



Linking Data to Dollars:

Advancing Information Transparency
in the Life Sciences

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Health Industry Insights

- An IDC Company
- Premier global research and advisory firm in the health industry providing integrated coverage of the life sciences, healthcare providers, and health plan payers.
- Focus on the convergence of IT, business and science
- Staff of life science and healthcare specialized analysts, researchers & consultants
- Target audience includes:
 - Pharmaceutical & Biotech companies
 - Healthcare Providers
 - Payers
 - Health Industry Vendors
 - Technology Vendors



Today's Agenda

- 2010 – Responding to adversity
- The Changing Market Landscape - Effectiveness, Safety, and Value
- Personalized Medicine
- New Marketing Opportunities

2010 – Have we hit bottom?

- Global economic downturn
- Patent expirations
- Health care reform
- New regulatory requirements
- New FDA leadership and programs
- Continuing industry consolidation
- Increasingly global competition
- Federal “Sunshine” on payments to third parties and marketing costs

The Changing Market Landscape

US Healthcare Dynamics:

- Healthcare Reform
- ICD-10 Mandates
- Proliferation of local, state and federal mandates
- Federal initiatives exert forces on commercial programs
- Economic Recovery Continues
- New Competitive Dynamics Emerge
- Healthcare IT Investment Ranks High, but Tempered by Cost Management

2010 is a year of unprecedented changes for the U.S. healthcare payer market. Market and legislative changes set in play in 2010 will affect the healthcare market for at least the next decade. The future market success criteria are:

- Efficiency and cost management
- Information management
- Personalization, customization and segmentation
- Compliance with external market mandates and regulations.

Overarching Themes

- The anticipated tight financial times don't change the fundamental need for the life science industry to transform itself for the future.
- For technology solutions to succeed in these difficult times, they must produce demonstrable ROI over the near term
- Globalization and emerging markets remain a resource and an opportunity, but capital intensive growth will slow in alignment with local financial stability barometers
- New drugs remain the industry's future.
- Drug safety remains front and center.
- Scientific discovery and development are the foundation for the future of sustainable, personalized healthcare.

Value in the Drug Access and Pricing Equation Will Begin to Significantly Impact Drug Makers in the United States in 2010

Drivers

- The UK National Institute for Health and Clinical Excellence (NICE) continues to drive forward the concept of value (cost as a function of delivered benefit) worldwide.
- Payers worldwide are actively pushing back on new and existing drug pricing, basing access to formularies on evolving approval criteria and regularly denying reimbursement for some new drugs.
- Healthcare cost growth containment is a growing priority in the US, with accelerated efforts likely as a result of the anticipated passage of the US healthcare bill.

Market Impact

- US Payers will begin to consider value-based reimbursement guidelines in 2010.
- Life science investments in health economics and outcomes research (HEOR) will grow significantly in response to this trend.

Major Pharmaceutical Companies Will Move Significant Amounts of Their Discovery Research IT Infrastructure to the Cloud

Drivers

- Innovation in commercial IT cloud outsourcing solutions are yielding tangible benefits, savings, and increased efficiencies in major industries outside of the life sciences.
- Life science discovery research is an important, but unregulated area in the life sciences with considerably growing IT needs.
- IT clouds are delivering reliable, expandable IT capabilities at lower overall costs.

Market Impact

- Most major life science companies will take a look at IT clouds as pilot outsourced IT infrastructure evaluations in 2010.
- Major life science companies will commit IT infrastructure growth to commercial IT cloud vendors.
- IT clouds will begin to expand to commercial and clinical development.
- HIE / Reform data creates new opportunities.

Pharmaceutical IT Spending on Aggregate Promotional Spend Compliance Will Surge as Regulations Place Strict Guidelines on What Is Considered Acceptable Sales and Marketing Practice

Drivers

- The PhRMA Marketing Code, Physician Payment Sunshine Act, and OIG regulations collectively place strict new guidelines around physician promotional activities.
- State-by-state mandates, which include large fines for non-compliance, add further incentive for life science companies to redefine the way they approach and interact with physicians
- Widespread industry pressure exists to create increased transparency around relationships between physicians and drug companies.

Market Impact

- Demand for IT software and services focused on monitoring aggregate spend compliance will continue to grow at a quick pace.
- Drug companies will shift more marketing focus towards online physician touch points, as face-to-face opportunities decrease.
- Investment in integration services and business intelligence applications will rise significantly.
- Social media, physicians portals, and educational services are all new investment areas.

Changing Buyer Behavior Drives New Transparency Requirements

- Reform
 - HEOR
 - Marketing Costs

- Reimbursement
 - Patient centered medical home
 - Global payments
 - Independence at home

- Safety and adverse events
 - Social Media
 - HIE / RHIO

New Demands for Life Science IT

- Job 1
 - Simplify
 - Rationalize
 - Consolidate
 - Virtualize
- Analytics are moving to center stage – Single most important investment area
- New integration requirements fueled by new data
- Better access to real time data
- New compliance requirements tax even world class organizations
- Cloud based R&D initiatives drive innovation

Where are the New Opportunities?

- Personalized Health and recognized value
- Industry Globalization
- Growing Vaccine and public health opportunities
- Global pricing
- New Risk Evaluation and Mitigation Strategies programs