PHARMA*FUTURE*™ KNOWLEDGE CONCLAVE
An Indegene Initiative

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PHARMA*FUTURE*™
March, 18th | United States

Event Summary

PHARMA*FUTURE*™ 2016 – an initiative by Indegene, was held on March 18, 2016 in Princeton, New Jersey, United States. The 5th in a series of global chapters, PHARMAFUTURE™ 2016 – aptly themed "Negotiating the Commercial Cliff" – delved into key insights from industry stalwarts with emphasis on how external market dynamics are redefining the way companies organize themselves to remain competitive and drive commercial growth. The conclave was very well received amongst audiences and the industry at large.

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Chief Strategy & Business Development Officer/
President- Emerging Businesses,
Merck

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Worldwide Multi-Channel
Marketing Hub Head,
Bristol-Myers Squibb

Kevin Guerette,
Executive Director Global
Commercial Operations,
AstraZeneca

Theo Nieuwenhuis,
Corporate Senior Vice President -
Head of Corporate
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Sandra Velez,
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Michael Townsend,
Research Manager, Life Science
Business System Strategies,
IDC

Robert Gargiulo,
Director of Integrated Marketing,
Specialty Brands,
Mylan

Dana Rodden,
Head, Multichannel Marketing
Strategy & Operations,
GlaxoSmithKline

Introduction

Sanjay Parikh, *Executive Vice President and Member of the Board, Indegene*, began with a warm welcome note and an introduction to the concept and overall objective of Indegene's interactive **PHARMA***FUTURE*™ series. Sanjay also set the context of the session by highlighting the theme of the session "**Negotiating the Commercial Cliff**" while outlining the reasoning behind the same, including the fact that the session would go on to try and understand the industry's approach toward tackling future challenges.

Bob Glaser, *industry veteran and Chief Marketing & Sales Officer, Indegene*, then proceeded to kick-off the session and introduce the key note speaker – Jay Galeota.

Key Note Session

Jay Galeota,
Chief Strategy & Business Development Officer/
President- Emerging Businesses,
Merck

Jay Galeota began with his point of view on the current landscape of the pharmaceutical industry. His perspective relied on his understanding of the industry over several years, and was also built on findings by his team at Merck.

At the outset, Jay reiterated that his keynote address attempted to answer a simple question – the 'real' question that industry stalwarts are trying to answer in a very basic sense – *do innovative pharmaceuticals still make sense in the world in/of the future?*

Different types of business models have emerged across the industry. One witnesses the pressure, the media reports, the trends, and then starts to question it all; more importantly, on whether a viable future exists or not. Essentially, it comes down to the simple premise of "to be or not to be".

Is the goal of discovering composition of matter, new chemical entities that provide therapeutic benefits that the world has never seen before – is that still going to be valued 10 years from now, 20 years from now...the way it has over the last 30+ years? **To be or not to be.**

Essentially, it's a story about headwinds and tailwinds, and more often than not these days, one tends to veer towards the headwinds: R&D productivity, R&D expenditure and the like of it.

KEY TAKEAWAYS

- Changing Demographics leading to more consumption of healthcare

- Rise in prevalence of chronic diseases – a huge unmet need

- Clear increase in rate of approvals of new products

- Advancements in technology – forging new frontiers in patient care

- Business of Innovative Medicines still very viable, but requires us to re-orient our business models to tap potential, and deliver

