

# Synergy from Pfizer's Acquisition of Seagen Based on the Balanced Scorecard

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**Abstract.** Evaluating the merger's synergistic effects based on the Balanced Scorecard theory is a common measure to analyze the effectiveness. This paper selects the classic pharmaceutical merger case of Pfizer's acquisition of Seagen as an example. This acquisition is extremely important for Pfizer as a decision to reverse the current downturn in revenue. Initially, the paper introduces the theory of synergistic effects and the Balanced Scorecard theory, explaining the relationship between the three types of synergistic effects and the four dimensions of the Balanced Scorecard, laying the groundwork for the subsequent discussion. Then, it introduces the background, motivation, and process of Pfizer's acquisition of Seagen, summarizing the characteristics of this case. After reviewing the case background, the paper sets specific evaluation indicators for the three synergistic effects, considering the characteristics of pharmaceutical companies and following the four dimensions of the Balanced Scorecard. Ultimately, based on these indicators, it evaluates the synergistic effects of Pfizer's acquisition of Seagen and offers recommendations. Through this case study, the paper finds that the synergistic effects after Pfizer's acquisition are not significant. Even profitability and new drug sales improved, other indicators used to measure synergistic effects showed little change or a downward trend.

**Keywords:** Acquisition; synergy effect; pharmaceutical enterprise.

## 1. Introduction

The global pharmaceutical industry is characterized by intense competition and stringent market regulations. Pharmaceutical companies face numerous challenges in their development processes, such as difficulties in developing new products, the impact of the "patent cliff" brought about by generic drugs, increasing sales and marketing costs, and increasingly strict regulations related to drugs. To maintain their current position or further develop, pharmaceutical companies can either focus on independent R&D for new products or pursue mergers and acquisitions (M&A). However, independent R&D requires long cycles, significant investment, and a certain element of luck for successful market entry. As a result, many companies seeking to create value and maintain their strategic position in the market choose M&A. The acquisition of Seagen by Pfizer is one of the most notable transactions in the pharmaceutical industry in recent years. Pfizer, as a global pharmaceutical leader, is renowned for its outstanding achievements in drug research and innovation. Seagen, on the other hand, is a biotechnology company specializing in cancer treatment, particularly with its world-leading antibody-drug conjugate (ADC) technology.

Pfizer's past M&A transactions have yielded mixed results. For example, after acquiring Warner-Lambert [1], Pfizer's profits soared by more than 10% within two years thanks to the drug Lipitor. However, after Lipitor's patent protection expired over a decade later, Pfizer's profits were significantly impacted [2]. In the 2009 Pfizer-Wyeth merger, Pfizer's EBITDA margin grew by only one percentage point two years after the transaction. In contrast, Pfizer's economic profit (defined as net operating profit minus the cost of capital) decreased by 26% post-merger [3]. Therefore, this acquisition case is worth discussing.

According to Pfizer's announcement, they want to consolidate their leadership in the oncology field by integrating Seagen's advanced technologies and product lines. This transaction will add several important innovative drugs to Pfizer's oncology portfolio and help accelerate the development and

commercialization of these drugs. Moreover, Seagen's ADC technology will complement Pfizer's existing cancer treatment methods, enhancing Pfizer's competitiveness in the field of cancer therapy. M&A allows companies to reintegrate and improve their resources and business operations, serving as an important pathway for corporate expansion and development. Successful M&A can enable companies to expand production scale, reduce production costs, improve production efficiency, achieve greater profits, and realize synergy. Synergy can exist in various aspects, such as financial synergy, operational synergy, and managerial synergy. Therefore, a simple financial metrics evaluation system is no longer sufficient for a comprehensive assessment.

This paper will use the balanced scorecard to study the synergy of the acquisition. The balanced scorecard overcomes the limitations of traditional synergy evaluation methods by combining financial and non-financial indicators. It evaluates synergy from four dimensions: financial, customer, internal business processes, and learning and growth, turning three types of synergy into quantifiable specific evaluation indicators. This forms a dynamic and flexible evaluation system, making the assessment of post-M&A synergy more operational. Through a comprehensive analysis of this acquisition, this study will understand how Pfizer enhances its oncology product portfolio through this acquisition and evaluate the potential impact of this transaction on Pfizer's future development.

