Background

Novartis was formed by the merger of Ciba Geigy and Sandoz in 1996. It is amongst the world’s leading pharmaceutical and consumer health companies. With an employee strength of over 80,000 and revenues of over US$ 24 billion, Novartis has 360 independent affiliates across 140 countries. Novartis is engaged in research in unconquered diseases like Alzheimer’s, Parkinson’s and Cancer, and continues to generate awareness about these. For example, as a part of its global commitment to the cause of healthcare, Novartis initiated a unique web service to ensure exchange of information about these diseases and their management, and foster interaction between caregivers and specialists.

Novartis India Limited is a subsidiary of Novartis AG. It has revenues of about US$ 109 million and around 1,000 employees. Novartis India’s business operations comprise the following:

- **Pharmaceuticals:** This segment includes therapeutic segments like hypertension, anti-inflammatory and anti-fungal. It registered sales of over US$ 67.5 million with a growth of 6.2 per cent over the past one year. Novartis is increasing its market reach in this segment by increasing penetration in Tier 2 and Tier 3 markets in six states in two phases.
- **Generics:** The generics business includes segments like gynaecology and anti-TB. The segment registered sales of over US$ 23.8 million in 2003-04.
- **OTC:** The over-the-counter segment (OTC) includes vitamins, minerals and supplements, and it registered a growth of over US$ 10.3 million in 2003-04 with launch of a few new products.
- **Animal Health:** The animal health segment primarily includes drugs for cattle. The segment had sales of over US$ 8.2 million in 2003-04.

Novartis India Limited has maintained a steady performance in sales whereas the profits have increased in the past few years.
Pharmaceutical sector

Novartis has held the leadership position for many of its products - Voveran with market share of 11 per cent, Methergin with 34.8 per cent and Tegrital with 11 per cent and Macalvit with 6.4 per cent.

Novartis was also the first pharma company to be awarded the first prize for Corporate Social Responsibility in the mid-size company category in February 2004 by The Energy and Resources Institute (TERI).

Novartis operates in a challenging environment in India:

- Highly fragmented market
- Tough competition from branded generics and other MNCs
- Prescription driven business
- Difficulty in product differentiation
- Price controls
- Nascent health insurance sector

Factors for success

Strong Parental Support

Novartis gets full support from its parent in terms of introduction of its new research based products. Novartis is the first Indian pharma company to be granted exclusive marketing rights (EMR) by the Indian government for the beta-crystalline form of its product GLIVEC used in the treatment of chronic myeloid leukaemia.

Focusing on few brands

Novartis India Limited has strong presence in the pharmaceutical business as far as brands are concerned. The company has several major brands occupying a significant position, with a high market share in their respective therapeutic segments.

To improve its pharmaceutical segment’s performance, Novartis is focusing on four of its mature brands viz. Voveran, Tegrital, Methergin and Syntocinon, and entering the fast growing segments of cardiovascular (CVS) and central nervous system (CNS).

Improving sales force and promotions

Novartis has created a dedicated sales force for targeting disease segments which are more prevalent in India. Field force productivity is being improved through training and productivity-oriented incentives.

Expanding business to new territories

Novartis is expanding business into new markets for top-line growth. Novartis India covers close to 500 territories and is planning to enter Tier-II and Tier-III cities, thereby covering an additional 90 territories.

Commitment to corporate social responsibility

Novartis aspires to be a reasonable and conscientious global citizen based on trust, transparency and accountability. Key CSR activities are:

- The Joint Effort to Eradicate Tuberculosis, which is a campaign aimed at creating awareness of tuberculosis and provide scientific information and assistance to practising physicians
- The “Glivec International Patient Assistance Programme” for free distribution of Glivec.
- The Comprehensive Leprosy Care Programme under the aegis of the Novartis Foundation for sustainable development

Leveraging the India Advantage

Research and development potential

The Novartis Group has set up the Novartis International Clinical Centre India (NICCI) in India, which focuses on the validation of implemented standard programmes for the global standard analysis of safety data.

Leveraging Indian IT talent

The Novartis Group has opened a software development centre in Mumbai. The centre is aimed at providing specialised IT solutions not only to hasten drug development but also to reduce the overall cost of drug discovery and at the same time ensure quality. Novartis aims at utilising the world class Indian IT talent.

Future plans

- Novartis India Ltd has recently launched two products - Trioptal and Citromacalvit
- As and when the right opportunities are available, Novartis plans to expand its business in areas of interest namely cardiovascular, central nervous system, pain and inflammation and gynaecology therapeutic segments.