The Changing BioPharma Partnering Landscape: Implications for Alliance Management

Ben Siddall, Partner

Stuart Kliman, Partner

Vantage overview

Vantage Partners helps accelerate the pace of innovation, sharpen execution, and drive revenue growth at companies worldwide

Achieve alignment where it matters most: between strategies and marketplace opportunities; across the extended value chain; and between goals, priorities, and incentives across different functional groups

Manage the challenges associated with partnerships, particularly when an artful balance of cooperation, collaboration, and competition is required

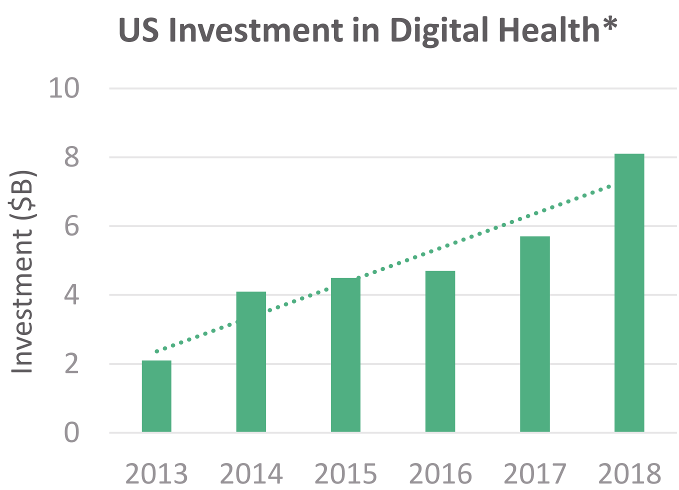
Areas of Expertise

- Alliances & Partnerships
- Digital Strategy
- Sales and Go-to-market Strategy
- Organizational Design and Change
- Training and Skill Development

Agenda

- What is digital within biopharma?
- Creating and implementing a biopharma digital partnering strategy
- Implications for alliance management

As digital health grows, biopharma is well positioned to capitalize on new opportunities




Pharma

Merck joins Novartis, GlaxoSmithKline in grabbing a consumer executive to beef up digital

by Tracy Staton | Oct 17, 2018 10:20am


Pharma's Digital Awakening: Research-Ready Health Information And AI To Reduce Cost And Deliver Better Treatments

Source: Ciox Health - Life Sciences

By By Florian A. Quarré, Chief Digital Officer, Ciox Health

"In every area — from where we innovate and find new medicines to how we operate, how we think about manufacturing and supply chain to how our sales reps do their work every single day — we are working on major projects to scale our digital capabilities." – Vas Narasimhan, CEO of Novartis

*https://rockhealth.com/reports/seven-more-takeaways-from-digital-healths-8-1b-year/

Digital health's dynamic ecosystem

PHARMACEUTICALS

Roche, Bayer, AstraZeneca, Teva, Gilead, Johnson & Johnson, abbvie, novo nordisk, gsk GlaxoSmithKline, AMGEN, Pfizer, ONO PHARMACEUTICAL CO.,LTD., Otsuka, SANOFI, NOVARTIS

TECHNOLOGY

Health IT/Security
IBM

Digital Health Technology

Digital Health Incubator
eHealth Ventures

Telehealth and Workflow Delivery Platforms
Qualcomm, Philips, Microsoft, intel

Medical Devices
Medtronic, DelSiTech, Cardiac Science, adherium

Drug Delivery

Digital Therapies
proteus DIGITAL HEALTH, AdhereTech, PEAR THERAPEUTICS, Spark THERAPEUTICS, Propeller, mySugr

Health Tracking/ Mobile Health
fitbit, Apple, Amico

Data and Analytics

EHR Analytics
practice fusion, IBM

Benchmarking
KMR GROUP, evolent HEALTH

Health Analytics
inovalon, VALIDIC

BIOTECHNOLOGY

Forensics and Genotyping
Alnylam PHARMACEUTICALS, Genentech A Member of the Roche Group, illumina, 23andMe

