Wholly owned subsidiaries (wos) essay

TopicalCare proceeds through WOS in order to keep control on subsidiaries and strong hold in the host country. However, very few subsidiaries are leased under long-term leases mainly in US (TopicalCare, 2006). The reason could be the availability of the required plant in the US as well as the rapidity of obtaining them.

Hence, subsidiaries are either: o Greenfield investment: to achieve a high quality production through modern plants and set appropriate management systems in countries such as Brazil and Mexico, where the pharmaceutical platform is not well established. Thus, setting a subsidiary in these countries is of great interest with regard to cost of production, raw material and supply chain. The supply chain strategy aims to achieve competitive costs as well as alleviating risks by multiplying production capabilities which serve their local/zone markets e. g. TopicalCare Brazil supplies its own market as well as other South American countries via exports. They, eventually, could serve other zones in case of supply disruption (TopicalCare, 2001).

o Acquisition: to access the technological “ know-how”, new geographical markets, therapeutic line, formulations, production capabilities, and most importantly, doing it quickly to save time and overtake competition. TopicalCare, for instance is aiming to become the market leader in generics dermal care drugs especially with the expiry of patent protecting brands for 2005 which is worth $0. 8 billion (Omar, 2005). To do so they are gaining rapidly an important market share.

The table 4. 2 below highlights the cost of TopicalCare’s acquisitions and disposals for the years 1995- 2005.