

Be More
at Bain



BrAINWARS 2024

ROUND 1 SUBMISSION

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Problem Statement:-

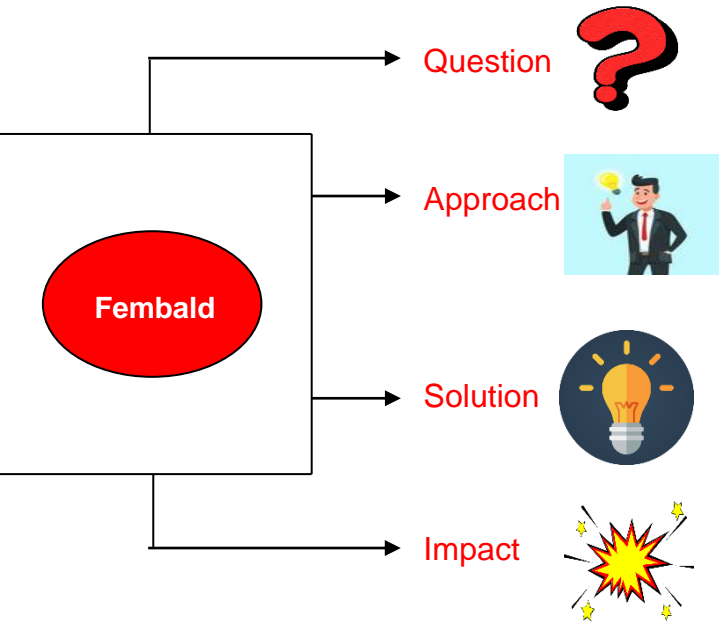
- Our client is a pharmaceutical manufacturing company based in the US whose strong focus has been R&D for innovative drugs
- Recently they have developed a product (“Fembald”) for Alopecia for female or female balding. The development of the drug was a lengthy process which was finally approved after a delayed testing process.
- The drug will be off patent in next 5 years. Therefore, before initiating the drug production the client wants us to determine whether the drug will be profitable and whether they should go ahead with production
- Another complexity is that the market already contains a comparable substitute that will divide the market share equally (until patent expiry) with client if the client’s drug is launched in the market
- Post patent expiry, market share for client will shrink to 20% of pre-patent expiry share

Questions:-

What are the potential risks associated with the drug & problem statement?

- What is the potential market size for Fembald?
- What will be Fembald’s profitability in pre & post patent expiry?
- Basis clinical trials’ results, 2 formulations of the drug received approval. Which formulation should the client use to enter market?
- What is the final recommendation on launching Fembald? If launched, which formulation should be prioritized?

Basic Understanding from the problem statement :



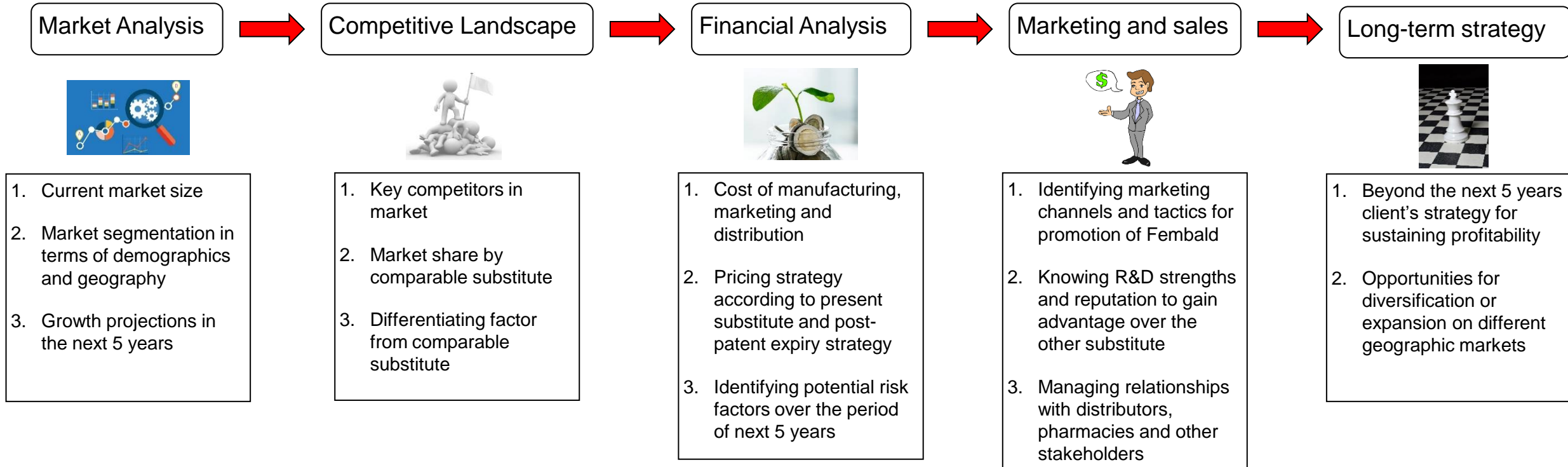
- **Product Creation:** Alopecia, or female baldness, is the target market for a medication called "Fembald," which was created by the pharmaceutical business. After a protracted development period and postponed testing, the medication was approved.
- **Patent Status:** In the upcoming five years, the drug's patent will expire. This implies that the business will have the sole authority to manufacture and market Fembald during the duration of the patent.
- **Profitability Assessment:** Before initiating drug production, the client wants to determine whether Fembald will be profitable. To assess profitability, they need to consider factors such as production costs, marketing expenses, and potential revenue from sales.
- **Market Competition:** There is currently a comparable Fembald replacement available on the market. If the client's medication is approved for use, it will coexist on the market with the equivalent product until the patent runs out. The client's market share will decrease to 20% of its pre-patent expiry share following patent expiration.