Bio-Pharmaceutical
ucb, AMGEN

Bioprocessing
MERRICK & COMPANY

PATIENTS

ACADEMIC MEDICAL CENTERS AND UNIVERSITIES

University of Oxford, Vanderbilt University, UCSF, Tufts University, Perelman School of Medicine University of Pennsylvania, University of North Carolina at Chapel Hill

PAYERS

Anthem, aetna, HCSC Health Care Service Corporation, Cigna, KAISER PERMANENTE, CMS

RESEARCH ORGANIZATIONS

QUINTILES, verily

CLINICAL LAB SUPPLIERS

ThermoFisher SCIENTIFIC, MilliporeSigma

Digital health's dynamic ecosystem: Data

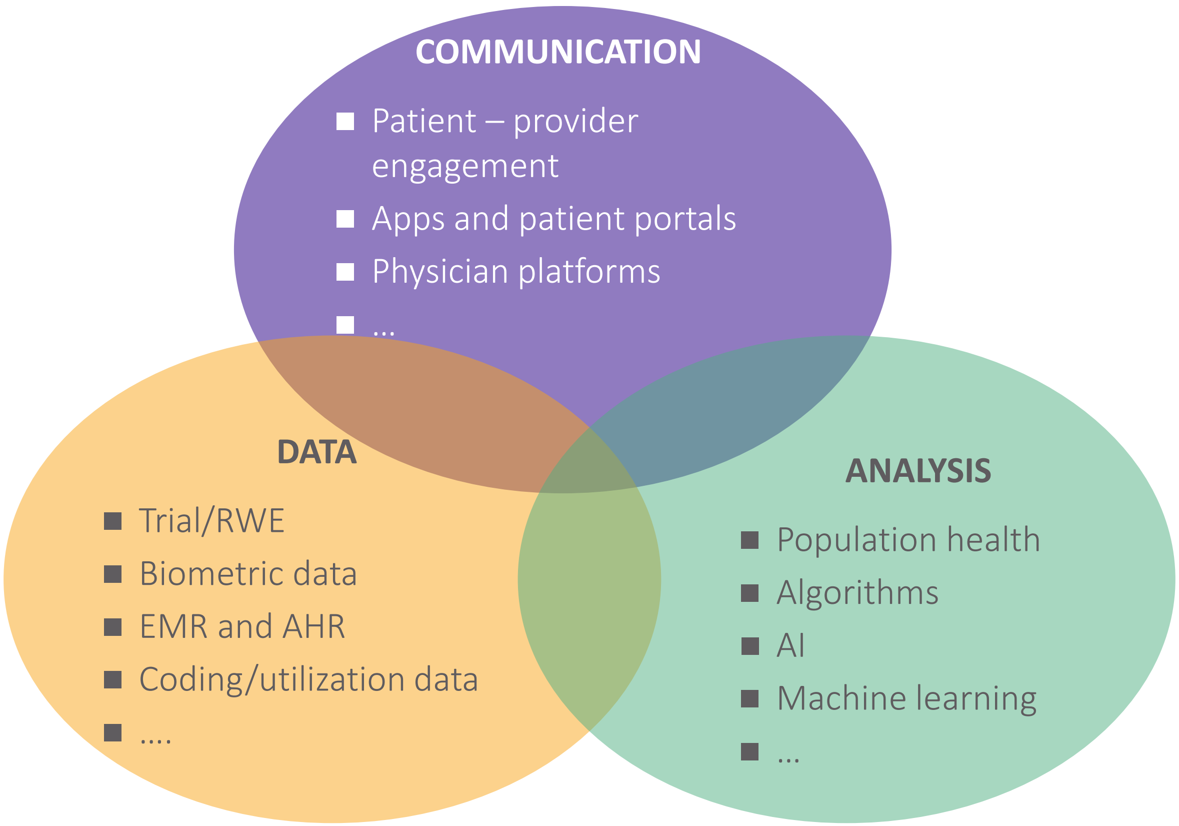
Digital health's dynamic ecosystem: Communication

