

Cost Pressures on Life Sciences and Pharmaceutical Industry

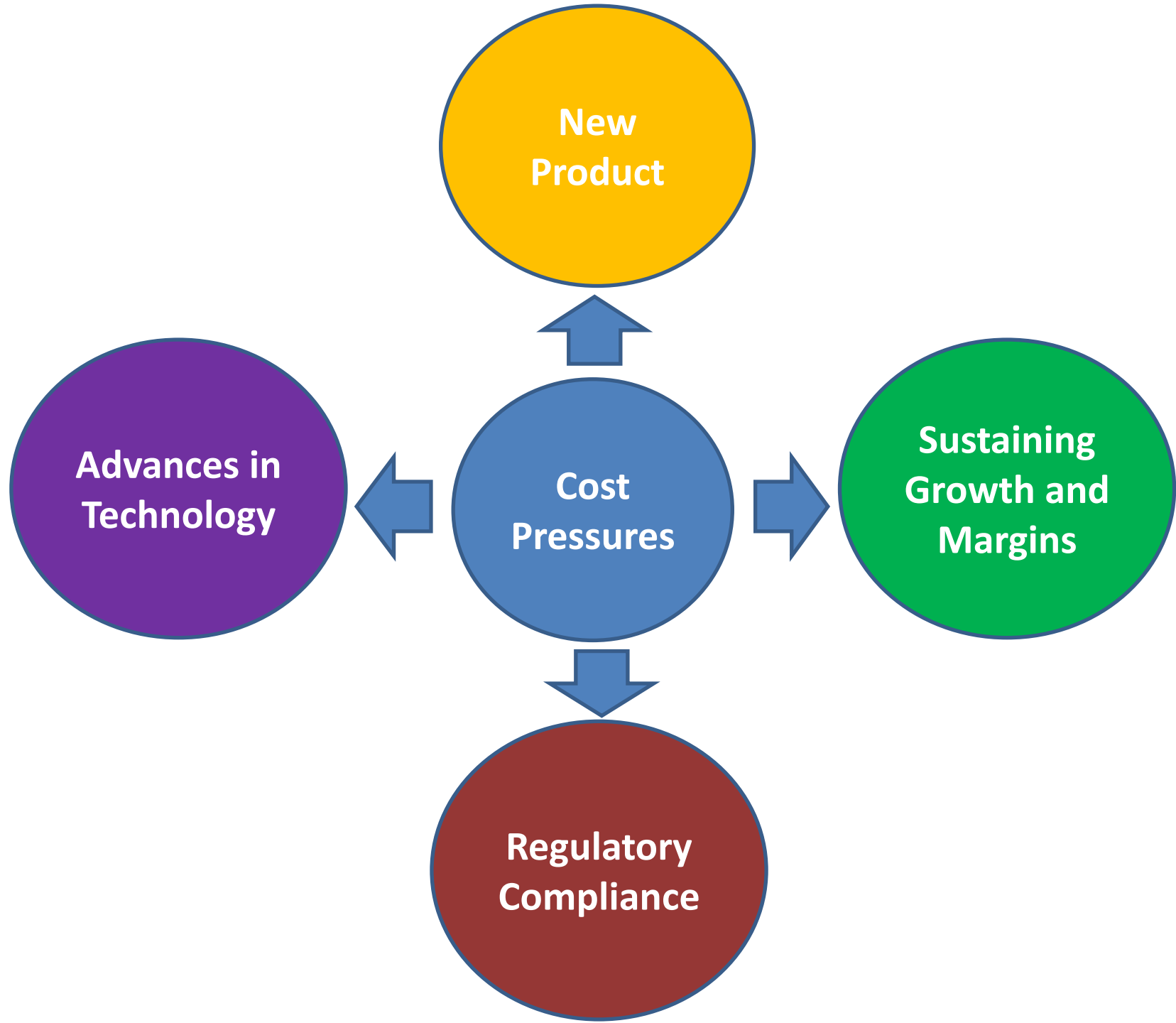


In WHO's words

“an inherent conflict of interest between the legitimate business goals of manufacturers and the social, medical and economic needs of providers and the public to select and use drugs in the most rational way”.

