SUMMER TRAINING AT

SI INSIGHTS: MARKET RESEARCH SERVICES

From 1st May to 25th June

A REPORT

on

COMPETITIVE INTELLIGENCE OF TOP 10 INDIAN PHARMACEUTICAL COMPANIES

Submitted by

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(2020-22)

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I would like to acknowledge all those who made this project completion possible. Without their dynamic direction, help, collaboration, and consolation, I would not be ready to progress in this Summer Training report.

I would like to express my sincere gratitude to my internship mentor Dr. Sandeep Narula for his support on the completion of this project.

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This project is a collective effort of all, and I sincerely acknowledge them for their help and assistance throughout the project.

Thanking You,

Urvashi Lakhani

SI-Research & Solutions Pvt. Ltd.

Date: 1st JULY 2021

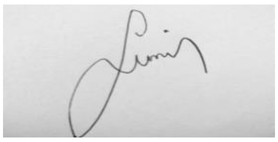
TO WHOMSOEVER IT MAY CONCERN

This is to certify that **Ms. Urvashi Lakhani**, the student at Indian Institute of Health Management Research, Jaipur has completed her internship at our organization from 1st May 2021 to 25th June 2021.

She undertook **Competitive Intelligence of Indian Pharmaceutical companies** as her summer internship project and has successfully completed the requirement of the project.

During the course of internship, she was responsible for conducting thorough primary, secondary research and report writing. Her communication, analytical skills and overall project performance was very well recognized.

Her performance during the internship was Excellent.



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1 INTRODUCTION

Indian pharmaceutical industry is largest provider for Vaccines and Generics globally, supplies over 50% of the global demand for vaccines and 20% of global demand for generics in terms of volume. When it comes to pharmaceutical and biotech workforce, India contributes to second largest share in world. Globally, India ranks 3rd in terms of volume and 14th in terms of value.

India's domestic pharmaceutical market values at US$ 41 billion in 2021, is expected to reach US$65 billion by 2024, and likely to grow three times in the next decade. India pharmaceutical market size is forecasted to grow at CAGR of 15.9% over forecast years of 2019-2035. The domestic pharmaceutical industry includes about 3,000 companies and about 10,500 manufacturing units. India plans to allocate fund of Rs. 1 lakh crore to boost manufacturing of pharmaceutical ingredients domestically by 2023.

The Indian pharmaceutical industry is constantly evolving, having 60,000 generic brands across 60 therapeutic categories and manufactures more than 500 APIs. There is fierce competition among organizations to bring innovative products, to keep their pipeline strong and to meet changing patient needs. Thus, it is no longer sufficient to launch new products or services in the market that are filling fast with generics and biosimilars. However, keeping close watch on the marketplace and the competitors is important to survive. This calls for the need Competitive Intelligence (CI), defined as "a systemic and ethical program for gathering, analyzing, and managing external information that can affect you company's plans, decisions, and operations."

Pharma companies often depend on Competitive intelligence agencies to get unbiased and critical information about the market and current trends. CI teams can look the market from various dimensions, including business, technology, customer, and marketing and provide integrated view of the competitive market. Information generated by studying market and competitors can help companies to identify their strengths and weakness. Such insights can be used to transform their offerings and business models to meet the unmet needs. CI can help companies to identify competitor's key target areas, sales force size, brand messaging, R&D focus, and marketing activities.

Companies can also gain assessment of the organizations from internal intelligence. This can help them identify their strengths, benchmark their performances, and identify their priority areas. Integrating the results from both CI and internal assessment can thus help pharma companies to find new ways to position their brands and fulfill market need.

2 COMPANY PROFILE

SI-Insights is a subsidiary company of SI Research & Solutions Pvt. Ltd. based on Pune, India. SI-Insights is a competent market-research and analysis consulting company with specialized skills, vast domain expertise & global outreach.

It aims to provide real-time information to clients to better understand the customers. It empowers clients to optimise customer acquisition and return on investments through use of digital and social media channels.

2.1 SERVICES:

- Business intelligence-Competitor analysis like their objectives, strategies, assumptions, and capabilities. Actionable intelligence such as effective business planning and strategic decision making.
- Business analytics-Company synthesize the optimal blend of avant-grade tools along with statistical and mathematical techniques to help clients realign their business strategies. Work includes identifying key data variables, analyze, and reveal the hidden pattern in the data.
- Stakeholder survey- Stakeholder survey for both internal and external stakeholders is done by compiling accurate stakeholders list, preparing well-structured interview questions, taking interviews, examining statistical results and executing survey through reports.
- Salesforce deployment/benchmarking- Providing insights about competitors sales force team, customer reach, coverage, expenditure and many more.
- Supply chain market research-Services include identifying suppliers across regions, finding right supplier for company, supplier’s SWOT analysis assess supply chain risks and mitigate potential disruption, and many more.

