

Ranbaxy **MarketBuster**

Summary

As one of the top pharmaceuticals in India and worldwide, Ranbaxy Laboratories Limited has its products sold in over 100 countries and manufactured in seven countries. The company has a strong global presence with over 78% of its sales from overseas markets. They produce a wide array of quality, generic products that are preferred by health professionals and patients worldwide. While Ranbaxy's strength lies in quality generics, it is slowly moving toward New Chemical Entities (NCE) and Novel Drug Delivery Systems (NDDS) in supporting its long-term growth focus. The company aspires to break into new markets as a research-based pharmaceutical entity. It has actively pursued strategic alliances and acquisitions to develop areas of expertise and gain access to advanced technologies. The Company's major research focus lays in Urology, Anti-infectives, Respiratory, Anti-inflammatory and Metabolic disorders segments. Ranbaxy's vision is to achieve significant business in proprietary prescription products by 2012 with a strong presence in developed markets.¹

The Story

Established in 1961, Ranbaxy Laboratories is India's largest pharmaceutical and ranks 9th worldwide as a generics drug manufacturer.² The company went public in 1973 and began the first of its several strategic alliances through a joint venture in Nigeria in 1977. The Ranbaxy research foundation was initiated in 1985 and several more production facilities were in place by 1987. Its plant in Toansa, Punjab, which is the largest manufacturer of antibiotics, got US FDA approval in 1988.

After being granted a few US patents for its drugs, Ranbaxy entered a joint venture with US pharmaceutical giant, Eli Lilly & Co. to market certain Lilly products in the Indian market. The company forayed into the Chinese market through the Guangzhou China joint venture in 1993. Ohm Laboratories, a manufacturing facility in the US was acquired in 1995 and its state-of-the-art manufacturing wing was FDA approved to run as Ranbaxy's US subsidiary Ohm Laboratories Inc. 1998 was a milestone as Ranbaxy entered the US, the largest pharmaceutical market and distributed products under its own brand name. Ranbaxy enters into Brazil, the largest pharmaceutical market in South America and achieves global sales of US \$2.5 million in this market by 2000 and acquired Bayer AG's generics business in Germany the same year. In 2003, Ranbaxy and GlaxoSmithKline (GSK) accelerated their discovery programs through a global alliance for drug discovery and development. While Ranbaxy leveraged its early product development strengths, GSK used its expertise at late development stage to complete the development process. Ranbaxy acquired RPG (Aventis) in 2004 to enter the French market and acquired generic product portfolio from EFARMES of Spain the following year. Ranbaxy received India's first approval from USFDA for an anti retroviral drug under the U.S. President's emergency plan for AIDS relief initiative (PEPFAR). By 2005, Ranbaxy had opened its third state-of-the-art R&D facility in India and also entered the Canadian market. The company has strong growth rates with an expanding international presence in the USA, UK, France, Germany, India, China, Brazil etc. Ranbaxy leverages its Indian competitiveness to launch quality products into global markets.³

¹ Ranbaxy Laboratories Limited, Company Profile

² Rediff.com Pharmaceutical Biz Quiz

³ Ranbaxy Laboratories Limited, History

MarketBusting Moves

Ranbaxy Laboratories Limited has managed to lead the industry and strengthen its global presence by successfully implementing the following MarketBusting moves:

- #14: Radically improve your productivity
- #25: Capitalize on second-order effects of shifts in constraints
- #37: Make a Land Grab

#14: Radically improve your productivity

In the competitive and fast-paced pharmaceutical industry, Ranbaxy has actively pursued strategic alliances and acquisitions to gain access to breakthrough technologies and fast growing markets. They have managed to balance their R&D costs and work force by working with some of the leading drug development laboratories around the world while leveraging their financial support and distribution networks in commercializing scientific discoveries. In 2003, Ranbaxy entered an agreement with Medicines for Malaria Venture, Geneva (MMV) for the development of Synthetic Peroxide anti-malarial drug. The company entered human clinical trials and got approvals to conduct clinical trials in the United Kingdom in 2004.⁴ As CEO and Managing Director, Dr. Brian Tempest stated, "Ranbaxy is committed to developing a drug that is not only safe and effective, but also affordable to people in India and hundreds of millions others who have to live with this terrible disease everyday." The success of the partnership has further promoted Ranbaxy's image among populations and allowed it to meet a growing and important demand in treating malaria.

