations

- 1) Investment capability & timeframe
- 2) Degree of control sought
- 3) Resource commitment
- 4) Regulatory & manufacturing requirements
- 5) Market conduct and customs
- 6) Partner selection

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## Market Entry Strategies

Multiple options:

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Management Considerations

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## Session 2: Challenges

Session 2:

## Market Entry Challenges

Industry Examples

Pharmagineering

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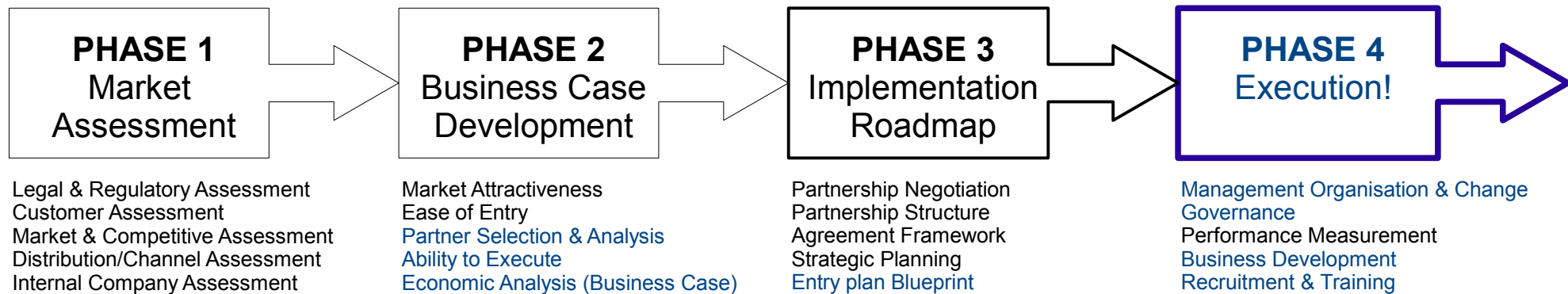


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## Going live!

### Where does this session fit?





## Market Entry Challenges

Stumbling blocks

- 1) Overall market strategy
- 2) Payee profile
- 3) Supply network strategy
- 4) Target Price and COGS
- 5) Quality control and process complexity
- 6) Patent and other IP protection
- 7) Supply chain
- 8) Government policies
- 9) Finance management
- 10) Partner Selection
- 11) Execution Planning

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Session 2:

Market Entry Challenges

Industry Examples

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Session 2:

# Market Entry Challenges Industry Examples Pharmagineering

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## Session 1

### Market Entry Strategies

- 1) Contract manufacturer
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### Management Considerations

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## Session 2

### Market Entry Strategies

- 1) Overall market strategy
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### Case Studies

Apotex Brazil  
CIPLA UK  
Dr Reddy's US  
Lupin US  
TEVA Japan

Session 3:

## Introduction to Strategic Portfolios

Classifying Portfolio Types

Product Selection Techniques

Portfolio Optimisation Considerations

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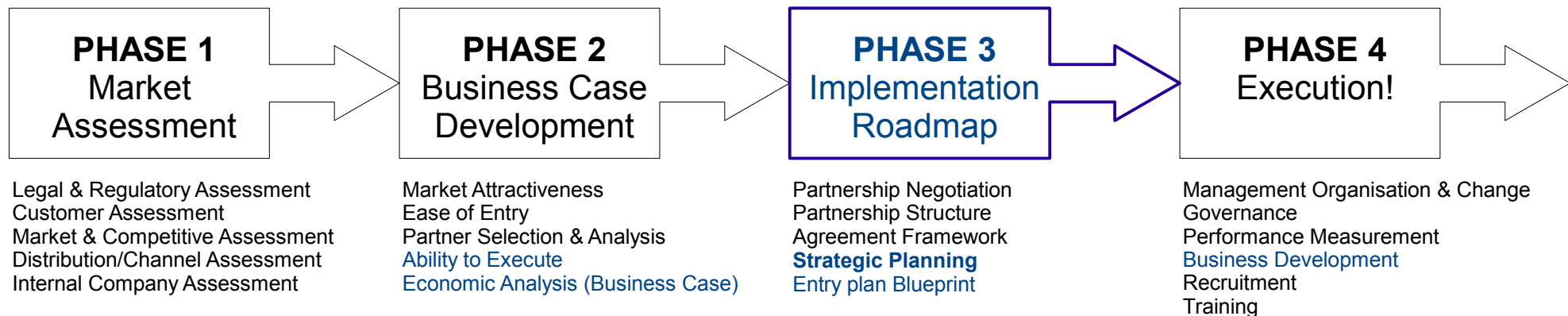
# The Challenge

## **Picking the right products**



## Strategy

Where does this session fit?