2.2 RESEARCH APPROACH:

SI-Insights follow a very well-defined approach to conduct a research such as,

- Understanding client’s requirements and framing study objectives
- Developing research question based on objectives
- Developing a research study design which defines each process, its milestones, and timelines.
- Conducting initial secondary research using internal database
- Conducting elaborate primary research.
- Evaluate findings and reporting business insights.

3 OBJECTIVES

a) To Study product portfolio and key therapy areas of top 10 Pharma companies of India
b) To understand the market share and market size of all the divisions of top 10 pharma companies.
c) To identify annual turnover and field force structure of top 10 Pharma companies.
d) To know incentives and package offered to field force by top 10 Pharma companies.

4 LITERATURE REVIEW

Competitive Intelligence can be defined as “a systemic and ethical program for gathering, analyzing, and managing external information that can affect you company’s plans, decisions, and operations.” It involves gathering information on competitors and business environment. The objective here is not to steal competitors trade secrets, but collection information in legal way. [1]

For a business strategy to be successful, it needs to be made after studying company’s external environment, including its competitors, customers, stakeholders, market trends etc. [4] Thus, role of CI is to generate awareness about these external forces to support business planning. Among all these forces, Competitor analysis plays an important role because it is rare for a business to operate as a monopoly. There may be multiple organization with the common goal to gain customer and make money. Thus, it becomes essential to understand competitors; their thought process, plans, strengths, weakness etc. [2]

Pharmaceutical companies usually operate on principle of ‘fail early, fail fast’ to cut losses and move on. Having the track of competitors failure will prevent companies from making same mistakes and result is saving of resources. CI can help to generate insights such as synergies between firms prior to merger and acquisitions. When it comes to brand positioning, CI can assist with competitors brand messing, sales force size, geographic penetration, and marketing activities. Furthermore, CI can help assessing penetration into new market, by identifying challenges and ways to overcome them.[5]

According to McGonagle and Vella (1999), the various variations of CI are; Strategic management, which represents CI provided in support of decision making; Competitor intelligence, which represents using data from public sources and analyzing that data for business development; Market intelligence, which represents intelligence based on current activities in marketplace; and Technical intelligence, which enable firm to respond to technical/ scientific threats and opportunities. During evolution phase of CI, analyst realized what they are doing, could happen to them as well. This led to development of Defensive competitor intelligence, with the goal to protect companies against CI activities from other companies.[3]

The transformation of data into actionable intelligence, the chain of continuous actions is required. This process is called as Competitive Intelligence cycle. According to Bernhart (1994), there are five phases in CI cycle: planning, collecting, processing, analysis and production, and dissemination. As per Kahaner (1996), there are four phases: planning and direction, collection, analysis, and dissemination. [4] According to Society of Competitive Intelligence Professionals (SCIP), there are five stages in CI cycle: planning and direction, secondary information collection, primary source collection, analysis and production, and report and inform.[6] The strength of this model is that it laid emphasis on secondary research to be done prior to primary research. However, it does not emphasize that information should be used by company for decision making. Thus, a model that address the issue related to application phase in by Ashton and Stacy (1995). This model suggests 4Cs process: collection, conversion, communication, and countering. First part of the collection stages is identification of 'key intelligent topics' by interviewing intelligence user to identify information needed by them. KITs are of three basic categories: strategic decisions and actions, early warning topics, description of key player (competitors, customers, suppliers, partner, regulators etc.).[7] Sources of data collection is primary from the organization itself and secondary research from numerous sources. For any given KIT, enormous amount of data is collected. Some of this data might be inaccurate, out of date or misleading. Thus, raw data is cleaned and is put into context to answer queries that led to research. This process is called conversion. Next stage is communicating finding with those who need intelligence about competitors and business environment. The last stage in 4C process is countering- utilizing the intelligence to combat competitor effectively. An effective CI process will lead to the gathering of four types of knowledge- competitor knowledge, comparative knowledge, market knowledge and self-knowledge. [8]

5 RESEARCH METHODOLOGY

SAMPLE DESIGN-Qualitative and Quantitative research approach was adopted. Respondents were pharmaceutical professionals.

SAMPLING METHOD- Sampling was based on Purposive sampling method and 3 categories of pharmaceutical professionals were selected:

- Medical representatives/ Business executives
- Area business managers
- Regional business managers

DATA SOURCE: A combination of primary and secondary research

DATA COLLECTION METHOD- Primary data were received by the respondents via telephonic interview.

DATA PRESENTATION- Company code is given to pharmaceutical companies under study to maintain confidentiality.

SAMPLE SIZE-150-200 respondents from each company

SOFTWARE USED- MS Excel

PROJECT DURATION- 8 weeks (1st May to 25th June 2021)

STUDY AREA- PAN India

6 DATA ANALYSIS AND INTERPRETATION

6.1 PENETRATION OF PHARMA COMPANIES IN DIFFERENT THERAPEUTIC AREAS

Following charts represent presence of companies in different therapeutic areas which is given percentage of their total turnover.

