



# **NEWTech Advant**

**Pharmaceutical Business Plan**

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# 1.0 Executive Summary

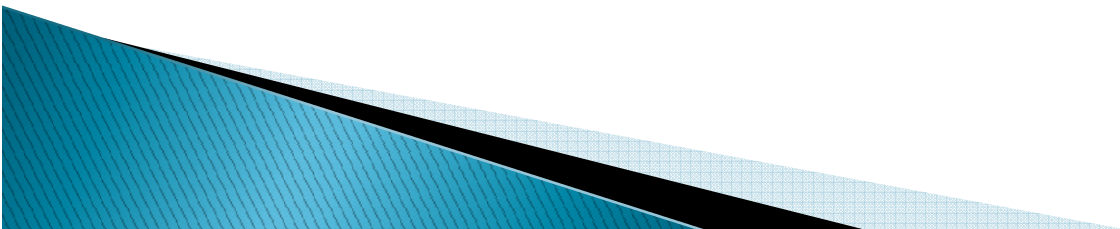
NEWTech Advant, a privately owned company, will develop, distribute and manufacture generic and brand named drugs in the United States and will be located in NYC. The pharmaceutical industry is ever changing, shadowing the changes in our environment. Understanding and countering these changes with new and improved products is the day to day goal and challenge that affects the pharmaceutical industry. In the forefront of change is technology. Breakthroughs in science, especially within the past 30 years, has greatly affected the industry and products.

Pharmaceutical customers are General Practitioners and Patients. In 2007, 62% of workers and their dependents received healthcare benefits through their employers. In 2006, an estimated 37 million people in the United States, which constituted 12% of the population, were 65 and older. By 2030, it has been forecasted that approximately 71.5 million people will be 65 and older, representing nearly 20% of the total U.S. population.

Our goals are as follows:

- ❖ To improve existing drugs for a large number of diseases
- ❖ To discover new drugs
- ❖ To decrease the cost of research and development by speeding up the process therefore, getting protection under the patent umbrella for a longer period of time

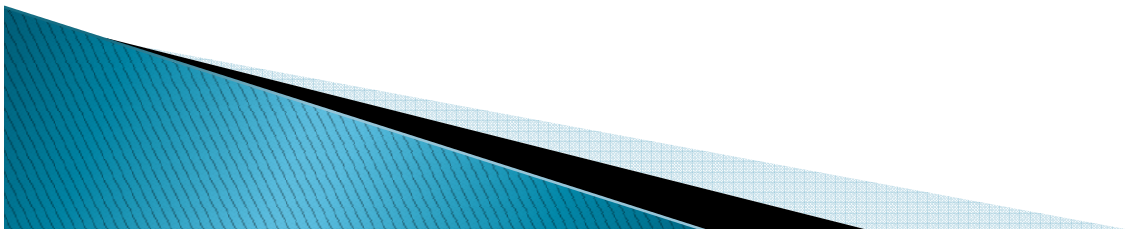
Our company will increase its market share through targeted advertising geared towards General Practitioners and Patients. We expect to reach profitability by our third year and will generate over XX million in sales by our fifth year.



# 1.0 Executive Summary

## **Snapshot into the Pharmaceutical Industry**

The pharmaceutical industry pertaining to its advertising and packaging is heavily regulated by the Food and Drug Administration (FDA). The FDA oversees all activities involving prescription drugs. The process of getting a drug approved for marketing is a tedious one. There has to be a “meeting of the minds” between the pharmaceutical company and the FDA on the prescribing information that will be on the packaging and any advertising or promotional materials that will be seen by the public. The prescribing information must be included in the following order: its trade name, its assigned name, the strength of the dosage, a caution statement (stating that a prescription is required), a description of its active ingredients, the clinical pharmacology of the drug, indications for its usage, any precautions or contradictions that have come forth, any adverse reactions/affects, what to do in case of overdosing, dosage and administration and how the drug is supplied.

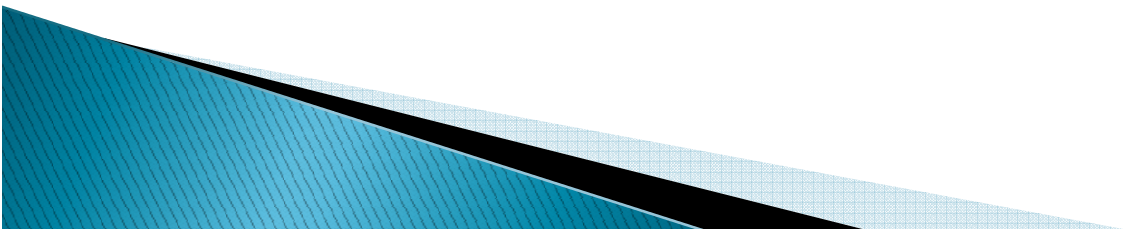




# 2.0 Situation Analysis

## 2.1 Market Summary

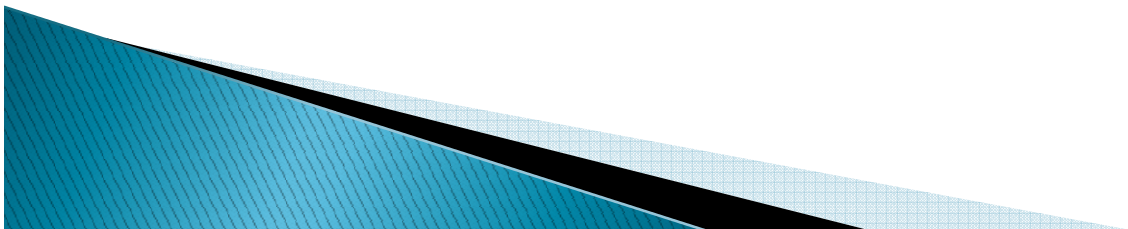
NEWTech Advant, in our extensive data collection and research, possesses market information containing segments we wish to target and provide with products and services.



# 2.0 Situation Analysis

## 2.1.1 Market Demographics

The target demographic are patients both women and men 45+ and General Practitioners. Marketing tactics concentrated directly for the consumer is vital. Many patients will request a certain drug that they saw advertised. Monies allocated for direct-to-consumer (DTC pharmaceutical advertising) have increased more than fivefold in the last seven years from \$700 million in 1997 to more than \$4.2 billion in 2005, according to the United States Government Accountability Office (GAO). Decision makers, in this case, physicians, determine which drug is prescribed to their patients. Pharmaceutical sales representatives will contact physicians and provide them with information and free drug samples.

