**Strategic Alliances: industry-specific characteristics of the achievement of**

**a competitive advantage**

**Natalia Victorovna Kuznetsova***,*Doctor of Economic Science, *P*rofessor, Department of World Economy, School of Economics and Management, Far Eastern Federal University, Russia, 690950,

Vladivostok City, Suhanova Str. 8

e-mail: kuznetsova.nv@dvfu.ru

Table 1 – Examples of strategic alliances in the automobile industry

|  |  |  |
| --- | --- | --- |
| **Alliance members** | **Country** | **Purpose of cooperation** |
| Renault + Volvo | France, Sweden | Creation of a diesel engine and gearbox to complete the haul tractors |
| Ford + Volkswagen | USA, Germany | Collective R&D |
| General Motors + Fiat | USA, Italy | Minimization of costs in the production process |
| Ford + Mazda | USA, Japan | Exchange of technology, exchange of components, collective marketing of products |
| Renault + Nissan | France, Japan | Exchange of technology, exchange of components, collective marketing of products |
| Fuji Heavy Industries (Subaru) + General Motors | Japan, USA | Obtaining of GM access to the Japanese development in exchange for 20% shares of the company  |
| Fiat + Chrysler LLC | Italy, USA | Collective production of engines, exchange of technologies |
| Toyota Motors + Fuji Heavy Industries | Japan | Collective creation and production of technologies  |

Table 2 – Purpose of Alliances: the overview of the most attractive industries, 2007 (%)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Industry** | **Share of Strategic Alliancees** | **Scientific researches**  | **Product development** | **Purchase** | **Production of service / good** | **Collective marketing** | **Purchase and commercial usage** |
| Pharmaceutics | 18  | 30% | 54% | 0% | 0% | 0% | 14% |
| «High-tech» | 16 | 0% | 61% | 6% | 0% | 3% | 27% |
| Automobile  | 7 | 6% | 27% | 3% | 47% | 6% | 6% |
| Energy | 11 | 13% | 9% | 4% | 61% | 0% | 9% |
| Finance | 6 | 0% | 18% | 0% | 0% | 0% | 73% |
| Logistic | 6 | 0% | 9% | 0% | 9% | 0% | 82% |

Based on: The Art of the Alliance, 2008.

Table 3 – Strategic Alliances in the sphere of computer and information technologies

|  |  |  |
| --- | --- | --- |
| **Alliance members** | **Country** | **Purpose of cooperation** |
| Microsoft + Scala Business Solutions | USA, Netherland | Software and business consulting |
| IBM + Apple  | USA, Netherland | Agreement on the development of operating systems |
| Xerox + Fujitsu | USA, Japan | Copying technology, technology for printers |
| Fujitsu + Amdahl | Japan, USA | Development of the technology of universal computers |
| IBM + Toshiba | USA, Japan | Research and development of flat screen  |
| Sun Microsystems + Fujitsu | USA, Japan | Research and development of microprocessors; computer technologies (creation of SPARC)  |
| Hewlett-Packard + Apple | USA | Research and development of microprocessors; technology transferring |
| IBM + Apple  | USA | Computer technologies (PowerPC) |
| IBM + Motorola | USA | Computer technologies (PowerPC); research and development of microprocessors |
| LG Electronics + ZenithElectronics | Republic Korea, USA | Development and production of LCD monitors and TV sets for the reception of HD signals |
| IBM + Philips Electronics | USA, Netherland | Collective development and manufacturing of semiconductor technology |
| Toshiba + Ericsson  | Japan, Sweden | Development of new communication equipment |
| IBM + Toshiba + Siemens | USA, Japan, Germany | Development and production of chip DRAM memory up to 16 GB for large computers |
| Toshiba + Time Warner | Japan, USA | Development of new interactive cable television technology |