Relative Growth in US Pharma R&D Expenditure and Nominal GDP
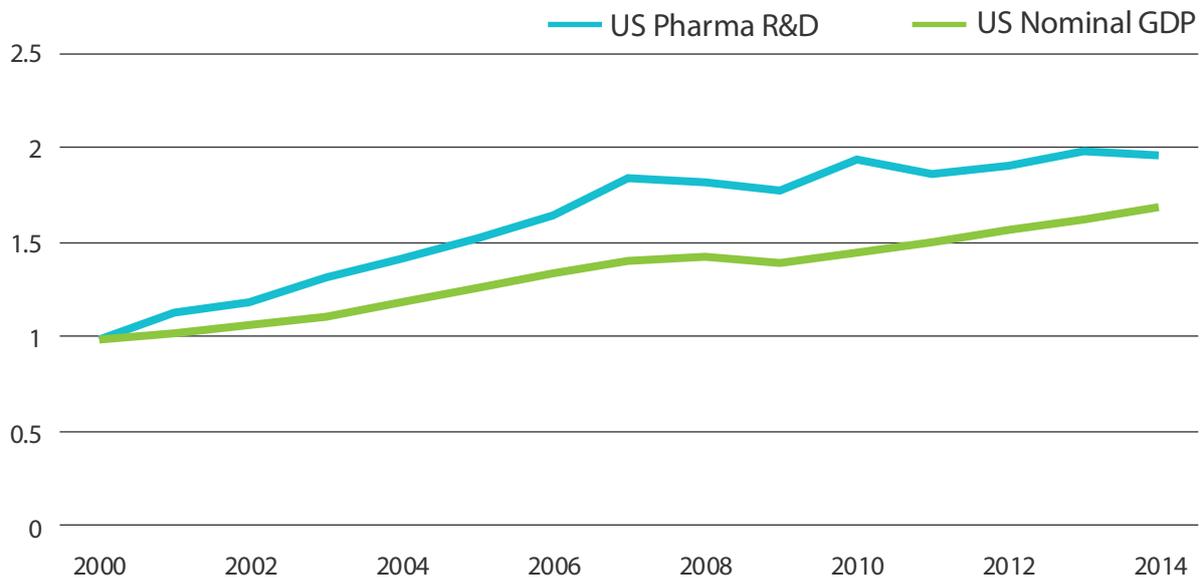
The rate of **R&D expenses** has consistently outpaced the GDP growth, which questions efficiency and sustainability, thereby resulting in headwind pressure. Additionally, **drug pricing**, the only aspect which ironically, consolidates politicians too - drug prices are too high and need to come down. Again, rhetoric. On the commercial side, heightened **regulatory scrutiny**.

All this bodes the right question - is innovative pharma still a viable long term business model?

One needs to dissect the future, the unknowns, in order to ascertain a seemingly accurate response. The unknowns are copious: **technology, precision medicine, behaviour, discovery-delivery-outcomes** in the real world and more.

All in all, when one does the math, the tailwinds have it! In the big picture, the tailwinds clearly are a driving force against those headwinds. However, the fact that some things are going to have to be done differently in the industry/in the market place/in the future, cannot be overlooked.


> **There are great, exciting, potential underlying dynamics that give us reason to believe that innovative pharmaceutical will always play a role, at least for the foreseeable future; yet, the environment is changing.**

While it is clear that the industry is a slow industry, working very similarly, in a lot of ways, to the way it worked 30 years ago, when the industry was in its prime.

Areas that are ripe/right for change include **IT** – transforming the way one thinks about Information Technology as an industry. The use of cloud-based technology not just as infrastructure, but as a strategic enabler to accelerate the journey from lab to market. **Analytics** – understanding patterns of data, being able to capture those patterns in a timely way, so that one actually gets data that can be acted upon quickly, and then trying to interpret data in ways that are meaningful in business. **Innovation** – how one thinks about applying new technology in a system-right

approach. Most organizations in the industry typically consider all these functions as part of IT, which is not necessarily right. There needs to be some thought regarding the model that has gotten the industry up to here, in terms of how IT has been applied, is sufficient to bring the industry/company up to the next level – which is the future that has been talked about.