Objective

- To identify the key focus areas of cost pressure on life sciences and pharmaceutical industry (LSPI)
- To determine the impact of cost pressures on LSPI
- To recommend on reducing the cost pressures on LSPI



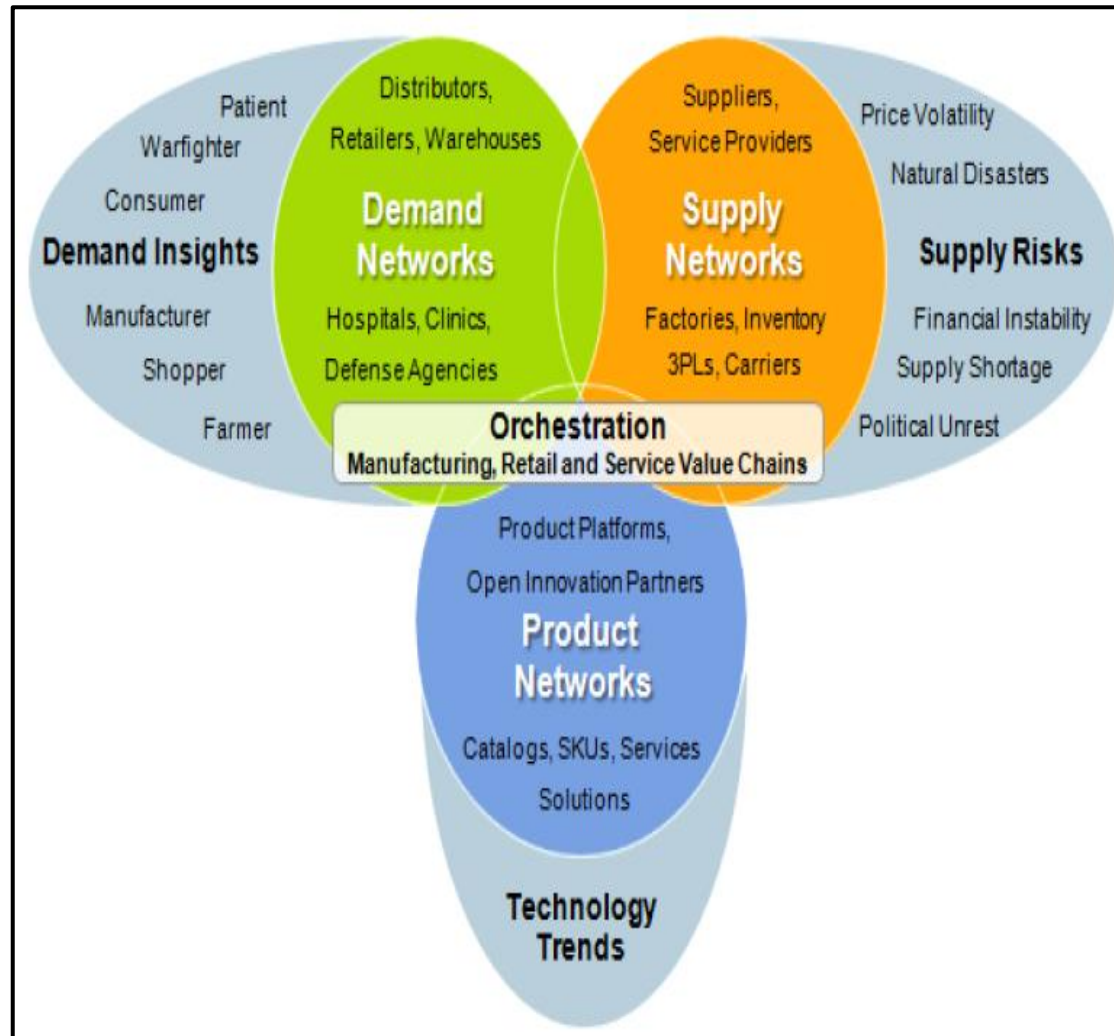
New Product

Reasons for the Pressure	What needs to be done?	How can it be done?	Tools/ Strategies that can be used
<ul style="list-style-type: none">• Loss of patents and exclusivity and threats of generics and biosimilar are forcing new products to fuel future growth• Expensive R&D , sales and marketing process, and declining rate of New Drug Approval (NDA) are driving up costs	<ul style="list-style-type: none">• Need to align R&D with manufacturing processes• Need to find opportunities in emerging/developin g markets	<ul style="list-style-type: none">• Merges and acquisitions• Perform market research before launching a product (new or existing product)• Social Media Analytics• Focus on niche products	<ul style="list-style-type: none">• Healthcare value chain• Google Analytics/ Big data analytics• Shift from volume to value (orphan drugs)