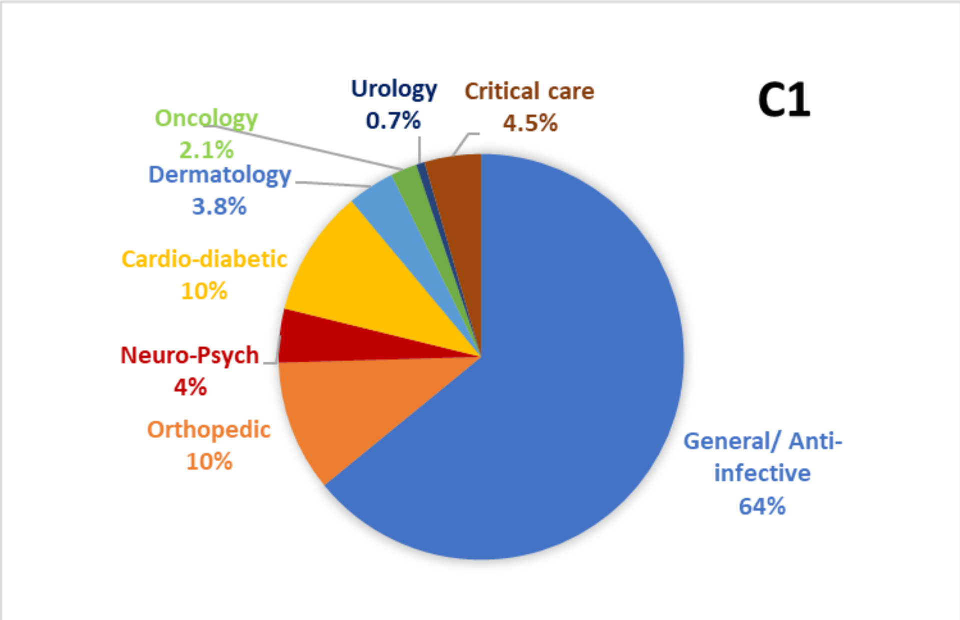

Figure 1:%share of therapy segment in total turnover of C1

C1 operates in about 8 different therapy areas and have 21 divisions. It generates 64% of total revenues from Anti-infective therapy and 10% each from Cardio-diabetic and Orthopedic. Its key therapy area is Anti-infective.

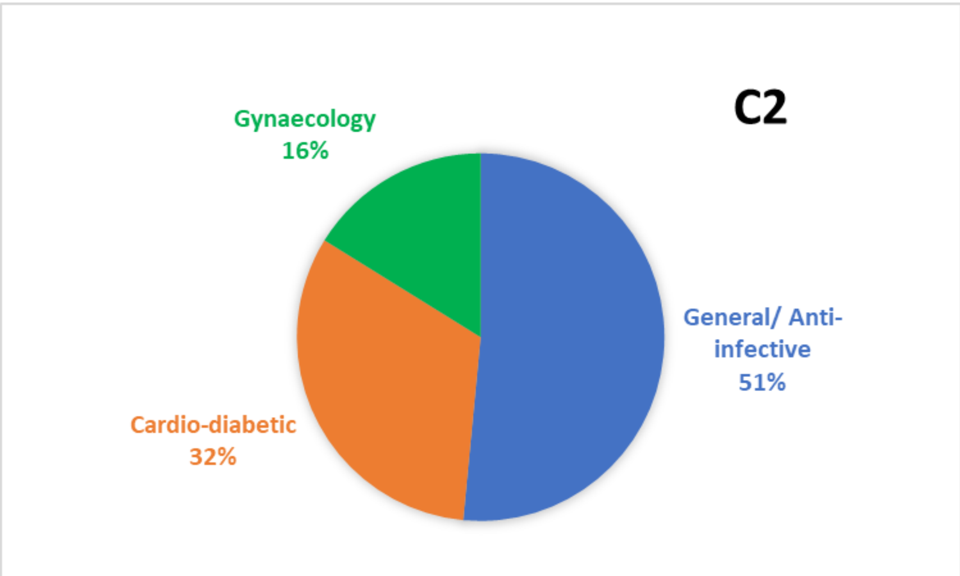

Figure 2:%share of therapy segments in total turnover of C2

C2 operates in three main therapeutic areas: Anti-infective therapy has maximum share of 51% in revenue, followed by 32% of Cardio-diabetic and 16% of Gynecology. It has 5 divisions.