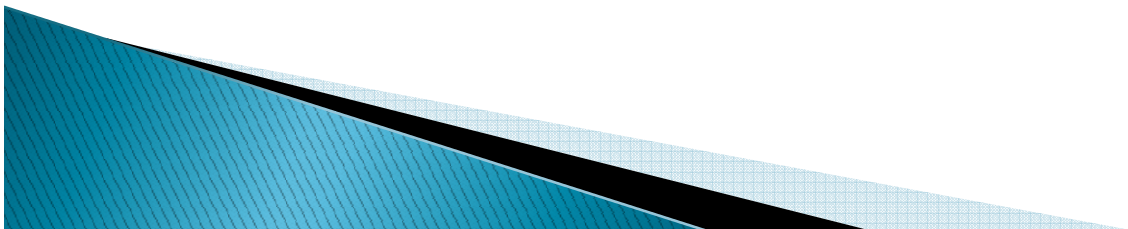


# 2.0 Situation Analysis

## 2.1.2 Market Needs

NEWTech Advant will provide our target demographic with both brand named and generic drugs.

Pharmaceutical sales representatives will provide patients and physicians with superior service, updated information pertaining to drugs, where and when needed, new information regarding any new drugs coming into the market and competitive prices within the industry.



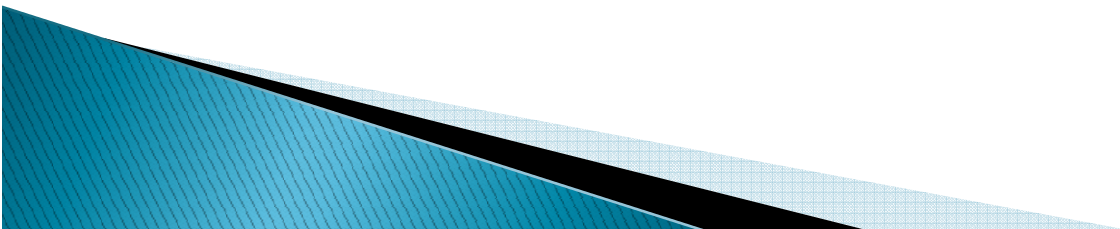
# 2.0 Situation Analysis

## 2.1.3 Market Trends

Current market trends affecting the pharmaceutical industry include:

- Job cuts caused by decreasing pharmaceutical sales and decreasing financials brought on by patent expires and the increase of generic products, which are cheaper in price than their counterpart brand name products
- Low reimbursement rates and price pressure
- Increased cost of licensing and Marketing and Advertising deals
- Tougher FDA regulations regarding drug approval, due in part to recent issues with drug safety and drug withdrawals from the market. Drug safety issues have broadened the power the FDA have over the pharmaceutical industry and with this power, the FDA has hardened black box guidelines, which in turn has affected and will affect the profitability and revenue of pharmaceutical companies in the years to come.

These factors have moved Pharmaceutical companies including NEWTech Advant, to plan strategies that will react to the changing dynamics and increase revenues.



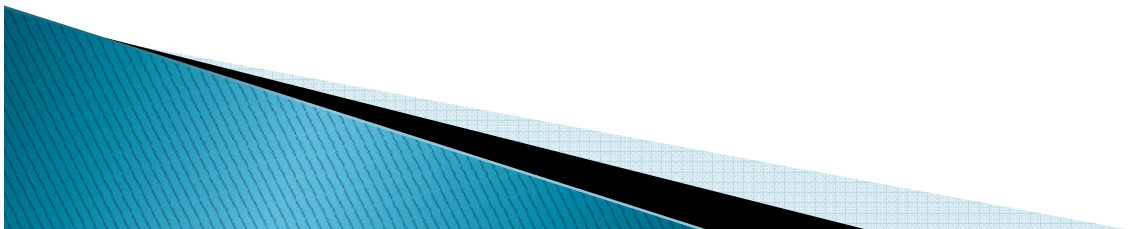
# 2.0 Situation Analysis

## 2.1.4 Market Growth

In 2006, Global spending on prescription drugs topped \$643 billion. The United States accounts for almost half of the global pharmaceutical market, with \$289 billion in annual sales followed by the European Union and Japan.

US profit growth was maintained even while other top industries saw slowed or no growth at all. The pharmaceutical industry is, and has been for years, the most profitable of all businesses in the U.S. In the annual Fortune 500 survey, the pharmaceutical industry topped the list of the most profitable industries, with a return of 17% on revenue.

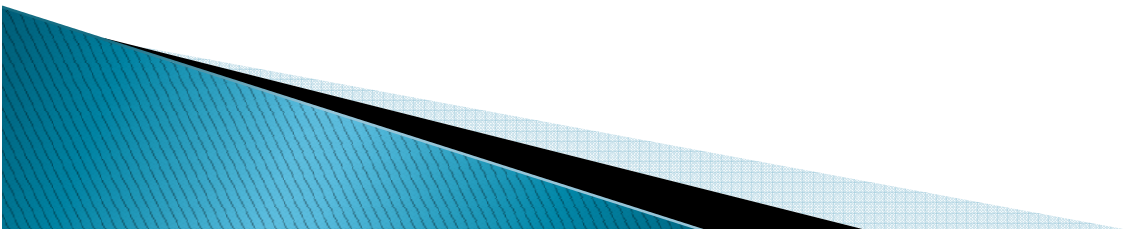
The recent increased profitability of pharmaceutical companies in America over the past few years has much to do with the reliance that Americans have on medications. If there is a pill out there that will let Americans lead a more comfortable and longer life, than why not. This ongoing demand puts pressure on research and development, for scientists, to come up with the next “Blockbuster drug”. The growth of the pharmaceutical industry will continue in the future due to supply and demand. The distribution of existing drugs and new drugs on the market, especially if one or more of those products are giants along with a strong business model will make for increased revenues.



