



New Perspectives for Unlocking Value in Pharma: The Power of Outside-In

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TODAY'S REALITY CALLS FOR OUTSIDE-IN

“We are blinded to new opportunities to better serve patients, support physicians and meet the needs of payers by our focus on internal activities.”

At OXYGY we have the privilege of working with many small, medium and top 10 pharma companies at corporate and local levels, worldwide. From early research through to lifecycle management it is exciting to help our clients achieve sustainable improvements in performance in a volatile world.

The functions, geographies and teams with whom we engage all exhibit a powerful intent to do better for patients, and a drive to ensure life changing medicine gets to those that need it. Naturally, such ambitious missions present a number of challenges, of which there are three trends in particular we have regularly observed across our life sciences clients:

1. The shift to specialty and Rare Disease medicines, and the associated evolution of operating models.
2. The drive to reduce time to market for new products, with the broadest possible access
3. The need to effectively run multiple go-to-market (GtM) strategies, for products from Gx to Digital.

It is clear from the trends we see in the industry that the ways of working in Pharma are changing. R&D costs doubled in the last 10 years, while peak sales forecasts have halved, so Pharma must alter its approach to bring access to life changing therapies

for more patients at affordable prices. We believe there is a common, consistent thread through all of the challenges: perspective.

While the pharma industry aspires to “put the patient in the center of all we do” the day-to-day perspective and focus is still internal. Historically, the industry has been predominantly science driven, not patient-driven; understandably when a single new molecular entity could generate well over \$1 billion in annual sales through patent protected products. Today's reality calls for:

1. superb insights beyond patients and traditional health care professionals
2. demonstration of better health outcomes rather than simply providing clinical trial data
3. agile ways of operating that deliver greater value to stakeholders and the health care system.

Adapting to the new reality starts with changing perspective to Outside-In.



LET'S SET THE SCENE WITH THREE STORIES...

Let's consider 3 real examples from senior pharma leaders facing critical scenarios, that highlight the issues raised above.

JENNIFER

Jennifer, General Manager of a large EU affiliate for a well-known global pharma company, started another week managing the challenging launch of a new asset. The first launch in this field for many years, great patient unmet need, first to market, great phase 3 data, but yet launch uptake was very slow.

The positioning was just not resonating. Yes, the patient outcomes seen in phase III trials were exceptional,

but HC systems were reluctant to engage, and the strategies pushed from HQ were not unlocking access for broad populations. An adherence to historical, traditional marketing and sales message delivery through broad coverage and frequency of target HCPs, now integrating digital elements of an omnichannel strategy, was failing to truly reach the contacts it was supposed to and was generating very limited engagement.

MEERA

In the global HQ, Meera, the commercial lead for early products, was fretting. "We are now entering critical development decision phases. Clinical & Technical R&D are aiming for registration and are pushing hard to accelerate time to market; but we are simply not structured to get insights from the systems/hospitals into which the product will launch." Irreversible

decisions are being made which will drastically affect commercial viability – e.g. the preparation, the patient populations targeted, even the packaging. While the company has commercial presence and visibility within this specialty, without data transferability or fluidity they do not have access to historical insights to lean back on.

IVAN

As GM for a cluster of countries, Ivan considered the long list of launches for new indications for his key immunology asset, as well as three new Rare Disease products coming in as part of an acquisition. Historically, his organization has been very successful with three self-contained business units (BU) built

around three major small molecule products. Each BU has its own unique strategy, plans, field forces. Looking ahead to the loss of exclusivity, and dramatically reduced access to physicians, Ivan must be more agile and innovative in how his organization operates in future.

Despite the fortunate situation of having one or more launches of promising new assets with strong data ahead, despite organizational efforts to accelerate time to market, despite a track record of successful past launches, the 3 protagonists are struggling.

LOOKING INTO EACH, CAN YOU SEE A COMMON ROOT CAUSE?

In each of those three examples – lets dig into each and see the themes that emerge:

For Jennifer, of course there is huge pressure to achieve targets.

