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Bending the "Commercialization Curve" in Large Pharma

If the last few years have taught us anything, it's that it's more important than ever to embrace change and new ways to bring therapies to patients. This is especially the case when considering commercialization and globalization in the life sciences and pharmaceutical industries.

Although many would agree that this adaptation is important, we haven't seen much change in the last 30 years in the way larger companies are bringing drugs to market. Failure to adapt and embrace new ways of doing things can cause significant challenges for the industry, creating downstream impacts across healthcare, the largest of which is on patients.

Unfortunately, this need for investment in change comes at the heels of big financial pressures and a changing landscape in large pharma with announcements of layoffs, spin-offs, and consolidations. But despite all of these pressures, and with the experience we gained through innovative models like the EVERSANA COMPLETE Commercialization®, there are a few levers to pull and bend the commercialization curve in large pharma.

This paper covers the following four critical areas:

- Agility to support the changing pipeline landscape
- Single-partner outsourcing model in commercialization
- Tapping into supplemental revenue streams: reignite established brands and increase in-licensing pipeline
- Gaining competitiveness in digital

The Pipeline Landscape Is Changing

The lack of agility and slow pace of change in large pharma makes it difficult to compete and innovate. This is particularly true in a world where the pipeline is rich in high-science, complex drugs, which target small populations with unique needs. The years of blockbuster drugs are diminishing, being replaced by high-science therapies. These therapies require new strategies to navigate the complexities of small patient populations, pricing structures, payer relations, patient and physician engagement strategies, and distribution, as is the case for categories such as cell and gene therapy.

Large pharma needs to shift strategies into these new spaces, borrowing from the emerging pharma playbook to stay nimble and agile to compete with first-time launchers.

Since traditional structures are no longer effective, updated strategies are necessary to gain greater efficiencies, improve patient outcomes and drive better product sales. To add to the complexity, all this must be accomplished at the same or lower cost. To accomplish this, large pharma must embrace a digital-first and data-driven model that drives more informed decisions and better experiences. End-to-end solutions that serve patients in the way they want to receive information not only helps drive patient satisfaction, but also helps brands understand and more impactfully track their breadcrumbs.

To be at the forefront of this need for precision, speed, and personalized strategies, EVERSANA's end-to-end commercialization engine gives manufacturers full access to launch strategy, execution, and long-term outsourced services – including distribution, field support and patient hub services – through a contracted, multi-year model. We invested over half a billion dollars, so manufacturers and investors don't need to, and we continue to significantly invest year over year.

Optimizing Costs – Outsourcing

During tough times, most organizations evaluate their cost structures and trim excess spending and hiring to focus on profitability. They often decide to maintain core capabilities in-house and outsource everything else. Although full-scale outsourcing in commercialization is lacking behind the clinical industry, the tide is changing. Historically, outsourcing has been overlooked or underutilized because of the old model, "we can do it in-house," or a second model, "we'll use multiple vendors" (sometimes 10-15 to service one brand). The need for connectivity and cost containment is changing this trend.

Consider this example:

Each large pharma spends for EACH brand over $6-10 million dollars per year in data buys. Under a single partner outsourced model those costs can be consolidated, and all brands have access to best-in-class comprehensive data at a fraction of the cost and access to a much larger database of information needed to remain competitive.

Based on my experience talking to c-level leaders across the industry, it is estimated that over the next five years large pharma will be outsourcing over 50% of their commercialization practice – up from an estimated 10% in 2022.

Lessons Learned from the Clinical Outsourcing Boom

As promising as outsourcing is, one thing we learned from the clinical outsourcing boom of the 80s and 90s that created most of the large CROs we know today, is that the complexity of commercialization needs to happen with a partner, not a vendor. As outsourcing in clinical reached its maturity, one major lesson learned is that focusing too much on cost only creates a transactional relationship. Things like change orders work counterintuitive to the spirit of partnership and common goals. That's why at EVERSANA we focus on building our commercialization model on a benefit/risk-share model with common KPI and financial incentives to drive alignment and success.