## **2. Case Description**

On March 14, 2023, Pfizer announced that it would acquire Seagen for \$229 per share in cash, for a total enterprise value of approximately \$43 billion. The transaction is financed by \$31 billion in new long-term debt, and the remainder coming from short-term financing and Pfizer's cash on hand. The offer represents a 33% premium to Seagen's previous closing price, and Seagen's shares rose to \$200 in early trading. The deal is one of the largest acquisitions for Pfizer.

Thanks to the sales contributions of its COVID-19 oral drug and COVID-19 vaccine, Pfizer became the first pharmaceutical giant to break the \$100 billion revenue mark in 2022. In 2022, sales of Comirnaty and Paxlovid totaled \$56.739 billion, contributing approximately 56.57% of Pfizer's total revenue. However, in 2023, Comirnaty achieved revenue of \$11.22 billion, a 70% year-on-year decline, and \$2 billion less than Pfizer's initial estimate of \$13.5 billion for 2023. Paxlovid achieved revenue of \$1.279 billion, a 92% year-on-year decline, and \$6.7 billion less than expected. Together, their contribution to Pfizer's total revenue fell to 21.37%. According to Pfizer's fourth quarter and full-year 2023 financial report, annual revenue was \$58.5 billion, a 41% year-on-year decline. In recent years, the ADC drug market has been growing annually, with global sales exceeding \$7 billion in 2022. Through the acquisition of Seagen, Pfizer expects to generate over \$10 billion in sales by 2030. In addition, Pfizer's acquisition of Seagen still needs to pass antitrust scrutiny. After all, the combination of the two companies will be so large that governments will have to consider forcing Pfizer to divest some of its businesses for antitrust purposes. To address concerns from the U.S. Federal Trade Commission, Pfizer decided to irrevocably donate its U.S. sales royalties for Bavencio (avelumab) to the American Association for Cancer Research (AACR). This unconditional donation will support AACR's cancer research, education, policy, and other activities. On October 19, 2023, the European Commission unconditionally approved the acquisition under the EU Merger Regulation, concluding that the transaction would not significantly reduce competition in the European Economic Area (EEA). On December 11, 2023, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act expired, and Pfizer and Seagen received all the necessary regulatory approvals to complete the acquisition.

On December 14, 2023, Pfizer officially completed the acquisition of Seagen and announced a series of organizational changes to integrate Seagen and enhance focus, speed and execution. They will establish an end-to-end business organization called the Pfizer Oncology Division, which will integrate the two companies' oncology commercial and research and development operations. Pfizer also divided its non-oncology commercial organization into two more focused business units: Pfizer

U.S. Commercial and Pfizer International Commercial. The new organizational structure has come into effect on January 1, 2024.

### **3. Methodology**

Developed by Robert Kaplan and David Norton in 1992, the Balanced Scorecard has four dimensions: Finance, customers, internal business processes, and Learning and growth. The balanced scorecard model connects seemingly unrelated corporate strategies and long-term goals with corporate performance evaluation. It includes short-term goals (such as the improvement of financial indicators) and long-term goals (long-term development capabilities), internal (optimization of internal processes) and external (customer conditions) of the enterprise, as well as various balances between qualitative and quantitative evaluation, financial indicators and non-financial indicators [4]. Through these balances, the company's long-term goals can become a practical action plan, and each step of this action plan can be evaluated against performance indicators designed from the four dimensions of the Balanced Scorecard. Synergistic effect refers to the overall value, business performance and asset scale of the new entity formed by the merger and acquisition party after the merger of its target enterprise are greater than the simple sum of the original values of all parts, resulting in the effect of "1+1>2" [5]. Whether a merger produces synergy effect is an important basis for evaluating the success of a merger. There are three kinds of M&A synergy: financial synergy, management synergy and operating synergy [6].

The four dimensions of balanced Scorecard (finance, customer, process, learning and growth) are all related to synergy [7]. The financial dimension includes various financial indicators, such as profitability, solvency and operating capacity, which can reflect the financial synergy effect of the new entity after the merger. The customer dimension, such as brand and market share, can reflect whether the operation ability has been improved after the merger and whether the operation synergy effect has been realized. Whether the internal business process is optimized after M&A can be evaluated by the indicators of internal process dimension, which involves the management synergy effect. The learning and growth dimension can be used to evaluate whether the management ability of both parties has been improved after the merger and acquisition, and therefore can also be used to evaluate the management synergy effect of the enterprise.

