

WHITEPAPER

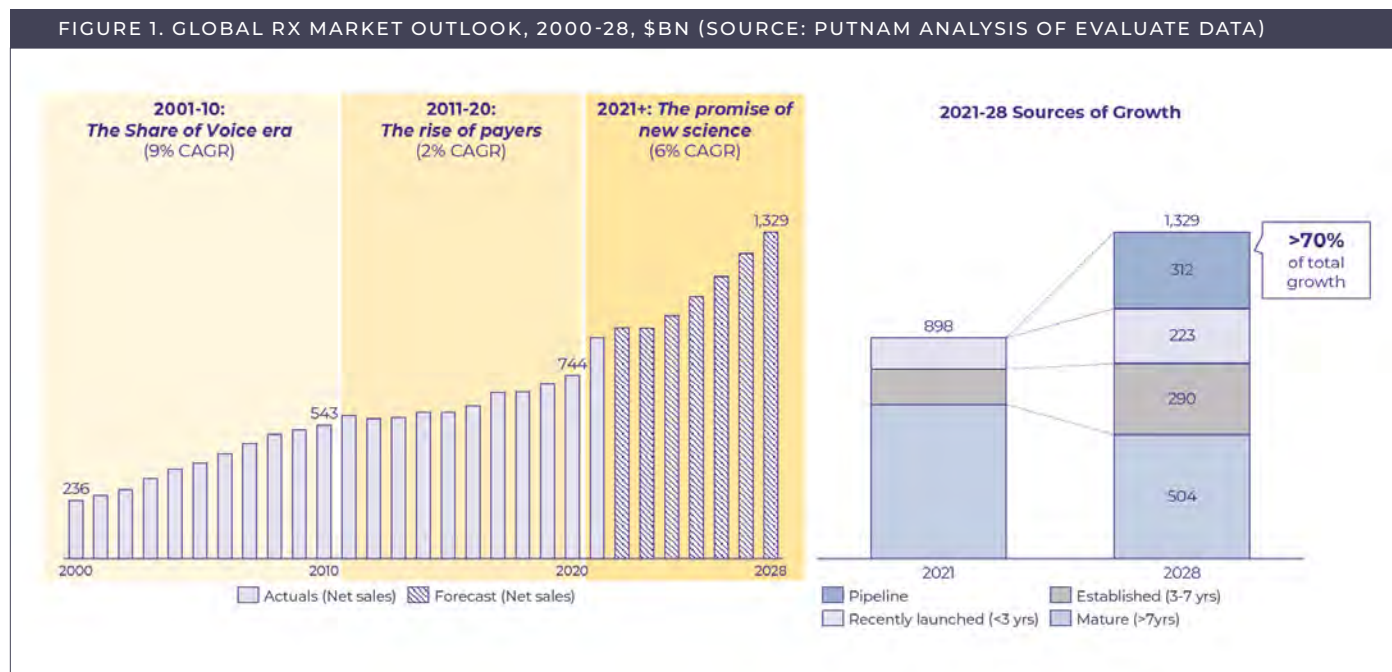
Winning the Go-to-Market Game

Standing Out in Tomorrow's
Complex Healthcare Ecosystems



The third decade and the promise of new science

There is little doubt that the decade that has just started promises to be one welcoming breakthrough therapies with unprecedented clinical benefits for patients across many disease areas. In fact, the industry is forecast to grow by \$450B through 2028, at a 6% CAGR (Figure 1), and nearly 70% of value creation will be driven by new launches¹. That is comparable to the growth observed in the first decade of this century, where top selling drugs were small molecules in high prevalence diseases, the customer engagement model was broadly uni-dimensional, and payers were still not as central as they are today.



Undoubtedly that has radically changed. And the degree of complexity is set to grow even more over the course of this decade via **five major shifts** that pharma companies will have to embrace as they design the path to market for their novel assets.