Approach towards the problem

- Market Analysis
- Competitive Landscape
- Financial Analysis
- Marketing and sales strategy
- Long-term strategic considerations

Fembald

Approach towards the problem



The “**B A I N**” strategy

Starting in **B**igger markets

Accelerate

Implement & Innovate

Nurture relationships

Fembald

Potential risks associated with the drug & problem statement?

Developing a new drug like “Fembald” involves inherent risks.



Health Risks

1. Minor Discomfort
2. Side Effects
3. Serious complications
4. Long-term effects
5. Ineffectiveness



Regulatory Risks

1. Delays in approvals
2. Regulatory bodies do not allow the drug to be introduced into their country



Market & Financial Risks

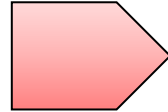
1. Competition
2. Changing market dynamics after 5 years
3. Investment vs returns

Potential risks associated with the drug & problem statement?

Pain points in problem statement

Effectiveness of the drug

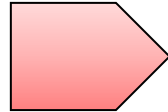
Problem statement does not specify how effective the drug was during the clinical trials



This is a crucial factor in determining the drug's potential success in the market. Hence to determine its effectiveness first

Sample size of the Trials

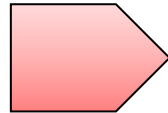
The number of people on whom the drug was tested during clinical trials is not mentioned



This is important because sample size will provide a reliable indication of the performance of drug after launching it for larger population

Cost and side effects

The cost of the drug impacts its market acceptance and information about any side effects observed is missing



Significant risks and problems to be identified early. Making it affordable so that it can be accepted by a larger section of people

Goals

Opportunity



“By keeping these pain points in mind “Fembald” has the capability to grow in an equally divided market”

Fembald

Market size for Fembald?