The next area is around R&D productivity, there are changed required in how the industry/company conducts its 'discovery' stage in pharmaceuticals (innovative pharmaceuticals, in particular). There exist emerging approaches that are still not widely applied, even though they seem viable and apt. For instance, Active Clinical Trial Design, the idea to custom-tailor design in a scientifically rigorous way, so optimal results are attained in the shortest period of time. One can see the impact in the graphic below;
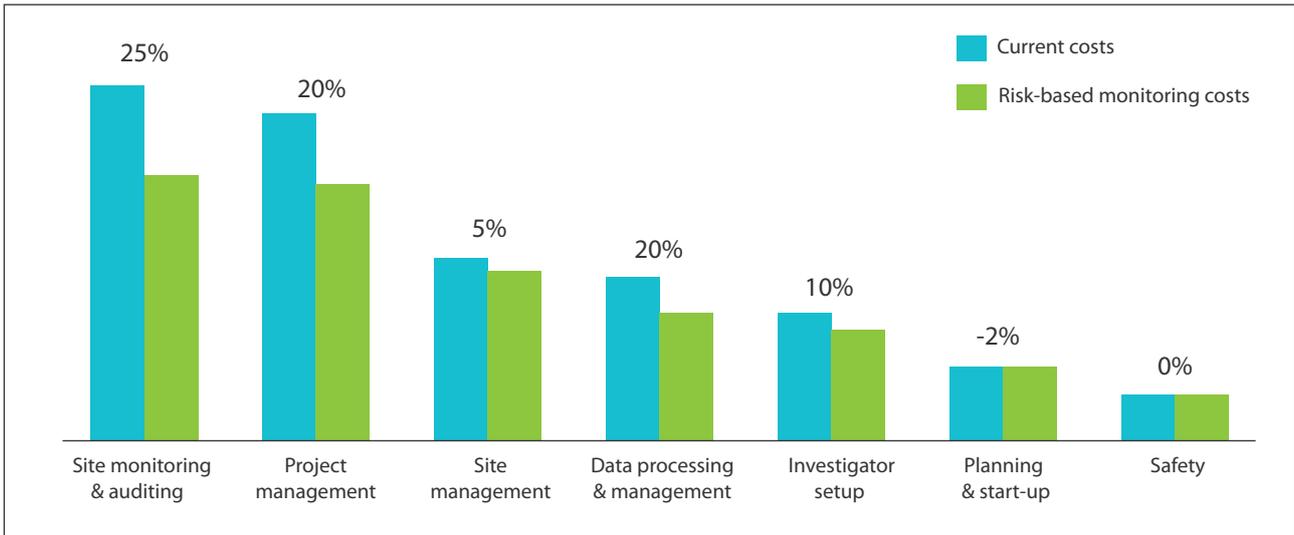
Some studies project that such actions could result in up to a 25% reduction in costs in R&D. Yet, this isn't used as a standard yet, it should ideally be so in the near future. There are additional aspects, such as adoption of digital technologies in clinical trials for patient tracking etc., it's talked about a lot, but the same is required to be more pervasive in the industry, more mainstream. Overall, the practices in the clinical area need to evolve to allow technology that exists today to augment the therapeutic in a clinically scientific and rigorous way.

Another important area is **how we engage with customers**. Traditional ways of understanding the customer needs in customer transit segments are no longer going to be significant. The erstwhile model used thus far is not the model that will take us in to the future. What is essentially required is to integrate the commercialization strategy with digital/multi-channel technologies and data.
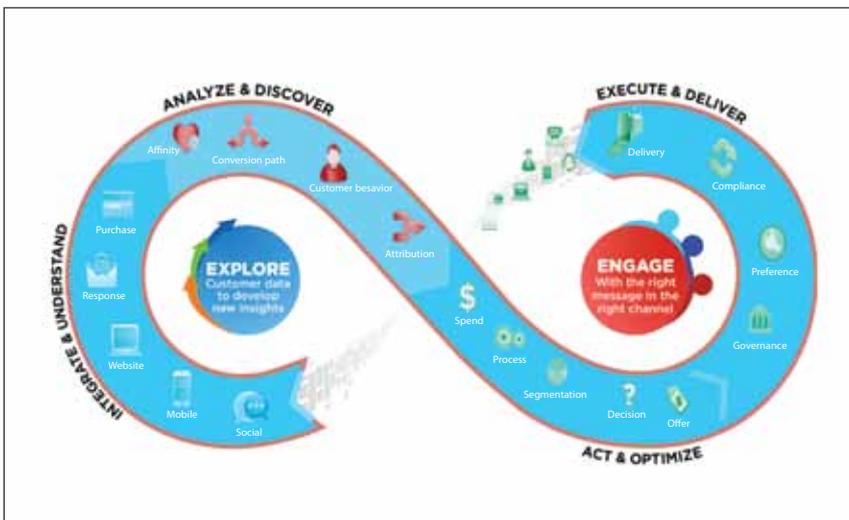
The explosion of data is what will drive customer centricity.