Session 3:

## Introduction to Strategic Portfolios

Classifying Portfolio Types

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## Why strategic planning is important

### Context

#### Key Stats

- The global generics market is estimated at about \$225 billion in 2011.
- \$358 billion by 2016; 18% of all pharmaceuticals, a projected CAGR of 9.7% 2011-2016.
- The North American \$73 billion in 2011; at 7.9% CAGR is nearly \$107 billion in 2016.
- Emerging market represents \$57 billion in 2011; \$115 billion in 2016, with CAGR of 15.1%.

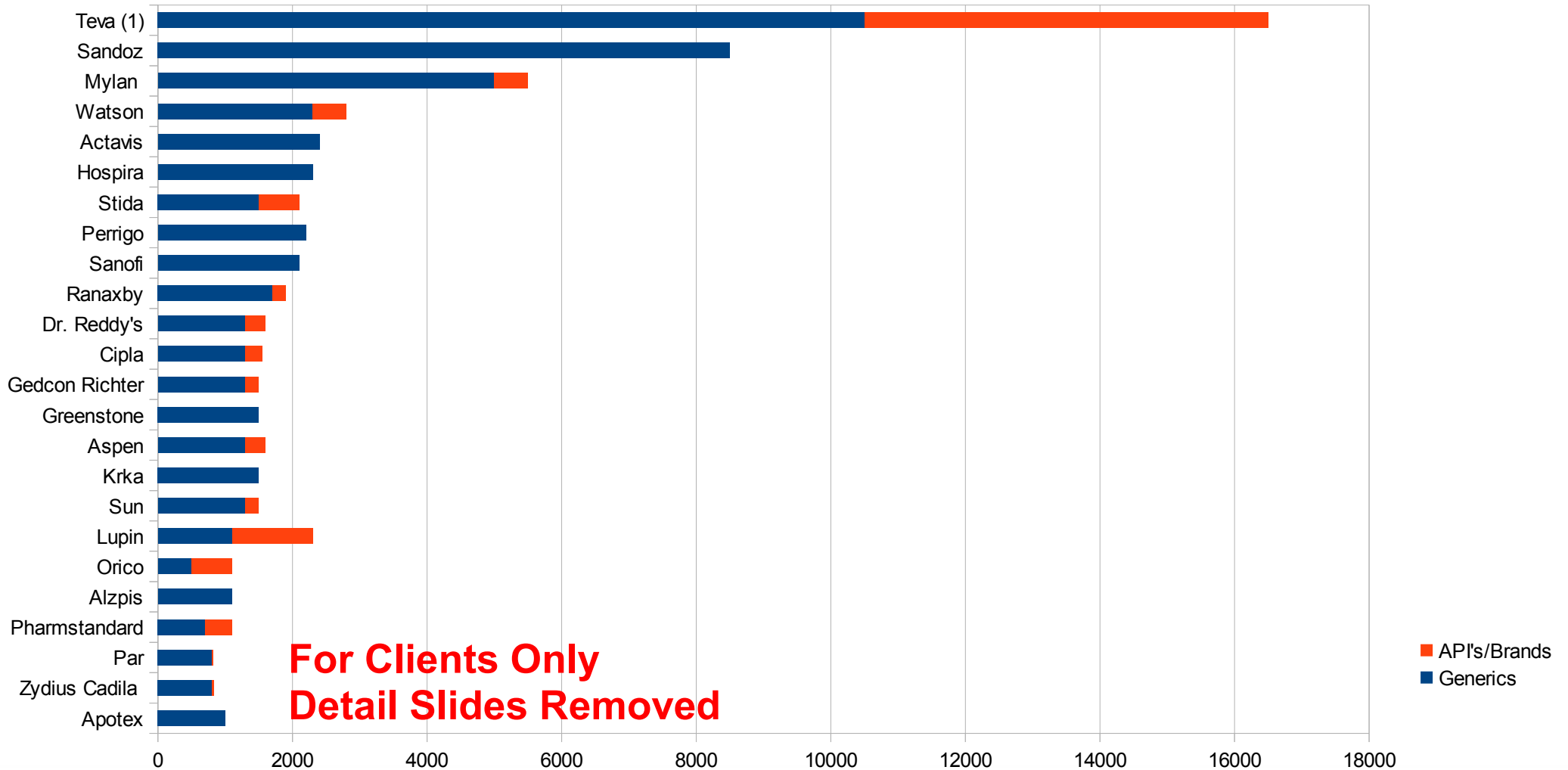
#### Environment

- The patent cliff: 12 compounds. \$67bn. 2020. Majority Biologics
- Big Pharma aggressively pursuing generic revenues, especially emerging markets
- Ongoing consolidation: 6 out of 2004's Top 10 acquired. Few big transactions left.
- Governments driving down healthcare costs; push for >self medication (OTC)





## Why strategic planning is important





# Why strategic planning is important

What is the future going to look like?!

## Context

### Competitors

Strong and getting stronger. Big Pharma in emerging markets

### Target Products

Traditional markets moving to Biologics

### Growth Potential

Double in emerging markets

### Market Dynamic

Push to OTC. Regulatory uncertainty. Protectionism.

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## Classifying portfolio types

**Does typical exist?! Country Variables**

- Demographic
- Population
- Market development
- Local players
- Drug provision policy
- Generic incentives
- Economy



## Classifying portfolio types

**Does typical exist?! Company Strategy**

e.g. United Kingdom

**Full:** Teva, Actavis, Sandoz, Mylan

**Profit:** Arrow, Ratiopharm, Winthrop, Stada

**Focused:** Rosemont, Hospira, Perrigo

**Manufacturing:** Cipla, Ranbaxy, Wockhardt, Aurobindo...

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# Product Selection Techniques

If you were creating a portfolio from scratch... where would you start?!

**IMS top down**

**Cash vs Profit**

**Patent expiries**

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**Reminder!**

A strategy delineates a territory in which a company seeks to be unique. [Michael Porter](#)

If you don't have a competitive advantage, don't compete. [Jack Welch](#)



# Product Selection Techniques

If you were creating a portfolio from scratch... where would you start?!

**Manufacturing  
capability**

**Marketing &  
Distribution**

**Copy Competition?!**

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**Reminder!**

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# Product Selection Techniques