Table 4 – The largest biotech and pharmaceutical strategic alliances (2010)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Company** | **Country** | **Partner** | **Country** | **Potential value, million USD** | **Single cost of operations,****million USD** |
| Boehringer Ingelheim | Germany | MacroGenics | USA | 2.16 | 60 |
| Cephalon | USA | Mesoblast | Australia | 2.05 | 350 |
| Bayer Schering Pharma | Germany | OncoMed Pharmaceuticals | USA | 1.94 | 40 |
| Boehringer Ingelheim | Germany | F-star | Austria | 1.70 | 0 |
| GlaxoSmithKline | Great Britain | ISIS Pharmaceuticals | USA | 1.50 | 35 |
| Eisai | Japan | Arena Pharmaceuticals | USA | 1.37 | 50 |
| Kyowa Hakko Kirin | Japan | Dicerna Pharmaceuticals | USA | 1.32 | 4 |
| AstraZeneca | Great Britain | Rigel Pharmaceuticals | USA | 1.25 | 100 |
| Roche | Switzerland  | Aileron Therapeutics | USA | 1.13 | 25 |
| Forest Laboratories | USA | TransTech Pharma | USA | 1.11 | 50 |
| GSK | Great Britain | Proteologics | Israel | 1.07 | 3 |
| Takeda Pharmaceutical | Japan | Orexigen Therapeutics | USA | 1.05 | 50 |

Based on: Ernst & Young, Beyond Borders, 2011

Table 5 – Foreign experience of creation the strategic alliances

|  |  |  |  |
| --- | --- | --- | --- |
| **Alliance members** | **Year** | **Purpose of creation, results and characteristics** | **Results and characteristics** |
| Rover - Hondal | 1979-1988 | Creation of new technologies and products  | For Rover company: the ability to reduce the cost of design and production of new vehicles;For Honda company: gain experience in marketing and transnational production of cars |
| Toshiba – General Electric  | 1982 | Collective development and manufacturing of filaments for light bulbs | Toshiba used the tools of strategic alliances to create a radically different innovative technologies, and created a lot of strategic alliances.In 2012 the company won the competition with the supply of technology for the construction of a new thermal power plant in Japan |
| General Motors – Toyota (NUMMI) | 1984 | Achievement of saving from 'economies of scale' and acquisition of production competence | The program "Saturn" - a full-scale pilot production of small-displacement cars; creation a new type of manager - "Japanese manager with American face" according to the program NUMMI |
| Lockheed Martin – Mitsubishi Heavy Industries  | 1985 | Development of a new model of experimental fighter FSX, designed to replace outdated models of fighter | From the US side: a tendency to control and direct the Japanese aerospace industry in the right direction; access to military technologies of Japan.From the Japanese company's side: US companies gain experience, acquiring of new knowledge and skills |
| Toshiba – Motorola  | 1987 | Production of memory cards and microprocessors | Successful implementation of the task; access to the Japanese market for Motorola company |
| Xerox – Fuji Xerox(«Xerox international partners».) | 1991 | Struggle against the aggressive policy of Canon, access of Fuji to the US market of laser printers | Expanding of market share in laser printers of both companies;Increasing the interest in the collective manufactured products;Fuji company received strength position in the US market |
| Toshiba – Apple Computers | 1992 | Collective development of multimedia computer products | Apple: a competitive advantage in the field of software development;Toshiba: skills in the manufacturing of electronic products |
| Philips - Nike | 2002 | Collective promotion of products for sports and recreation | First stage: sales of portable mp3 - players in a network of shops Nike;Second stage: design and manufacture of sportswear and equipment supplier of Nike, which providing a special "pockets" for Philips Electronics |
| Philips – Dell | 2002 | Mutually profitable services | Philips has supplied components for the US computers: first of all the monitors and data storage devices.Dell has received benefits on the supply of computer equipment for Philips. Transaction value: 5 billion USD. The company also expected to cooperate in the development of new technologies, marketing, and development of standards of data storage  |
| Toshiba – Microsoft | 2003 | Design and manufacture of laptops and microprocessors | Microsoft brought the skills of software development, Toshiba shared with this company their skills in designing microprocessors |
| GSK – Roche  | 2005 | Promotion of Xenical in the USA | Terms of the deal are confidential and concern of the American pharmaceutical market |
| AstraZeneca – Brystol-Myers Squibb | 2007 | Collective research and development of drugs aimed at treatment of cancer, cardiovascular diseases, respiratory diseases | Developed and implemented in the production of the drug «Baeta» for the treatment of diabetes of the second type |
| GSK - Genmab | 2007, 2010 | Research and development of method of treatment of rheumatoid arthritis, in future - collective production and commercialization of drugs for the treatment of cancer  | Clinical experiments have shown positive results, which gave impulse to the development of further cooperation between two companies |
| Toshiba – IBM – Siemens  | - | Research and development of creation of semiconductors | Alliance united some unique skills of the partners. Toshiba had the advanced technology of etching. IBM was strong in lithography, and Siemens - in engineering. Companies have limited their cooperation through collective research and production involved individually. |