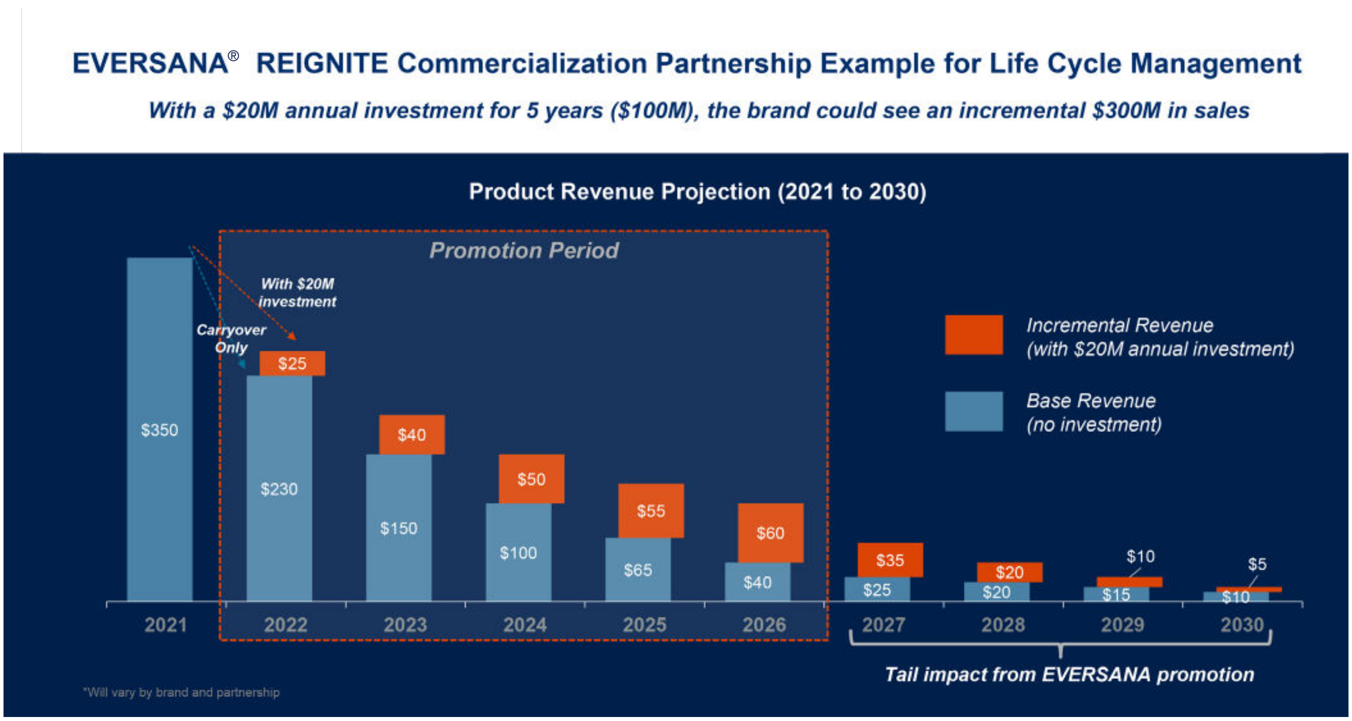
Supplementing Revenue Streams

The large pharma market is not immune to the once-in-a-lifetime moment of macro dynamics we are experiencing. Their mature brand portfolio has seen sharp drops in revenue since 2020 that will be hard to recover (source: EVERSANA). In addition, the cost cutting/restructuring strategies taken to manage market uncertainty put additional pressures on their ability to evaluate in-licensing assets to fill the gap of revenue created by the established brands. But the innovation of commercial models over the past few years has provided new pathways to reverse loss and reignite revenue in a diversified way.

Reigniting Revenue in Established Brands

Established brands do not require significant proactive investment or attention from commercial teams. They generate revenue for biopharma companies to reinvest and improve healthcare value for patients, providers, and payers. Established brands have seen a decrease in utilization and patient access due to the pandemic, making them vulnerable to negative financial impacts, many from which are difficult to rebound. For example, we analyzed a sample of these brands to understand the financial impact they experienced during the COVID-19 pandemic. The results indicated a massive revenue reduction that cost these brands over $3.9B of revenue over a nine-month time frame.