Executives at very senior levels of the company were involved in goal setting and they were very excited about the potential of the asset. There was a predominant attitude of 'it'll sell itself' and confidence in traditional approaches which were successful in the past. Therefore, very few questions were asked by global to the markets on HC system needs/challenges to gather insights for strategy development.

This demonstrates a failure to understand the reality: that a first-in-class product meant significant changes in patient and prescription management – everything from diagnosis to maintenance would require adjustments to protocols, guidelines, staffing, pharmacy management etc. at the center, hospital and health authority levels in most markets. But global gave limited air time to this in the strategy, operations or deliverables, hamstringing local success.

The Patient journey understanding in the global brand plan was limited to points which would influence prescribing only, with a focus on opportunities to change prescription.

The result was a highly brand centric Omnichannel strategy focused on pushing messages that matter to the company but were not resonating or meaningful to the HCPs they were aimed at. This was further complicated by the fact that the launch strategy focused solely on HCPs, while the most important stakeholders were those in administrative or management levels within the HC systems, for whom no strategy at all was developed.





For Meera

At this early stage, there was major pressure on C&T R&D to reduce long development cycles and to demonstrate the potential of this new compound as quickly and cost-effectively as possible.

Registration was the primary driver for the team, which led to a strong focus on appropriate patient outcomes meaningful for key experts, trial leads and regulators, but not sufficiently reflecting realistic clinical practice nor broader population or system needs i.e., registration rather than access for patients was the goal.

While this was not a new therapeutic area for the company, historical data and insights were not efficiently used to challenge assumptions or to uncover blind spots, due to a lack of data sharing and appropriate analytics.

Moreover, trial sites were inconsistently managed, with a poorly-balanced mix of CRO, Clinical Development and Medical Affairs involvement resulting in unclear customer accountability and a focus on internal tasks only.

Proper cross functional collaboration and insights sharing was further impeded by recent restructuring which placed global functions as the key decision makers, with scarce opportunity for affiliate engagement.

As such, clinical and technical development decisions were based primarily on internal drivers, with limited understanding or appreciation of the implications of broader commercialization needs.