Right Service to the **Right Person** at the **Right Time** through the **Right Channel**.

The area of **real-world outcomes research** is another key area. The ability to demonstrate value of therapies using real-world evidence. A clear reality for customers is that they rarely be sure when they make a decision to buy a new therapy, that they're going to get the advertised benefit. Part of the reason for that is that there are other factors that clamp out the outcome. The more able the industry is to measure and understand these real-world evidence and real-world effectiveness results of our products, the more informed and effective will the dialogue be with customers, payers, governments etc.

The next area of focus of opportunity, is about how the industry brings **products-to-market.** Pharma lags other industries by a huge margin. The industry needs to rationalize and re-design the supply chain – there exists plenty of headroom to drive efficiency and excellence, as mentioned earlier. The last area is streamlining **Global Shared Services and Outsourcing** to drive productivity and innovation in business operations – essentially, centralization, standardization, and validation.

Conclusion

The world's moving faster than the pharma industry – it's time to catch up! The industry needs to challenge itself to take on some changes. There is a lot of opportunity, it's there for ours to take. We have a great future in front of us, we also have a great responsibility to really challenge the way that we've traditionally operated, and if we are successful in doing that, the sky is the limit.

It still makes sense to be in the business of Innovative Medicines, however, we need to do things differently and re-orient our business models to capture the opportunities that lie ahead, and deliver better outcomes for the patient and for our business.

Remember: Key Imperatives for Pharma Commercialization in Future – riding on the tailwinds!

Panel 1: External Transformation

Participants

Dana Rodden
Head, Multichannel Marketing, Strategy & Operations, GlaxoSmithKline

Theo Nieuwenhuis
Corporate Senior Vice President/ Head of Corporate Commercial Operations, Boehringer Ingelheim

David Lennon
VP & Franchise Head, US Oncology, Novartis

Robert Gargiulo
Director of Integrated Marketing, Specialty Brands, Mylan

Moderators

Bob Glaser
Chief Marketing & Sales Officer, Indegene

Rob Charasidis
Multi-Channel Marketing - North America & Europe, Indegene

Bob Glaser

We're going to focus a little bit on this panel with respect to things that our panellists' companies are doing with respect to innovation and communication with their different stakeholders, whether it's a physician, a patient, or any type of other constituents, how they're doing things differently than 20 years ago.

We need to do things differently in the future. Typically, Pharma is slow to change, so how are these companies preparing for doing things differently. I'd like to ask panel …while reflecting on riding the tailwinds that Jay talked about, the aging of the population, and the increasing amount of chronic disease into our lifestyles, obviously the R&D groups are tackling that challenge rigorously, but from a commercial standpoint, how are you addressing this massive change?

Theo Nieuwenhuis

I think one thing we should all realize is that at the end, we have to serve customers. The way this whole industry works is also determined by how customers look at us, and how we interact with customers. We are very good at thinking from a brand perspective, from a company perspective, but we have to turn it around now. Because, if you are a customer, you look at how we operate and you think that sometimes it doesn't make sense. And this is true sometimes, it really doesn't make any sense – because they have changed, we have changed the way we operate.

Essentially, it's because our industry has been working in a similar way for such a long time, whereas other industries have transformed themselves quite a bit. Of course we have to deal with regulations and other things, but we need to ask ourselves – does it make sense what we do? When you look through the eyes of the customer at a company like us – there are different needs, different preferences, and this is something we need to understand, accept, and deal with. That is the challenge we all have. We have to deal with it in a way that it works for all. It might not just be about sending out people with visual aids and points about how wonderful our products are, but it's about how we can create the biggest value for our patients. The most difficult part, is that it's not a one-size-fits-all approach. We have to be way more agile. This is what we are trying to do. It's difficult, but this is where you start. We need to look at ourselves from the eyes of the customer.