The financial dimension of the balanced scorecard corresponds to financial synergy. The realization of the financial synergy effect of M&A means that after M&A, the enterprises of both sides complement each other in financial resources, so that the profitability and solvency of the new subject can be improved and the financial risk can be reduced. Pfizer expects the acquisition to improve its profitability. In addition to improving earnings, Pfizer also hopes to improve its ability to repay the high debt of \$31 billion that it owes for the acquisition, reducing its debt service risk. Pfizer also wants to improve its operating capacity, the ability to generate profits from its various assets. Therefore, the financial dimension of the index setting, mainly around the profitability of enterprises, solvency and subsequent operating capacity to set the corresponding indicators. Profitability indicators include net profit rate on sales and return on net assets, debt repayment indicators include quick ratio and asset-liability ratio, and operating capacity indicators include accounts receivable turnover, inventory turnover and total assets turnover [8].

The customer dimension of the balanced Scorecard corresponds to operational synergy. As the source of corporate profits, customers play a decisive role in whether the new enterprises formed by mergers and acquisitions can improve their business performance in the future. Before the merger, each company had its own customer base. In the long-term consumption process, these customers have been accustomed to the original company's products and business model, and maintain a certain degree of recognition, so customer retention and attraction directly determines the future profitability of the enterprise. In the index selection of customer dimension, combined with the results of existing literature, this paper selects two aspects of brand and market to evaluate customer dimension [9]. Brand is an important factor to attract customers, and the market can reflect the position of the

enterprise in the competition. If a company's reputation is higher, the word of mouth of its products can be widely promoted, then the more customers are willing to buy the company's products and services, which makes it easier for the company to open up new markets and create high income. Branding is universal in pharmaceutical companies. People often believe that the products of big companies are more reliable, and they tend to buy drugs made by well-known pharmaceutical companies. One way to measure the company's brand is through various rankings. The US magazine *Pharmaceutical Manager* and Igeahub, a well-known pharmaceutical consulting company, publish the latest pharmaceutical company rankings every year. Changes in the rankings reflect how patients and investors value a drug company. In terms of market, Pfizer's acquisition of Seagen is a horizontal merger within the pharmaceutical industry, and after the merger, Pfizer's product field is broader. At the same time, Pfizer can achieve economies of scale through the acquisition, which can bring a higher market share to the combined company's products. Market share refers to the sales volume of an enterprise's products or the proportion of sales in the market of similar products. The strength of an enterprise's ability to control the market can be reflected in the market share of its products. The continuous expansion of the market share occupied by the enterprise can make the enterprise obtain an advantage similar to monopoly in some fields. This kind of "monopoly" advantage can enhance the competitive advantage of enterprise products, but also bring corresponding extra profits for enterprises. If Pfizer can take a leadership position in oncology, it will represent a new market share for Pfizer. In summary, the customer-dimension metrics used company rankings in terms of brands and performance in new entry areas (cancer drug sales) and market performance in different regions (sales outside the United States) to evaluate operating synergy.

The processes dimension corresponds to management synergy. The term process means that the enterprise adjusts its internal business according to its core business, so that the internal business can better serve the core business, so that the enterprise can obtain the improvement of internal management and the improvement of efficiency, so as to improve the internal competitiveness of the enterprise, and finally improve the product market share and competitiveness. Cost change is an important evaluation index of the internal business process, and the ADC production line of Seagen purchased in this merger will also have an impact on Pfizer's future production. Therefore, this study took the operating process as one of the dimensions to analyze the internal business process [10].

The dimension of Learning and Growth also corresponds to management synergy effects. This dimension is closely related to the long-term development of a company, determining whether it can maintain continuous improvement and consistently deliver value externally. Only by investing time and money in research and development can a company continually develop new products, create more value for customers, maintain its core competitiveness, and thereby achieve long-term operation and development. Among pharmaceutical companies, innovation and research and development capabilities are significant competitive advantages. For a research-driven and innovation-focused original pharmaceutical company like Pfizer, the learning and growth dimension utilizes R&D expenditure as an evaluation indicator for management synergy effects.