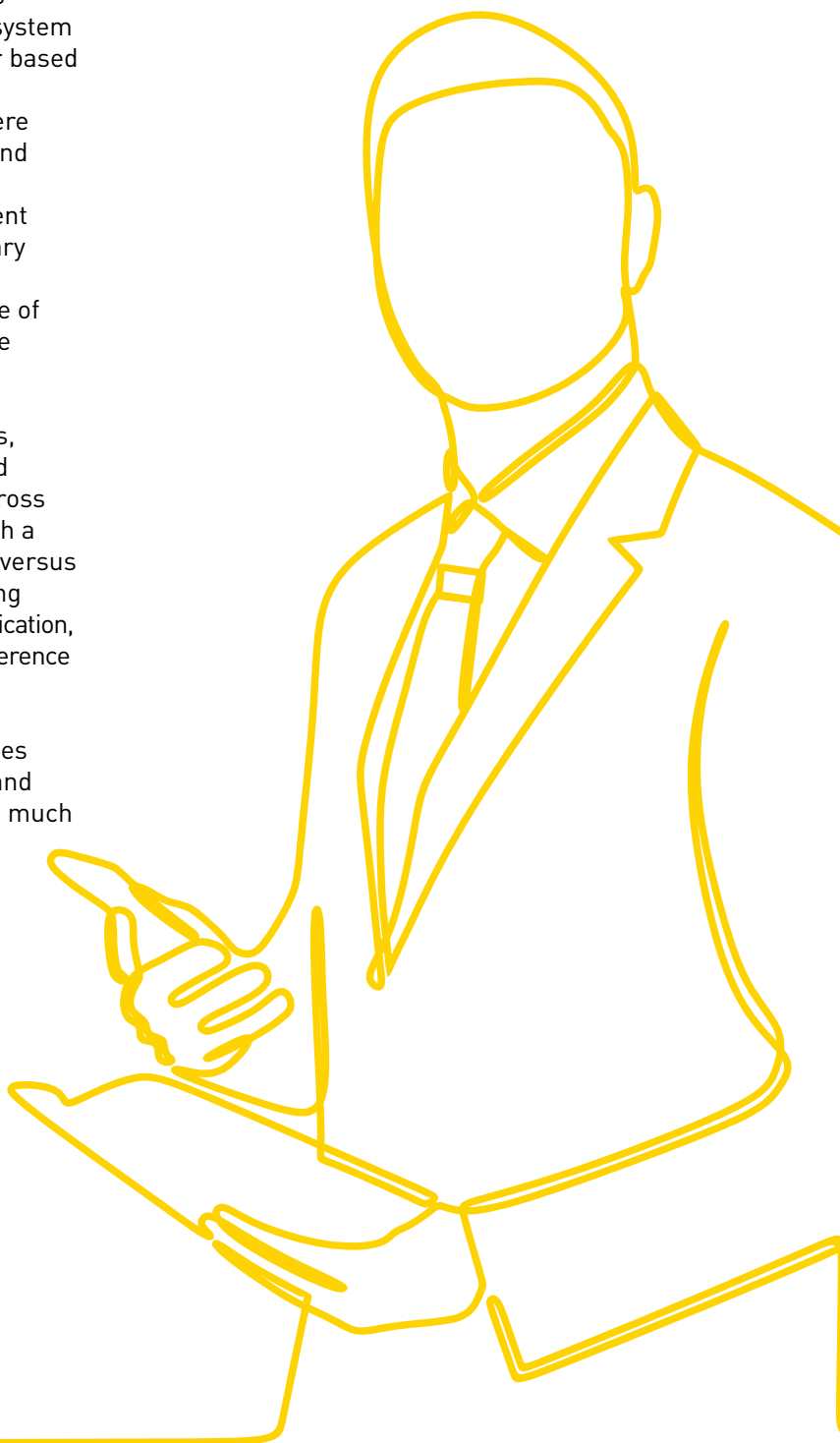
For Ivan

Historical success has created inertia in traditional commercial approaches and solidified the common belief that every brand strategy has to be driven completely independently.

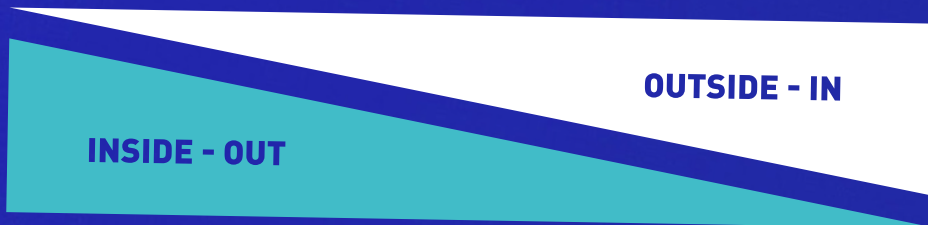
Marketing capability and intent was highly traditional. The patient and system perspective were largely ignored or based on HCP memory and perception. Only parts of the patient journey were covered lacking a comprehensive and realistic view from all stakeholder perspectives. Brand and engagement plans were derived based on Primary and Secondary Market Research of HCPs only, and executed in the style of advertising and awareness, with the driver being repetitive messaging.

Large, brand dedicated sales forces, with limited collaboration or shared planning between sales lines or across functions, were driving demand with a strong emphasis on differentiation versus competition, largely underestimating success drivers such as patient identification, referrals, diagnosis, affordability, adherence etc. in specialty and rare diseases.

However, small molecule approaches based on share of voice, coverage and frequency are no longer relevant to much smaller and specialized audiences and definitely no longer useful and affordable for small and mid-sized assets in rare diseases.



THE BIGGEST TREND THAT WE SEE...