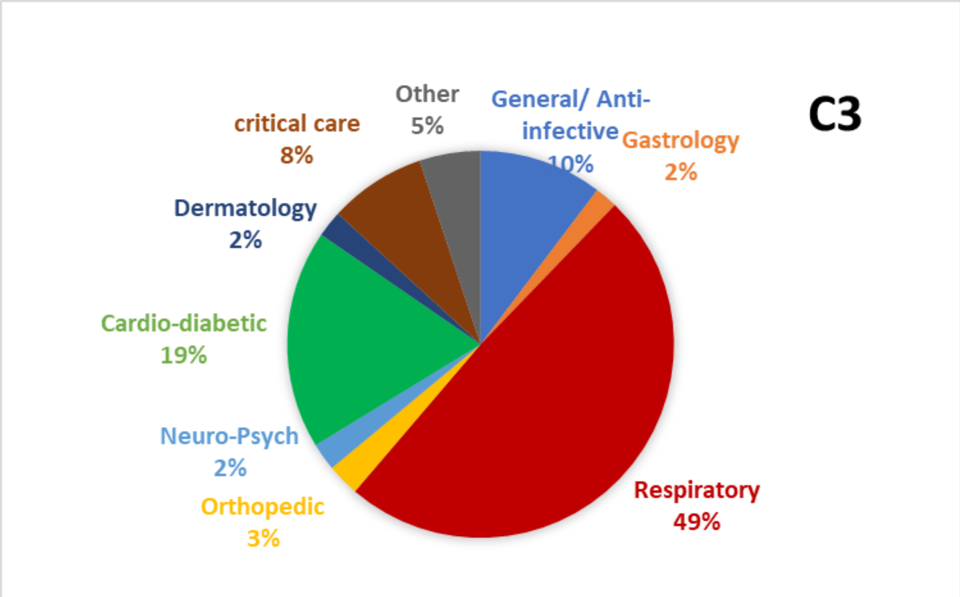

Figure 3:%share of therapy segment in total turnover of C3

C3 operates in more than 10 therapeutic areas and have 24 divisions. Respiratory segment generates 49% of total revenue, followed by 19% from Cardio-diabetic therapy, 10% from Anti-infective and 8% from critical care. Its key therapeutic area is Respiratory.

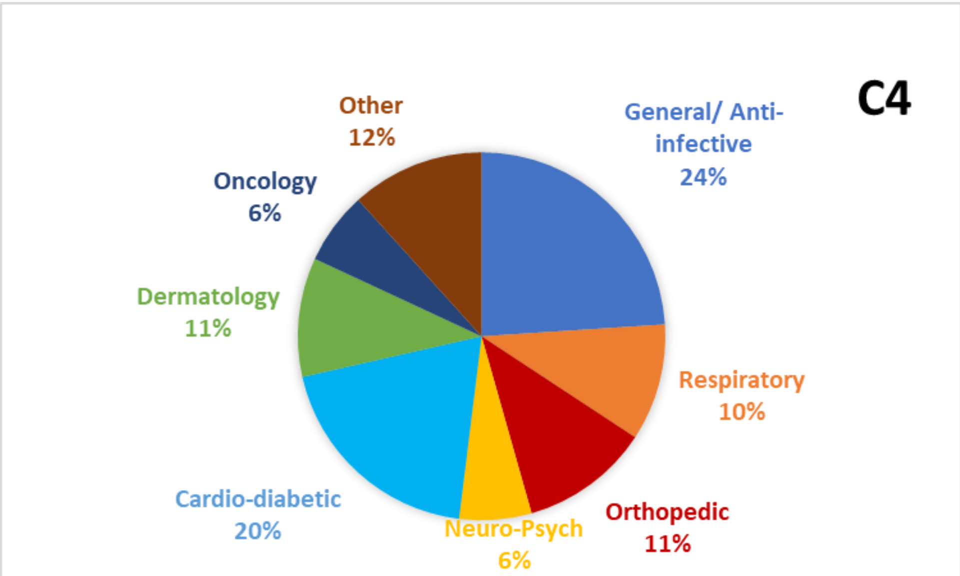

Figure 4:%share of therapy segment in total turnover of C4

C4 operate in more than 7 therapeutic areas, have 23 divisions, and they generate maximum revenue from General/ anti-infective therapy which is 24% of total turnover.

They also have strong presence in Cardio-diabetic, dermatology and Pediatric therapies also.

