

# Product Developments Post-M&As – Research Trajectory of Pharmaceutical Firms

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# Summary

M&As in pharmaceutical firms

How do M&As affect the R&D trajectory of the merged firms?

*y = new drug developments*

*x = overlaps:*

- *Same sub-field (ATC-3) (-)*
- *Same field (ATC-2) (-)*
- *Neighbouring field (+)*

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Treatment: merged                      Control: non-merged

Treatment effect window: 4-8 quarters

# Comments - I

- Reduction in R&D stronger for field overlap (-1.56) than subfield overlap (-0.38) → why?
- Probit: assumptions fulfilled?
- Logit as robustness check?
- *“At the firm level, we include the total number of development projects and total number of products across all ATC-3 or ATC-2 classes”* → include past projects and products as robustness check?

# Comments – II - extensions

- “Subfield overlap → strong negative effect on the likelihood to *initiate* new drug development”  
→ what about continuing existing projects? (killer acquisitions...)
- Minority stakes: extension
- Some measure of output of R&D? (Patent citations?...)