



Patient not patents – new times spell new solutions for the pharma industry

As pharma redefines itself in the digital age, companies all over the world are setting their sights on new target groups

“I was terrified – I thought I was losing my mind and felt totally alone.” Behind a double-sided mirror and far from my usual domain of slides and spreadsheets, I sit with my project team listening to a patient describe the moment of crisis following a cardiac event. She touches on her distrust of the health system, the journey towards recovery and the impact of her health on her personal relationships.

The client: a global pharma company. The goal of our exercise: understand patient pains and design a commercially attractive solution to address them. The remit: it cannot be a drug or drug related.

In a business where individual blockbuster can turn millions of dollars of revenue a year, this remit may seem astonishing. However, it is a recognition that ongoing industry change is putting intensifying pressure on the traditional road to success. Returns to R&D are falling, stretched health systems are challenging prices, and payer consolidation is further decreasing the bargaining power of pharma companies. Simultaneously, rapid advances in Internet of Things, bioelectronics and data science present both new opportunities and competitive threats.

In response, pharma companies are exploring a range of strategic options. Some of these involve improving operations through more advanced use of technology and data: for example, designing trials that leverage remote monitoring to decrease cost and trial cycle times, or using advanced data analysis to extract new learnings from existing collected data. Another direction is looking at new business models, such as outcomes based payment whereby a payer only pays the full price of the drug if it meets pre-defined performance targets. Finally, many firms are exploring new types of offerings aimed at patients, payers, or health care providers.

Many pharma companies today have explicit goals around patient centricity. Traditionally, this has entailed improvements that increase drug adherence, the single most important lever for improved patient outcomes as well as a driver for pharma sales. In the old world, this focused on developing pills that could be taken in a single daily dose as opposed to multiple doses throughout the day; in the digital world, it involves experimenting with e.g. adherence apps and smart pill bottles that prompt the patient to take their daily medicine and enable tracking of adherence over time.

However, as our project showed, pharma companies are also looking further afield in their quest to get closer to the patient. Onduo, a joint venture between Sanofi and Verily (Alphabet’s health company) is virtual diabetes clinic with services delivered through phone and app that

centers on coaching and promoting a broad spectrum of health interventions to supplement existing physician care. Pfizer's oncology business has launched support programs that offer users of their medicines access to tools or a team of social workers to support them in living with their disease.

These ventures are not only new to pharma companies – they are new to patients. Although the internet and health related apps have enabled a certain dilution, the patient relationship is still largely “owned” by the health care provider, who often also is the default custodian of patient data. This means that new types of players vying for an active role in patients' lives need to slot themselves into this ecosystem, or disrupt it – with the likes of Apple, Amazon and Verily entering the game, the latter is a real possibility. This may be more difficult for pharma companies, who treasure their relationship with health care professionals and are less eager to displace them.

Moreover, while the broad health care industry is excited about the shift towards patient centricity, creating viable new businesses off its back comes with challenges for pharma. Firstly, there are questions of the business model. Who is willing and able to pay for new products, services and solutions - patients, payers or caregivers? Then there is the question of how they should be priced – should they be bundled with a drug, priced as cost-plus, or should they be priced relative to the savings they can generate for a payor or provider? Additionally, there is the cultural change of treating patients like true consumers. Oftentimes, if I were in a pharma focus group session, I would be looking through my one sided glass not at patients, but at doctors, with the goals of figuring out how to best market the pills. Now, the focus is rather on understanding the real pain points of patients and trying to design a solution for them. This is an altogether different approach to ideation, creation and marketing compared to the core pharma business.

With myriad partnerships and initiatives launched in the past couple of years, these new offerings have yet to prove themselves; in particular they will need to demonstrate not only that they are viable, but that they are commercially attractive compared to the core drug business. However – and as I experienced on my project – it is a fantastic, rewarding journey for anyone given the opportunity to work on these challenges. In the meantime, patients have something to look forward to: being front and center in the future evolution of the healthcare and pharma industries.



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