

Pfizer and Seagen - Governing the Oncology Platform

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Decision scope: Operating model and resource governance for Seagen oncology through 2027

Case convention: This author-created decision exercise takes place after Pfizer completed its Seagen acquisition. The alternatives below are hypothetical classroom choices, not proposals attributed to Pfizer. Public facts and management statements are identified separately. No private deliberations are represented.

The decision

Pfizer completed its acquisition of Seagen on 14 December 2023. By 27 February 2025, Pfizer had reported a year of commercial results from four acquired oncology medicines, described a new company-wide R&D structure, and continued large cost and manufacturing programs. Its public filings did not disclose Seagen-specific budgets, team retention, decision rights, project returns, or the realized allocation of acquisition synergies.

The decision for this exercise is what operating model and near-term resource rules Pfizer should use for Seagen oncology through 2027. Should Pfizer deeply integrate the acquired work into its global R&D and commercial platform? Should it preserve a protected specialist unit? Or should it use a hybrid model that shares selected capabilities through explicit stage gates?

Assignment: Recommend one operating model. Specify which decisions and capabilities should be shared or protected, how programs should compete for resources, and what evidence would trigger a change in integration depth. Address speed, specialist knowledge, development execution, manufacturing, market access, and cost discipline. Use only information available by 27 February 2025. Do not reassess whether the completed acquisition was worth its price.

What Pfizer bought-and what it said it hoped to combine

Pfizer announced the cash transaction in March 2023 at \$229 per Seagen share and approximately \$43 billion enterprise value. Its stated rationale was to combine Seagen's antibody-drug-conjugate (ADC) technology with Pfizer's protein engineering and medicinal chemistry capabilities. Pfizer forecast that Seagen could generate more than \$10 billion in risk-adjusted revenue in 2030, conditional on the performance of marketed medicines and clinical and regulatory success of pipeline candidates. That was a dated company forecast, not a realized result. [P3]

Pfizer completed the acquisition on 14 December 2023. In its 2024 Form 10-K, Pfizer reported consideration transferred at a fair value of \$44.234 billion, or \$43.4 billion net of acquired cash. The purchase-price allocation included \$19.9 billion of in-process research and development and \$17.148 billion of goodwill. These are acquisition-accounting values, distinct from the

announcement's enterprise-value figure. [P1, Note 2A, pp. 63-64]

At completion, Pfizer named four acquired marketed medicines: Adcetris, Padcev, Tivdak, and Tukysa. The completion release said the acquisition doubled Pfizer Oncology's pipeline to 60 programs and described an intention to combine Seagen ADC technology with Pfizer capabilities. These are Pfizer's descriptions and strategic rationale; they do not establish that particular teams, decision rights, or research programs were integrated in a specific way. [P4]

Pfizer reported that Seagen's operations contributed \$132 million in revenue from 14-31 December 2023 and a \$746 million net loss attributable to Pfizer common shareholders during that short period. Pfizer said that loss included \$614 million of pretax restructuring, integration and acquisition-related costs and purchase-accounting charges. The period is too short to represent a normal full-year operating result. [P1, Note 2A, p. 64]

A changing organization and a shared resource pool

Pfizer described Oncology R&D in 2024 as an end-to-end organization spanning discovery through late-stage clinical development. Effective 1 January 2025, Pfizer consolidated Oncology R&D and Pfizer Research and Development into a single R&D organization. The company said it was evaluating whether the simplified structure and sharper focus might improve productivity and efficiencies; potential savings were expected to be reinvested in R&D. Pfizer also disclosed that its U.S. Oncology commercial organization and global Oncology marketing moved into the U.S. Commercial Division, while R&D activities were housed in one R&D organization. [P1, Item 1, p. 6; MD&A, p. 28]

Pfizer's Portfolio Management Team (PMT) is accountable for aligning resources across company R&D and helping optimize capital allocation. Pfizer said it manages R&D on a total-company basis and does not disaggregate R&D expense by development phase or therapeutic area because spending is collectively governed and can be adjusted quickly. The filing describes company-wide governance; it does not say how Seagen program teams report, who holds their scientific decision rights, or how their budgets are set. [P1, Item 1, p. 6]

Pfizer's 2025 priorities included improving R&D productivity, expanding margins and operating efficiency, commercial excellence in key categories, and optimizing capital allocation. The company also listed possible acquisition risks including loss of key employees, disruption to ongoing business or third-party relationships, and inconsistent standards or controls. The risk factors are generic disclosures, not evidence that these problems occurred at Seagen. [P1, MD&A, p. 28; Item 1A, p. 22]

Commercial evidence-and its limits

Pfizer's 2024 Form 10-K reported worldwide Oncology revenue of \$15.612 billion, compared with \$12.450 billion in 2023. The Oncology division figures were \$11.567 billion and \$8.450 billion, respectively. These are different reported scopes; neither is a Seagen-only result. The 2023 product comparisons include only the period after Pfizer acquired Seagen in December, so they are not clean full-year growth comparisons. [P1, Note 17C, pp. 102-103]

Exhibit 1. Selected reported oncology revenue

Worldwide revenue, USD millions, years ended 31 December; company-reported.