Global Alopecia market Value in 2024

\$8.7 Billion

Expected Growth rate

7.1% - 7.3%

Market Size for females

40%

Year on Growth

2025 :- **\$9.3**

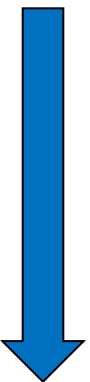
2026 :- **\$10**

2027 :- **\$10.7**

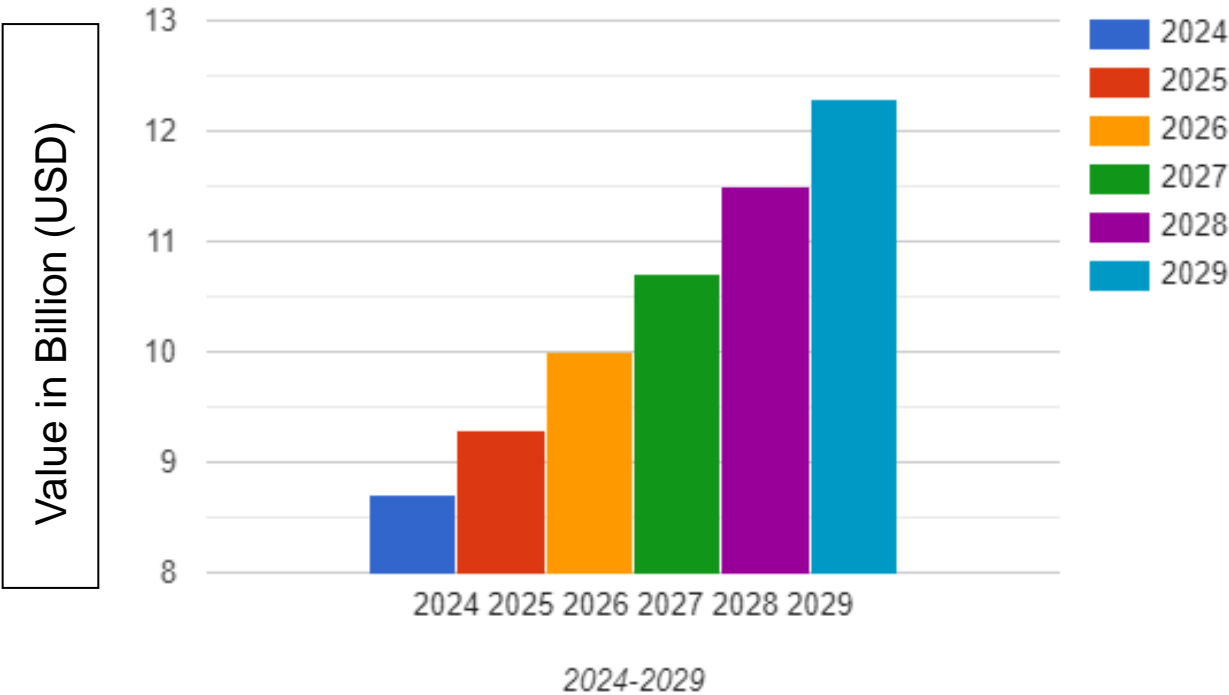
2028 :- **\$11.5**

2029 :- **\$12.3**

In Billion



Global Market (2024-2029)



Market Size for females = 40%

Year by Year :- Female alopecia market value (in billion USD)