- 1. Far fewer uncontested spaces, and more difficult to reach.** As R&D efforts are increasingly converging towards the same patient populations, “going niche” is no longer an insurance policy to stand out in the market. The rapidly growing number of CAR-T products across several blood tumors, or the increasing number of options in the NSCLC ALK-positive space² are good examples of that. Thus, pharma players are urged to up their game on multiple levels: high-touch customer experience, more thorough characterization of patient populations via more precise evidence generation, and finally, fully delivering on patient centricity, which also means pragmatically expanding patient access to innovative therapies and removing frictions along the patient journey by engaging them in the design process.
- 2. New customer persona.** Customer demand is changing profoundly, with healthcare professionals increasingly pressured for time, operating in resource-constrained practices, and overburdened by a proliferation of clinical data that is hard to timely and adequately digest. They are also learning how to adjust to new, increasingly integrated, and digitized care delivery models which have a significant influence on their daily practices. Greater thoughtfulness and more nuanced customer segmentations are required to identify the right trigger points and bring value to each interaction.
- 3. Ever rising funding pressure.** The fragile economic sustainability of health systems does not make headlines any longer. Nevertheless, the burden imposed on public finances by the COVID crisis as well as the adverse macroeconomic outlook have accentuated the situation. A new “contract” is needed between pharma and health systems to secure timely access to and appropriate use of innovative medicines. That goes beyond novel payment schemes and includes alternative ways to go to market (e.g., population health models), engage stakeholders, and generate compelling evidence.

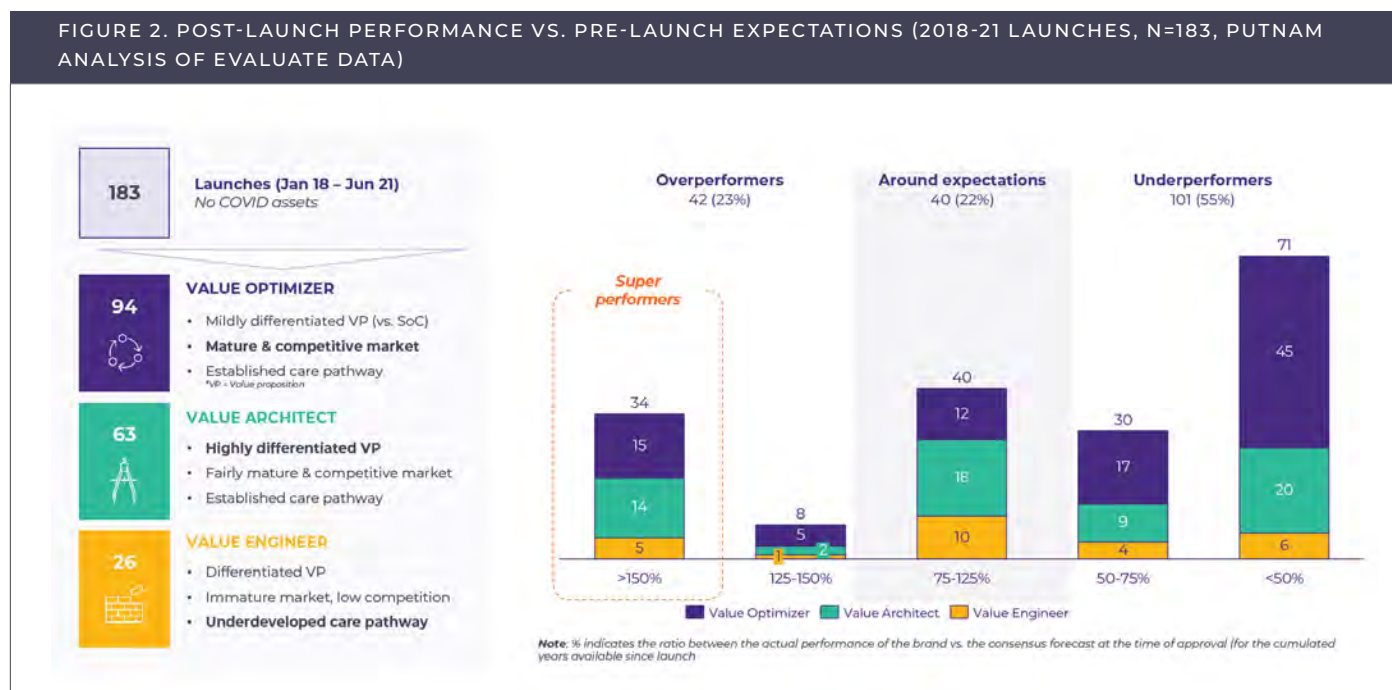
- Health systems evolution.** Funding constraints and the overflow of novel, more complex therapeutics are forcing an evolution of how health systems fund and deliver care. Care pathways across many diseases will have to be re-designed to cope with the increasing administrative, diagnostic and disease management burden imposed by medical innovation (e.g., emerging cell and gene therapies, tumor-agnostic drugs) requiring multidisciplinary approaches as well as new care delivery infrastructures and capabilities. This transformation reiterates the need for a different partnership model between the industry and its stakeholders.
- Shift towards empowered frontlines³.** Pharma frontline organizations are under increasing pressure to balance multiple priorities, from mastering new skills to engaging customers on novel science, communicating in an omnichannel world, and coping with increasingly more demanding and time-consuming cross-functional collaborations. This is all happening in the context of completely new workforce dynamics – across sectors – calling for greater empowerment, engagement and flexibility as opposed to hierarchical top-down organizations and rigid job specs. Frontline teams are the “last mile” of the customer engagement model and poorly engaged, passive frontline teams with sub-par skills can jeopardize how competitive an asset turns out to be in the market.