What do you see? In all three stories there was an adherence to the past, to what has been successful, to repeating the strategies that leaders mistakenly believe they could fall back on. In all three examples, decision making was driven from a company and brand perspective rather than a stakeholder and system perspective. In all of them, development and preparation efforts were driven from siloed, functional views not incorporating the perspective of all 5Ps (patient, physician/HCP, provider, payer, policy maker) and the healthcare system as a whole i.e., taking an Inside-Out approach.

Yes, pharma has a patient centric mission (although that can always be improved!), and yes it has its own performance targets – but we cannot forget that everything between our goals and the patient's needs is fundamental to patient access, outcomes and pharma success. Where are healthcare systems and all their stakeholders in pharma's missions and visions?

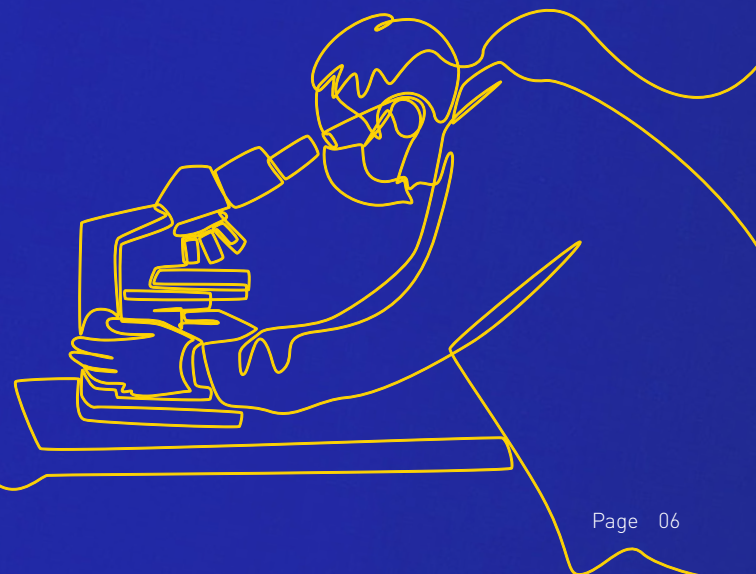
The reality is that portfolio, market and technology evolution continue at a pace which calls for new ways of working. We are still talking about patients, and about human interaction between pharma and healthcare, but with whom should that interaction now be? What content and dialogue

are most relevant to them? What channels should we use for those interactions?

Inside-Out. It is no longer enough to be focused on what a brand needs to be successful, on what we want to tell our healthcare system stakeholders and HCPs. They, quite rightly, are not listening.

Outside-In. Now, to succeed for patients, for HC systems and for the company, we must evolve to look broadly and deeply at the healthcare systems we enter and consider consistently what truly drives better patient outcomes as well as the value impact of our research, products and services.

We must widen our lens! From individual patient or HCP over to provider and account to the entire healthcare ecosystem.



...AND HOW YOU CAN DEAL WITH IT

The common inhibitor to overcoming high value problems is the habit of thinking Inside-Out. Internal goals and pressures, and siloed, functional views dominate internal processes and thinking, resulting in reduced speed and quality of decision making, and ultimately leading to long development cycles, limited approval, restricted access and reimbursement, and slow adoption due to limited understanding of the world outside of the company.

As pressure and failures ramp up, this only becomes exaggerated and behaviors retreat further into traditional entrenched mindsets such as weak and too late cross functional collaboration, engagement intent focused on push, and in-field roles not leveraged to bring “voice of the customers” into the organization, building incomplete patient journeys and limited insights due to focus on HCPs, etc.

Hence, the shift from Inside-out to Outside-In for pharma is inevitable and inexorable. The question is how will you get there and how to do so quickly?

First, what do we mean by Outside-In? Outside-In is the ability to continuously guide decision making through relationships and insights into the health care ecosystem.

The essential piece is to re-engineer operating models and refocus go-to-market models by considering Outside-In at each stage of building your organizational capabilities with the aim to achieve a transformed patient and health care ecosystem understanding and engagement for elevated market acceptance.