Dana Rodden

I think from a GSK perspective, obviously we are looking at our customer base in terms of payers, consumers, as well as physicians. And when I look across them, I see that their needs are changing, and they are experiencing technology in a way that we are yet able to keep up with. Some of what we are trying to do in terms of commercial reorganization and transformation, is to enable ourselves to be agile enough to deliver against their changing needs. We look at some of the big transformational strategies, but on the ground we look at basic realities and we see a cap. So, there are things happening on so many levels, and triangulating that and understanding where to focus to bring that value, is a big part of what we are focusing on at GSK.

Robert Gargiulo

We are talking about an aging population, they're becoming more and more technologically savvy. As the population get older, people who are native digital folks, and people who have adopted digital, start to enter into that system; so there's a lot of opportunities that will allow us to communicate with them, perhaps eventually on a one-to-one basis. Pharmaceuticals will be able to communicate with them in a way that these people can accept and use, and that's an important thing.

Bob Glaser

So David, how important are these different channels in the market?

David Lennon

I think we're still fundamentally struggling with the transition from what is still a very effective of one-to-one promotion in front of the doctor/stakeholder/customer, and how do we generate scale and sustainability. I still think we're in an area of transition of how to eliminate that.

Rob Charasidis

One of the things I took away from the keynote is around big data in the market place, in terms of IT as well. As an industry, we're light years behind other industries, and some of that is due to the unique nature of our industry, but in terms of data sets etc., what is it that you guys doing as a business to address the challenges?

Robert Gargiulo

When you start talking about big data, or even data in general, to use it, we have to get permission to use it. I'm sure a lot of people here have opportunities to market using data/dynamic content, using what you know about people within databases and getting that information out there. Regulatory folks sometimes are uncomfortable with dynamic content, because it looks a little different, acts a little different. So I think one of the responsibilities we have is to work with internal team, break down the walls, and having them understand that we have all this data – lets show you where it is and how we can use it, we need to get these folks on board, and allay some of their fears, they begin to understand the potential. So, I don't think we can talk about technology and data, without understanding each organizations people and processes, and getting them to work together, seamlessly.

David Lennon

The amazing this is that we're actually an information company, by our occupation. The stuff we sell, that's essential, but it's only the information that we build around that that generates some value. The issue that people don't realize is that there are companies that are specifically targeting changing the information architecture to change the value. So, they're trying to define the value in data that they have, and we don't. And then there are folks who are trying to provide that as a paid-for service, it's fundamental to understand that if we don't do it, then someone else is going to do it.

Dana Rodden

Everybody keeps talking about big data but it's really about good data. And how do you turn that data into real actionable insight that's forming really important business questions. I feel like at this point, we have so much data, we could know anything about anyone, but what do we need to know? To actually address the business challenges that we have.

Theo Nieuwenhuis

From a commercial perspective, we shouldn't underestimate the data we need to have just to understand your customers better, so that we are able to make sure that whatever we offer them is relevant. That's another area we start to realize that we need new skills so we bring in these data scientists. And then you start to do what you said (points to Dana), you need to start to think about what data you need before you start gathering the data. These are things that we need to go back to the basics and get that right. If you don't do that, you can't move forward. At the end, it's all about what we want to learn, and what we need to do to be able to learn.

Panel 2: Internal Transformation

Participants

Tara Stewart
*Worldwide Multi-Channel, Marketing Hub Head,
Bristol-Myers Squibb*

Kevin Guerette
*Executive Director Global, Commercial Operations,
AstraZeneca*

Sandra Velez
*Content Strategy Leader,
Merck*

Michael Townsend
*Research Manager, Life Science, Business System
Strategies, IDC*

Moderators

Vivek Ghai
*SVP, Business Devolopment-Sales US
Indegene*

Marc Valdiviezo
*VP Multi-Channel Marketing (MCM),
Indegene*

Vivek Ghai
While preparing for this panel, we looked at several topics and centred in on two broad themes, one is on digital channels and technology platforms enabled to multi-channel engagement and second is content as an enabler for good customer experience.

Marc Valdiviezo
One thing that we see is as we have to transform, and we have to look at channels beyond the traditional sales force, and in that context, I am going to start by asking Michael a question, since you have a view across the industry and across a number of different situations and solutions, how successful have you seen your technology solutions around the salesforce platform, and what are some other possible solutions?