A closer look at where go-to-market models are today: lessons from recent launches

To measure how pharma is progressing against these radical market shifts, we have conducted a large review of all the pharma launches since 2018 and measured their performance against pre-launch expectations (see box 1 for further details on the methodology).

BOX 1: THE METHODOLOGY BEYOND THE LAUNCH ANALYSIS

The statistics are based on a review of approximately 200 launches from January 2018 to June 2021 based on Evaluate data from August 2022. Under/over performance is defined based on the actual performance of the asset compared to the consensus forecast available at the time of approval (to ensure all the clinical data was correctly reflected into the forecast). COVID-19 medicines were not included in the analysis. All assets have been segmented into three archetypes which are further illustrated in Figure 2, and which are a function of three variables: strength of their value proposition compared to the standard of care, degree of market maturity and competitive intensity, and market development needs.

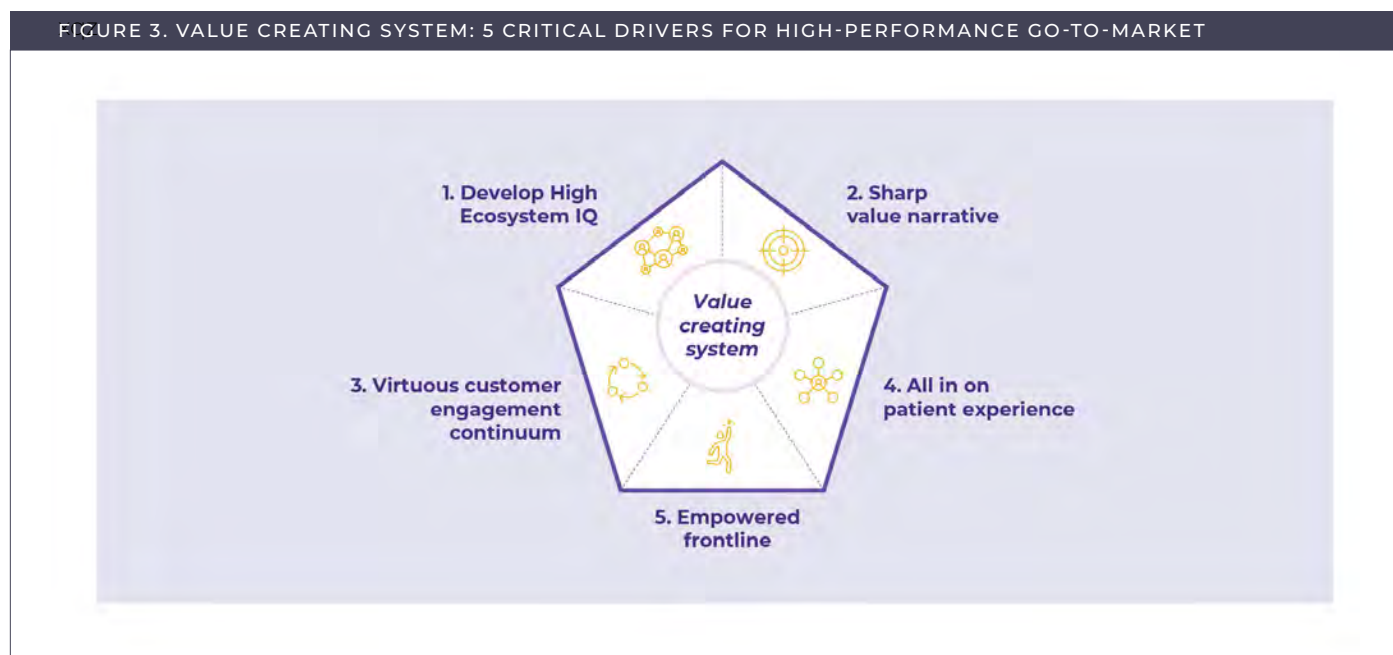


More than 50% of launches (figure 2) do not deliver on initial expectations. That value is even higher in **highly competitive and mature markets** (*Value Optimizer*), with **2 out of 3 launches underperforming**. While the number of underperformers is lower for differentiated assets (*Value Architect* and *Value Engineer*), only 1 in 4 products in this category exceed expectations due to market complexity.

Among the super-performers, Horizon Therapeutics' **Tepezza**⁴ stands out as a true Value Engineer best practice: the creation of a large network of infusion centers, extensive peer to peer education to accelerate awareness around thyroid eye disease, activation of referral networks, and quick execution of DTC campaigns right after launch were some of the key ingredients of a great launch story⁵. Even more impressive was the fact that such a success was accomplished in the middle of the pandemic.

Looking ahead: a recipe for outstanding performance