## 2.2 SWOT Analysis

### 2.2.1 Strengths

- Competitive pricing better than or equal that of our rivals
- Strong marketing strategy that will prove to be effective, helping to raise profiles and profits
- High quality products and services that help to ensure customers return

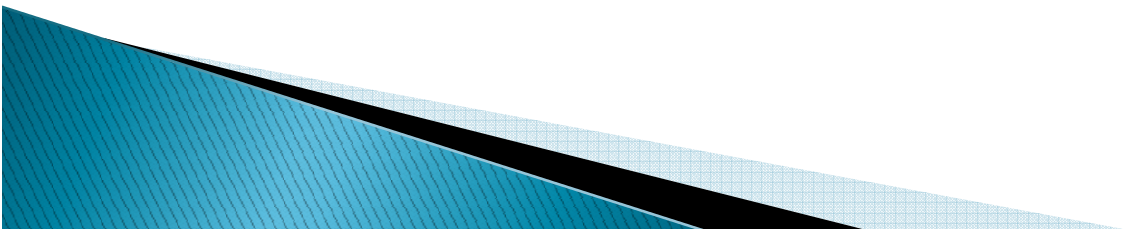




## 2.2 SWOT Analysis

### 2.2.2 Weaknesses

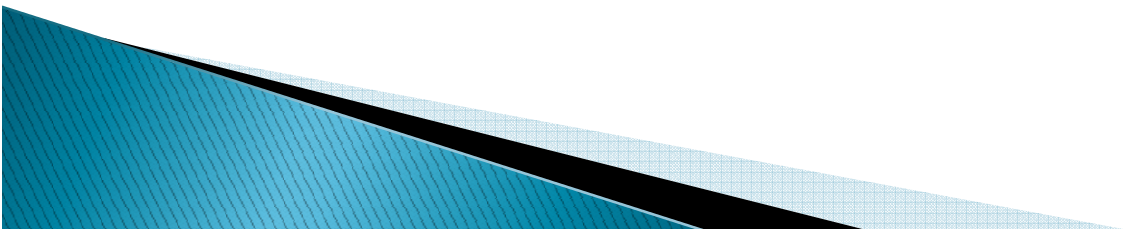
- R&D work is slow and insignificant, which is a major weakness in pharmaceuticals as it is constantly creating new products
- Our company does not function internationally, which has an effect on success since, we do not reach consumers in overseas markets
- New to business
- No established reputation with physicians or patients



## 2.2 SWOT Analysis

### 2.2.3 Opportunities

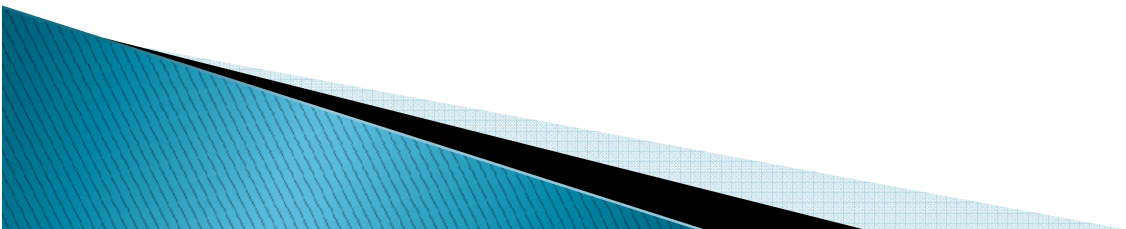
- Looking at export opportunities to raise profits
- Grasping the opportunity to expand the customer base geographically and through new products
- Expanding into other markets



## 2.2 SWOT Analysis

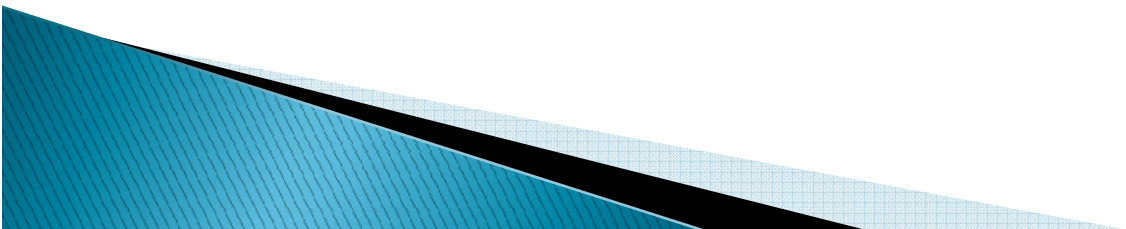
### 2.2.4 Threats

- Increased competition from overseas
- Price wars between competitors, price cuts and so on could damage profits
- Rising costs
- Increased supplier prices