In our experience, companies have successfully made the shift by embracing and embedding 7 principles in their operating model and culture/mindset:

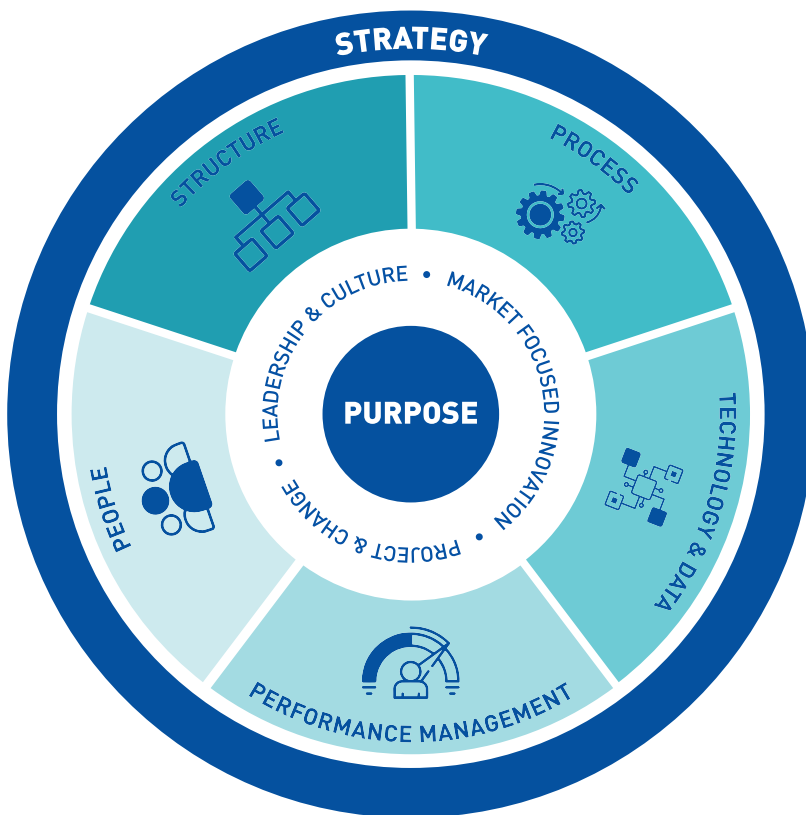
1. Stakeholder & System centricity: Put patient populations, HC systems and all their stakeholders at the center, and at the beginning of strategic thinking.
2. Focus on value creation: Make the value created for patient populations in a HC system the touch stone, the main point of reference, for decision making and investments.
3. Partnerships for better patient outcomes: Partner for solution creation with those who know best what it means to live, provide care, or pay for a certain condition as well as with those having access to the technology for desired solution.
4. Aligned engagement intent: Develop clear engagement intent, purpose and strategy for all customer facing functions, going beyond “sell more”.
5. Effective customer engagement tools: Drive customer experience excellence via omni channel engagement according to channel preferences.

6. Excellent cross-functional collaboration: Collaborate for holistic, integrated strategy, planning and execution.

7. Outside-In leadership: Provide visible leadership, sponsoring and role modelling of Outside-In thinking.

While building the required capabilities and enabling platforms to collect, share, process and store data and insights for value generation, pay attention to creating an Outside-In supportive organizational environment and mindset. Design workflows, processes, and team structures appropriately. Expect challenges such as belief in dogmas or traditional approaches that have been successful in the past and invest sufficiently in proper change management and education activities. Especially, rethink goal setting and incentive systems and plan for reinforcement of Outside-In driven behaviors and ways of working.

OXYGY DEVELOPS OUTSIDE-IN AS AN “ORGANIZATIONAL CAPABILITY” THAT TRANSFORMS MARKET ACCEPTANCE



- simplifying and articulating the promise of your strategies
- building the capabilities required to realize the values of your strategies
- translating your strategies into globally scalable, lean processes, workflows and new ways of working
- infusing them into the employee experience
- challenging misconceptions and leading change
- getting your leadership on the same opportunities path
- unlocking the power of your people in transformations

HOW JENNIFER TURNED THINGS AROUND

With each passing week, the customer reach metrics continued a downward spiral and structured conversations with field leadership gave insights into the cause. It became increasingly apparent to Jennifer that not only was the digital strategy not working, but physical access to customers and stakeholders was also declining due to a failure to generate meaningful engagements with customers and stakeholders.

