How Do Huge M&As Affect Our Health?

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Abstract
Our lives have been impacted by the media coverage given to self-driving car technology as flagship companies in this domain aren't traditional automobile companies. Google became the king of the Internet, and their self-driving system is looking like the most advanced system in the world. It is therefore clear that industry consolidation is occurring worldwide, and we need to consider what impacts this will have for us as huge M&As occur. Predictive Analytics can enable us to accurately understand this future.

Industry Consolidation
Many industries are trying to enter medical fields. In fact, Electronics, Chemical, Automobile and other major industries have joined the Meditech area. Furthermore, Pharmaceutical industries have met their own limitations, facing traditional problems and unmet needs, such as huge, highly risky investments for long-term R&D which are not always successful, as well as the launch of generics after patent rights expire. For these reasons, industry consolidation has started.

M&A around Medical Fields
The Softbank and ARM cases are some of the huge M&As in recent years. It may not seem to be related to our health, but you might soon recognize the effect when you see their R&D trend line, which indicates the next business fields they must enter. Although it would be very welcome for us to get new advanced services from mega companies, very large-sized M&As have eliminated other options which may have been safer, more suitable, and more reasonably priced.

As you know, large scale M&As have been finalized based on thorough due diligence. Obviously, starting negotiations requires several preconditions, including the buyer side's economic power and attraction to similar technologies.

Though some companies have unique and advanced technologies that are much more suited to the buyer side's business, often these possibilities are not backed up by economic viability. In the end, alternatives are generated which are not necessarily optimal, but consumers must accept what these huge companies provide nonetheless.

In the medical field, this can be seen as pharmaceutical corporations and medical device manufacturers continue to prioritize treatment over prevention due to market size, when all people want is to avoid being sick.

Predictive Analytics
To reduce mismatched M&A cases and increase the possibility to reap the best benefits for our health, we'd like to show the importance of predictive analytics to discover opportunistic business fields, best collaborators and syner-
gy methods in the next 5 to 10 years. Then you can evaluate the synergy effect of each M&A cases using Panoramic View Radar. In this method, at first, you define the M&A companies’ span of R&D and calculate the similarity distance of both companies, which are shown as a relative index. If Company A’s technical fields are wider than Company B and similarity distance of both companies are stable, things will go forward as based on company A’s strategy. If Company A is assumed to belong to medical technology fields and Company B is assumed related to cancer marker company, struggle for cancer will go to direction for meditech field rather than pharmaceutical (Synergy Case 1A).

In some other cases there are no common technology fields between company A and company B, but it may be expected that technology fields, such as cancer prevention, can only realized if there are shared targets and goals within each company. (Synergy Case 2B)

![Figure 2 - Synergy types of M&A](image)

**Pharmaceutical companies tend to be insular even after M&As**

In the medical field, pharmaceutical companies have a common developing motive: unmet needs. Because these needs are very clear, market size can be easily estimated. But alternative ways outside of the medical field are being realized, which are based on Big Data Analytics and AI using ICT technology. Device makers, automobile companies, professional service providers, and many others are watching for opportunities to enter related, or even semi-related medical fields, which have a huge market. Even though new entrants have M&A strategies to realize a wide-ranging technological portfolio, pharmaceutical companies seem to be locked in the pharmaceutical space through traditional M&As. Pharmaceutical companies typ-

ically only see medical treatment, but new an entrant’s scope might be in the prevention area.

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<tr>
<td>New companies from outside of medical fields</td>
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<td>- device maker - automobile company - professional service provider</td>
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**Table 1 – Is M&As for Medical Treatment or Prevention?**

**Conclusion**

Our Predictive Analytics method comprises definition of target areas, accurate visualization, synergy ranking, collaborator discovery, SWOT results and more, leading to smarter decision-making for business strategies. We can extrapolate what type of services we will be able to receive in near future through the described Predictive Analytics method. This method can be used to imply and evaluate possibilities of M&A, allowing you to prepare for a suitable solution related to your health problem even before new huge M&A entities are able to provide it to you.

**References**


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