Laying the foundations of outstanding performance for novel assets starts with a clear-eyed view of what will matter most in tomorrow's market. Across the three asset archetypes, we have analyzed the performance drivers behind each product, and we have distilled **the five drivers** which are critical to establish a virtuous **Value Creating System** and design impactful go-to-market strategies to thrive in tomorrow's healthcare ecosystems.



1. Develop high ecosystem IQ

Burning platform for change. Greater connectivity and interoperability have been on the agenda of most healthcare systems for years with the aim to create more efficient and effective care delivery models. The activation of Integrated Delivery Networks (IDNs) in the US, coordinated care models in many regionalized systems around Europe (e.g., Italy, Sweden) and the most recent creation of Integrated Care Systems (ICS) in the UK are all tackling the same set of challenges. While in the near term, countries will move at different pace, there is little doubt that by the end of the decade, pharma go-to-market models will need to be able to create value for more complex care ecosystems, characterized by a plurality of actors (some of which will come from other sectors). The transition will be further accelerated by what is brewing in pharma R&D. Over 25% of the new products fall under the *Value Engineer* archetype⁶ which means that they are expected to require significant heavy lifting in terms of, for example, care pathway enhancement (e.g., additional infrastructure, new capabilities across key sites) and improvement in disease understanding via natural history studies and greater disease awareness. In our launch analysis, about 40% of *Value Engineer* assets deliver below expectations, and less than one in four exceeds expectations. For instance, several drugs for highly targeted tumors whose uptake is dependent on the adoption of gene-sequencing tools have all struggled to drive rapid uptake (e.g., Roche's Rozlytrek and Bayer's Vitrakvi for NTRK gene fusion-driven cancers).