Table 6 – The experience of some Russian strategic alliances (from 1990 to 2012)

|  |  |  |  |
| --- | --- | --- | --- |
| **Alliance members** | **Year** | **Purpose** | **Result** |
| JSC "MGTS" - "Comincom" - "Alcatel" - "Belgacom" | 1991 | The alliance called "Combellga"; aim is to provide Russian companies some technologies and investments in exchange for the access to the Russian telecommunications market | Clients of collective cooperation are the dozens of the largest hotels and organizations, the Central Bank, the US Embassy, "Lukoil", etc. |
| JSC "MGTS" - JSC "Rostelecom" - "AT&T Communications Services International Inc." | 1991 | Alliance "Telmos", specializing in digital communications, data transmission, videoconferencing and other communication technologies | Successful cooperation in the field of telecommunications, a huge client database |
| JSC "Uralsvyazinform" - "Alcatel" | 1993 | The purpose of Russian company: improving communication networks in the Urals; the aim of French companies is the access to the growing market of telecommunication | * Joint Intelligent Network platform installation in Perm;
* More than 40 contracts for a total amount, 100 million euro;
* Future cooperation (since 2003).
 |
| «Boeing Commercial Space Company» - RCC "Energy" - CB "Yuznoe" (Ukraine) - PO "Yuzmash"(Ukraine) - "Aker Kvaerner" | 1995 | Alliance "Sea Launch Company" or "Sea Launch" was aimed at the creation and operation of the rocket-space complex of sea-based | * Creation of international company "Sea Launch";
* Implementation of high-tech experimental work;
* 31 successful launch.
 |
| JSC "Permskie motori" - JSC "Aviadvigatel" - JSC "Interros" -"United Technologies" (Pratt&Whitney) | 1998 | Alliance "International commercial engines" was created with the purpose of:- The implementation of a joint program of improvement of the PS-90A and its industrial modifications;- Purchase of equipment and technical re-equipment of individual parts of production and marketing of improved engine. | Successful implementation of the project objectives, the organization of the sales of the engine and after-sales service |
| Gorkovskii motor plant - Fiat | 1997 | "Nizhegorodmotors" had aim to organize the manufacturing of Fiat cars and the creation of production capacity of 150 thousand cars per year. | Because of financial crisis, the project has been repeatedly postponed, with production scheduled for 2002. The Italian company began to control 73% of the company. |
| "Autodor" - "Vital" - "BMW" | 1999 | Assembling of some car models of BMW in Russia | Implementation of the objectives, implementation and marketing of assembled cars |
| JSC "RZD" - Siemens AG;JSC "RZD" - Geismar, Alstom, GEFCO | since 2000  | * Development of high-speed network at railway;
* Production of trains and accessories;
* Skills and experience;
* Supply of machinery and equipment for maintenance of railways.
 | * Production and commissioning of high-speed trains, called "Sapsan";
* Production of trains "Swallow";
* Training programs for Russian experts at high-tech French train stations.
 |
| "Gasprom" - TNC-ВР – "British Petroleum" | 2007 | Implementation of long-term investment in joint energy projects, as well as asset swaps both in Russia and abroad. | Creation of a working group to identify strategic opportunities for investment and collaboration of the companies. |
| GlaxoSmithKline Plc. - JSC "Binnofarm" | 2010 | Technology transfer for the localization of innovative vaccines in the Russian Federation | GlaxoSmithKline provides technology transfer, training and auditing of production processes, as well as long-term supply of antigens for the needs of Russian production, and JSC "Binnofarm" provide territory and organize production. |
| "ExxonMobil" – "Rosneft" | 2012 | * Creation of a joint Arctic Research Centre;
* Exploration and development of three new areas of the Arctic.
 | Cooperation continues nowadays |

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