

**剖析全球各大医药公司在中国的投资策略**

# **China: The Key Pharmerging Market**

**– Deciphering Major Pharma Companies' China Strategy**

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## Scope of the Report

It has been well recognized that the global pharmaceutical industry is currently experiencing drastic changes. All world major pharma companies are taking all necessary actions to make their organization more agile and adaptive and their operation more flexible and productive. These changes will ultimately lead to evolving of new operation models across the entire value chain of drug R&D, manufacturing and marketing.

While focusing on streamlining their internal operation, all world major pharma companies are also increasingly putting more of their focus on emerging markets as it has been widely recognized that most of the future market growth of the global pharmaceutical industry will be contributed by the emerging markets.

Among all emerging countries, China is currently standing out noticeably as it has displayed the fastest growth history in the past and, more importantly, still has huge future growth potential. Consequently, all world major pharma companies are currently placing more focus on China than any other countries in the same category and competing with each other in the Chinese market.

The report is focused on analyzing the strategies of entering China of these major pharma companies and their performance so far in the Chinese market. It is composed of four chapters. Each chapter focuses on addressing one type of critical issues.

Chapter One analyzed the current challenges faced by the world pharmaceutical industry and the strategies and actions currently taken by all major pharma companies. It pointed out that a series of new operation models are evolving in the industry.

Chapter Two analyzed the strategies currently taken by all world major pharma companies in the Chinese market and their activities in the country.

Chapter Three listed and analyzed in detail a whole spectrum of the activities of world top ten major pharma companies in the Chinese market. It vividly narrated a complete story of how each of these companies initially entered China, later expanded their presence and then become fully engaged in the Chinese market. It also revealed their marketing strategies, current performance and future growth potential in China.

Chapter Four analyzed the potential hurdles to be encountered by any foreign companies when they follow these major companies to enter the Chinese market. It also discussed all options they could have and their advantages and disadvantages.

The report provides by far the most comprehensive review, analysis and outlook about the world major pharmaceutical companies in the Chinese market.

## About the Author

### **Jim J. Zhang, Ph. D.**

Jim J. Zhang currently is president and managing director of JZMed, Inc., a leading market research company that specializes in the Chinese pharmaceutical, biotechnology and pharmaceutical outsourcing industries. Before founding the company, Jim worked for nine years with Albany Molecular Research, Inc. (AMRI), a US-based and currently one of the world largest CROs. During his tenure at AMRI Jim was responsible for managing and overseeing multiple drug R&D projects that involved the international cooperation of AMRI's multiple sites (USA, Singapore and Hungary). He played key roles in helping numerous pharma and biotech companies discover and develop a series of drug candidates that later entered preclinical and clinical development including advanced clinical trials. He was also the key contributor to the development of chemical production process for several developmental drugs. Prior to pursuing his Ph.D. program in the US, Jim worked for six years in a China-based CMO as process engineer and developed production process for a number of pharma products.

Jim's technical expertise spans from chemical process research and development to drug discovery and development for viral infection, cancer, chronic obstructive pulmonary disease (COPD) and cystic fibrosis. Currently he holds 18 patents. He is also the principal author of 12 peer-reviewed research articles.

Jim has authored a series of research reports about Chinese pharmaceutical outsourcing industry. He was also invited by a number of market research firms such as Business Insights to author/co-author industry reports.

Jim received his master's degree in Chemical Engineering from East China University of Science & Technology (Shanghai), and his Ph.D. degree in Synthetic Organic Chemistry from the University of Iowa. He also received additional trainings in Medicinal Chemistry through working at Research Triangle Institute (Research Triangle Park, North Carolina).

## Report Description

It has been widely recognized that a series of changes is currently underway in the global pharmaceutical industry. All world major pharma companies are currently experiencing a number of common challenges, both internally and externally. These challenges have forced them to take all necessary actions including reducing the size of their internal R&D organization to increasingly use external resources, increasingly pursuing virtual R&D model by running the internal R&D in a way more like an R&D-focused biotech company and by focusing more on managing relationship with external partners, and closing more manufacturing facilities to outsource all general manufacturing tasks. All these actions aim to make their organization more agile and adaptive and their operation more flexible and productive.

These fundamental changes will ultimately lead to evolving of new operation models across the entire value chain of drug R&D, manufacturing and marketing. As a result, all world major pharma companies will become much slimmer and more reliant on outside. They will still conduct R&D in house but only to a minimum extent. They will still perform manufacturing tasks but only those critically important. They will still focus on marketing but the marketed products are not necessarily made by themselves.

One of the series of changes currently undertaken is the shift of marketing focus of the major pharma companies. They have now become more focused on the emerging markets. Whereas among all emerging economies, their focus is more on China than any others as they are all attracted by the fastest growth trend of the Chinese pharmaceutical market. So far all world major pharma companies have had a variety of activities in the country including R&D, manufacturing, outsourcing and marketing.

The report **“China: The Key Pharmemerging Market – Deciphering Major Pharma Companies’ China Strategy”** analyzed, both in detail and in depth, the whole spectrum of the activities of world top ten major pharma companies in the Chinese market. It revealed their investment and marketing strategies and R&D focus in China. It also surveyed the sales revenues of these major pharma companies in the Chinese market including their past growth history, current market size and future growth potential.