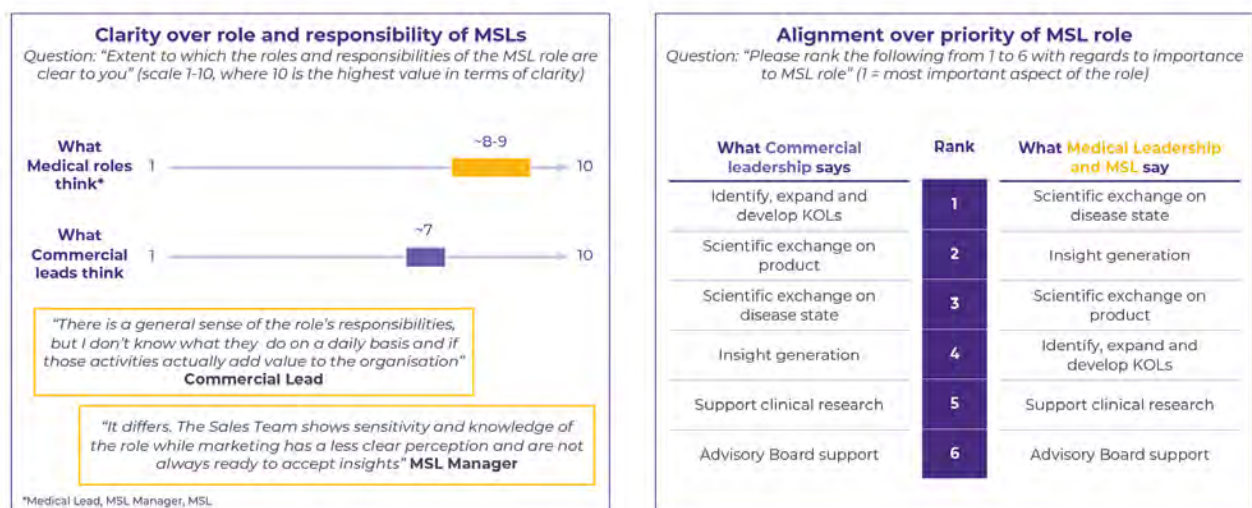
The call to action. High performance organizations will develop **high ecosystem IQ** to intimately understand the environment and its inter-connected stakeholders, thus contributing **to shape the market and drive rapid adoption of medical innovation:**

- a. Boost **market understanding of network dynamics** by combining advanced analytics and **early activation of highly skilled in-field task forces** to map out the nuances of local ecosystems,
- b. **Shift investment mindset** towards **more cross-functional, multi-stakeholder projects** (vs. siloed initiatives) to address market bottlenecks and build value-adding partnerships,
- c. Re-purpose customer-facing roles by **establishing market development competences**, both in mature and fragmented therapy areas.

2. Articulate sharp value narratives

Burning platform for change. Almost 60% of all *Value Optimizer* and *Value Architect* assets have performed below expectations, highlighting a common challenge to many product launches: intense competition and narrower window of opportunity for new brands even when they are first or second to market. A common trait of successful brands in this space is the ability to elevate their narrative, by engaging early on with the medical community and its thought leaders, payers, and patient advocacy groups, to pressure test the value proposition, adequately characterize patient segments, and ultimately secure rapid product adoption at launch. Internally, this also means nimble and more rapid coordination between head offices and local affiliates to ensure that the value proposition fully reflects the needs of local decision-makers. In this journey, evolving and increasing the centrality of the medical frontline will help connect the dots between the science of the product, the target patient populations, and the required supporting evidence, to ultimately drive better and more timely product utilization. Yet, there is still some ground to cover. Our benchmarks clearly indicate that there is still a disconnect between how medical affairs teams perceive their role as opposed to their commercial counterparts: more focused on insight generation and shaping of the disease area narrative the former, more product-centric and limited to KOL engagement the latter (figure 4)⁷.

