

Bristol Myers Squibb: sequencing the growth transition

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A strategy case for MBA students and working professionals

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Information cutoff: March 1, 2024; public information through February 29, 2024

Case status: Constructed strategy exercise. BMS did not disclose the exact choice posed here.

A portfolio in transition

Bristol Myers Squibb entered 2024 with a portfolio moving in different directions. Total 2023 revenue was \$45.0 billion, down 2%. The company's in-line products grew 3%, and its newer product portfolio grew 77% to \$3.6 billion. At the same time, "recent loss-of-exclusivity" products declined 34% to \$7.1 billion, including Revlimid, whose revenue fell 39%. Loss of exclusivity means that patent or other market protections have expired or are eroding, allowing generic competition. [P1, Item 7, pp. 44-47; P2]

The overall figures concealed substantial variation. Eliquis and Opdivo, two of BMS's largest products, grew in 2023. Several newer medicines also expanded, while their sales levels ranged from hundreds of millions of dollars to a much smaller launch-year amount. More indications were under regulatory review or clinical study. Sales growth showed demand and launch momentum, but the public reports did not provide product-level profit, required commercial investment or expected return. [P1, Item 7, pp. 45-47; P2]

Recent deals added distinct work

BMS had completed two acquisitions by the cutoff. Mirati Therapeutics became a wholly owned subsidiary on January 23, 2024, bringing the marketed oncology medicine Krazati and clinical-stage assets. RayzeBio became wholly owned on February 26, adding a radiopharmaceutical pipeline and manufacturing capability. Its lead program, RYZ101, was in Phase 3 development for a cancer indication; clinical-stage status did not establish approval or commercial success. [P5, P6]

A third acquisition was signed but pending. Under its December agreement, BMS would acquire Karuna Therapeutics for \$330 per share in cash, an announced equity value of about \$14.0 billion, or \$12.7 billion net of estimated cash acquired. Karuna's lead asset, KarXT, had a U.S. review date of September 26, 2024 for schizophrenia. BMS said the transaction was expected to add about \$0.30 of 2024 non-GAAP EPS dilution from financing costs and expected to use primarily new debt. These were company estimates and terms, not realized results. The case does not ask whether to undo signed or completed deals. [P3]

The transactions represented different kinds of development and operating work: a marketed oncology product and clinical pipeline from Mirati, a radiopharmaceutical platform and specialized manufacturing from RayzeBio, and a neuroscience drug under FDA review plus earlier pipeline assets from Karuna. Each had potential benefits and execution demands. BMS did not disclose a common internal budget or capacity limit for comparing these commitments with its existing portfolio. [P3, P5, P6]

Exhibit 1. FY2023 product portfolio snapshot

Product group or selected product	2023 revenue	Change from 2022
Total company revenue	\$45.006bn	−2%
Net product sales	\$43.778bn	−2%
In-line products	\$34.320bn	+3%
New product portfolio	\$3.585bn	+77%
Recent loss-of-exclusivity products	\$7.101bn	−34%
Eliquis	\$12.206bn	+4%
Opdivo	\$9.009bn	+9%
Revlimid	\$6.097bn	−39%
Reblozyl	\$1.008bn	+41%
Breyanzi	\$364m	+100%
Zeposia	\$434m	+74%

Sources: [P1], Item 7, printed pp. 44-47; Note 2, p. 78 for net product sales, alliance revenue and other revenue, and p. 80 for product-group totals; [P2], full-year product revenue table. Total revenue was \$45.006bn: \$43.778bn net product sales, \$608m alliance revenue and \$620m other revenue. The company's in-line, new-product and recent-LOE group totals reconcile to total revenue, including alliance and other revenue; they are not the net-product-sales subtotal. Selected product rows are not additive to the group totals. Revenue is not product profit or return on investment.