**Complexities**

**Originator/Incumbent**

**Decision Markers**

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**Trend?**

Pfizer's price tactic and advertising spend was a first for brand owner, the last?



# Product Selection Techniques

## Examples

### Using IMS - Top Generics

#### 1. Fentanyl

Launched: January 2005, 2008 sales: \$800 million

Branded equivalent: Duragesic, by Janssen 2008 sales of \$250 million (from \$1.1 billion)

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# Product Selection Techniques

## Summary

### **Commercial strategy**

- Profit or volume
- Investments

### **Market strategy**

- Distribution channels
- Classification type

### **Manufacturing capability**

- Product type

### **Legal & Regulatory expertise**

- Patent expiry vs long tail

### **Market Knowledge**

- Complexities
- Commercial forecasts



# Product Selection Techniques

## Principle

**Market Driven**

**Manufacturing Driven**

**Financially Driven**

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## The alternative source: 3rd parties

### Why?

- Manufacturing constraints
- Development capability
- Time to revenue
- Financial model
- Product mix
- Country/region specific products
- Tactical & strategic relationships

Fill gaps created by selection methodology

Session 4:

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# Portfolio Optimisation

## What?

### Filtering of new products based on:

- Financial models
- Qualitative Assessment
- Operational & Capital Expenses
- Profitability Analysis

Maximizes portfolio value

Aligns resources



# Portfolio Optimisation

## Why?

- Overlap with competitor portfolios
- Increased competition
- Increased price erosion & quicker
- New products replace margin loss of old
- Product selection critical

Sustainable in context?





# The Challenge

## **Picking the right products**

Optimisation process  
could help.



## Portfolio Optimisation

### Brand vs Generic

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Session 4:

**Introduction to Strategic Portfolios**

**Classifying Portfolio Types**

**Product Selection Techniques**

**Portfolio Optimisation Considerations**

**Pharmagineering**

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# Strategic Portfolio Planning & Internationalisation

## Request Proposal for Training

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# Other reports & downloads

- **How to enter the US & European Markets**
- **Guide to Out Licensing in the Generic Pharma Industry**
- **Using the internet to develop international partnerships**
- **How to find new generic products to license**

[Download now](#)

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