2024 :- \$3.48

2025 :- \$3.72

2026 :- \$4

2027 :- \$4.28

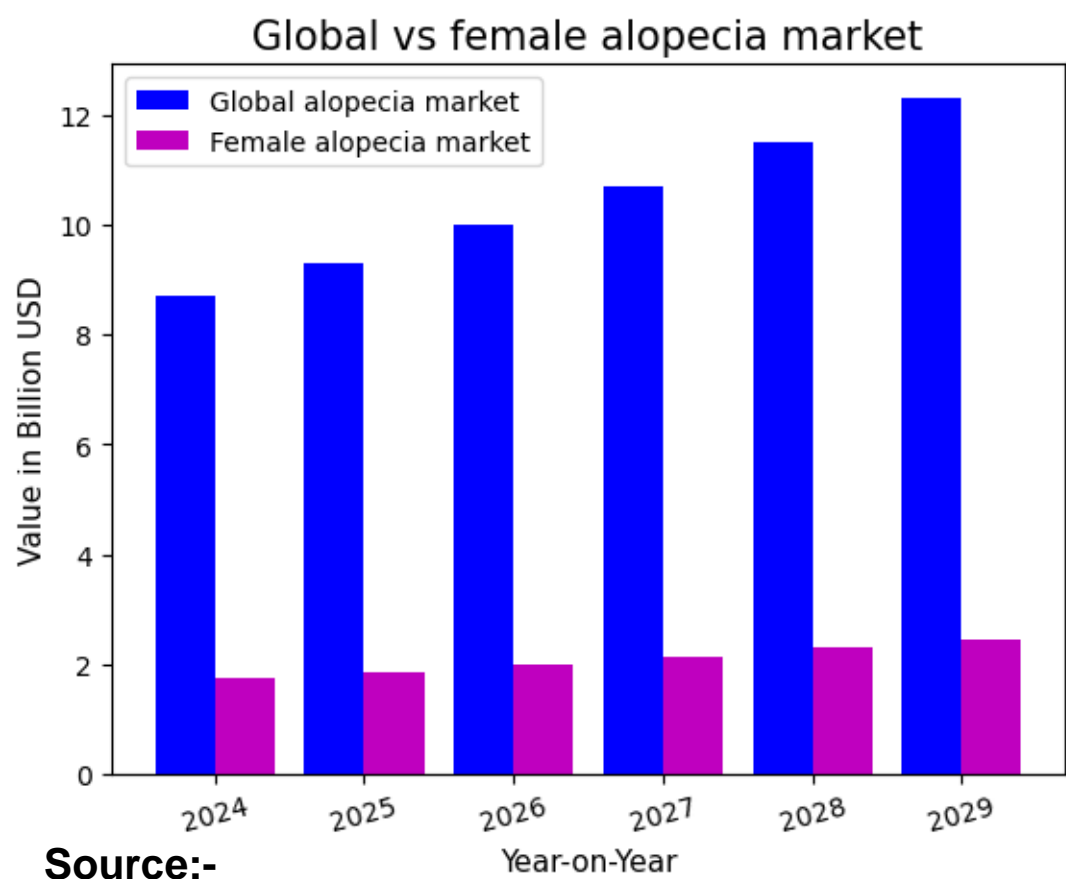
2028 :- \$4.60

2029 :- \$4.92

Growth Driver :- The increasing prevalence of alopecia is attributed in large part to changing lifestyle habits like excessive alcohol and tobacco consumption as well as rising stress levels.

Year by Year :- Female alopecia market value (in billion USD) considering there is another substitute present in the market.

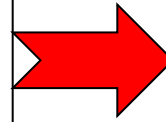
2024	2025	2026	2027	2028	2029
\$1.74	\$1.86	\$2	\$2.14	\$2.3	\$2.46



Considering that the market is currently divided into 2 players only

Source:-
<https://www.sciencedirect.com/science/article/pii/S2352647517300989#:~:text=In%20addition%20to%20a%20thorough,women%20by%20a%20certain%20age.>

Market size depends on few other factors also



Demographics , geography, regulatory bodies and Purchasing power parity (PPP)

Which regions should Fembald focus on to get maximum profitability and to survive in long run

	China	India	USA	Indonesia	Pakistan	Bangladesh	Russia	Australia
Resources	Orange	Green	Green	Orange	Red	Red	Green	Green
Regulatory bodies policy	Green	Orange	Orange	Green	Green	Green	Red	Orange
Demographics	Green	Green	Green	Green	Green	Orange	Orange	Red
PPP	Green	Green	Green	Orange	Red	Red	Orange	Orange
Market Demand	Orange	Orange	Green	Orange	Orange	Red	Green	Green

All the three **China**, **India** and **USA** are highly favourable and viable market entry options for Fembald.

Fembald's profitability in Pre & Post Patent expiry

Pre-Patent expiry

Out 2.6 million 40% female experience alopecia in USA = **1.04 million**

However the cost of drug is not mentioned and we cannot take the average cost of alopecia drug as there are different treatments which have different cost

Considering the cost associated with producing the product and marketing cost for fembald drug the profitability can be calculating the revenue (No. of patients x Cost of drug) – cost of production and marketing

Profitability in pre-patent expiry period will be more as people will only have 2 choices and market size will be more.

Around 2.6 million outpatients visit dermatologists for alopecia areata treatment in the U.S. annually.

Alopecia affects around 160 million people globally and 6.7 million in USA only

About 2% of people experience alopecia at some point in their lifetime

Post-Patent expiry

20% market shrink due to entry of other players

As soon as the patent is over , new and old companies will start selling their drug which will potentially reduce the profitability for the company.