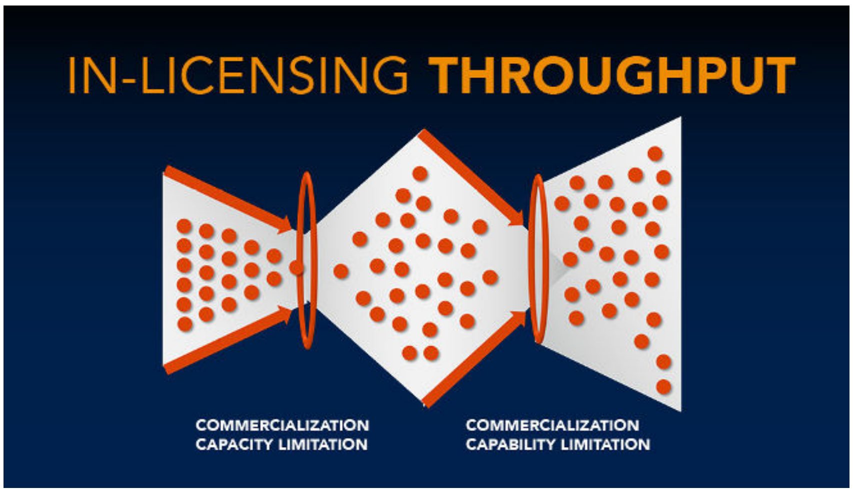
Depending on the market characteristics of each brand, innovative models like EVERSANA® REIGNITE Commercialization deploy a potentially high return-on-investment tactic to blunt the revenue impact and reverse revenue trajectory with a combined investment in a recent project. With a combined investment, these established brands experienced a 1:3 to 3:6 return on investment ratios.



Increasing the In-licensing Capacity to Supplement Revenue Streams

In-licensing is an important growth channel for pharmaceutical companies as they continue to seek more catalysts for growth. In-licensing is used to expand or consolidate a company's position in a therapy area but can oftentimes be limited by internal restraints. Many times, companies are limited in in-licensing more clinically and commercially viable assets due to commercial capacity and capability constraints.

In fact, observations from recent due diligence efforts indicate companies eliminate at least 20-30% of potentially viable assets due to not having enough resources to commercialize the asset or not having the unique capabilities necessary to commercialize based on asset or market characteristics.



By leveraging the robust capabilities offered by an outsourcing model, there is opportunity for significant growth from increased in-licensing activity. Partnerships with companies like EVERSANA will allow companies to pursue more assets across any therapeutic modality, in any major pharmaceutical market.

Increasing the throughput of commercialized in-licensed assets can have a multi-billion-dollar impact on valuations and create significant funding pools for further pipeline and business development initiatives. EVERSANA's in-licensing capabilities were designed to eliminate the capacity and therapeutic areas capability constraints faced by large pharmaceutical manufacturers.

Gaining Competitiveness in Digital

Patients, Providers, and Payers are expecting healthcare to be more accessible, intuitive and adaptable to their needs. Barriers that have held back innovation in Digital Medicine and Telemedicine have been blasted apart with recent relaxing of requirements by CMS and HHS, continuing advances within FDA's Digital Health program, and additional reimbursement opportunities that are emerging globally.

Large pharma companies are now in a race to develop solutions that complement their pharma products, and they have the understanding of the new commercial models needed to get them to market. Despite decades of experience launching pharmaceutical products, digital launches present a new set of unique challenges. Reimbursement and payer adoption are the largest of their challenges.

But recent wins in this space, like EVERSANA's partnership with CureMatch to bring a CPT Code to approval to help in the fight against cancer, which will be available for oncologists as of July 1, 2023, gives us hope that more will follow. With over 150 projects across 40 companies under way, EVERSANA is hopeful that our leading success in the space will create pathways for others in the years to come.

The Next Gen in Commercialization in Large Pharma

A "Next Gen Model" is the goal we established at EVERSANA when we set out to create the industry's first true outsourced commercialization model. We've built it to scale with our clients to be data-driven and global in nature.

Patients – no matter where they are around the world – deserve the same options as their peers in other countries. For large and small pharma, it's a model that's proven to work and will continue to grow.

Despite the industry setbacks, there are meaningful headwinds being made in our industry. The pharmaceutical pipeline continues to be strong with many therapies on the horizon for oncology and rare diseases. With the innovation spark ignited, we must continue to build on industry accomplishments to get life-changing drugs to patients faster than ever before.

We're here to help large pharma turn the page to a new way of thinking, and to a philosophy that, through outsourcing, will allow brands to expand growth, reduce cost and help more patients.

That's something we can all agree on.

Estimates calculated based on spending data provided by McKinsey

https://www.fiercebiotech.com/biotech/fierce-biotech-layoff-tracker-2022