2024 targets and competitive context

On February 2, BMS guided to low-single-digit revenue growth in 2024 and non-GAAP EPS of \$7.10-\$7.40. The EPS guidance excluded the impact of transactions then pending, including Karuna and RayzeBio. Later, RayzeBio closed before the case cutoff; the guidance had been issued before that closing. BMS's chief executive said the company's 2024 focus was "strong commercial execution" and accelerating growth opportunities. [P2, summary and guidance]

Competition was also investing in oncology. Pfizer completed its acquisition of Seagen for an enterprise value of approximately \$43 billion in December 2023. Pfizer said the deal brought four marketed medicines, antibody-drug-conjugate technology and a larger oncology pipeline. This is a signal of competitive investment and scale, not a like-for-like benchmark or proof that the acquisition will succeed. [P7]

Exhibit 2. Announced acquisition status at the cutoff

Asset / company	Status on March 1, 2024	Publicly stated capability or milestone
Mirati Therapeutics	Closed Jan. 23, 2024	Krazati and oncology pipeline assets
RayzeBio	Closed Feb. 26, 2024	Radiopharmaceutical platform; RYZ101 in Phase 3; manufacturing capability
Karuna Therapeutics	Definitive agreement signed Dec. 22, 2023; pending	KarXT under FDA review for schizophrenia, with PDUFA date Sept. 26, 2024

Sources: [P3], [P5] and [P6]. Development status and dates reflect company statements available by the cutoff; they do not establish future approval, launch, efficacy or sales.

The choice

BMS had to deliver near-term execution while advancing a varied group of existing products, pipeline opportunities and recently acquired assets. The public record did not show how commercial, research, development or manufacturing effort was allocated across them, nor disclose comparable expected returns.

Consider how BMS should sequence its strategic attention and portfolio review:

1. **Lean into the existing growth portfolio.** Prioritize commercial execution, new-product uptake, indication expansion and manufacturing readiness for medicines already on the market or near approval. Integrate acquired programs at a deliberate pace. The risk is that longer-horizon assets or new modalities receive too little attention.
2. **Emphasize the acquired capabilities.** Organize near-term integration and development around Mirati, RayzeBio and preparation for Karuna, using BMS's scale to advance their assets. The risk is distraction or disruption to existing launches and research programs.
3. **Stage commitments against evidence gates.** Protect ongoing scientific and launch work, while sequencing incremental development and integration steps against clinical, regulatory, manufacturing and access milestones. The risk is slower execution or missed opportunities when timing matters.

Recommend a sequence and name the evidence that would lead BMS to expand, maintain or change its priorities. Use only the public information in the case. Do not reconsider signed or completed transactions, assume a fixed internal budget or capacity constraint, or calculate project ROI from portfolio sales. Distinguish revenue from profit, clinical progress from approval, and company projections from realized outcomes.

Discussion questions

1. What do BMS's 2023 product groups reveal about the transition, and what do they leave unknown?
2. How should management compare an established product's indication or launch work with a newly acquired clinical program?
3. Which integration risks and potential benefits differ across Mirati, RayzeBio and Karuna?
4. What milestones or evidence gates would make portfolio sequencing more accountable?
5. What additional information would most change your recommendation?

Sources and conventions

- **[P1]** Bristol Myers Squibb, FY2023 Form 10-K, filed Feb. 13, 2024, accession 0000014272-24-000044. [SEC filing](#). Item 7 product-revenue table, printed pp. 44-47; Note 2 revenue components, printed p. 78, and product-group totals, p. 80.
- **[P2]** BMS Q4/FY2023 results release, Feb. 2, 2024. [Issuer release](#)
- **[P3]** BMS/Karuna definitive acquisition announcement, Dec. 22, 2023. [Issuer release](#)
- **[P5]** BMS completes RayzeBio acquisition, Feb. 26, 2024. [Issuer release](#)
- **[P6]** BMS completes Mirati acquisition, Jan. 23, 2024. [Issuer release](#)
- **[P7]** Pfizer completes Seagen acquisition, Dec. 14, 2023. [Pfizer release](#)

Research locators, actual reading depth and limitations are recorded in the source register and evidence extraction. All company information cited was public by February 29, 2024.