#25: Capitalize on second-order effects of shifts in constraints

The growth of generics grew at a faster rate than the total pharmaceutical market from 2003-04. The demand for more affordable drugs in developing countries has attracted several manufacturers to produce quality drugs at low-costs due to economies of scale and more flexible legal frameworks. Ranbaxy has aggressively followed industry trends and penetrated the generics market through alliances and heavy investments in R&D. India's low cost of innovation, production and labor allows it to market and distribute competitively in other parts of the world. Ranbaxy invests about 9% of sales into R&D as it tries to increase its share in the branded drug segments.⁵ It has discovered several chemical compounds, got US patents and FDA approval for its drugs, which it distributes in several countries abroad under its brand name. The company has managed to become the market leader in several regions with the fastest growing generics segments such as France, Spain, Russia and many others.

#37: Make a Land Grab

After years of success, Ranbaxy has the technological expertise and strong quality culture to back it up when it entered the laboratory testing business. It has the potential to fully exploit opportunities for growth in the clinical testing areas as it happens to be the single largest source of clinical laboratory testing in South Asia offering an extensive range of diagnostic tests. With the backing of four full-fledged testing facilities in Mumbai, Delhi, Mohalli and Bangalore, the company plans to increase its presence from 215 to over 400 towns with the number of collection centers going up from the existing 500 to 2,000 across the country. The laboratory which conducted four million tests at present would have the capacity to carry out 25 million tests annually. The company would provide services of world-class tests at affordable prices in the country.⁶

⁴ 'Ranbaxy and MMV achieve potential breakthrough'

⁵ 'UBS Global Pharmaceuticals Conference'

⁶ 'Ranbaxy's Expansion Plans'

Key Lessons

Ranbaxy's manufacturing strengths have established it as a producer of world-class generics, branded generics and a major supplier of its range of Active Pharmaceutical Ingredients. Its overseas facilities are designed to cater to the needs of the local regulatory bodies of that country while the Indian facilities meet the requirements of all International Regulatory Agencies. Ranbaxy is now the 7th fastest growing pharmaceutical company in the world.⁷ It has pursued strategic alliances, leveraged its core competencies in finances, distribution network and quality processes to become one of the world leaders in the pharmaceutical marketplace. The company is growing rapidly and expanding into markets globally while investing in R&D to form its image of a research-based international pharmaceutical company.

⁷ 'Ranbaxy AidonAids'

DRAT Table, Ranbaxy**SOURCE**

External

Powerful Incumbents	Stiff competition from domestic and international companies.
Opposition from advocacy groups	N/A
Risk to key external stakeholders	N/A
Inertia	Continuing to innovate and introduce new drugs. Further expansion into global markets.
Disruption of customer's and system or process	Maintain current customers and attract new segments.
Changes in standards or regulations required	Regulations in different countries, intellectual property violations, move toward a research-based innovative pharmaceutical

Internal

Internal political maneuvering	Company has overseeing board, senior management to handle the conglomerate's many divisions.
Reluctance or resistance by those needed for active implementation	People comfortable with current products and service
Resource Constraints	N/A

Platform changes required

Human resource and skills platforms	Greater expansion will require more employees globally.
Logistics platforms	Keep looking for cheaper and faster ways to deliver products to the consumer; increase the speed of the supply chain.
Distributor platforms	Expanding distribution, service centers.
IT and database platforms	N/A
Technology platforms	Constantly improving technology and R&D centers.
Assets, operations, and platforms	Increased interaction between the supply chain links to systems eliminate bottlenecks and deliver products faster to the consumer.

Marketbusting Kite

Element	Needed to Support the Marketbusting System
Agenda The key things that the critical people spend time on	<ol style="list-style-type: none"> 1. Commitment to quality manufacturing standards 2. Developing innovative products 3. Customer Safety and satisfaction 4. Global expansion
Norms What principles and behaviors are valued?	<ol style="list-style-type: none"> 1. High quality manufacturing 2. Unparalleled customer satisfaction and service 3. Technological innovation and proven quality
News What information and measures are paramount?	<ol style="list-style-type: none"> 1. Customer and supplier feedback 2. Indian market share and global segments 3. Lead the generics industry and increase presence as a branded drug company
Allocations What gets resourced and how are people rewarded?	Resources go to <ol style="list-style-type: none"> 1. Research for new drug solutions 2. Cutting-edge technology and testing methods 3. Strategic acquisitions, joint ventures and marketing Rewards and recognition for successes go to <ol style="list-style-type: none"> 1. Innovative ideas and new products 2. Successful market entry and dominance
Structure Power, authority, responsibility structure	<ol style="list-style-type: none"> 1. Large number of divisions and alliances 2. Overseen by board, senior management
History Key routines that have developed and drive activities	<ol style="list-style-type: none"> 1. Focusing on process technology, customer satisfaction 2. Innovation, excellence and technologically proven products 3. Building relations with distributors, suppliers and customers

Sources

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