Sustaining Growth margins

Reasons for the Pressure	What needs to be done?	How can it be done?	Tools that can be used
<ul style="list-style-type: none">• High inventory levels• Push to reduce healthcare costs is putting pressure on the high margins traditionally enjoyed by Life Sciences companies	<ul style="list-style-type: none">• Production needs to be demand-driven• Need to improve operational efficiency	<ul style="list-style-type: none">• Demand/Value – driven business models• Process Standardization• Performance metrics	<ul style="list-style-type: none">• Demand Driven Value Network• Manufacturing Execution Systems• Business Intelligence Tools

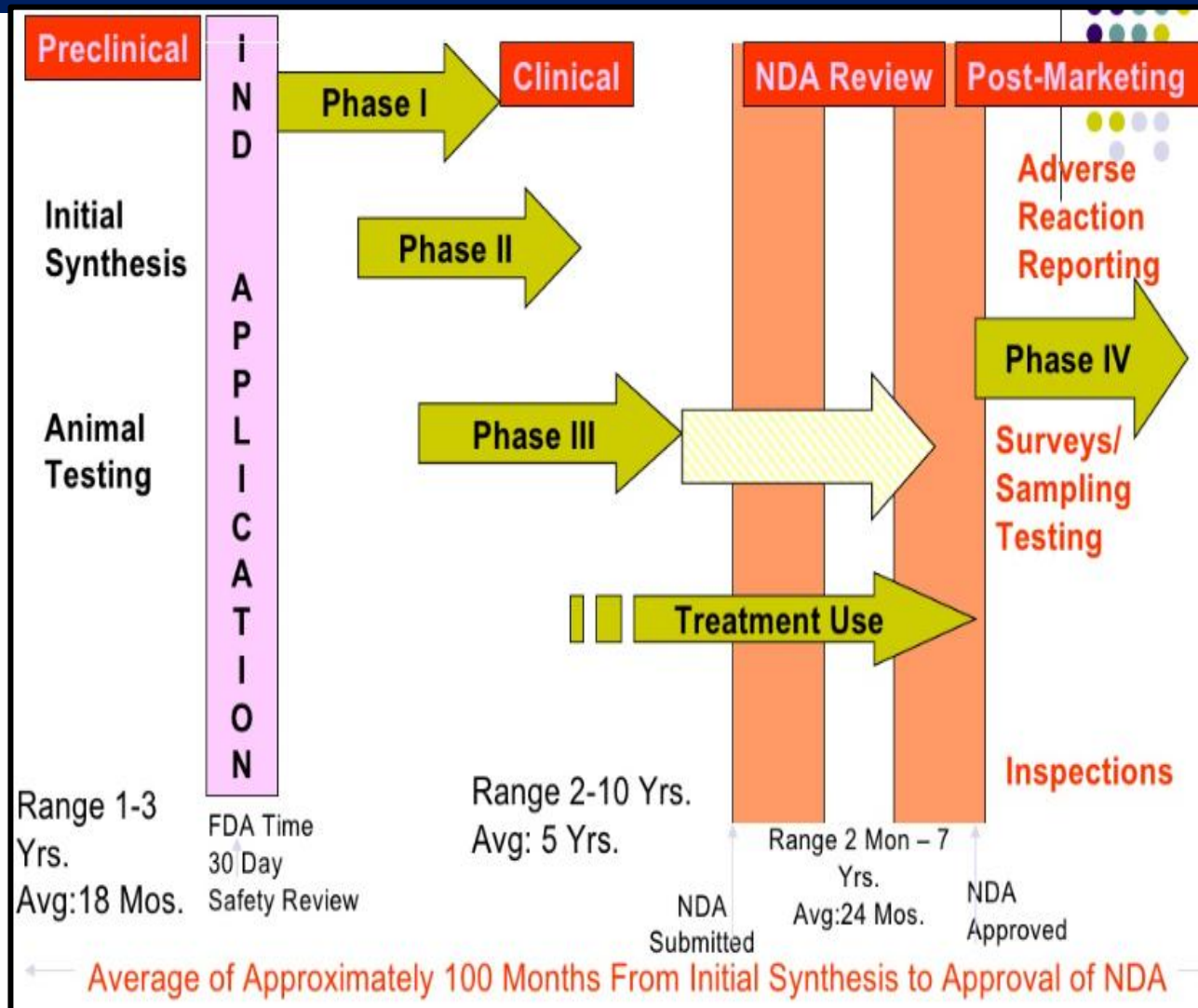
Demand Driven Value Network (DDVN)



