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15.912 Technology Strategy  
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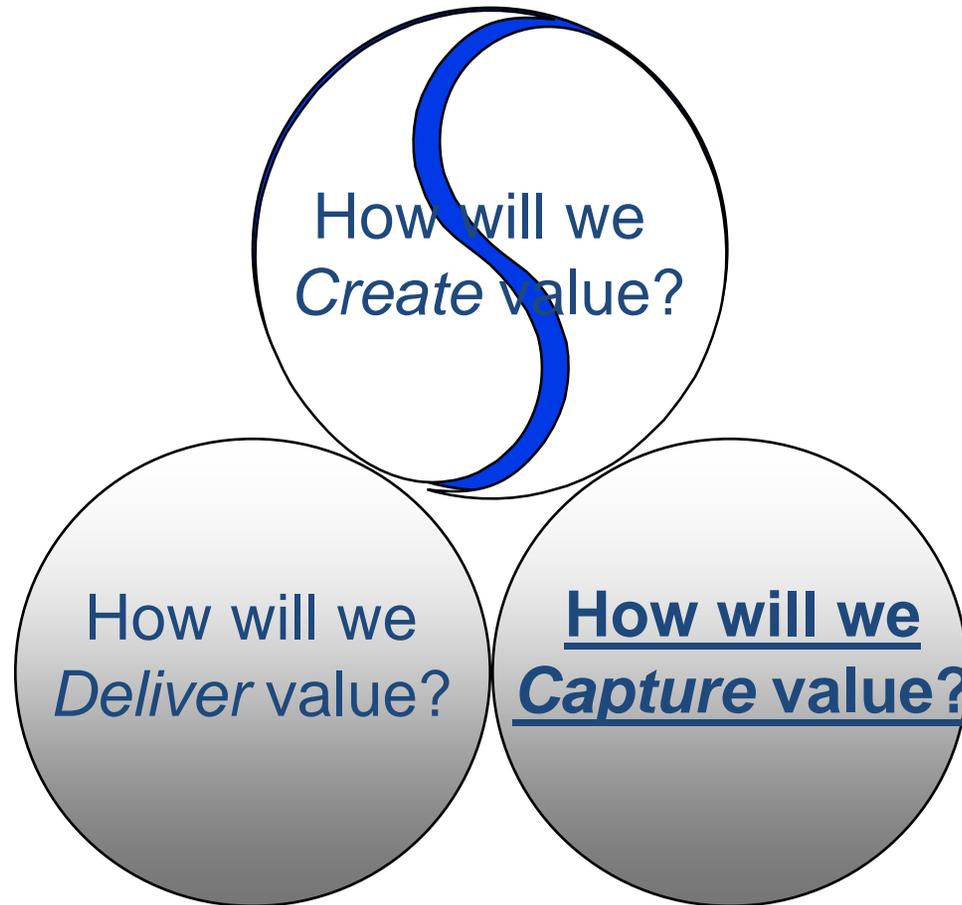
# Value Capture in Abgenix

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# Value Capture: What should Abgenix do?

