

Case 7A

Type: New Product Launch



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Problem Statement:

Your client is a pharmaceutical company which has recently developed an Anti diabetes pill. Assess whether you should launch the product or not.

SCRIPT KEY	
Interviewer	
Interviewee/Candidate	

<p>Your client is a pharmaceutical company which has recently developed an Anti diabetes pill. Assess whether you should launch the product or not.</p>	<p>Thank you for that overview. Now, let's talk about the potential risks and benefits of launching the new pill. What are the potential benefits for the company and patients?</p>
<p>I would like to understand more about the company first. Where is it based and what type of pharmaceutical company is it?</p>	<p>What do you think the potential benefits can be?</p>
<p>Sure. The client operates in Pan-India. It is a leading Generic Drug manufacturer. It has been in operations since 22 years and caters to a wide variety of diseases.</p>	<p>The potential benefits for the company include increased revenue and market share, as well as the opportunity to improve patient outcomes and quality of life. For patients, the pill has the potential to improve their diabetes management and reduce the risk of complications associated with the disease.</p>
<p>Can you tell me more about the drug please?</p>	<p>Okay, can you let me know what are the potential risks or drawbacks of launching the pill?</p>
<p>Yes, the company has developed a new pill that has shown promising results in clinical trials. It's designed to regulate blood sugar levels and improve insulin sensitivity in patients with Type 2 Diabetes.</p>	<p>One major risk is the potential for negative side effects or adverse reactions to the medication. Another risk is the high level of competition in the market, which may make it difficult to gain market share. I would like to know if it is a OTC or prescription drug? How should it be consumed? What is the suggested consumption pattern?</p>
<p>That's great to hear. Before we discuss whether or not to launch the product, let's talk about the market for anti-diabetes medications. How competitive is the market currently, and what are the major players?</p>	<p>It is a prescription drug that is to be taken once a day for 4 months. It needs to be simply taken with water. Our research shows that the success rate is 50%.</p>
<p>And what about the demand for such medications? Is it increasing, decreasing, or staying stable?</p>	<p>Let's explore the Market Size & Opportunity. I would start by breaking down market size into Price and Quantity. Do we have any data on either?</p>
<p>The demand for anti-diabetes medications is increasing due to the rising prevalence of Type 2 Diabetes worldwide</p>	<p>No. But I would like to understand that how can I price my product.</p>

We can price the products in three ways – Value based, Cost based and based on any substitutes. We can price the products in three ways – Value based, Cost based and based on any substitutes.

Walk me through each of these

To begin with a cost analysis, we will initially identify and distinguish between variable and fixed costs. In the case of variable costs, we will assess the costs involved in each phase of the value chain including raw materials, manufacturing, sales, and distribution. Furthermore, we will take into consideration the long-term costs such as research and development expenses, which will be spread out over several years. Upon completing this analysis, we will be able to determine the per unit cost of the product. Once we have calculated the per unit cost, we will then decide on an appropriate margin to apply to the pricing of the product.

Let's explore value based pricing next

For value based pricing I will begin by evaluating the advantages and disadvantages, I would adopt a comprehensive approach. Firstly, we would consider the fundamental benefit of the anti-diabetes pill, which is the cost savings for patients compared to their current medication. Secondly, the positive impact on health would also be a significant benefit, resulting in a decreased likelihood of related illnesses and surgeries. Additionally, with improved immunity, the number of general physician visits would likely decrease. Finally, patients could save money on insulin substitutes they currently purchase.

Which product launch and pricing approach do you find suitable?

Based on our discussion, it seems that launching the new Anti-diabetes pill could be a viable option for your company, given the increasing demand for such medications and the potential benefits for both the company and patients. However, it's important to conduct further market research and obtain regulatory approvals before proceeding with the launch. Also, I think company should go ahead with value based pricing as it is more comprehensive and suitable. Do you want me to work out the numbers?

No that will be all. Thank you!

QUALITATIVE INFORMATION

Case Background:

Your client is a pharmaceutical company which has recently developed an Anti diabetes pill.

Case Facts:

1. Operates pan-India
2. Pills to regulate blood sugar levels and improve insulin sensitivity in patients with type-2 diabetes
3. Other players include Novo Nordisk, Sanofi, and Eli Lilly.
4. The demand for anti-diabetes medications is increasing
5. Success rate of drug is 50%

CLARIFYING ANSWERS TO BE PROVIDED ONLY IF ASKED BY INTERVIEWEE

Interviewee	Interviewer
Where company is based and what type of pharmaceutical company is it?	The client operates in Pan-India. It is a leading Generic Drug manufacturer. It has been in operations since 22 years and caters to a wide variety of diseases.
Can you tell me more about the drug please?	Drugs designed are used to regulate blood sugar levels and improve insulin sensitivity in patients with Type 2 Diabetes.
How competitive is the market currently, and what are the major players?	Highly Competitive .There are several major players, including Novo Nordisk, Sanofi, and Eli Lilly, among others.
What about the demand for such medications?	It is increasing.



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