Regulatory Compliance

Reasons for the Pressure	What needs to be done?	How can it be done?	Tools/ Strategies that can be used
<ul style="list-style-type: none">• FDA regulations have increased cycle-times• Illegal marketing has resulted in expensive lawsuits	<ul style="list-style-type: none">• Need to improve compliance• Need to improve security and implement preventive measures to avoid legal issues	<ul style="list-style-type: none">• Scalable and secure IT platforms• Work with regulators, collaborate with providers and payers to perform continuous trials	<ul style="list-style-type: none">• Integration of all the processes• Closed-loop process

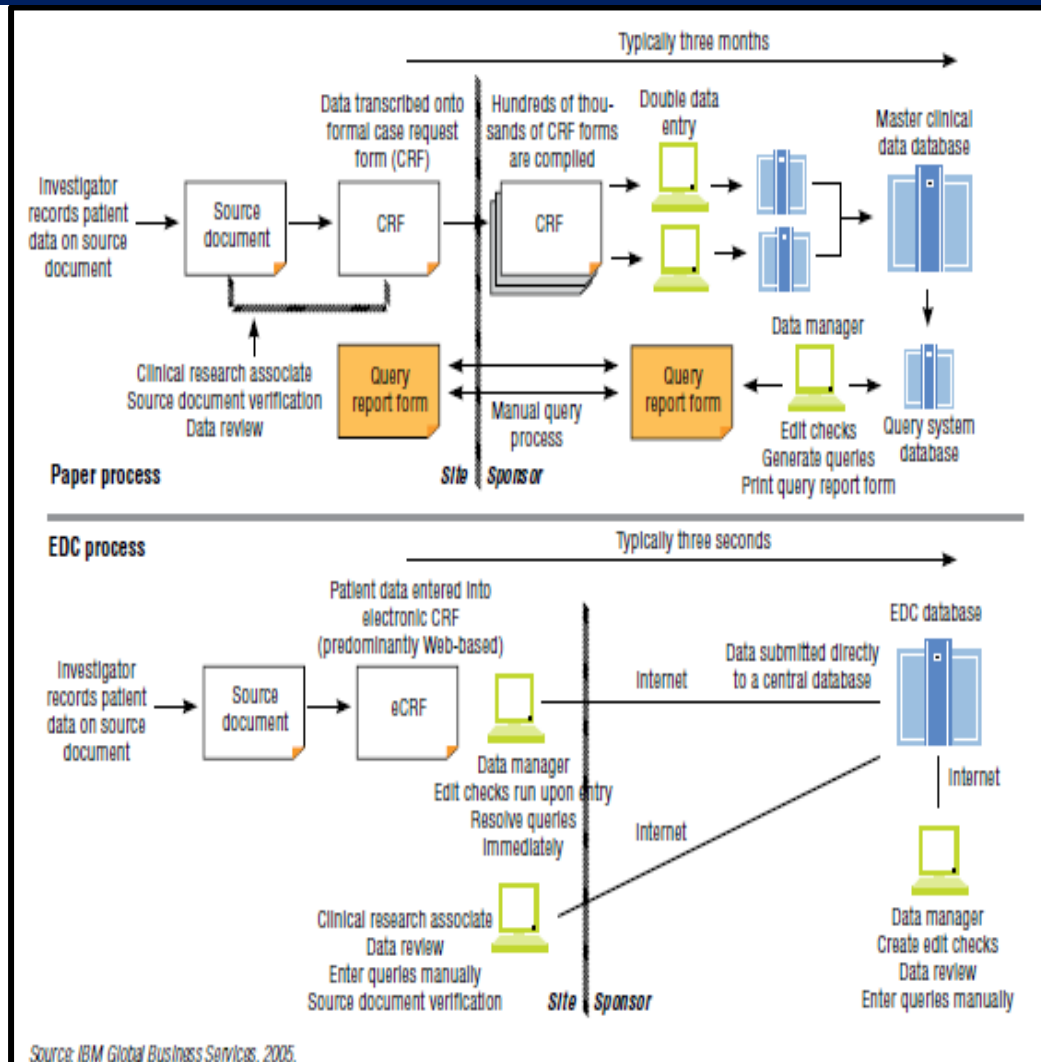