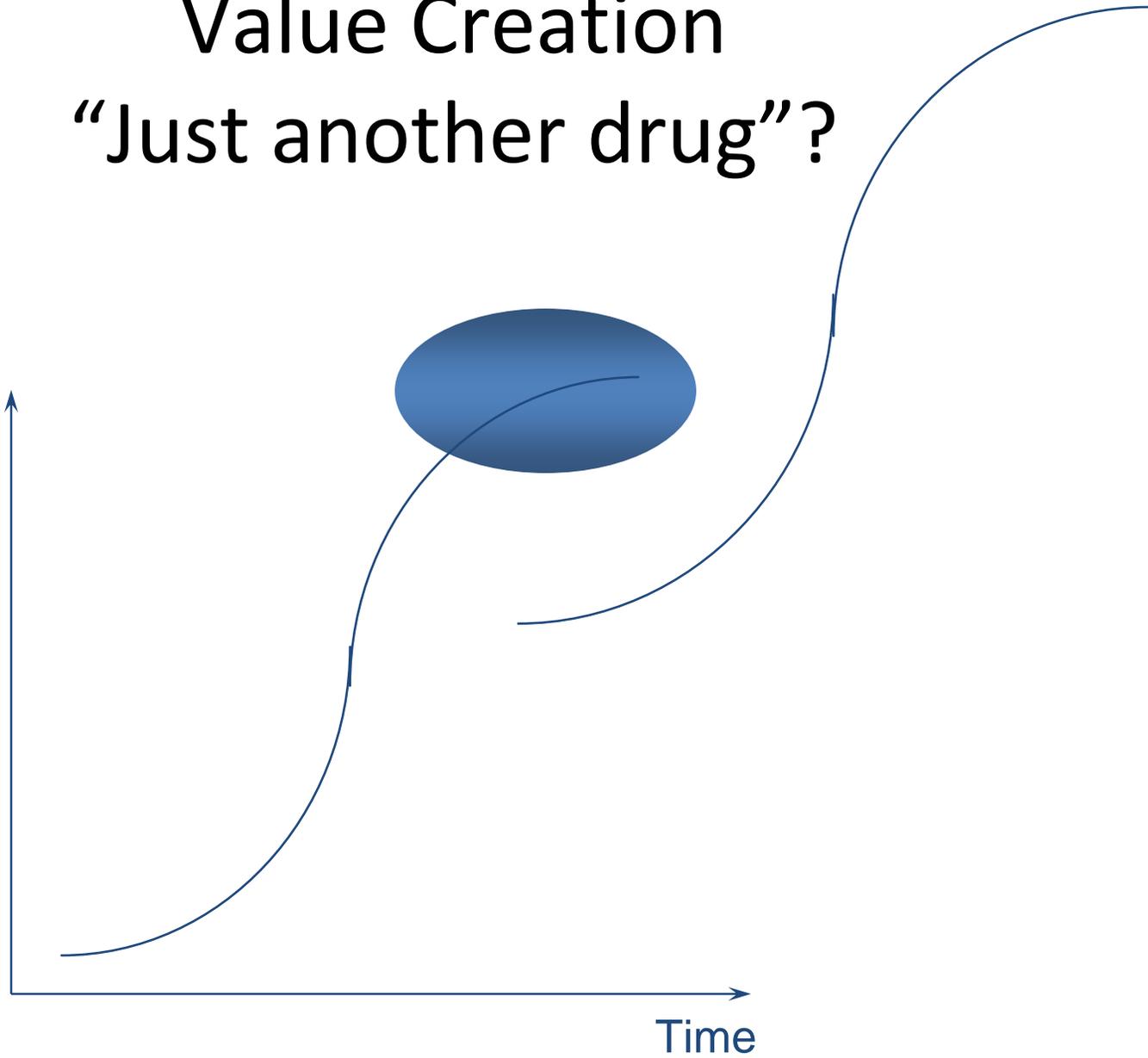


# What Happened?

- JV on ABX-EGF with Biopharm=Immunex Corp. announced in July 2000
- Phase II clinical studies have been started in multiple cancer indications
- Abgenix's stock price affected by failure of AstraZeneca's small molecule in Phase II
- Ray Withy became CEO in April 2002; Wants to implement shift from an "ideas-market strategy" to a "product-market strategy"
- Acquired by Amgen in 2005

# Value Creation “Just another drug”?

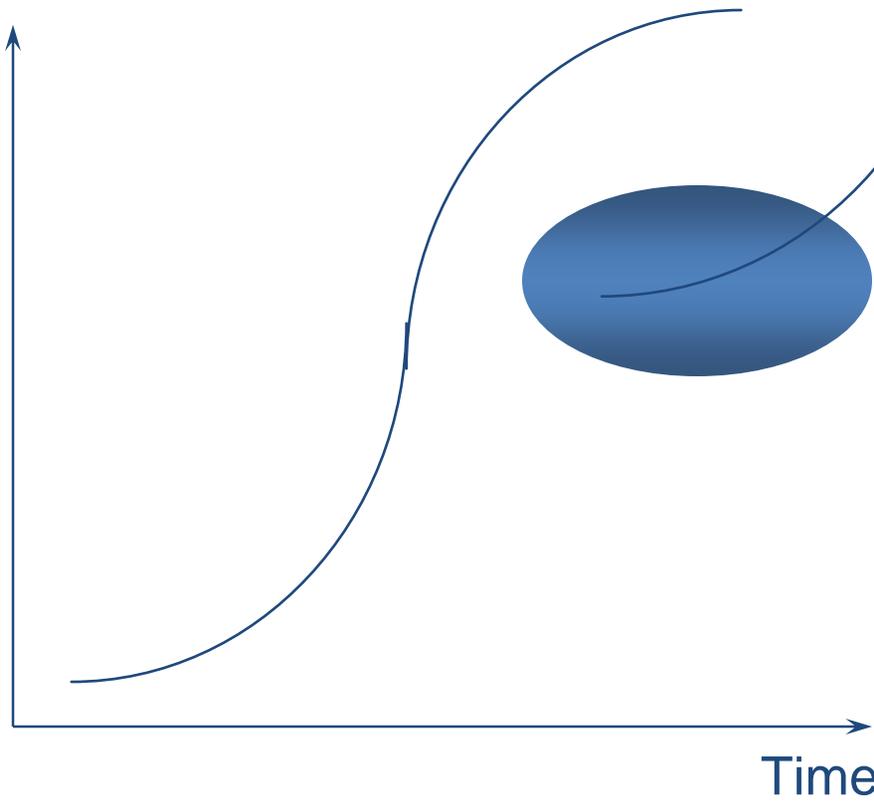
Performance



# Value Creation

“A whole new way of doing things”?