A diagnosis highlighted that at all levels of the healthcare system, stakeholders reported a complete lack of the company’s ability to understand the impact this new medicine had on their practices, goals, processes, systems - basically a failure to understand THEM.

Jennifer started a fundamental shift to utilize the Cross Functional Field

Force (medical, market access, KAM and sales) as an insight generating function, so that HQ teams could ultimately develop solutions to HC systems challenges and smooth the introduction of new medicines. This altered everything from the tools that the field force was provided for customer engagement, to the way that marketing plans were developed. All now started Outside-In – engagement tools were based on generating a deep understanding of the problems and issues in the patient journey, and cross functional brand strategy was based around the interrogation and integration of this new wealth of field generated insights to truly valuable and impactful solutions.

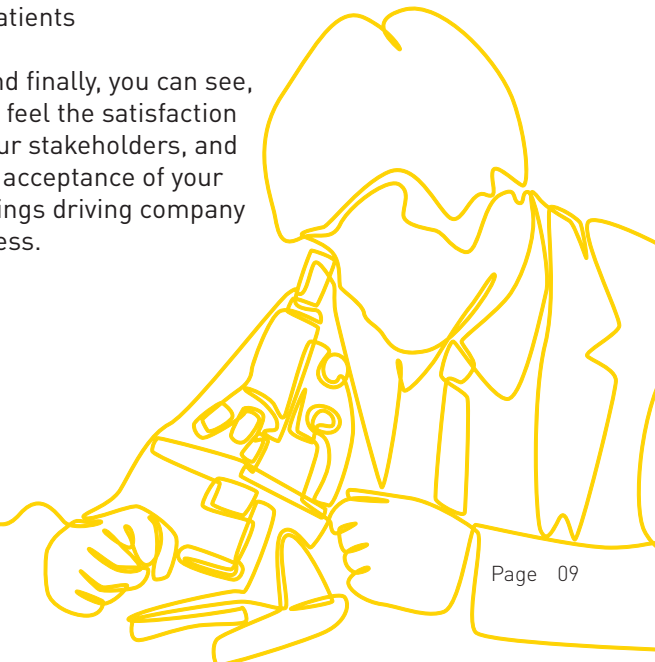
This successfully altered physical access, meaningful reach of digital strategies, and thus changed launch trajectory.

WHAT YOUR ORGANIZATION CAN SEE, HEAR AND FEEL WITH AN OUTSIDE-IN SHIFT

When your organization has successfully made the Outside-In shift

- you can see your customer facing roles living the engagement intent, enabled by the right tools for the job and driven by x-functional teams partnering for better patient outcomes
- you can hear ecosystem vocabulary and customer insights in every corner as well as leaders talking Outside-In

- you can feel the “spirit of WE” and the pride in success for patients
- and finally, you can see, hear, feel the satisfaction of your stakeholders, and their acceptance of your offerings driving company success.



ABOUT THE AUTHORS

Kevin Simpson is an Associate Partner with OXYGY. Kevin has 25+ years working for, and with, Pharma in local, regional and global corporate roles. His passion has always been helping organizations transform to become more relevant and credible to Healthcare Systems worldwide.

Günter Kloucek is a Director at OXYGY. Prior to consulting, Günter was the General Manager of Takeda Germany. He has more than 25 years of experience in the pharmaceutical industry and held operating company responsibility as well as led corporate functions including business strategy for the Europe & Canada region.