Drug Development Process



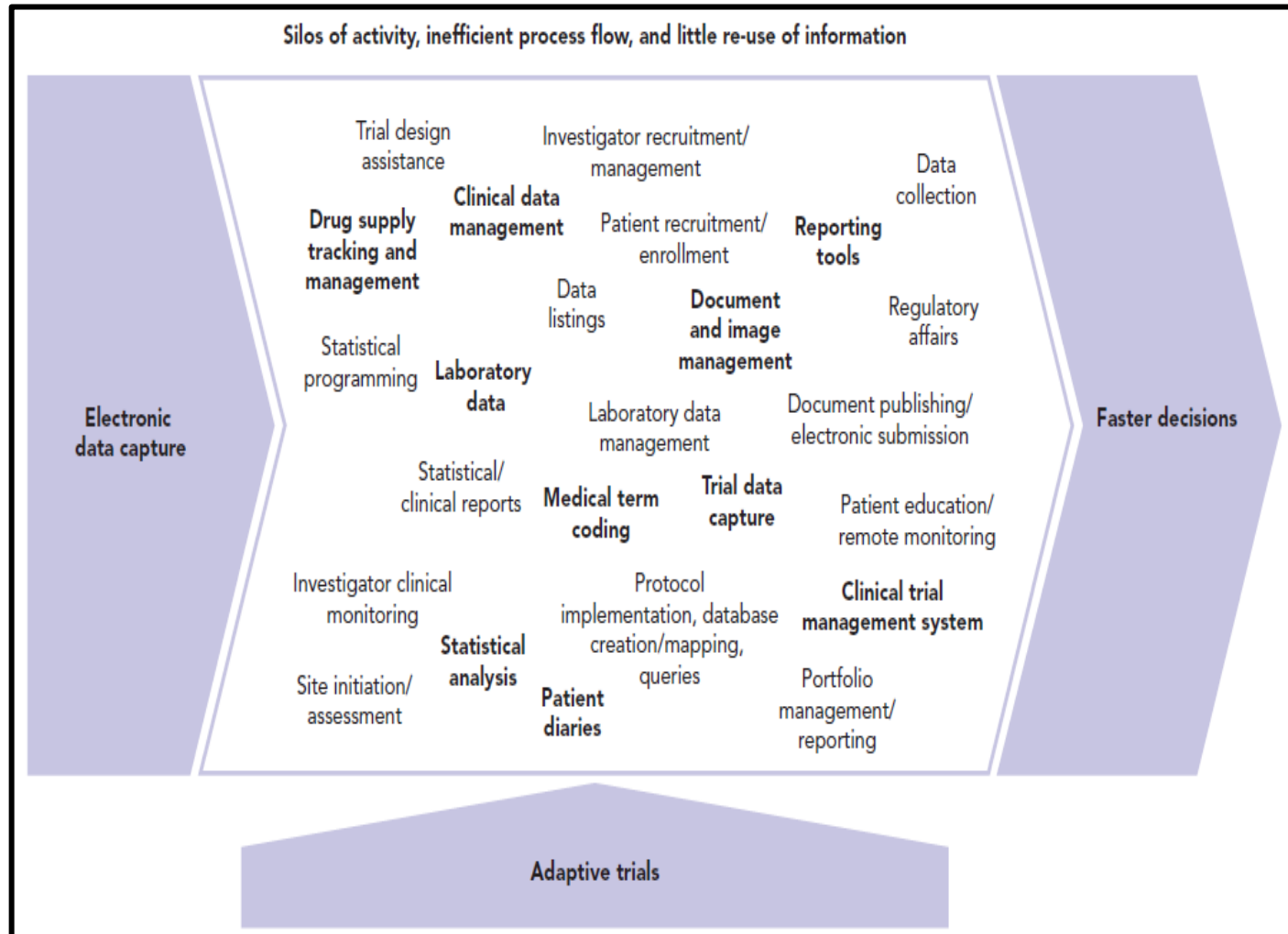
Advances in Technology

Reasons for the Pressure	What needs to be done?	How can it be done?	Tools/ Strategies that can be used
<ul style="list-style-type: none">• Not able to leverage value from IT investments	<ul style="list-style-type: none">• Need to invest in IT to streamline processes	<ul style="list-style-type: none">• Integrating applications to help reduce cost• IT technology investments to streamline data management and reporting• Virtualise R&D	<ul style="list-style-type: none">• Development of a common data base with real-time data accessible by LSHC industry• E-clinical Environment (Semantic Technology)• Out-Source• Digitalization