Performance



# Ubiquitous Partnering

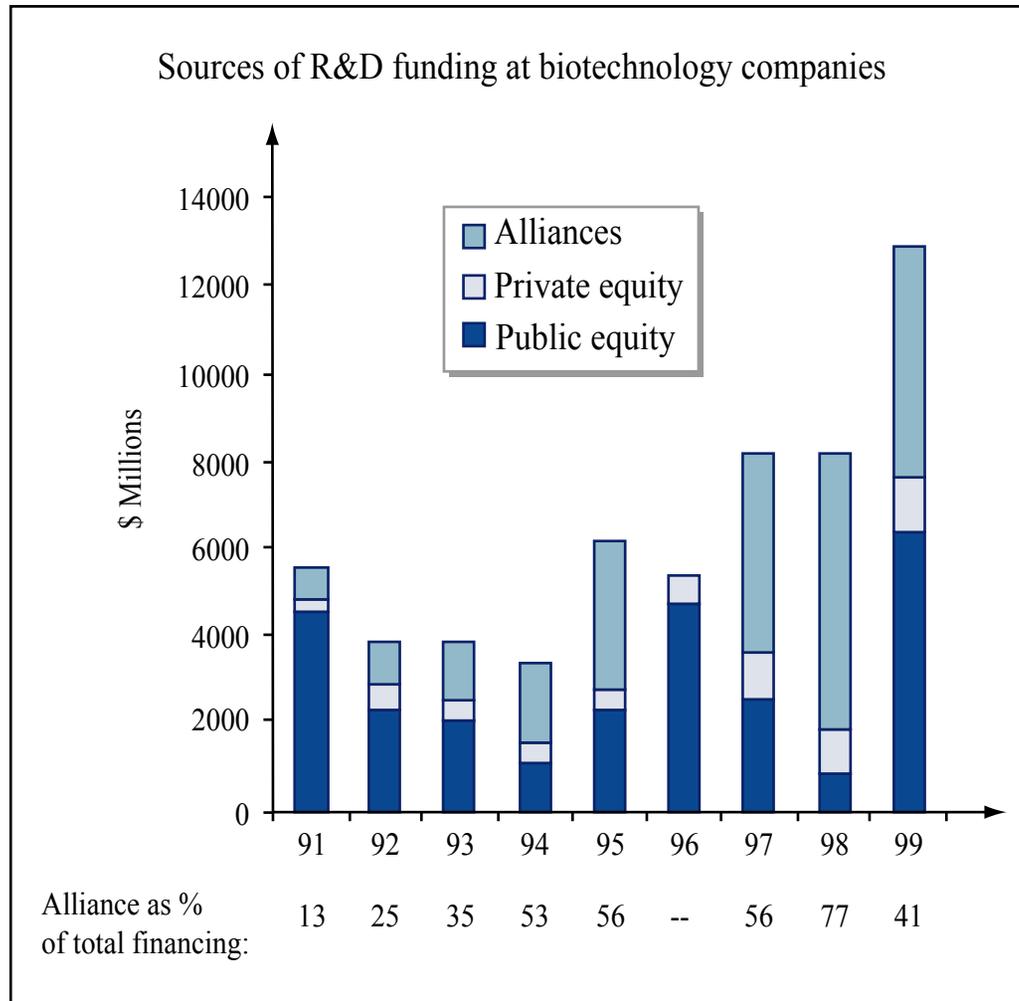


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# Value Capture: Where is the money?



# Value capture: Where is the money?

Complementary assets are:

Freely  
available

Tightly  
held

Uniqueness is:

Easy to  
maintain

Hard to  
maintain


# Selling to big pharma

- Pros:
  - Maximizes “entrepreneurial energy”
  - Minimizes extraneous investment
- Cons:
  - Leaves value on the table?
  - Problems in the market for IP?
  - Does not maximize value: coordination important
    - Problem of paying for P and hoping for Q?
  - Different views of the future make pricing difficult?
  - Integration changes the future
    - P vs. Q revisited?

# Joint Ventures

- Pros
  - Allows access to unique capability
  - Reduces risk, capital investment
- Cons
  - Leaves value on the table?
  - Reduces entrepreneurial energy by increasing coordination burdens?
  - Potential coordination difficulties
    - Problem of paying for P and hoping for Q?

# Looking Forward:

- Introduction to Value Capture in Technology Strategy:
  - Uniqueness
  - Complementary Assets
- Bring your reflections to class.