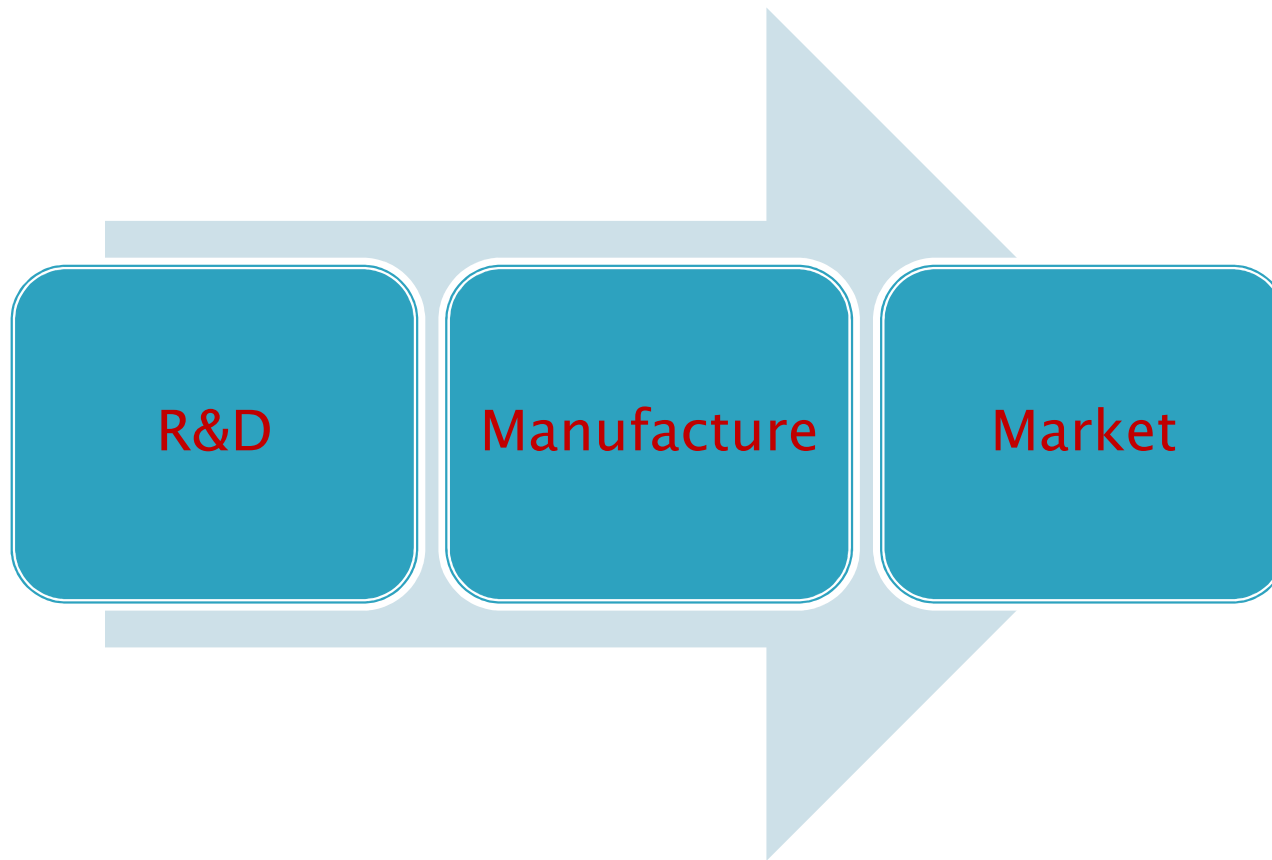


## 2.3 Competition

Our companies competition consist of other established pharmaceutical companies that operate globally and therefore, have the means, both a financial and global advantage, to reach a larger audience and perhaps, decrease the cost of name brand and generic products that may be more attractive to physicians and patients.



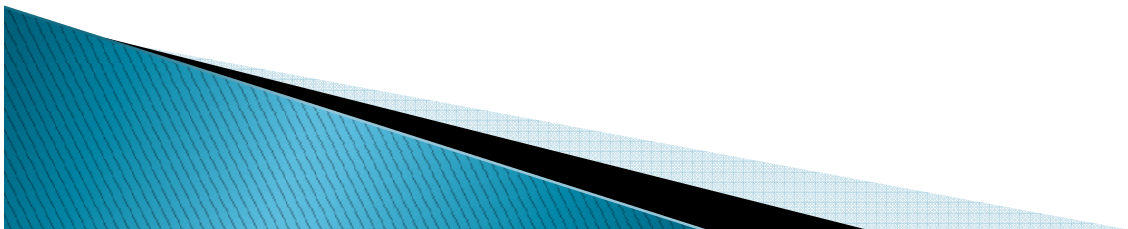
## 2.4 Business Model Description



## 2.5 Keys to Success

### **Research & Development**

The process of R&D is a slow one. In order to keep up with the changing environment, pharmaceutical companies have outsourced some of the elements surrounding R&D through collaborations with biotechnology firms, research organizations, laboratories and other pharmaceutical companies. Once some of these elements are outsourced, the management of the information is vital. Ensuring that information received from all outsourced companies are documented and passed on to our pharmaceutical internal team is imperative. That is where our Knowledge Management team comes into play. See next slide.

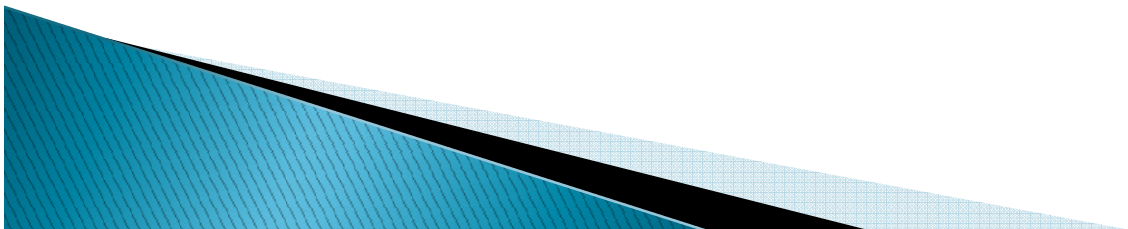




## 2.5 Keys to Success

### **Standards and Regulations**

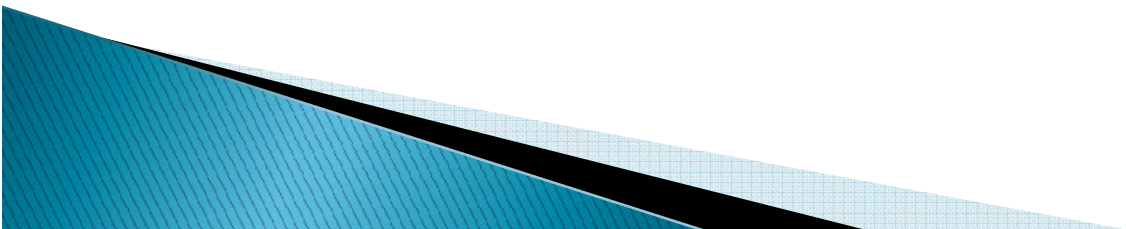
The entire process of moving drugs from concept to discovery, clinical trials and approval/licensing through the Food and Drug Administration (FDA) is a long one. In order to manage the process better, setting up an internal team within the pharmaceutical company is beneficial. The Knowledge Management team will gather, organize, share, and analyze its knowledge in terms of resources and documents. This would speed up the process allowing for quick fast distribution of information.



## 2.5 Keys to Success

### **Sales**

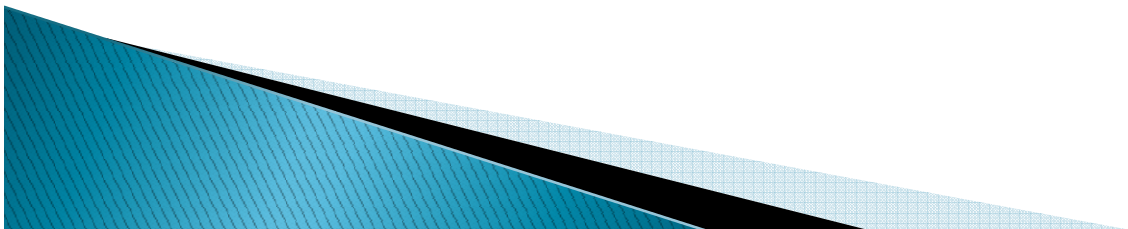
Sales representatives play an integral role within the pharmaceutical industry. Competition is fierce. Physicians and patients are bombarded with sales/product information. What makes one company stand out from another? For one, your sales team. Representatives should keep in touch with physicians to update them on new products, discoveries on how products have changed and any contradictions that have been brought forth affecting current drugs on the market.