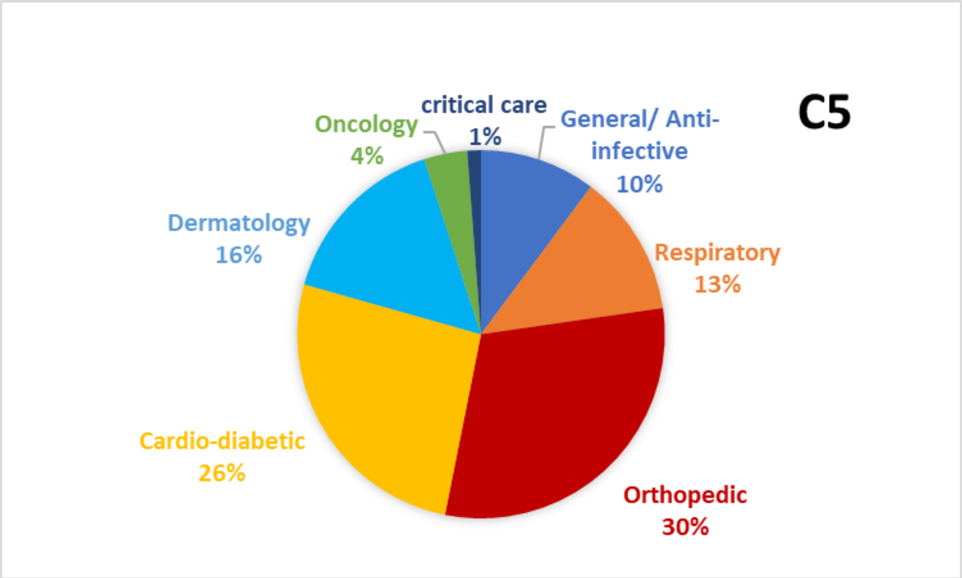

Figure 5:%share of therapy segment in total turnover of C5

C5 operates in about 7 therapeutic areas, having 26 divisions, and they generate maximum revenue from orthopedic which is 30% of total turnover. Followed by 26% from cardio-diabetic and 16% from dermatology. Its key therapy segment is orthopedic.

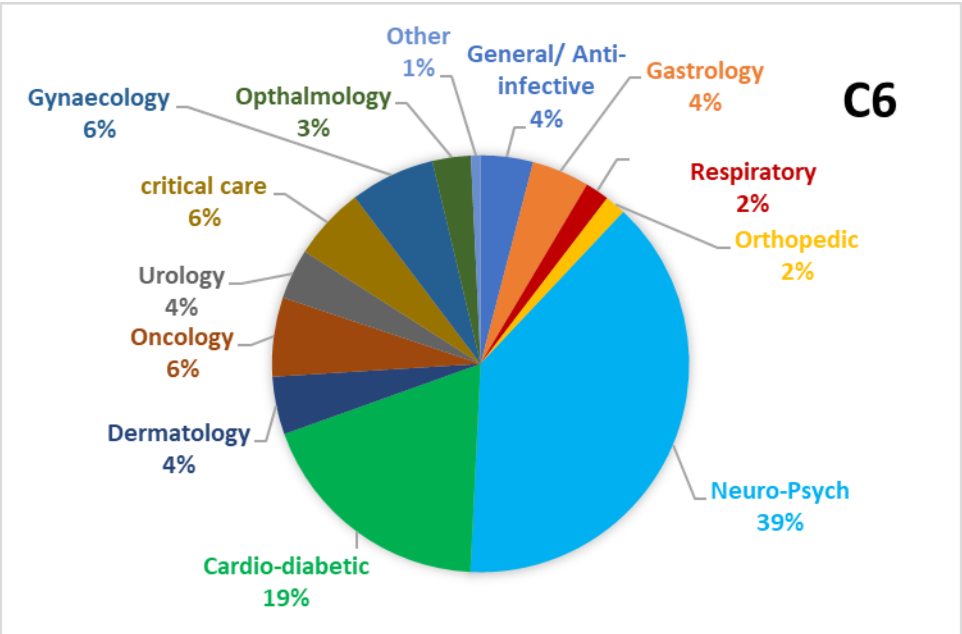

Figure 6:%share of therapy segments in total turnover of C6

C6 is only company among all the 10 companies that operates in almost all the therapeutic areas with more than 33 divisions and generates maximum revenue of 39% from Neuro-Psych, followed by 19% from Cardio diabetic. It also has strong presence in Oncology which accounts from 6% of revenue. Its key therapy segment is Neuro-Psych.

