



Johnson and Johnson and the Opioid Epidemic

Managerial Thought and Ethical Implications

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Case Overview

- Brothers Robert, Edward and James founded Johnson & Johnson in 1886 in New Brunswick, NJ
- Focused on wound care products, bandages and baby products
- During the Spanish-American war they provided supplies for wounded soldiers

Case Overview (cont.)

- In 1944 J&J acquired a company (now known as Ethicon) for surgical sutures
- In 1959 J&J acquired McNeil Laboratories which was the maker of Tylenol
- In 1961 J&J acquired Janssen Pharmaceutica a German manufacturer of prescription medications
- In 2021 J&J developed a Covid vaccine and ventilator products

Financial Overview

- J&J makes profit from three segments: Pharmaceuticals, Medical devices and Consumer Healthcare
- Pharmaceuticals
 - \$54 Billion in revenues (55% of total revenues)
- Medical Devices
 - \$29 Billion in revenues (30% of total revenues)
- Consumer Healthcare
 - \$15 Billion in revenues (15% of total revenues)

Prescription Drug Industry Overview

- Industry started during the 19th century with traveling salesmen and shop owners who sold homemade concoctions
- Due to ineffective and dangerous drugs, scientist worked on regulating drugs to build the industry to make it reputable
- Charles Pfizer, Charles Erhardt, and Eli Lilly were scientists who helped create the U.S. pharmaceutical industry
 - Their original goal was to create safe, ethical drugs that had the ingredients printed on the label

Prescription Drug Industry Overview (cont.)

- The global prescription drugs market size stood at USD 811.00 billion in 2018 and is projected to reach USD 1,562.15 billion by 2026
- In 2025, the U.S. is projected to spend \$605-\$635 billion on medicine
- The FDA approved 37 new drugs in 2022.
- It's estimated that developing a new prescription medication costs about \$2.6 billion
 - Doesn't include research and development which cost about \$312 million

Prescription Drug Industry Overview (cont.)

- The U.S. pharmaceutical industry accounts for 40.8% of the total global pharmaceutical market, by sales
- Between 2021 and 2026, experts predict that the global pharmaceutical industry will grow 7.41%
- In 2022, the total global pharmaceutical market was estimated at \$1.48 trillion

Competitive Landscape

- Some competitors of J&J are Bristol Myers Squibb, Merck, Unilever, Pfizer and Procter & Gamble
- As of 2022, J&J was ranked number one among biotech and pharmaceutical companies in the world based on market capitalization.

Overview of Nucynta

- Nucynta also known as Tapentadol is a type of opioid drug used to combat moderate to severe pain for chronic and acute musculoskeletal pain
- Its strength can be compared to morphine, tramadol and oxycodone
- The rising cases of diabetes is also working in favor of the global tapentadol market.
- Nucynta is still in the launch or post-launch phase in several countries across and yet to be commercially introduced in numerous countries
- It's only marketed in countries where there are adequate regulations of narcotic drugs

Overview of Nucynta (cont.)

- It's available in the U.S. under Janssen Pharmaceuticals
- Newer drug that got approved by the FDA in 2011
- Its formulation is provided in 100 mg (red/orange), 75 mg (orange) and 50 mg (yellow) tablets to be used once every five hours as needed to control pain

Overview of Nucynta (cont.)

- North America is the leading tapentadol market
- The demand is exceptionally high
- A big percent of the people demanding this drug are elderly people which are also the leading consumer pool for tapentadol in the world
- Many Asian countries such as China, India, Japan, Taiwan and other highly populated countries are projected to have a high growth rate of demand for the drug

The Opioid/Prescription Drug Problem

- It started in the mid-1990s when OxyContin was promoted by Purdue Pharma and approved FDA, triggered the first wave of deaths linked to use of legal prescription opioids.
- Then came a second wave of deaths from a heroin market that expanded to attract already addicted people.
- More recently, a third wave of deaths has arisen from illegal synthetic opioids like fentanyl.

The Opioid/Prescription Drug Problem (cont.)

- This could have been avoided because the approval of OxyContin wasn't properly regulated
- Purdue Pharma was later shown to have presented a fraudulent description of the drug as less addictive than other opioids.
- Once approved, it's the responsibility of the industry to advise consumers of the risks
- Politicians play a role because they often times get donations from opioid manufacturers

Pros and Cons of Introducing Nucynta

PROS

- Low occurrence of side effects
- Help relief people of pain when nothing else worked

CONS

- Addictive
- Increases intracranial pressure
- Increases the risk of respiratory depression
- May impair cognitive and physical abilities
- Increase risk of seizures

Conclusions – What Would You Advise J&J to Do?

- I would say to see people as people instead of money signs and don't encourage doctors to prescribe this medicine if there are alternatives
- Have doctors follow up with the patients and see how they are reacting with the drug

Sources

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