## 2.5 Keys to Success

### **Patents**

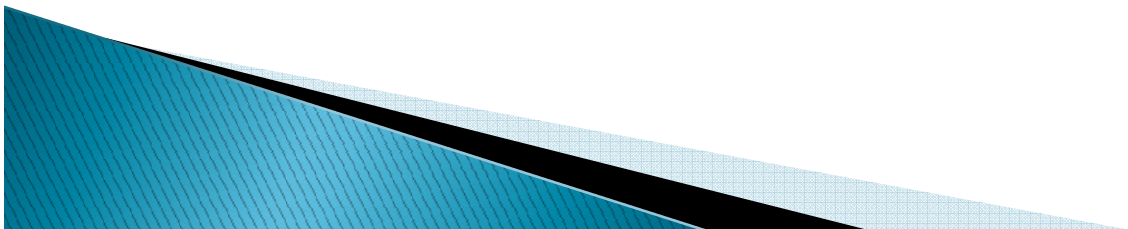
The duration of a patent is 20 years from the date of application. Companies need to be on top of patent ownership and filings. Pharmaceuticals need to track and manage patent licensing in order to ensure no infringements are made especially, on their key drugs and to utilize those drugs that are not as prevalent in order to increase wealth and profit.



# 3.0 Market Strategy

## 3.1 Mission

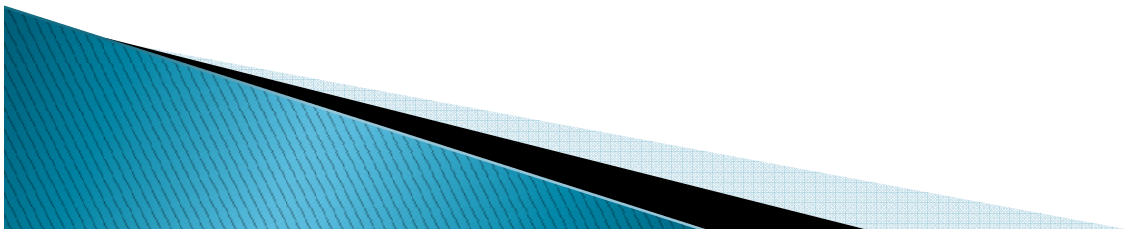
Our mission is to research, develop, manufacture and market prescription drugs to patients and physicians. Our goal is not only to provide customers with the drugs they need but to provide them with superior service and updated information on existing and new drugs to the market.



# 3.0 Marketing Strategy

## 3.2 Marketing Objectives

- Increase customer base by X% each quarter
- Decrease cost of customer acquisition by X% per year
- Increase customer awareness of NEWTech Advant and our product offerings

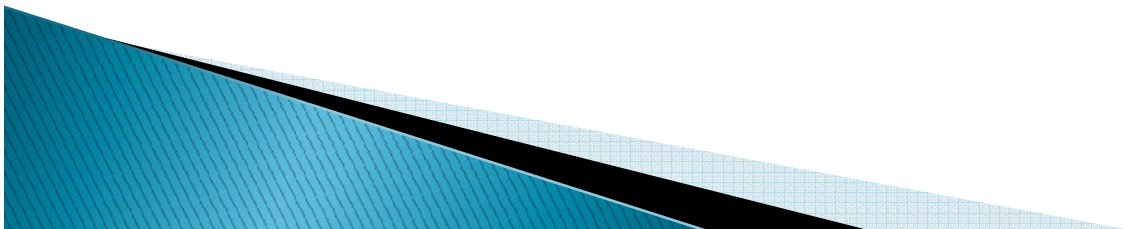


# 3.0 Marketing Strategy

## 3.3 Financial Objectives

Financial objectives that will be met within the first 3 years:

- To achieve XX% growth rate
- Reduce the time and cost pertaining to the manufacturing of products by X%
- To report a XX% profit margin

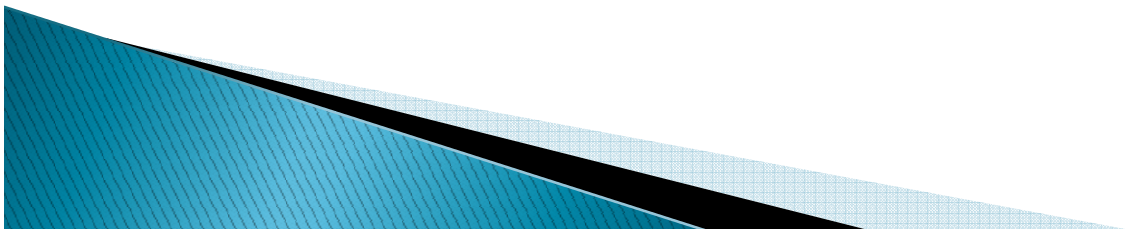




# 3.0 Marketing Strategy

## 3.4 Target Markets

Target markets will be reached through our company web site and advertising campaigns such as direct mail, emails, digital ads, TV and radio spots, print ads and brochures. Pharmaceutical sales representatives will use brochures to educate physicians and their patients on new and existing products.



# 3.0 Marketing Strategy

## 3.5 Positioning

**Goals.** Our goal is to position ourselves against our competitors. We want to provide customers with service that a larger pharmaceutical company may be lacking. The idea of a smaller pharmaceutical company broadens and brings forth that “mom & pop feeling” but without the limitations of what products we can provide. Since, we won’t have as many customers as our larger counterparts, we will take more care and time in supporting, educating and servicing our customers than larger pharmaceutical companies. Our pharmaceutical sales professionals will provide and service clients like they are the only ones we have. A larger corporation may not care if they lose one customer. Since, we are a small company, we want to ensure we keep all of our customers happy. In order to be profitable and increase revenue, we need to provide service that customers will rely on and expect, which in turn, will guarantee their loyalty.

**Value creation.** What is value? Value is the difference between the benefits enjoyed by a company’s customers and its cost of production. Branding is of major importance. Studies show that customers, in our case both patients and physicians, will choose a brand they recognize rather than go with a brand they don’t know. They tend to choose it not because it is better but because brand recognition makes them feel more comfortable. In essence, they feel they are getting a better product although there is no factual evidence supporting it.

**Target.** What/who is your aim? Are you looking to target a large group of physicians that you are willing to sell to at a cheaper rate in order to get more customers or are you looking to target a small group of physicians and sell your product at a higher more competitive price. NEWTech Advant will be targeting the latter.