FIGURE 4. ALIGNMENT BETWEEN MEDICAL AND COMMERCIAL ON CORE PRIORITIES FOR MEDICAL FRONTLINE TEAMS (SOURCE: STEM BENCHMARKS, > 2,000 FIELD MEDICAL PROJECTS ACROSS MULTIPLE GEOGRAPHIES)



The call to action. Successful products will **turn their asset's competitive advantage into a sharp value narrative** built on compelling, timely, well-articulated evidence that harmonizes multiple stakeholder perspectives:

- a. **Nail the trailer.** Create anticipation and awareness by building a strong advocacy and disseminating supporting evidence ahead of launch,
- b. **Get the casting right.** Evolve medical teams to be the prime storytellers across multiple stakeholder audiences as well as drive continuous evidence generation in collaboration with key advocates,
- c. **Produce and deliver a compelling story.** Elevate the value narrative via the most locally relevant evidence base, co-created with key affiliate teams and external stakeholders early on along the drug development journey.

3. Establish a virtuous customer engagement continuum

Burning platform for change. In an industry that has accelerated its shift towards digital channels and better orchestration, the holy grail remains the ability to create a virtuous customer engagement continuum where each interaction point adds value and nudges the customer one step further along the adoption ladder. Our benchmarks (source: STEM⁸) indicate that companies that are able to create that virtuous continuum via their go-to-market teams, can drive an uplift in performance⁹ up to 2.5 higher than less seamlessly orchestrated models. Yet, this is still not happening consistently within and across organizations.

That is even more relevant for *Value Optimizer* brands (66% of which underperform vs. expectations), where attention to details matters even more. Among the top performers, clear best practices are offered by two launches in the migraine space such as AbbVie's Ubrovly and Biohaven's Nurtec¹⁰, with the former being the best performing brand vs. consensus expectations, topped only by Horizon's Tepezza.

The other major shift is the growing demand for contents that move beyond the product and engage HCPs on subjects that enhance the value of their practices, from disease-related topics (e.g., novel natural history studies) to patient case management. For example, in the immunology space¹¹, the delivery of those contents led to the identification of AbbVie as the company with the most customer-centric engagement model. And the presence of Skyrizi and Rinvoq among the super-performers is a testament to that (certainly amplified by the long-standing legacy in the same therapy areas built through Humira).

The call to action. Best performing companies will take customers along a personalized engagement continuum, characterized by the optimal sequence of contents, channels and roles (e.g., MSLs vs. sales reps or KAMs), and anchored to an in-depth understanding of customers' needs and the context they operate within:

- a. **Enrich the traditional pull and push model, by adding a third dimension, "re-frame"**, to overcome HCP prescribing inertia via the delivery of relevant, customer-centric content and further aided by a more prominent role played by medical frontline teams,
- b. Anchor customer engagement strategies to **more nuanced, up-to-date segmentations** that systematically **embed behavioral and influence network dynamics**,
- c. Create a virtuous customer engagement continuum which is consistent not only at individual stakeholder level but within accounts and local ecosystems, to **deliver a recognizable and distinct customer experience**, the same way companies in the entertainment and hospitality industries do.