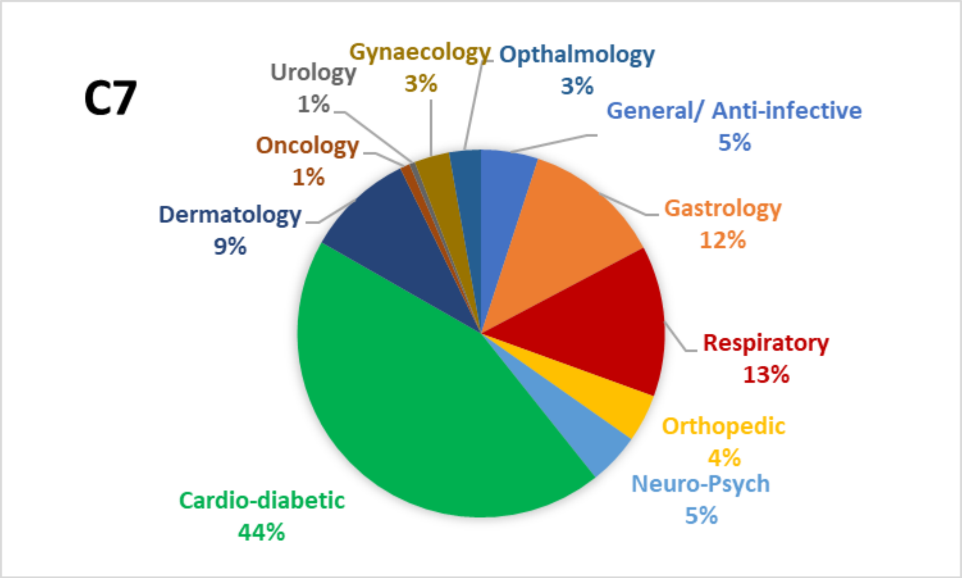

Figure 7:%share of therapy segments in total turnover of C7

C7 also operates in almost all therapeutic areas with 20 divisions and generates maximum revenue of 44% from Cardio-diabetic. This is followed by 13% form respiratory, 12% from Gastrology and 9% from dermatology. Its key therapy area is Cardio-diabetic.

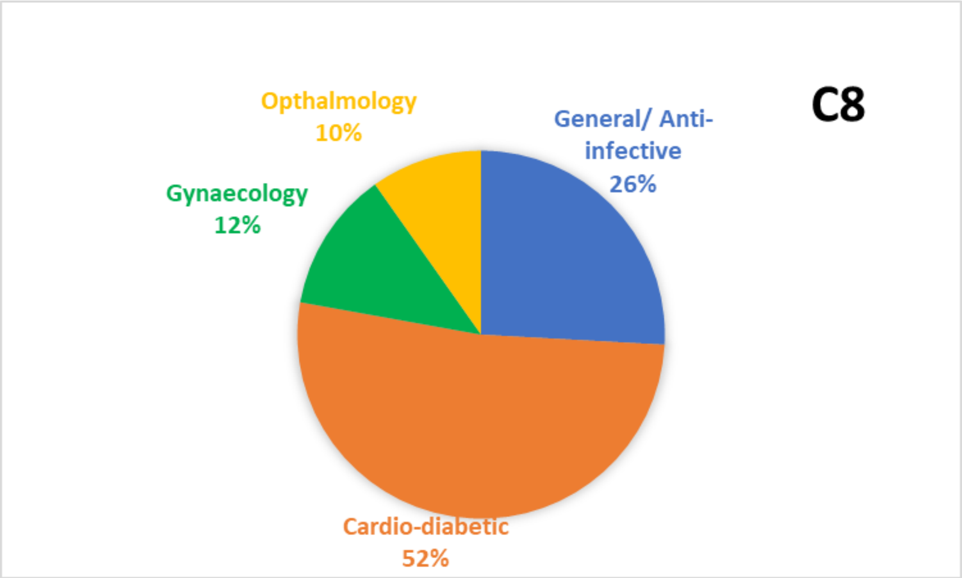

Figure 8:%share of therapy segment in total turnover of C8

C8 operates majorly in 4 Therapeutic areas, have 7 divisions, and generates maximum revenue of 52% from Cardio-diabetic, followed by 26% from General/Anti-infective, 12% from Gynaecology and 10% from ophthalmology. Its key therapy area is Cardio-diabetic.

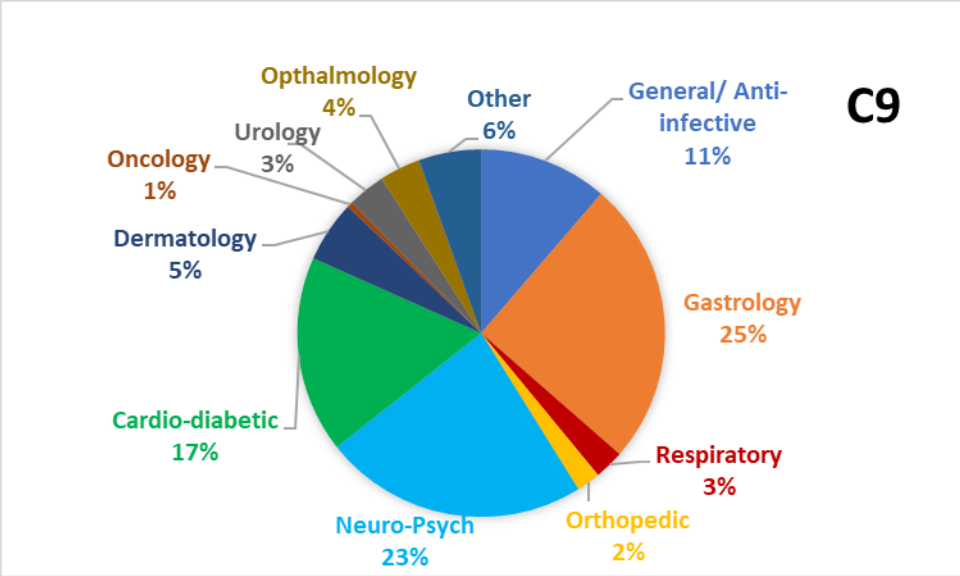

Figure 9:%share of therapy segments in total turnover of C9

C9 operates in almost all the therapeutic areas, have 31 divisions, and generates maximum revenue of 25% and 23% from Gastrologic and Neuro-Psych segments, respectively. this is followed by 17% from Cardio-diabetic and 11% from general/anti-infective therapy. Its key therapy area is Gastrology.