## **4. Analysis and Discussion**

### **4.1. Financial Synergy**

After Pfizer's acquisition of Seagen, there were significant changes in company size, business segments, sales, and profitability. These changes are most directly reflected in the financial aspects. Financial changes can be discovered by observing the changes in financial indicators. By comparing and analyzing Pfizer's various financial indicators before and after the acquisition, the financial synergies post-acquisition of Seagen by Pfizer can be comprehensively evaluated. This article selects Pfizer's financial data from 2023 to the first quarter of 2024. Based on the financial synergy evaluation indicator system set up in the previous sections, this study will analyze the financial synergy effect by comparing the indicators of profitability, solvency, and operational capability before and after the acquisition. Pfizer's revenue in the first quarter of 2024 was \$14.879 billion. This revenue decreased

by 20% compared to \$18.486 billion in the first quarter of 2023. This change is mainly due to a significant decline in revenue from Comirnaty (COVID-19 vaccine) and Paxlovid (COVID-19 treatment), although revenue excluding these products increased by 11% year-over-year. Profit is the foundation of a company's survival and development. Profitability directly reflects the operational results and the business performance of the company post-acquisition. This analysis of the financial synergy effect starts with profitability, evaluating the changes in Pfizer's profitability before and after the acquisition through indicators related to sales and net assets. Table 1 shows Pfizer's key profitability indicators from the first quarter of 2023 to the first quarter of 2024, with the first four items being pre-acquisition and the last item post-acquisition.

**Table 1.** Profitability Indicators Analysis (Pfizer Report, 2023-2024Q1).

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Net assets income rate	13.42%	12.30%	11.78%	10.39%	11.78%
Net profit margin on sales	16.80%	17.50%	14.80%	12.30%	14.80%

The pharmaceutical and biotechnology industry is characterized by high gross profit margins. Before the acquisition, Pfizer's gross profit margin was among the industry's best. Simultaneously, the net profit margin had always been excellent, laying a solid foundation for the accumulation of funds for its own business activities and acquisitions. Due to the decreased demand for COVID-19 drugs, Pfizer's return on net assets (ROE) had been gradually declining since the first quarter of 2023, when the acquisition plan was announced. Over one year, Pfizer's ROE dropped from 13.42% to 10.39%. Pfizer completed the acquisition of Seagen in December 2023, and the ROE and net profit margin slightly rebounded in the first quarter of 2024, but the increase was not significant. The slight rise in profitability indicators is related to post-acquisition integration. The new company must go through a series of integrations, such as management, culture, brand, and assets, to set the post-acquisition company on a path to development. During this turbulent period, it is normal for the new company's profitability to experience short-term fluctuations.

After an acquisition, the company typically has larger assets to guarantee debt repayment, which can potentially enhance its solvency. In this case, Pfizer needs to ensure that its solvency is not adversely affected, or is even improved, as it must repay the loans incurred from the acquisition on schedule. Table 2 shows Pfizer's key solvency indicators from the first quarter of 2023 to the first quarter of 2024.

**Table 2.** Solvency Indicators Analysis (Pfizer Report, 2023-2024Q1).

	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
Quick ratio	1.12:1	1.82:1	2.05:1	0.69:1	0.78:1
Debt-to-asset ratio	48%	55%	55%	61%	58%

As for the quick ratio, which measures short-term solvency, it has experienced a process of up-down-up. Between Q1 2023 and Q3 2023, Pfizer's quick ratio experienced a sequential increase, while in Q4 2023, the current ratio measure reached a trough. The decline is due to the high cost of the deal, which included a large cash payment and a \$31 billion loan from a syndicated bank. Paying cash and carrying large debts caused Pfizer to lose a large amount of working capital, and the corporate debt surged, resulting in the decline of corporate liquidity and short-term debt repayment ability. After a quarter of integration and operation, Pfizer achieved initial results in the merger and acquisition, which increased the current assets and quick assets accumulated by the operation and restored the short-term solvency. The debt-to-asset ratio, used to measure long-term solvency, gradually rose from 48% in the first quarter of 2023 to 61% in the fourth quarter of 2023, and then decreased to 58% in the first quarter of 2024 after acquiring Seagen. This change is also related to Pfizer's increased \$310 billion in high-value debt, which significantly raised Pfizer's debt-to-asset ratio. After the acquisition was completed, the debt-to-asset ratio slightly decreased in the first quarter of 2024. In general,