# 3.0 Marketing Strategy

## 3.6 Strategies

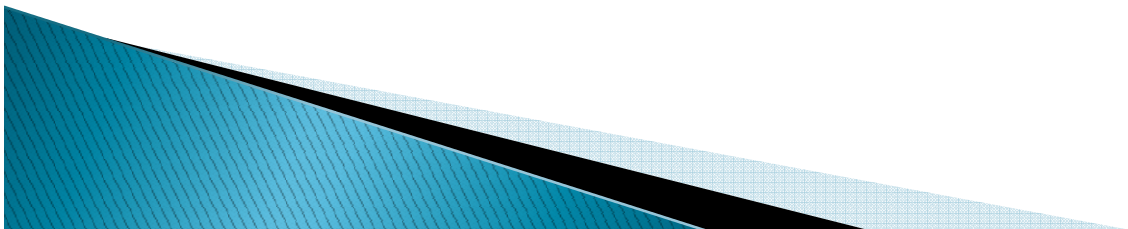
Strategies are created once the research is complete. This includes facts about our company, about our competitors and about our targeted consumers.

Strategy implementation. We need to make sure all managers and everyone in the company know the strategy. Strategy selection is not the reason many companies fail/fall short notably seen in the decrease of company profit. Strategy implementation is the issue.

Our marketing strategy includes the following:

- To sustain and to neutralize the impact of pharmaceutical price regulation by gaining better control of distribution
- Getting closer to customers by forming long lasting relationships

In our research, as previously visited in our Market Growth section, having a “blockbuster drug” these days is not sustainable. Pharmaceutical companies are re-evaluating strategies to address the gorilla in the room, What happens when a patent expires on a “Blockbuster drug”? Companies are realizing the fact that just because it has expired does not mean that there is no profitability. What can be done so your product will still generate money? One idea out there being used is to make a generic form of the same drug that can be sold through a licensing agreement between the creator of the drug and a generic drug manufacturer. This allows the pharmaceutical company who originally came up with the drug to still keep a large piece of the pie, even though it loses its patent protection and is now open and available to other generic manufacturers. The idea is simple. Just because you won’t be making billions of dollars doesn’t mean your financial gains will have to end entirely. Simply put, some money is better than none.



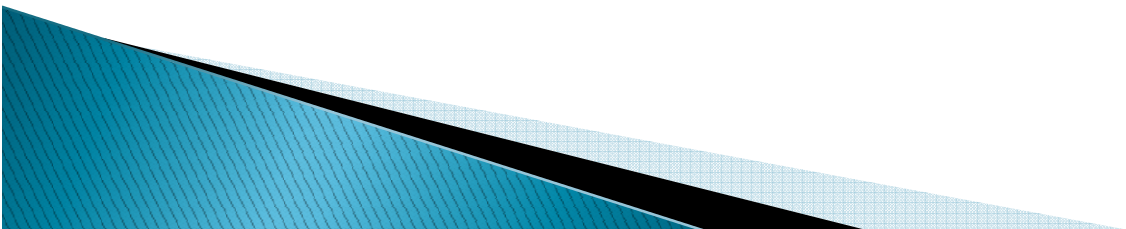
# 3.0 Marketing Strategy

## 3.6 Strategies

Marketing strategies fall into the following 4 strategic business areas:

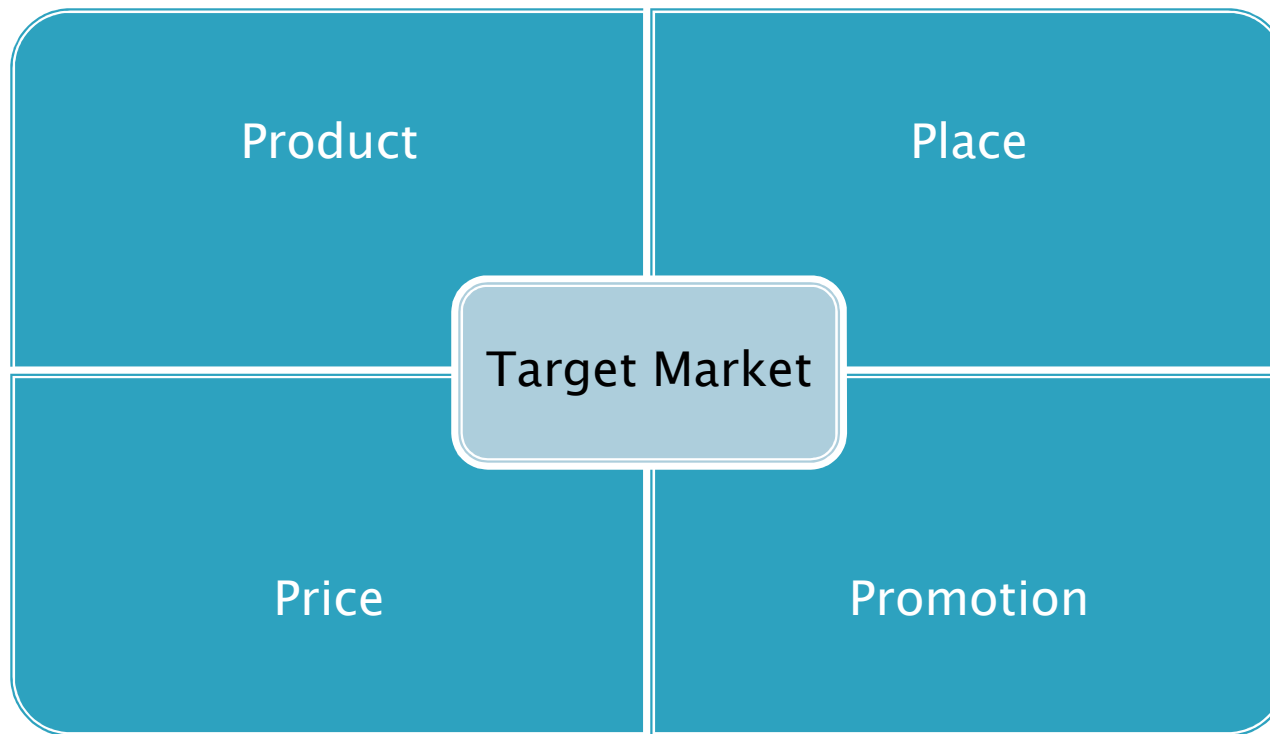
- Market penetration
- Market development
- Product development
- Diversification

Other strategies include utilizing the company's patent-protected portfolio; generating revenue from current products; delving into new markets; focusing on improving existing drugs and creating new ones.