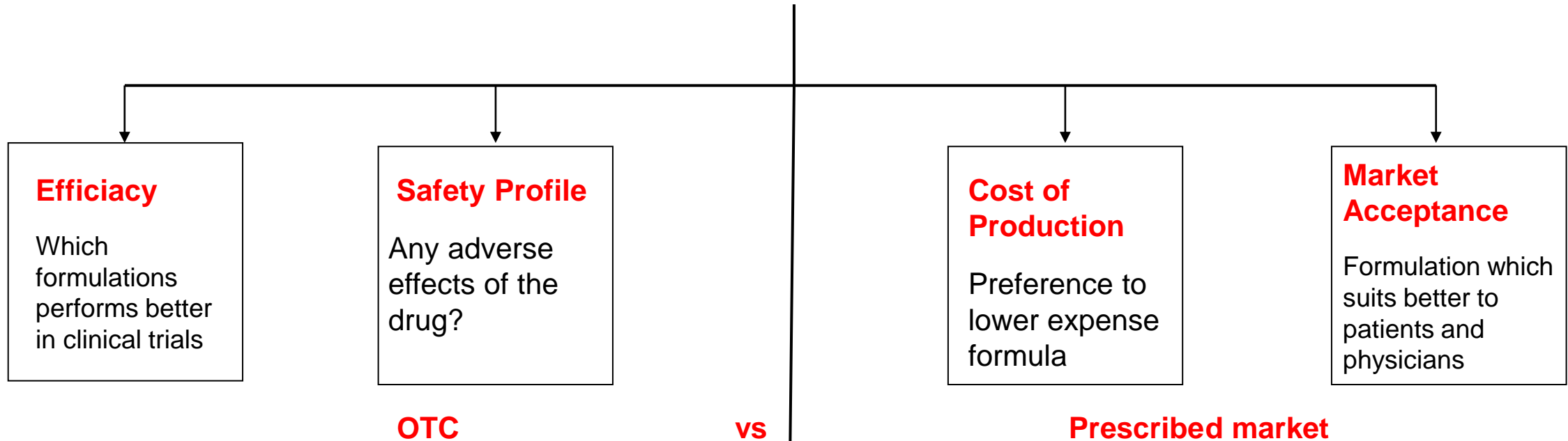
Shrinking of 20% market share could lead to loses for the company and in long-term company can face more issues.

Profitability will be less in post-patent period

Many other companies can get that drug in lesser prices which could attract a large pool of people

Which formulation to use?

Factors on which formulations should be categorized are:-



A major factor to determine :- The global **over the counter (OTC) drugs** market size was valued at USD **129.79 billion in 2024** .The market has a significant growth rate. It is widely used in the developing regions where medical needs of a large patient pool across countries such as China, Japan, Mexico, Brazil, and India

The **global prescription drugs market size** is projected to grow to \$1,864.2 billion by 2030, at a CAGR of 8.9%.

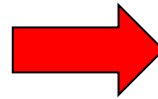
But the market varies with country where some country people prefer OTC drugs over prescribed one's

Source:- <https://www.precedenceresearch.com/over-the-counter-drugs-market>

[Prescription Drugs Market Size, Share | Growth Analysis \[2030\] \(fortunebusinessinsights.com\)](https://fortunebusinessinsights.com)

Fembald

As there is not sufficient data present about the **sample size of trials ,cost and effectiveness of the drug and the side-effects** in the problem statement , we believe that more research on this data should be done before launching the product in an equally shareable market where one mistake will completely shut down the company



- If these points are kept in mind then the size and growth calculated for Alopecia and lack of effective treatments currently in market there is a significant opportunity for a new drug like **Fembald**. However, the presence of a comparable substitute and the potential decrease in market share post-patent expiry are considerable challenges.
- If the drug is launched, the formulation should be prioritized based on factors such as effectiveness, side effects, cost of production, and patient preference. It's crucial to consider the needs and preferences of the target market in this decision. For example, if the target market prefers oral medication over topical application, then an oral formulation should be prioritized.
- With these things in mind **Femald** can be launched into the market

The formulation selection depends on various factors

1. **Effectiveness** : The formulation which works better with a large pool of people should be given priority.
2. **Cost** : Considering the magnitude of the market the company is venturing into, it would be beneficial to set a moderate price for the drug. This strategy could make the medication more accessible to a larger population and potentially give the company a competitive edge over the other substitute
3. **Profitability**: Depends on various factors such as pricing strategy, production cost, marketing cost and competitive landscape
4. **Competition**: We opt for a formula that is already favoured by patients because the market will contract after the patent expires. Therefore, we introduce this popular formula prior to patent's expiration



THANK YOU!