Measure	2023	2024
Pfizer Oncology revenue	12,450	15,612

Measure	2023	2024
Oncology division revenue	8,450	11,567
Padcev	53	1,588
Adcetris	56	1,089
Tukysa	18	480
Tivdak	4	131

Source: Pfizer 2024 Form 10-K, Note 17C, pp. 102-103. The two portfolio totals have distinct reporting scopes. Product sales are not profit or Pfizer-retained economics. Product 2023 values reflect the short post-acquisition period; do not interpret the difference as organic growth or an integration effect. [P1]

Product economics also involve partners. Pfizer disclosed joint development and commercialization arrangements for Padcev with Astellas, and a Genmab collaboration for Tivdak with shared U.S. economics and varying international arrangements. Tukysa's prior collaboration with Merck ended at 2023 year-end, with rights returned to Seagen. Reported product revenue does not by itself reveal each party's retained economics, costs, or margins. [P1, commercialization-rights footnotes, pp. 12-13]

Pfizer reported approximately \$3.4 billion of legacy-Seagen revenue for 2024, including \$915 million in Q4. Its 2024 Form 10-K attributed a net \$1.1 billion increase in total company R&D expense primarily to development of certain Seagen-acquired candidates. Total Pfizer R&D expense was \$10.822 billion. These disclosures show commercial scale and investment activity, but do not provide program-level budgets or profitability. The Q4 2023 comparison was only \$132 million after the December closing. [P1, MD&A, p. 43; P11]

Exhibit 2. Selected clinical and regulatory evidence available by the cutoff

Program	Public evidence	What it does and does not show
Padcev plus pembrolizumab, EV-302	FDA label describes an open-label, randomized first-line study in 886 patients with locally advanced or metastatic urothelial cancer. Median overall survival was 31.5 months versus 16.1 months for chemotherapy (HR 0.47; 95% CI 0.38-0.58); median progression-free survival was 12.5 versus 6.3 months.	FDA-label evidence for this regimen and population, not an outcome of Pfizer's post-acquisition operating model. The Seagen-sponsored protocol amendment and specified pages were reviewed; the full protocol and participant-level data were not. [P12-P13]
Tivdak, innovaTV 301	FDA's 29 April 2024 notice describes a randomized active-controlled study of 502 patients with recurrent or metastatic cervical cancer after one or two prior systemic regimens. Median overall survival was 11.5 months versus 9.5 months with investigator-choice chemotherapy (HR 0.70; 95% CI 0.54-0.89). FDA granted traditional approval.	FDA-reported evidence and regulatory status at the notice date. The dated registry history index used for provenance was version 97, submitted 16 July 2024; it is not a statement of current registry status. [P14-P16]
Trastuzumab deruxtecan, a competitor ADC	FDA granted accelerated approval in April 2024 for a defined HER2 IHC3+ solid-tumor population. The FDA notice reports a 51.4% response rate in the PanTumor02 cohort and a required confirmatory trial.	A different drug, biomarker, indication set, and evidence base; not head-to-head or directly comparable with Padcev or Tivdak. [P17]

These examples show that clinical and regulatory evidence is specific to an asset, indication, trial design, and date. They do not establish which organization or governance model produced the results. Pfizer's 10-K pipeline snapshot was updated as of 4 February 2025 and lists selected programs and stages, but does not disclose staffing, costs, probability of success, or internal decision gates. [P1, pp. 39-41]

A portfolio under cost pressure

Pfizer expected its enterprise-wide Realigning Our Cost Base Program to produce about \$4.5 billion in net savings by the end of 2025; most savings had been achieved by year-end 2024. The 10-K reported approximately \$2.9 billion of expected program costs, including \$2.2 billion associated with Biopharma, and \$2.6 billion incurred through 2024. Separately, the Manufacturing Optimization Program was expected to produce approximately \$1.5 billion in savings by the end of 2027, with expected costs of approximately \$1.6 billion, largely cash outlays in 2025-26. [P1, MD&A, p. 38; Note 3, pp. 68-69]

Pfizer also expected approximately \$1 billion in annual Seagen-related cost synergies by 2026, with approximately \$1.7 billion of one-time costs, primarily from 2023-2025. This was a forecast. Public disclosures did not identify which functions, sites, programs, or headcount underpinned the synergies, or whether savings would be reinvested in oncology. The enterprise programs and Seagen synergy forecast have different scopes and should not be combined or assigned to ADC manufacturing without evidence. [P1, MD&A, p. 38]

The resource question is therefore not simply whether to cut or grow. Pfizer had marketed products, ongoing trials, and a pipeline whose value depended on clinical and regulatory outcomes. The public record offered no project-level return ranking, cost curve, team-retention

data, ADC capacity or yield, or program-by-program termination rationale. Any operating model must work under that information constraint.