# 3.0 Marketing Strategy

## 3.7 Marketing Mix



# 3.0 Marketing Strategy

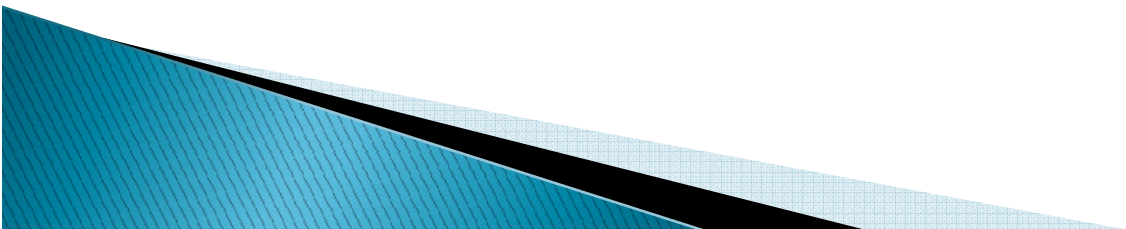
## 3.7 Marketing Mix

The 4 components can be defined as:

- Product is what is being offered, the packaging of that product along with the service
- Placement is the distribution method. How are we going to distribute our products to our customers?
- Price is the price point that is chosen for a specific product that will enable you to remain relevant and competitive in the pharmaceutical industry
- Promotion refers to what form of advertising will we use to promote our products

Managers in the pharmaceutical industry control the 4 P's and in turn, can satisfy customers in their target market.

Pricing objectives branch out into two areas. Profit and Sales. In order to maximize profits, you must set product prices so that revenue is large relative to your total costs.

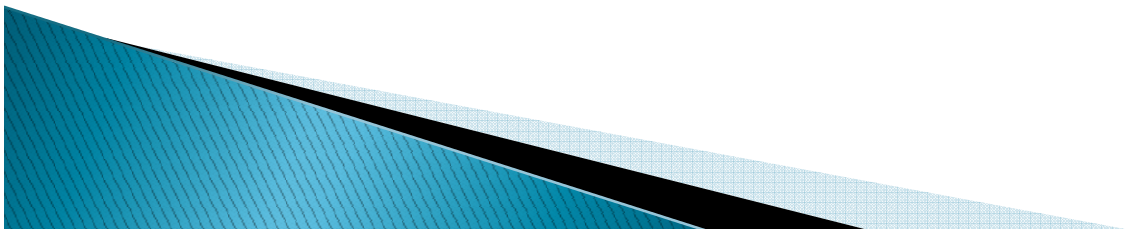




# 3.0 Marketing Strategy

## 3.7 Marketing Mix

Market Share. Pharmaceutical companies research and develop drugs and market them to the consumer. Many pharmaceutical industries specialize in specific drugs. In order to gain market share they run to win the patent race. As noted in previous sections of our business plan, pharmaceutical companies invest large amounts of monies into research and development. Successful drugs make large profits. When a pharmaceutical company issues a patent on a certain drug, when no other company has offered the same product to consumers, price competition is non-existent. This results in pharmaceutical companies allocating more monies to research and development and passing on those costs to consumers by increasing the price of the prescription drug sold.

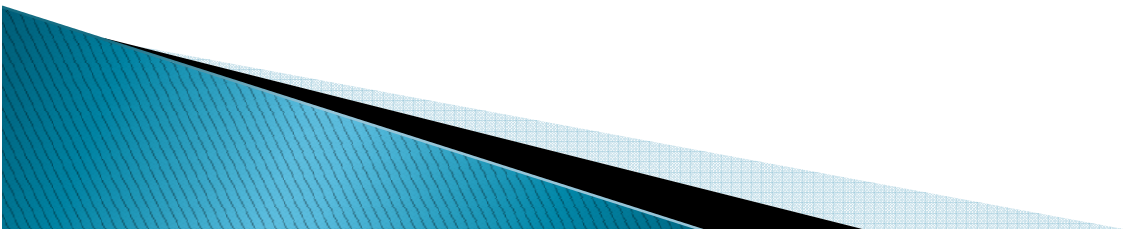


# 3.0 Marketing Strategy

## 3.7 Marketing Mix

The demand for prescription drugs is inelastic. Prescription drugs are valued and in most cases can not be substituted.

By reducing the price of our product, we can increase our market share by increasing sales that will provide us with a lead over our competitors. Once competitors become wise to us, they, in turn, will adjust the cost of their product. There are both short and long term effects. Short term, we will benefit financially by stealing the business of price sensitive customers. Long term, we will retain some of the customers we got by cutting our prices. Our company may wind up with a higher market share even if prices from our competitors increase.



# 3.0 Marketing Strategy

## 3.7 Marketing Mix

Marketing segmentation divides a market into identifiable groups. Segmenting your target market helps us identify customers, influences and directly affects your Marketing Mix and allows you to satisfy your customer's needs.

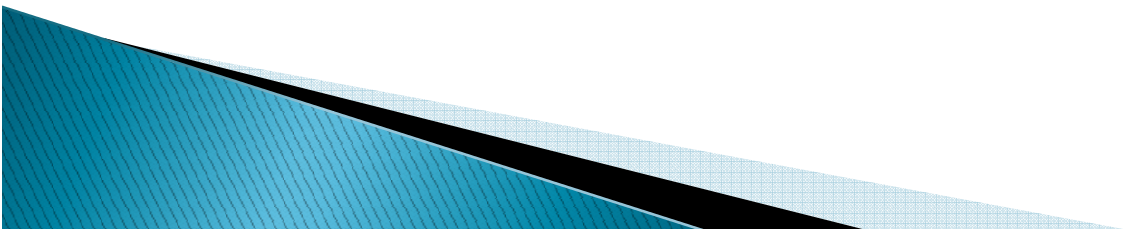
Consumer markets are segmented by geography, demographic, lifestyle, benefits of products that customers want and product consumption.

Product	Prescription Drugs for Physicians & Patients
Total Market	XXXXXXXX Physicians & Patients
Market Segmentation	Physicians, Women & Men 45+ (demographic)
Target Market	Subset of XXXXXXXX (from total market)

# 3.0 Marketing Strategy

## 3.7 Marketing Mix

Business markets are segmented by company characteristics including location, size of company, product use, buying criteria including price, quality and service and customer relationship.