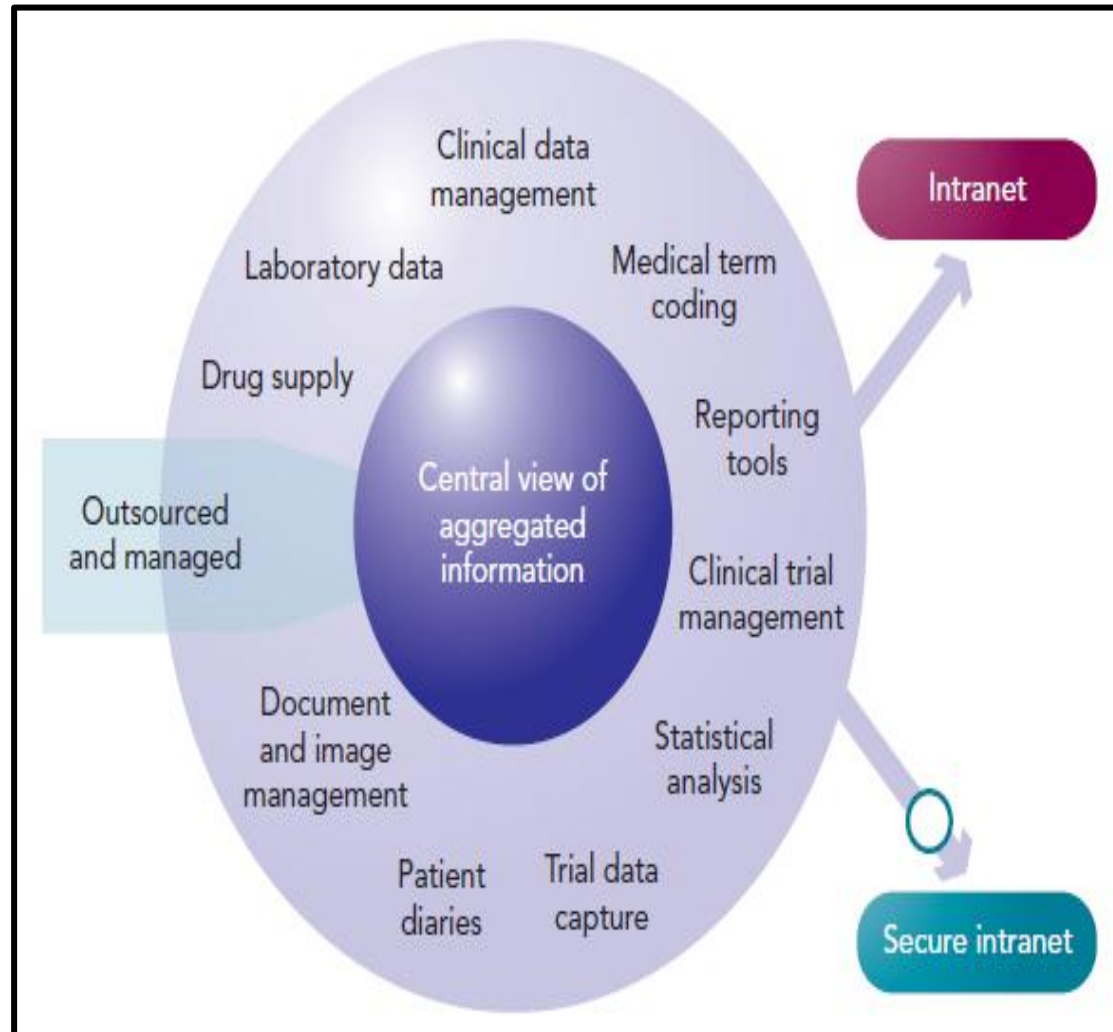
E-clinical Environment



Virtualize R&D



Virtualize R&D



Recommendations

- Strong database where all historical as well as real-time data is available and accessible by providers and payors as well
- Digital health is a way for pharma companies to be more relevant in healthcare
- Development to new products according to the value it holds to the customer

Thank You