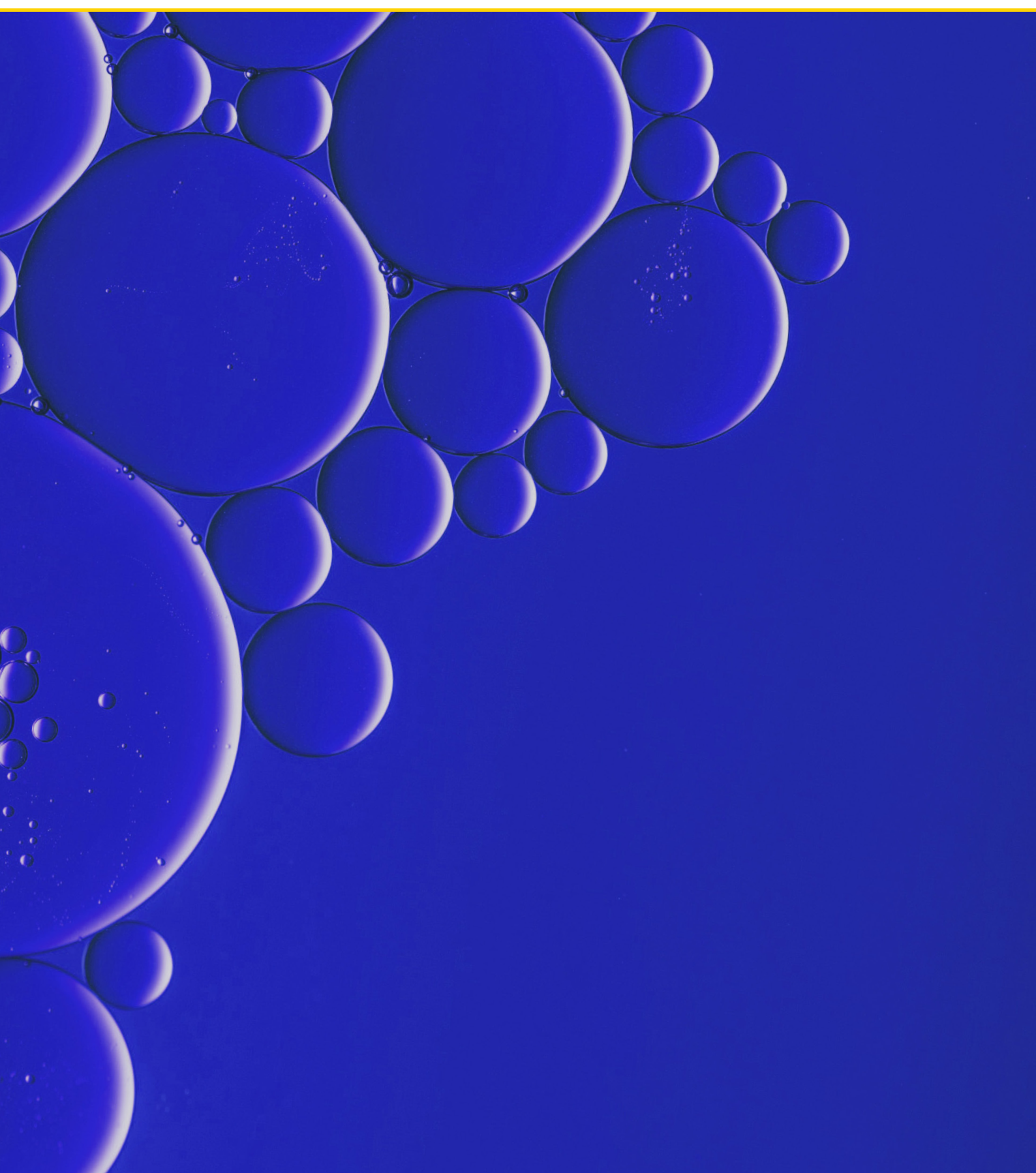


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ABOUT OXYGY

OXYGY helps clients transform and build the capabilities needed to thrive in a volatile world. We combine management consultancy, digital innovation and legal expertise to help business leaders turn risks and opportunities into sustainable value. We have a long-standing sector focus in Life Sciences - working with clients to co-discover, co-design and co-deliver business solutions. Our experienced global team of consultants and former executives from the Life Sciences industry have strong expertise in business model innovation, transformation and change projects.





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