

D. B. Sambudagva

Student

Siberian American School of Management

Baikal International Business School

Irkutsk State University

**PROSPECTS FOR IMPLEMENTATION OF KNOWLEDGE
MANAGEMENT SYSTEM IN REGENERON
PHARMACEUTICALS, INC.**

Abstract. The article summarizes and analyzes the system of Knowledge Management that formed in Regeneron Pharmaceuticals, Inc. Also, it shows the importance of the principles of Knowledge Management in order an innovative company be effective on global market. Additionally, it focuses on outcomes of implementation of KM.

Keywords: knowledge management (KM), Regeneron, community of practices, corporate culture, innovation.

Knowledge Management (KM) is the process of capturing, developing, sharing, and effectively using organizational knowledge. It refers to a multi-disciplined approach to achieving organizational objectives by making the best use of knowledge.

One of the concepts that an organization could apply in order to be successful on the global market is innovation. Nevertheless, an innovative product is barely achievable without the system of Knowledge Management. The role of KM in the process of innovation cannot be underestimated. The processes like hiring new workers, organizational learning, producing innovative products, and many others are only effective in case of KM application.

Regeneron Pharmaceutical is company that consists of brilliant people from fields of medicine, engineering and management. As a whole they represent a team which aimed on providing outstanding services for sick people.

Recently, Regeneron came up with a technology that in the nearest future will be able to successfully cure heart diseases and asthma. Matthew Herper, in his article *How Two Guys From Queens Are Changing Drug Discovery*, describes this innovation and its impact on the pharmaceutical market. It worth to mention that the medication is based on replacement of healthy and resistant genes of DNA of healthy people to sick people which, according to scientific research, actively facilitates the process of recovery.

In this connection, Sanofi (the French leader of pharmaceutical market) is highly interested in collaboration with Regeneron and a few months ago Sanofi and Regeneron signed a mutually benefit contract. On the one hand, Regeneron gets investments (about \$100 million per year) which imply that the product will be released on market in shorter period of time. On the other hand, Sanofi gets 50 % of revenue and earns a good reputation of the company that promotes innovation. By doing this, both companies demonstrates

their openness to new experience and knowledge that plays a positive role in development of companies as professionals on global market.

No doubt that Regeneron adds value to its product through the innovation process which is an obvious indicator of knowledge-intensive process and team. However, the process of innovation should be formalized, so the KM is crucially important for promoting this product. In this connection, the Regeneron is actively implementing the following practices of Knowledge Management:

1. Communities of Practices which a group of managers who are intended on constant sharing and spreading knowledge within the organization.

2. Internet based platform for communication. This system of knowledge-sharing provides space for group of employee to maintain contact despite large distances and barriers limiting face-to-face interaction. Communication system allows using two-way or multi-way calling with live video and peer to peer forum for K-sharing. So, this system provides employees with an online interface that will support the creation and sharing of knowledge by means of video-conferences conversations and forum.

3. Corporate Magazine. The purpose of corporate magazine based on the fact that employees of all departments, especially from different regions gets an opportunity to feel like a member of one team and share their knowledge among themselves; moreover, to create a friendly atmosphere in the collective. In addition, the corporate magazine provides effective training for employees thereby creating new knowledge.

4. Corporate Culture which includes four basic principles – improving patience life, cultivating people and community, respecting Environment, and committing to integrity at Work.

Except providing of such products Regeneron has two more competitive advantages. The first one is relatively low prices and they are explained by the following fact. The average expanses on developing, producing and promoting new drugs by Regeneron are quite low. It is due to the fact of using innovative technologies and qualitative management system. In comparison with such giants of pharmaceutical market like *Merck* and *Pfizer*, Regeneration spent ten times less money on producing new medication – \$5,5 bilions in Merc, \$7,8 billions in Pfizer against \$736 millions in Regeneration. Another advantage is innovative products. For example, *Zaltrap* and *Eylea*, these medications effectively struggle with rare diseases of blood and kidneys, and bring stable income to the company.

There are two trends that affect Regeneron. The first is demographic. New needs and diverse interests in new medications require the company to develop their work process and products that would satisfy customer needs. Otherwise, they risk to lose customers and income. The second trend is open innovation. It requires shielding and sharing knowledge. In order to do this,

the company should find a balance between sharing the innovation with others and protecting its intellectual assets.

The challenges that Regeneron faces have relations to K-trends. Technology of producing such complex medication requires protections because the “bad” illegal copy can spoil reputation and negatively affect the company. Another problem is developing new innovative medication. In average, the way from idea to the real product takes too much time and finance expanses. So, in order to solve this problem they should think about effective communication and collaboration with other companies, and apply KM system professionally.

To sum up, the principles of innovation, business communication and knowledge sharing take essential part in Regeneron Company. The new innovative medicines will soon be released on market and its success will much depend on how efficiently the KM process will be organized. Regeneron is a unique example of Knowledge intensive team that aimed on customer satisfaction through applying KM processes.

References

1. Dalkir K. Knowledge Management in Theory and Practice / K. Dalkir. – 2nd ed. – MIT Press : Cambridge, MA, 2011.
2. How two guys from Queens are changing drug discovery, Forbes [Electronic resource]/ M. Herper. – 2013. – URL: <http://www.forbes.com/sites/matthewherper/2013/08/14/how-two-guys-from-queens-are-changing-drug-discovery/>.
3. URL: <http://en.wikipedia.org/wiki/Regeneron>.
4. Gratton L. Collaboration. Eight Ways to Build Collaborative Teams / L. Gratton, T. Erickson. – Boston, MA : Harvard Business School Publishing Corporation, 2011.
5. Walczak S. Organizational knowledge // The Learning Organization. –2005. – Vol. 12. – P. 330–339.