although Pfizer's short-term solvency indicators experienced a substantial decline due to the large-scale acquisition, they quickly improved, indicating that Pfizer promptly made effective adjustments in asset integration or debt reduction. Post-acquisition, Pfizer's long-term solvency indicator was at 58%, which is within the normal range compared to other pharmaceutical giants such as Novartis at 56%, Gilead at 69%, and Johnson & Johnson at 59%. Overall, Pfizer's acquisition of Seagen in the fourth quarter of 2023 had a certain impact on its financial ratios, but the company still maintained strong liquidity and a healthy financial structure.

Operational capability refers to a company's ability to conduct day-to-day operations, reflecting its capacity to manage and utilize economic resources to generate profits efficiently. This section evaluates the operational capability of Pfizer post-acquisition by studying the efficiency demonstrated in asset management and operations. The evaluation indicators for operational capability include accounts receivable turnover ratio, inventory turnover ratio, and total asset turnover ratio. Table 3 shows Pfizer's key operational indicators from the first quarter of 2023 to the first quarter of 2024.

**Table 3.** Operational Indicators Analysis (Pfizer Report, 2023-2024Q1).

	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1
Receivables turnover	1.57	1.13	1.24	1.28	1.34
Inventory turnover ratio	0.65	0.46	1.03	0.84	0.42
Total assets turnover	0.093	0.058	0.062	0.063	0.067

According to the data in Table 3, the accounts receivable turnover rate decreased during the merger but recovered one quarter after the merger. This indicates that after experiencing integration, Pfizer's ability to recover external receivables improved, making working capital management more effective and significantly enhancing operational efficiency. However, the inventory turnover rate experienced a decline post-merger and further dropped one quarter after the merger. This suggests that the merger led to a slowdown in inventory turnover speed. The primary reason is the overlay of Pfizer's and Seagen's sales channels post-merger, which might have increased market demand uncertainty, affecting product sales. Demand fluctuations could be due to the market's reaction to the merger, the adaptation period of customers to the new company, or changes in product demand. Compared to the inventory turnover rate, the total asset turnover rate increased post-merger. Notably, Pfizer's total asset volume increased by 30% even after asset divestitures post-merger. Overall, the merger with Seagen brought the most significant changes in revenue, profit, and asset scales for Pfizer. However, these increases are merely the combined results of the two companies' performances, not indicative of synergy effects. Regarding financial synergy, Pfizer's financial indicators in profitability, solvency, and operational capability were already performing well before the merger. Post-merger with Seagen, Pfizer's performance in these three capabilities followed a "stable-merge-integrate-stable" process, demonstrating Pfizer's strong integration ability but lacking significant financial synergy effects.

## 4.2. Operating Synergy

Operating synergies correspond to customer dimensions. The increase in customer base will increase the profits of the company. Stand in the customer's perspective of the company, the brand is the key to attract customers. From the perspective of the company, the performance of the new market is also a reflection of the effect of the enterprise to attract customers. Therefore, this section analyzes from two aspects: brand and market. Customers generally prefer companies with high brand recognition and value, meaning that companies with strong brands have a larger potential customer base. Given Pfizer's extensive product portfolio and numerous brands, it is challenging to evaluate each brand individually. Therefore, this section will consider Pfizer as a whole and use its global ranking from the onset of the COVID-19 pandemic to post-acquisition as an indicator to analyze Pfizer's brand performance after the acquisition. Each year, the American magazine "Pharmaceutical Executive" publishes a ranking that reflects the differences in levels among pharmaceutical companies. Pfizer's rankings were 3rd and 8th in 2020 and 2021, respectively. Thanks to the promotion of the COVID-

19 vaccine and antiviral treatments, Pfizer jumped to 1st place in both 2022 and 2023. However, with the end of the pandemic and the completion of the acquisition, Pfizer's ranking dropped to 6th in 2024. This decline indicates that as the pandemic subsides, the demand for COVID-19 vaccines and treatments has decreased, impacting Pfizer's revenue and profits. Post-acquisition of Seagen, Pfizer needs more time to integrate the new business and assets, and the market remains cautious about the long-term profitability and strategic direction.