4. Go all-in on patient experience

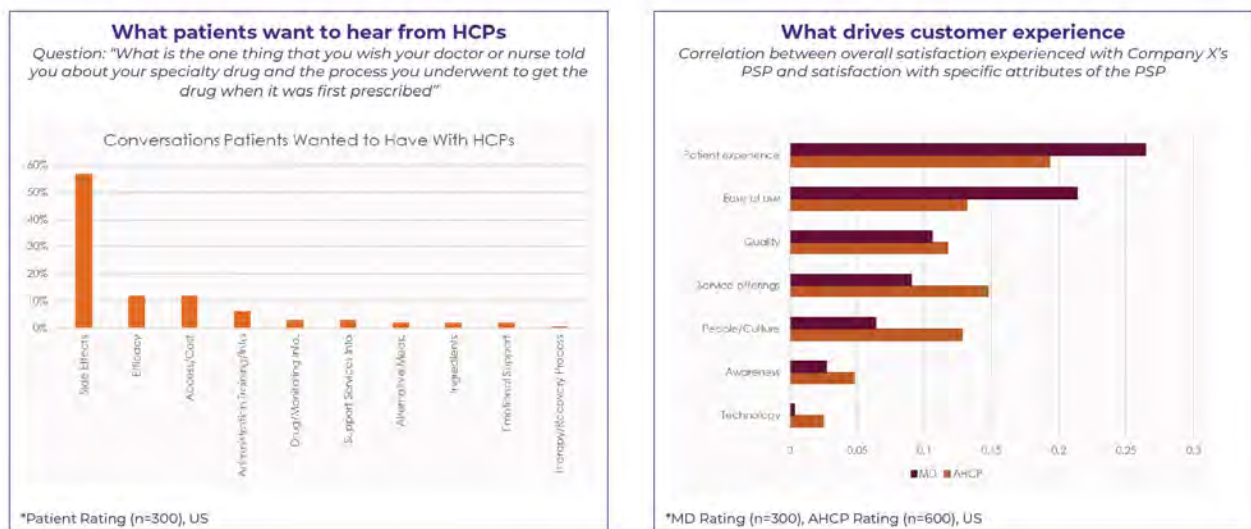
Burning platform for change. The need for patient services (i.e., Patient Support Programs) has never been greater. Three key factors are urging companies to step up their game around patient offerings: overstretched healthcare systems posing challenges for patients to timely access medical professionals, new care delivery models increasingly relying upon digital channels and telemedicine and, generally, the availability of more efficacious therapies which often come with burdensome administration procedures attached.

There is still significant value that can be unlocked by improving support and overall experience along the whole patient journey. And the value can come in two forms: as a **differentiation lever** in crowded and mature spaces where product attributes can only move the needle marginally; and as a **market development lever** to address bottlenecks that are limiting or delaying patient access (e.g., gaps in onboarding services) or improving adherence to therapy.

Yet, the industry has still a long journey ahead to replicate the slick experience that patients (as consumers) go through in other fields, like those offered by the likes of Amazon, Ikea or Starbucks.

For example, clear communication upfront on the drug's side effects would mitigate the most pressing patient's concern when starting a new therapy, which may lead to high drop-off rates along the treatment journey. In our research (source: PURE Report, Nuvera¹²), we have found that more than 50% of patients identified side effects as the one thing they wished the doctor told them when the drug was first prescribed to them (see figure 5).

FIGURE 5. PATIENT PREFERENCES AND SATISFACTION DRIVERS IN PATIENT SUPPORT PROGRAMS (SOURCE: PURE REPORT, NUVERA)



Optimal onboarding plays a critical role in the overall patient experience as the stress level for patients tend to be higher at the start of the journey. And greater patient experience is the top driver behind HCP satisfaction with the program (followed by ease of use, while technology is last one).

The call to action. Virtuous companies are the ones which fully commit to drive great patient experience by delivering on those critical micro-moments along the patient journey:

- Shift approach to PSP design from "ticket to play" to **"play to win" mindset**. In other words, the PSP is not just another box to check, but a key component to drive the commercial success of the brand,
- Adequately **fund investment** into novel ways to uncover unmet needs and **design best-in-class patient services** to stand out in crowded (differentiation lever) and complex markets (market development lever),
- Integrate patient engagement strategies** and execution **into brand planning activities** and scale globally.

5. Empower frontlines to maximize “last mile” performance

Burning platform for change. The “last mile of any go-to-market model” is a key step to drive differentiation in crowded and complex markets. Local nuances that are critical to ensure market fit and understand potential frictions along the journey can only be captured by maximizing the proximity to local customers. That requires a greater degree of frontline empowerment to better anticipate local needs, rapidly respond to market dynamics and work collaboratively with local stakeholders on key strategic initiatives.

