CHANGING THE ECONOMIC RELATIONSHIP WITH CUSTOMERS IN BIOPHARMA

VIDEO TRANSCRIPT

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Today's biopharma companies are being asked to change how they engage economically from all angles.

Governments, people, and payers.   40 biopharma executives that we engaged with told us that they expect margins will decline over 6 percent on average over the next five years.

Meanwhile, policy and regulatory change looms over profitability. However, these dynamics can present an incredible opportunity for those companies who are willing to consider a new approach.

Given this environment, how should biopharma companies seek to transform their economic model and their relationship with customers? Being able to quantify, communicate, and capitalize on the better health outcomes delivered by New Science will be critical to this success. This begins with changing financial relationships with customers, stakeholders, and markets around the world for treatments where there is shared value to be unlocked.

Let's look at three ways biopharma companies can achieve this:

-1. Know where and when to apply and scale these new types of economic relationships with customers.

2. Tailor the access and affordability models to meet the customer and specific market needs around the world.

3. Identify treatments that require these innovative approaches but identify them early in the lifecycle to get ahead of customer engagement barriers.

Now, are we saying that all treatments will require some innovative partnership approaches? No. Some won't be economically viable to pursue innovative models for the payer or the manufacturer.

In such cases, the traditional price and discount models may be the most effective and/or the most efficient.

But biopharma companies should seek targeted opportunities to pursue innovative models where it matters most—in cases where a treatment will be access-constrained for the payer or the patients --and where there is meaningful shared value that can be unlocked with such an approach.

For example,

Find ways to share risk both upside and down to demonstrate superior population or patient outcomes—especially for launch products, where manufacturers have traditionally been reticent to share in the risk around real world outcomes.

Or for low-cost, products near commoditization, consider disruptive channels such as direct-to-consumer models that bypass parts of the value chain entirely and offer a differentiated experience with greater convenience. Or find ways to share in the success of better outcomes by passing on benefits to the patient. Or rewarding beneficial behavior such as adherence.

This is the economic future biopharma's face.

It is not one to deny or dismiss, but rather an opportunity to embrace the much-needed change and proactively engage in not just being part of the future but shaping it. Doing so not only benefits the bottom line but will directly serve the most important customers biopharma companies have…the patients themselves.