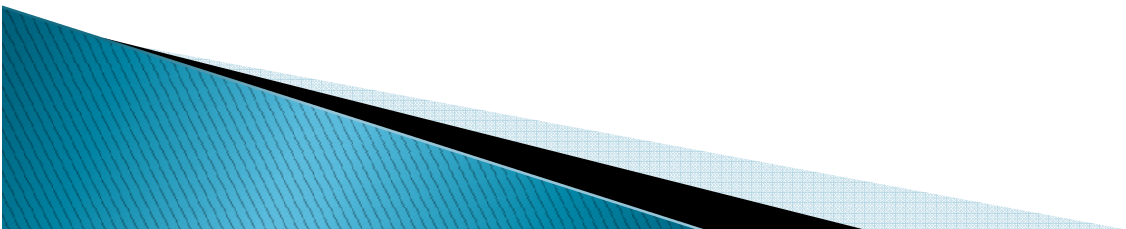


# 3.0 Marketing Strategy

## 3.8 Marketing Research

Industry market research plays an important role in creating a good business plan. Conducting interviews with existing patients and physicians and potential customers within your target demographic for both consumers and businesses are key.

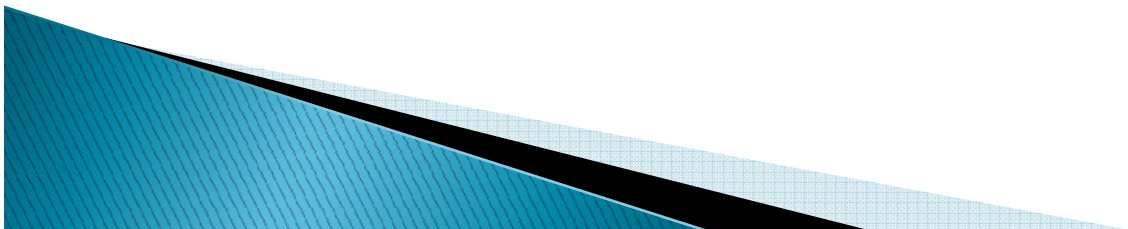
Using your Marketing Mix 4 P's and getting feedback and analyzing physicians and patients buying habits help increase company profits.



# 4.0 Financials

This section offers a list of start-up expenses, assets and investments.

The financials would also include a Break-even Analysis as well as a Sales and Expense Forecast (monthly). (Note: In this exercise we were not provided with a budget, therefore, completing this portion was not feasible.)



# 4.0 Financials

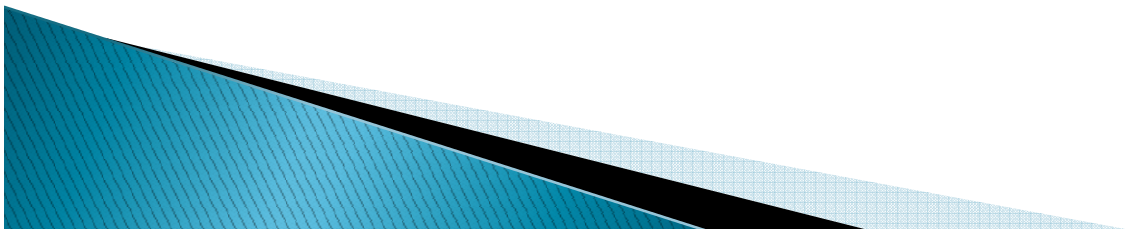
## Start-up Expenses

Legal.....	\$XXXXXX
Advertising (including web site development).....	\$XXXXXX
R&D.....	\$XXXXXX
Equipment.....	\$XXXXXX
Furniture.....	\$XXXXXX
Rent.....	\$XXXXXX
<b>Total</b>	<b>\$XXXXXX</b>

## Start-up Assets Needed

Cash Balance on starting date.....	\$XXXXXX
Inventory.....	\$XXXXXX
Long-term assets.....	\$XXXXXX
<b>Total Assets</b>	<b>\$XXXXXX</b>

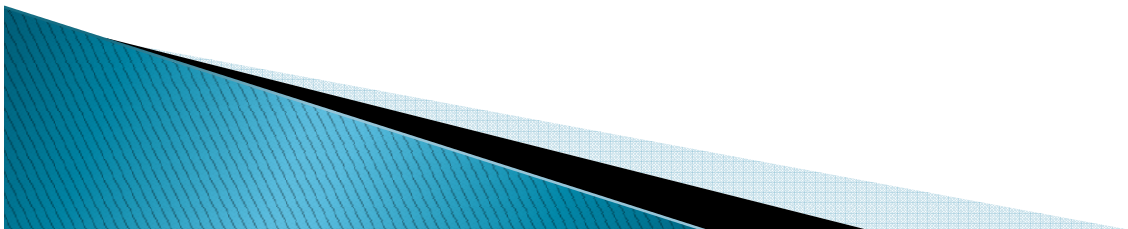
<b>Total Requirements</b>	<b>\$XXXXXX</b>
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# 4.0 Financials

## Investment

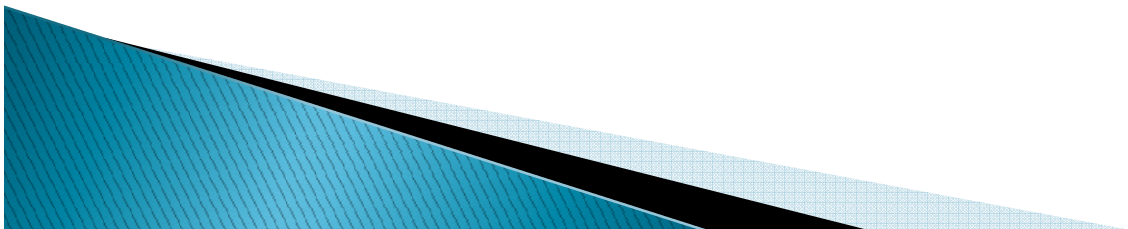
Funding Needed.....	\$XXXXXX
Funding Acquired Already .....	\$XXXXXX
<b>Total</b>	<b>\$XXXXXX</b>





# 5.0 Controls

The main purpose of this business plan is to guide our company. Throughout the year, we will look at and re-examine the guidelines set-forth and adjust accordingly.



# 5.0 Controls

## 5.1 Implementation

In this section, I would set milestones for each marketing strategy and goal.