Michael Townsend
Increasingly, pharmaceutical companies and their reps are seeing less doctors in a traditional role. Less and less face time, and the doctors are more interested in other channels, like websites to get product information, etc. So, we, as a research firm, we regularly look at technologies like CRM, every couple of years, we survey the whole market and do a better assessment of the CRM, of social media analytics, and, it's not that the technology is old, because what we found over the last five years was virtually everyone has replaced their CRM system with a Cloud-based system. Some of the gaps that we're seeing as we talk to people are that their content management systems are much more advanced than they were a few years ago. Basically, it's the same as what the previous panel said – what is the technology that will help bring all the useful information together, for both Sales and Marketing. Essentially, breaking down barriers. It's alright for people to look at these solutions and address 90% of their issues and say I have some gaps here and I need some help. And service providers can play a role in that.

Tara Stewart
So, one thing I would just add is that the bigger issue is the behaviour change. For example, a rep understanding how to use it, and that's a bigger lift for our organization rather than the technology. Because, as an organization, we rolled it out and then we said - done! And unfortunately, we never showed anyone how to use it or how to drive an engaging discussion side by side with a customer. So that's where more of the technology is to be put, rather than the technology side, at least in my experience.

Sandra Velez

For us, what we've learnt is that it's not all about the channels but it's actually all about the customer and all about what they want to talk to us about and how they want to talk to us about it. Ideally, it's all about both, your channel and your customer, and that combination will be more effective and relevant to your customer.

Kevin Guerette

For us, the tail wind is that we're about to launch a bunch of specialty care products. And what's our headwind? It's that we're about to launch a bunch of specialty care products. When you're dealing with content, you have to be consistent. We've got targeted therapeutics, targeted groups of individuals that have a targeted approach. You need to think of all these technologies – channels such as social media Twitter, Facebook and so much more, then we have CRM, customers reaching us through the website etc. What we need is to be responsible with content, a reaching it to people in the way they need it, and that's we're trying to do.

Tara Stewart

So we're trying to change the way our teams and partners are thinking about content, it's not just about executing. You can't just put it out there and say you did it. It also comes with risk-mitigation plans because you may get something you didn't want to hear or see and that's the other game-changer. We're opening ourselves up. I really think that thinking about the content and the story behind it, is a big change for Pharma. Earlier everyone thought about key messages and a campaign, I'll then let it sit for a few months and 6 months later, it's still fresh. Well, we don't have that luxury anymore.

Audience question

My question is about people. The previous panel talked about the aging demographics in the customer base. The same demographics are within your organizations. So where's the future as you're not hiring lots and lots of reps for the future. So, what are you guys doing about that?

Kevin Guerette

I can only speak for my team, predominantly, they are not really sales representatives out in the field, I mean Diversity is key. It's about all the other things you get to do.

The closing remarks of PHARMA*FUTURE*™ 2016 were made by Sanjay Virmani, EVP – Customer Engagement Services, Indegene.

About **PHARMA**_FUTURE_™

PHARMA_FUTURE_™ (www.pharmafuture.org) is a global thought leadership forum for senior pharmaceutical executives. Its objective is to bring together senior leaders of the industry in an interactive setting to discuss the key challenges the industry faces, share experiences, and brainstorm ideas and solutions to drive better health and business outcomes.

Over the last 3 years, **PHARMA**_FUTURE_™ has become a highly regarded platform for an open and thought-provoking exchange of views among people who are entrusted with the key strategic decisions within the pharma-ceutical industry.

PHARMA_FUTURE_™ is an initiative of Indegene – a leading global health-care solutions company that integrates medical/pharmaceutical expertise, technology, analytics, and operational excellence to address some of the major challenges in the industry.

PHARMA_FUTURE_™

700+	70+	5
Senior Executives	Pharma	Global Chapters

"Highly engaging platform with an opportunity to network with visionaries. The sessions touched upon areas that can be truly impactful if implemented in the right manner."

- Vice President Marketing, _Top 5 Pharma at_ **PHARMA**_FUTURE_™ _2014, Shanghai_