

Introduction

The events of Roche Company and Genentech are fit to be analyzed as a strategic business venture decision in the context of the pharmaceutical and biotechnology business environment touching on issues of innovation, business functioning integration and corporate management.

Background

Genentech, a Biotechnology company launched itself among the premier innovative companies with a succession of new drug molecules in their pipeline. Roche has relied on Genentech since it acquired a large chunk of the minority stake held by Margaret A. Cargill and started a strategic partnership in 1990.

Strategic Pationale

The main business reasons for the acquisition outlined by Roche were the expanding of product range, buying full control over Genentech's innovative portfolio and the elimination of operational costly overlaps. Roche envisioned to tap the experience of Genentech in the development of drugs and at the same time, make the most of the revenue opportunities of existing and future biopharmaceuticals.

Conclusion

'Analyzing the Roche's acquisition of Genentech may be considered as a useful example of the strategic M&A within the pharmaceutical industry taking into account the examination of major financial cultural and operational factors. Both these dimensions, when integrated with a strategic focus on technology and process innovation and collaboration, can make or mar such high-stake acquisitions.

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