The report provides by far the most comprehensive review, analysis and outlook about the world major pharmaceutical companies in the Chinese market. It provides a clear insight into their motivations and strategies in the country. It is a must-read book to all organizations and professionals in the industries of pharmaceutical, biotechnology, outsourcing service and financial investment that plan to enter the Chinese market or are interested in learning how the major companies got a firm foothold in China.

## Key Findings of the Report

- ❑ The global pharmaceutical industry is currently experiencing dynamic changes. Facing a series of common challenges, both internally and externally, all world major pharma companies are taking all necessary actions including vigorously controlling operation cost, simplifying organizational structure and increasingly using external resources.
- ❑ All these efforts will lead to evolving of new operation models spanning the entire value chain of drug R&D, manufacturing and marketing. In the future, all major pharma companies will become much slimmer. To them, searching for right drug candidates and technologies to license or right partners to collaborate with will become high priority. Similarly, searching for right service providers for outsourcing and right material suppliers for their supply chain will also become important to them. They will thus do more search than research.
- ❑ All world major pharma companies are also shifting their marketing focus more on to the dynamically rising emerging markets. The current top five major pharma companies in the emerging markets are: Sanofi-Aventis, Pfizer, GlaxoSmithKline, Astra-Zeneca and Novartis. Combined together, their current sales revenue in the emerging markets reached more than \$31 B, accounted for about 15% of their combined total global sales revenue and increased about 19% compared with 2008. The emerging markets have clearly become the battle ground of drug product marketing for all pharma companies.
- ❑ Among all emerging countries, China has become the main focus of all world pharma companies as the country presents enormous attractions such as the fastest growth of its pharmaceutical market whose growth momentum is further strengthened by the recently implemented healthcare reform. All world major pharma companies have had a wide variety of activities in the country in the past decade.
- ❑ The current top ten major pharma companies that are most active in the Chinese market are: Pfizer, Sanofi-Aventis, Bayer Schering, GlaxoSmithKline, Astra-Zeneca, Novartis, Roche, Johnson & Johnson, Merck and Eli Lilly. Combined together, they have so far invested more than \$3 B in China. Another \$2.2 B investment plan has been announced recently.
- ❑ In 2009 these top ten major pharma companies made the combined sales revenue of \$7.2 B in the Chinese market, accounting for about 18% of the current market value of Western-style medicines in the Chinese drug market. Compared to 2008, their combined sales revenue increased about 29%.
- ❑ The extraordinary growth of these major pharma companies in the Chinese market has made all of them determined to more dramatically increase their investment and

strengthen their presence in the country, which will only result in the faster growth of their China sales revenue in the near future. At present a common feature of their activity in China is that they have become fully engaged in the country.

## **Key Features of the Report**

- ❑ By analyzing the current challenges faced by the global pharmaceutical industry, the report is focused on analyzing the strategies and actions currently taken by all world major pharma companies. It is the first time ever that the report pointed out the new development direction of the global pharmaceutical industry in the near future and the new operation models to be evolving.
- ❑ The report also analyzed the strategies currently taken by all world major pharmaceutical companies to enter and get a strong foothold in the emerging markets and their current activities and performance in these countries.
- ❑ With detailed summarization and analysis of all activities of world top ten major pharmaceutical companies in the Chinese market in the past decade, the report vividly narrated a complete story of how each of these companies initially entered China, later expanded their presence and then become fully engaged in the country. It is also the first time ever that the report revealed the strategies of all these world major pharmaceutical companies in the Chinese market. It provides real examples to all other companies that plan to follow them to enter the Chinese market.
- ❑ Moreover, the report analyzed both in detail and in depth what potential hurdles a foreign company could encounter when entering the Chinese market and options they could have. By comparing the advantages against the disadvantages of each of these options, the report provides strategic and detailed solutions to help these companies effectively overcome these hurdles.
- ❑ The report also surveyed the market performance of the world top ten major pharmaceutical companies in the Chinese market. It revealed the facts of how their China sales revenues climb up so fast, which company has had the most investment in China, which has had the most activities, which has had the best market performance so far and which will have the most potential of future growth.
- ❑ The report is a comprehensive reference book for any foreign companies that wish to enter the Chinese pharmaceutical market to look for existing examples, decide the best operation models and counsel the practical strategies.

## **Your Questions Are Answered**

The Report provided detailed answers to a series of questions:

- Why are so many pharmaceutical companies from around the world going to China? What attract them? How do they weight these attractions?
- What strategies did these companies employ to enter the Chinese market? How did they gain a strong foothold in the country?
- What investment did they have in China? What are they doing currently?
- Where in China are the activities of these pharma companies most concentrated? Which places in China are most suitable for what type of pharma projects? How about the local investment environment?
- In the past which major pharma company has been most aggressively expanding its presence in China? Which one is most aggressive right now?
- What types of R&D are the major pharma companies currently conducting in China? Who in China have they collaborated with? What strategies did they employ to approach the local Chinese organizations? Which Chinese companies/research institutions have had the most collaborations with major pharma companies?
- Who are the current top ten foreign pharma companies in the Chinese market? How are they ranked?
- What drug products are they marketing in China? How are their market performances/shares in each sector of the Chinese market? What types of drug products have the best sales revenue and why?
- What hurdles will other pharma companies encounter if they follow these major companies to enter the Chinese market? What strategies should they employ to overcome them?