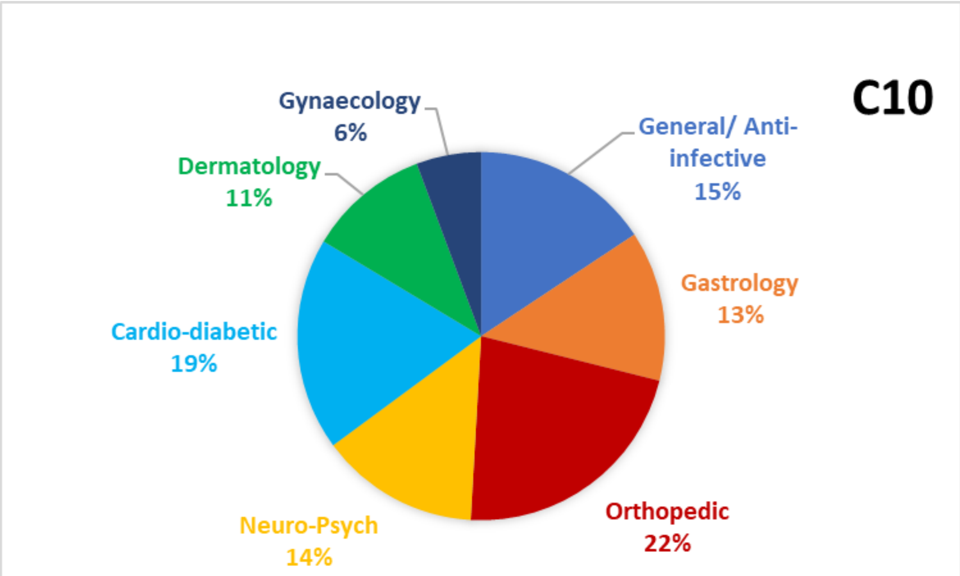

Figure 10:%share of therapy segment in total turnover of C10

C10 operates in 7 therapeutic area, have 11 divisions, and it generates maximum revenue of 22% and 19% orthopaedic and cardio-diabetic, respectively. it has strong presence in general/anti-infective, gastrologic and neuro-psych areas.

6.2 ANNUAL TURNOVER OF TOP 10 PHARMACEUTICAL COMPANIES

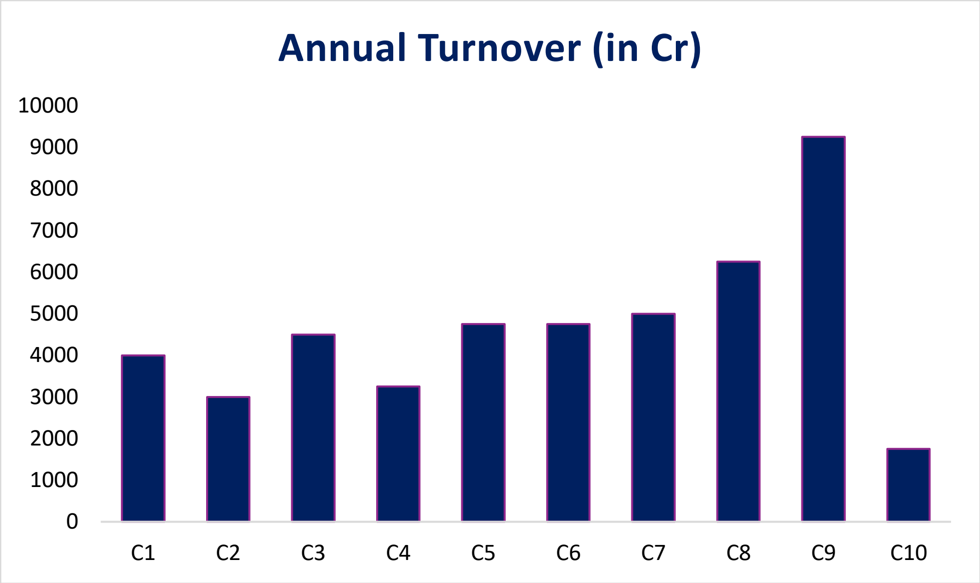

Figure11: Annual Turnover of top 10 Pharmaceutical Companies

The chart represents annual turnover of pharmaceutical companies calculated from national per capita per month and national field force. C9 have highest turnover of more than INR 9500 Cr, followed by C8, C7, C6, C5 and C3. C10 has lowest Annual turnover among all 10 companies.