Three possible operating models

The following are hypothetical analytical alternatives for the classroom. Pfizer has not been represented as considering or adopting them.

1. **Deep integration.** Place Seagen programs within Pfizer's global oncology and R&D systems, use common development, regulatory, manufacturing, and commercial capabilities, consolidate duplicate support, and centralize portfolio decisions. This could widen access to scale and allow portfolio-level resource allocation. It could also disrupt specialist teams, slow local decisions, or eliminate parallel work before its value is clear.
2. **Protected oncology unit.** Maintain distinct Seagen leadership, program teams, and operating routines, with Pfizer supplying capital and selected shared services. This could protect continuity and specialist judgment. It could duplicate infrastructure, complicate coordination, or delay access to capabilities Pfizer already has.
3. **Hybrid, stage-gated integration.** Protect core scientific teams and program continuity while sharing selected services under clear accountability. Make specific capabilities-such as clinical operations, regulatory, manufacturing, and market access-available through defined interfaces. Revisit each program's governance at pre-specified scientific and operating gates. This could preserve reversibility; it could also create extra governance and unclear accountability.

No alternative is costless. Pfizer's public disclosures do not show the information needed to calculate expected returns for any of them. A useful recommendation will identify what must remain close to the program, where scale can help, who decides, and how management would know whether the arrangement is working.

Questions for discussion

1. Which operating model do you recommend through 2027? Which decisions or capabilities should be protected, integrated, or shared?
2. How should Pfizer distinguish scientific overlap from capability complementarity when deciding whether to continue, combine, or stop programs?
3. What evidence would you track on talent continuity, decision speed, trial execution, portfolio progression, manufacturing, and launch readiness? Which measures are leading indicators, and what are their limitations?
4. How should the PMT and oncology leadership govern resources when public reporting and the company's stated R&D process operate at total-company level?
5. What conditions would cause you to deepen integration, grant more autonomy, or stop a program? State the evidence you would require rather than assuming undisclosed data.

Sources and evidence boundary

The information cutoff is 27 February 2025, close of day U.S. Eastern, anchored to Pfizer's 2024 Form 10-K filed that day. The 10-K's pipeline snapshot is as of 4 February 2025. The student packet draws on the cited primary filings, company releases, FDA notices and labels. Pfizer statements, forecasts and pipeline summaries remain attributed to Pfizer; audited revenue is not a measure of integration quality or project return.

The research review was bounded rather than exhaustive. FDA trial results and labels were checked for the cited passages, but underlying protocols were not read end-to-end and there was no participant-level reanalysis. Detailed partner economics were not fully verified. Pfizer's Oncology Innovation Day release was read, but its presentation deck could not be opened or text-extracted; no transcript or recording was reviewed. No claim depending on those materials is included here.

The academic research available to the instructor includes a 2023 preprint on biotech acquisitions, not its later journal publication. Several additional papers were available only as abstracts or previews and are not used here as full-text findings. The public evidence does not establish Pfizer-specific effects of integration, employee retention, program-level budgets or returns, realized synergies, ADC manufacturing economics, or internal decision rights. No post-cutoff outcome is part of this case.

Primary sources

- [P1] Pfizer, 2024 Form 10-K, filed 27 February 2025: [SEC filing](#). Relevant locators are provided in the text.
- [P3] Pfizer, Seagen transaction announcement, 13 March 2023: [company release](#).
- [P4] Pfizer, acquisition completion release, 14 December 2023: [company release](#).
- [P11] Pfizer, Q4/FY2024 earnings release, 4 February 2025: [SEC exhibit](#).
- [P12-P13] FDA Padcev label (revised 15 December 2023) and EV-302 protocol amendment: [FDA label](#); [protocol](#).
- [P14-P16] FDA Tivdak approval notice, 29 April 2024; 2024 label; ClinicalTrials.gov version 97 history: [FDA notice](#); [label](#); [dated history](#).
- [P17] FDA trastuzumab deruxtecan approval notice, 5 April 2024: [FDA notice](#).