

Managing Value in Supply Chains: Case Studies on the Sourcing Hub Concept



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Agoda
TheCaseSolutions.com
Agoda is a leading online travel agency (OTA) that provides a platform for travelers to book flights, hotels, and other travel services. TheCaseSolutions.com helped Agoda optimize its supply chain, resulting in significant cost savings and improved customer satisfaction.

Key Fact!
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Lean
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Shouldn't you invest in just venture with Reebok?

Real Features
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API Stack
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Business Hub for
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Recommendation
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1. Lower IP & Patent
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2. Get New Partner to it
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3. Get New Partner to it
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10. Get New Partner to it
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Agenda

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- Case Overview
- Issue Identification
- Eli Lilly Ranbaxy (ELR) joint venture
- SWOT analysis
- Bargaining Theories
- Core Competencies
- Resource-Based View
- Recommendations
- Implementation/Action Plan
- Questions

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Key Facts

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- Eli Lilly: discover, develop, manufacture & sell human health and agricultural products
- Ranbaxy: India's largest manufacturer of bulk & generic drugs
- Joint Venture incorporated 1993
- By 2001: Both firms attained their goals
 - Lilly: strong position globally & in India
 - Ranbaxy: Top Indian Pharmaceutical & large global player
- Changing government policies
- Pricing limitations

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TheCaseSolutions.com Issue

***Should Eli Lilly divest its joint
venture with Ranbaxy?***

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Joint Ventures

Pro's	Con's
Entering the market	Partner selection
Reducing cost in value chain	Control over JV

The ELR Joint Venture

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- Enter Indian market
- Gather information on local market, competitive conditions, & legal conditions
- Reduced value chain costs
- Partner's shared core values & control

SWOT Analysis

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STRENGTHS <ul style="list-style-type: none">• Combined Resources• Ranbaxy's distribution channels• Ranbaxy's brand name• Lilly's code of ethics & training programs	WEAKNESSES <ul style="list-style-type: none">• Pricing• Dependence on Ranbaxy
OPPORTUNITIES <ul style="list-style-type: none">• Patent Protection• 100% foreign direct investment	THREATS <ul style="list-style-type: none">• Generic market• India as a high-volume, low cost, low profit market• Indian market slow down – shift away from drug use• Global pharmaceutical trends – M&As

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Bargaining Theories

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- A) Impatience – Eli Lilly > Ranbaxy; Ranbaxy needs cash while Lilly is stable
- B) Risk of Breakdown – Eli Lilly > Ranbaxy; Ranbaxy is smaller in size/power
- C) Outside Options – Both firms have profitable outside options
- D) Inside Options – Ranbaxy > Eli Lilly; Lilly profiting more from JV
- E) Commitment Tactics – Ranbaxy > Eli Lilly; Ranbaxy has been providing more

Core Competencies

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ELR Joint Venture:

1) Name Value

- *Ranbaxy: strength of a local, strong, well known company*
- *Eli Lilly: quality*

2) Strong Ethical Values

3) Synergy between the companies

4) One of the largest pharmaceutical companies in India

- *In 2001, ELR ranked 46th out of 10,000 companies*

Eli Lilly:

1) Ability to innovate

2) Experienced company

3) Global company

- *Manufactured and distributed through 25 countries & sold in more than 130 countries*