Yet, while frontline teams still represent a significant component of the approximately 300¹³Bn USD that the industry has invested in SG&A¹⁴ in 2021, most jobs are still anchored to a legacy model where field teams are mainly focused on value extracting activities (i.e., field operations and pure execution) rather than value creation activities (e.g., market shaping, local evidence generation).

There is a clear need for new competences to capture the value of novel assets, but the approach taken is still primarily incremental. Frontline roles are juggling new responsibilities added on top of their current job description (while still adjusting to new omnichannel requirements) and in some cases they have been asked to coordinate with an increasing number of roles whose responsibilities are clearly defined only on paper.

Finally, despite customers (e.g., HCPs) increasingly turning towards on-demand platforms to source medical information on products and diseases, frontline teams do remain one of the key touch points for customers and are likely the largest source of customer insights most pharma companies can rely upon. Yet those insights are sub-optimally gathered and shared¹⁵ with the rest of the organization (both across the frontline as well as office-based teams).

The call to action. Re-purposing frontline resources and transferring decision-making power closer to the frontline will be a *must have* to enable organizations to increase customer proximity and maximize “last mile” performance:

- a. Build a **microenterprise mentality**, where frontline teams act as “CEO of their territory”, with greater decision-making power (and resources), behaving as change agents and responsible to drive high-impact customer engagement,
- b. **Shift focus** from field operations and execution **to strategic project management** geared towards maximizing customer engagement and enhancing the patient journey at local level,
- c. **Re-think roles, competences, and frontline organizational models** in sync with the roll-out of technology enablers (e.g., new omnichannel platforms), by **starting from a clear articulation of the “customer jobs to be done”** and tailor roles to their specific needs instead of trying to simply re-label legacy roles.

Final reflections

As established portfolios are under constant pressure due to increasing payer scrutiny and the looming loss of exclusivity of the largest blockbusters, capitalizing on the value of novel assets is more important than ever. As Bill Gates puts it “*Most people overestimate what they can do in one year and underestimate what they can do in ten years*”. The calls to action highlighted in this paper will certainly need a longer timeframe than 12 months (of course, some companies are further along the transformation process) as they are all built on the premise that a significant re-purposing and upskilling of current capabilities will be required. What matters now is a clear roadmap ahead, while establishing priorities on what the critical initiatives are to steer the organization on a virtuous path to design resilient and future-proof go-to-market models. That is no longer optional in order to deliver on the promise of R&D innovation and stand out in complex healthcare ecosystems!

References

- 1 Putnam analysis of Evaluate data 2000-2028 (forecast data comes from sell-side consensus forecast, actuals come from company reported filings); private companies are not fully represented in the data
- 2 Pure ALK-positive therapies for NSCLC currently include: Alecensa, Zykadia, Alunbrig, Xalkori, Lorbreña
- 3 In this paper, frontline refers to all those pharma roles which spend most of their time in a customer facing capacity (field-based or via remote channels)
- 4 Tepezza (teprotumumab) was approved by the FDA in January 2020 and indicated for thyroid eye disease
- 5 Source: Tepezza quarterly earnings calls in 2020-21
- 6 Archotyping based on a review of the 400 most promising pipeline assets in terms of 2028 consensus forecast (source: Putnam analysis of Evaluate data)
- 7 The benchmarks are the intellectual property of STEM, an Inizio Advisory company
- 8 Benchmarks gathered by observing numerous field teams across many companies and how they operate (each interaction tightly linked to the previous touch point vs. a less harmonious approach)
- 9 Measured in terms of call outcome
- 10 Pfizer has announced the acquisition of Biohaven in May 2022, but the deal has closed in early October
- 11 Survey of 400 specialists worldwide asked to identify the most customer-centric companies in rheumatology and dermatology (source: Trilations)
- 12 The PURE Report is intellectual property of Nuvera Life Sciences Consulting, an Inizio Company
- 13 Evaluate data
- 14 Selling, General & Administrative expenses
- 15 Within compliance boundaries set by local regulations