

Evidence-Based Analysis:

The Key to Staying Ahead of the Curve in Today's Pharmaceutical Market



Ian Therriault,
Senior Vice-
President,
IMS Health
Canada

An IMS
Viewpoint

Canadian pharmaceutical market overview

The Canadian pharmaceutical marketplace is complex and ever changing and 2006 was no exception. Outperforming the global market in terms of growth, Canada held its position as the eighth largest market. Rebounding from drug safety concerns and picking up momentum through a shifting product mix of biotech, generics and specialty offerings, Canada is forecasted to grow at a compound annual growth rate of 7.6% between now and 2011.

Global pharmaceutical market overview

Globally, the total market grew 7.0% to reach \$643 billion US. About 50% of this growth came from the US market, where the growth rate of 8.3% reflected the impact of the first year of the Medicare Part D benefit and a lift in the volume of prescribing. Across the five major European markets, growth was 4.4%, reflecting the third year of slowing performance. By comparison, many of the Eastern European countries achieved double-digit growth in 2006. Japan experienced the impact of biennial price decreases, which contributed to an overall market decline of 0.4%. Latin American markets performed well, increasing sales by 12.7%. And, across Asian markets, China's growth slowed considerably to 12.3%.

The challenge

Globally, in 2006, millions of patients were newly-diagnosed, treated and helped by pharmacotherapy. Despite these successes, the underlying dynamics of growth and change in the global marketplace caused dramatic shifts for many stakeholders. Indeed, stress fractures appeared in some areas that have previously been considered solid and immutable and an acceleration of change is likely in 2007 and beyond. For Canada, there is sustained pressure to contain costs, fewer new products to launch and large expiration of patents that have the potential to reduce the brand name franchises to the tune of > \$1 billion in 2007.

The key: objective evidence-based analysis

To succeed in this environment requires the right strategic plan, effective execution and the courage to invoke evidence-based change when conditions demand. With management, investors and government keeping a close eye on the bottom line, there is little margin for error. In this challenging atmosphere, an optimizing sales force deployment and marketing plan investment are key ingredients to brand performance and return on investment. Marketers guided by objective evidence-based analysis can often uncover new growth opportunities without increasing their budget—gaining the confidence to optimize return at every lifecycle phase. (Figure 1).



1 Pre-launch

Canadian market influencers:

- Health Canada raising standards for drug trials
- Pipeline gaps created due to lack of new blockbusters
- Primary care growth is outpaced by specialist-driven therapies
- Generics, oncology and biotech grow in double digits
- Delays in public formulary market access
- Regulators, payers and patients increasingly weigh drug-risk/benefit

Evidence-based analysis:

Provides the intelligence to plan, build and tune portfolios for success—setting the course for the future.

- Determine investment levels for new product research
- Evaluate new markets, therapies and acquisitions
- Identify products to develop and license
- Optimize pricing and reimbursement strategies
- Assess market value and competition
- Establish appropriate customer segmentation strategies
- Balance resources across brands
- Leverage health economics

2 Launch and Growth

Canadian market influencers:

- Slower adoption of new products
- Growth in non-retail distribution
- Physician access increasingly restricted and return on detailing declining
- Patients becoming influencers in product selection

Evidence-based analysis:

Provides the insight to accelerate commercial launch success and maximize the lifetime value of a product or brand.

- Assess market and competitive situation
- Review market potential and forecasts
- Create effective launch plans and monitor uptake
- Plan, optimize and evaluate ongoing promotional mix
- Optimize sales force deployment
- Manage the overall lifecycle

3 Maturity

Canadian market influencers:

- Government cost containment initiatives reduce spending
- Governmental pressure for optimal therapy and post-marketing surveillance
- Provincial formularies accelerating the shift to new generics
- Pipeline gaps due to patent expiries

Evidence-based analysis:

Provides the confidence to make timely, smart decisions that enhance efficiency, productivity and return on investment in sales and marketing.

- Ensure thorough sales diagnostics
- Optimize resources and align territories
- Develop ideal customer segmentation and call plans
- Manage sales team performance and compensation
- Track and analyze competitors' pipeline
- Demonstrate post-launch compliance and outcomes
- Evaluate success of co-marketing strategies
- Plan for patent expiry