6.3 NATION-WIDE FILED FORCE SIZE OF PHARMA COMPANIES

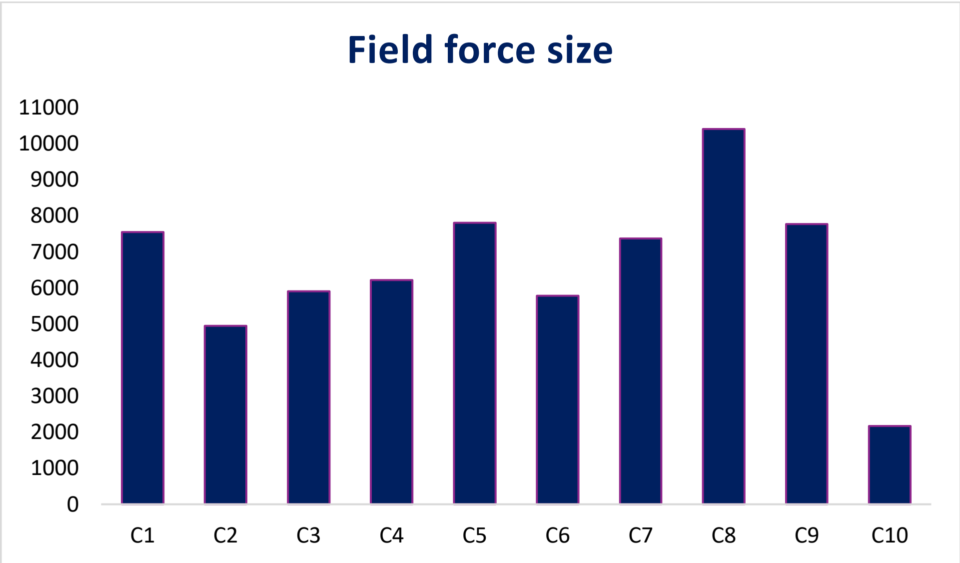

Figure12: Nation-Wide field force size of pharma companies

Among all the given companies, company C8 has highest field force size of more than 10,000 medical representatives. This is followed by companies C5, C9 and C1. C10 has lowest field force of about 2500 reps among all.

Positive correlation was observed between Annual turnover and Field force. The correlation coefficient was 0.68. Thus, company should focus on increasing field force for generating more revenue.

6.4 Incentive offered to Sales Representatives

Company code	Average incentive per quarter
C1	40-50k
C2	40k
C3	30K
C4	50k
C5	40-45K
C6	30-80K
C7	1% on monthly sales target, 2% on quarter sales target
C8	20-30K
C9	25-40k
C10	20-30K

Figure 13: Incentives offered by Pharma companies.

Pharma companies offer incentives to sales reps on completion of their sales target. Incentive is usually allotted on quarterly basis. For companies under research, incentives range from INR 20,000-80,000/Qtr. and it varies among division within company. For most of the companies, the incentive structure is fixed but company C7 gives 1% incentive on monthly sales target and 2% on quarter sales target.

7 KEY LEARNINGS

Working on live project provides access of open corporate environment which offers following key learning:

a) Working on live project according to the client requirement
b) Adherence to timeline
c) Knowledge of Competitive intelligence and its importance
d) Data collection by primary and secondary research
e) Data conversion and communication
f) MS Excel tools

8 CONCLUSION

Competitive Intelligence is a crucial function for the pharma industry. To ensure profitability of roll-out plans it is important to anticipate competitors' actions, derive insights and strategic decision making. In this research, sales professionals were interviewed to get insights about the company's key therapy segment and product profile, its annual turnover, national field force and incentive structure were, among others. These parameters were crucial for the client for maintaining its strong presence in market. From the research following points can be concluded:

1. Cardio-diabetic and General/anti-infectives are highly populated therapy areas. They account for major share in revenue of companies C1, C2, C4, C7, C8 and C10. C3, C5, C6 and C9 are key players of Respiratory, Orthopedics, Neurology, Gastrologic segments, respectively. Among all companies C6 and C7 have maximum number of divisions, showing their presence in wide therapeutic segments.
2. The pharma companies under research together have Annual turnover of INR 50,000 crores and C9 generating maximum turnover of INR 9500 Cr.
3. The field force of all pharma companies ranges from 4,500-10,000 reps. Exception is company C10 with field force of 2500 reps.
4. The annual turnover and national field force are positively correlated with correlation coefficient of 0.68.
5. The average incentive per quarter received by sales reps ranges from 20-80K. The range of Average CTC is 2.5-4.5LPA.

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