Through the acquisition of Seagen, Pfizer gained access to Seagen's existing products in process, products in development, and mature products in one stroke, expanding its product portfolio. In terms of product portfolio, Pfizer expects to further expand its oncology and cancer drugs business through this acquisition. According to Pfizer's corporate earnings report, the overall sales of oncology drugs after the merger were \$3.549 billion, an increase of 18%. Therefore, from the perspective of the contribution of the new drugs, this acquisition is the right choice, and the operating synergies are played.

### 4.3. Management Synergy

Management synergy corresponds to internal process and learning & growth from the Balanced Scorecard. These two dimensions are related to the management effect of the enterprise itself and the power of long-term development. This section analyzes the management synergies from two aspects: operation process, R&D & patent. Operating process is an internal business process dimension, mainly focusing on the reduction of cost of sales, administrative expenses, and productivity improvement.

As shown in Table 4, the ratio of cost of sales to total revenue increased significantly in 2023 but dropped by about half in Q1 2024. This indicates that the acquisition of Seagen expanded the company's scale, with the average total revenue changing by less than 10% compared to 2023, but the cost of sales decreased significantly, demonstrating effective cost reduction brought by the acquisition. Similarly, Pfizer reported that its cost-cutting measures began to show results in SI&A Expenses, though their proportion of total revenue remains higher than pre-acquisition levels. Achieving rapid, large-scale numerical cost reductions is challenging given the significant size of the combined companies. Furthermore, through this acquisition, Pfizer obtained a substantial amount of high-quality assets, such as mature ADC technology and product lines. Among the acquired assets, the product production line is the most important fixed asset and one of Seagen's biggest bargaining chips in the acquisition. If Pfizer were to start from scratch and develop these technologies on its own, it would take several years and billions of dollars, which they evidently lack the patience for. Therefore, instead of acquiring new drug patents from smaller companies or labs, Pfizer opted for a full-scale acquisition of Seagen.

**Table 4.** Cost Reduction Analysis.

	2021	2022	2023	2024Q1
Total Revenue	81,321	100,421	58,440	14,885
Cost of Sales	30,821	34,344	24,954	3,379
Percentage of Total revenues	37.9%	34.2%	42.7%	22.7%
SI&A Expenses	14,771	13,677	12,703	3,495
Percentage of Total revenues	18.2%	13.6%	21.7%	23.5%

### 4.4. R&D and Patents

The emergence of each innovative drug means huge R&D expenditure, high risk of failure and a research and development cycle of more than 10 years. As can be seen from Table 5, after 2023, although Pfizer's revenue has declined, the proportion of research and development investment in revenue has increased significantly, which indicates that Pfizer has higher expectations for its own drug development.

**Table 5. R&B Expenses Analysis.**

	2021	2022	2023	2024Q1
Total Revenue	81,321	100,421	58,440	14,885
R&D expenses	10,360	11,428	10,679	2,493
Percentage of Total revenues	12.7%	11.4%	18.3%	16.7%

Pfizer's most direct intention in acquiring Seagen was to gain access to Seagen's existing patents and star products and increase its own patent portfolio. After the acquisition at the end of 2023, Pfizer first acquired a number of Seagen's research product lines and marketed products in oncology drugs.

#### **4.5. Discussion**

This acquisition is a case of a merger between two strong companies. Prior to the merger, Pfizer was ranked first among pharmaceutical companies, and Seagen was a leading company in cancer pharmaceuticals. Both companies showed good performance in their financial statements, with no continuous significant losses in the income statement or unpayable large debts on the balance sheet. The purpose of this acquisition of Seagen by Pfizer was to address the rapid decline in demand for COVID-19 products. Pfizer needed to leverage Seagen's strengths in anti-cancer drugs and ADCs to expand its market share in oncology treatments and to mitigate the potential revenue cliff.

