PREFACE

Increasing levels of competition has increased the costs of doing business substantially. Sustained inflation; heavy costs of developing and commercializing products; regulatory compliance; and globalization have increased marketing costs leading to increase in business expenses across all industries. Pharmaceutical industry in India has grown from virtual non existence in the 1940s to a fast growing, third largest industry in India, which is all set to grow three fold to US $20 billion by 2015. Patent expiry and rising cost pressures encourages the alliance formation of multinational companies with local players in the emerging markets, India being the foremost among them.

Sustainability of a pharmaceutical company is dependent upon the continuity of its new drug pipelines, which is often achieved through acquisition of smaller research driven firms. Small research driven companies lack the capital for product launches and marketing, thus alliances are the directions taken by most companies. India is not far behind in alliance formation. Over the last decade the number of alliances has increased. Most alliances are successful as the objectives are met, many are not.

This empirical study attempts to understand the strategic alliances between Indian and foreign pharmaceutical with a reference to the Indian pharmaceutical industry. It tries to understand the reasons that have led Indian pharmaceutical companies to form strategic alliances with foreign companies over the years. It also tries to estimate the actual implications of the alliances on business related aspects. The study makes an attempt to identify the hindrances for the successful formation of strategic alliances between Indian and foreign pharmaceutical companies.

The study involves development of a research questionnaire with the insights derived from industry experts whose firms have undertaken strategic alliances with foreign pharmaceutical companies. The factors that have influenced the formation was alliances were derived from existing literature and expert opinions. The questionnaire was then administered to top executives of Indian pharmaceutical companies, who have been involved in strategic alliances with foreign companies. The samples were categorized based on the type of pharmaceutical company, the activities undertaken by
the pharmaceutical company and the annual sales turnover of the company. The responses were analyzed using statistical tools on the SPSS software.

Increasing costs and competition has ensured that strategic alliances are a norm of today. Three critical aspects regarding the strategic alliances between Indian and foreign pharmaceutical companies were tested: the factors influencing the formation of alliances between Indian and foreign pharmaceutical companies, the impact of strategic alliances on business aspects of the Indian pharmaceutical company and the hindrances for the formation of strategic alliances between Indian and foreign pharmaceutical companies.

The outcome of this work can help in drawing out some concrete strategies that will enable the Indian pharmaceutical companies gain the maximum out of strategic alliances with foreign pharmaceutical companies. This work will be beneficial to both Indian and foreign pharmaceutical companies, seeking out alliances as it will throw light on the motivating factors for the alliances, expected areas of impact and the hindrances for the alliances. By adopting better objectivity and understanding the roadblocks the success rated of the alliances can be maximized for mutual benefits by the alliancing companies.