According to the analysis, Pfizer's financial performance after the acquisition demonstrated a "stabilization-merger-integration-stabilization" process, indicating strong integration capabilities but a lack of significant financial synergies. Although there were improvements in financial indicators such as profitability and solvency, these were not evident synergies but rather the result of effective integration. The decline in media rankings indicates that operational synergies are also not obvious. On the other hand, the sales of COVID-19 vaccines and drugs accounted for about half of the total revenue in both 2022 and 2023. However, with the end of the pandemic, these sales are facing a significant decline. The expansion of the oncology and cancer drug business and the notable growth in oncology drug sales suggest that Pfizer's over-reliance on COVID-19 products has been partially addressed post-acquisition. Meanwhile, managerial synergies are also not apparent. Although Pfizer has made some improvements in internal processes and costs post-acquisition, integrating Seagen's ADC technology and product lines still requires substantial effort and time.

#### **5. Conclusion**

With the booming pharmaceutical industry, competition among pharmaceutical companies is becoming increasingly fierce. To maintain a competitive edge and seek greater development opportunities, more pharmaceutical companies will choose the path of mergers and acquisitions in the future, making the study of pharmaceutical mergers and acquisitions cases even more significant. Compared to a purely financial indicator evaluation system, the Balanced Scorecard approach yields more comprehensive results. This paper, while studying the synergistic effects generated by mergers and acquisitions, takes into account the characteristics of pharmaceutical companies and makes appropriate modifications to the traditional Balanced Scorecard indicator system. Therefore, this paper does not rigidly apply the Balanced Scorecard to the evaluation of merger synergies but rather constructs a multidimensional, multi-indicator system for evaluating merger synergies, analyzing financial, operational, and management synergies while considering different factors impacting the business, focusing on the case of Pfizer's acquisition of Seagen. The research conclusion is that the synergistic effects of this acquisition are not significant, and it is recommended that investors continue to observe.

Based on the analysis results of this paper, the following suggestions are proposed for Pfizer. Firstly, Research and development is the foundation of pharmaceutical companies. Although mergers and acquisitions can quickly obtain ready-made drugs, Pfizer needs to be more self-reliant, strengthen

research and development, and improve research and development efficiency. Pfizer could reduce Labour costs by automating repeated experiments. Strengthen professional training to reduce experimental failures; Or divide the research and development process into small processes, and set up departments dedicated to each small process, so that each can perform its own duties and improve efficiency. Secondly, for existing products, Pfizer should leverage its marketing strengths to avoid the risk of having one drug dominate, thus minimizing risks. Thirdly, integrating assets requires substantial time and effort, and unsuccessful cultural integration can impact Pfizer's R&D capabilities and employee morale. Pfizer should carefully consider these issues when integrating operations and planning acquisitions in the future.

Based on the analysis results, this article proposes the following suggestions for the pharmaceutical industry and other industries for future merger and acquisition activities. First, before the merger, it is essential to clarify the purpose of the acquisition and carefully select the target of the merger, which is a prerequisite for successfully achieving synergistic effects. Before engaging in merger activities, companies must undergo careful consideration to clearly understand what effects they want to achieve through the acquisition. Second, the series of financial and business integration activities following the merger have a profound impact on the future development of the company. If integration is not carried out after the merger, the value created by the merger will gradually diminish in the long term. According to the analysis above, one knows that after the merger activities are completed, the newly formed entity is often very large. At this time, if the company cannot properly integrate the resources after the merger, the effects of the merger could be counterproductive. Third, financial indicators alone should not be used to evaluate the synergistic effects of mergers. A merger is a complex process that affects various aspects of a company. If only financial factors are considered, it would be too one-sided. Therefore, when evaluating a company's mergers, it is important to do so from multiple perspectives, combining both financial and non-financial aspects.

This paper utilizes the Balanced Scorecard to measure the financial, operational, and management synergistic effects of corporate mergers and acquisitions. First, when using the Balanced Scorecard to evaluate post-merger synergies, results could be more convincing if weights are assigned to indicators from various dimensions for final scoring, or if the Balanced Scorecard is used in conjunction with Economic Value Added (EVA). However, this paper only provides textual and indicator-based analysis and does not assign weights to the indicators of merger synergies to calculate scores. Second, the selection of indicators and depth of analysis in this paper may suffer from a lack of appropriateness and depth. Lastly, the evaluation of merger synergies in this paper is a post-event assessment, influenced by Pfizer's current performance, which may lead to certain misguidance and limitations.

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