Digital health's dynamic ecosystem: Analysis

Sensyne Health and the University of Oxford's Big Data Institute

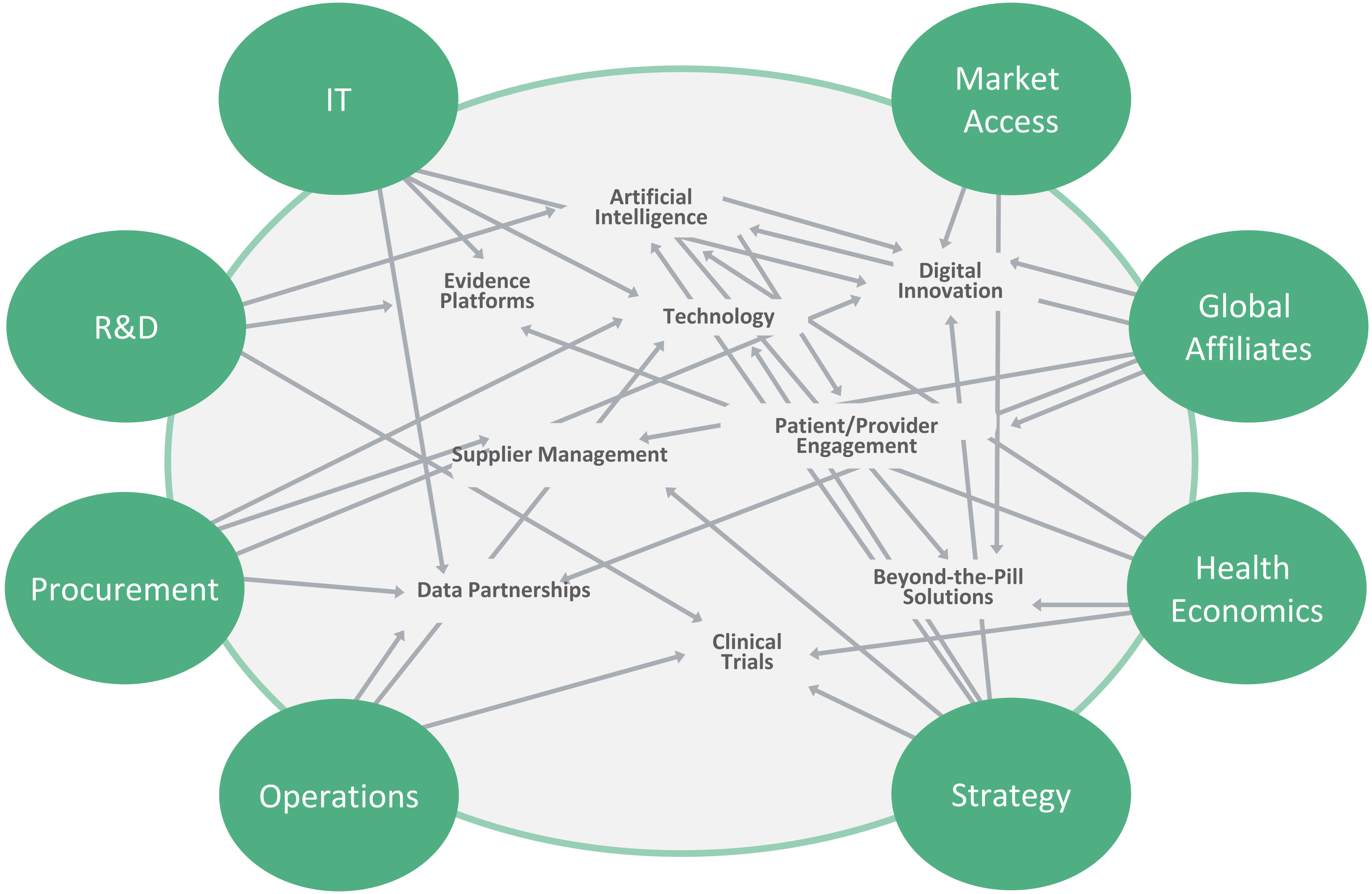
Partnering to create and analyze uses of clinical AI and digital technology to understand chronic disease

“Digital” activities are numerous – and can be grouped within a few broad categories

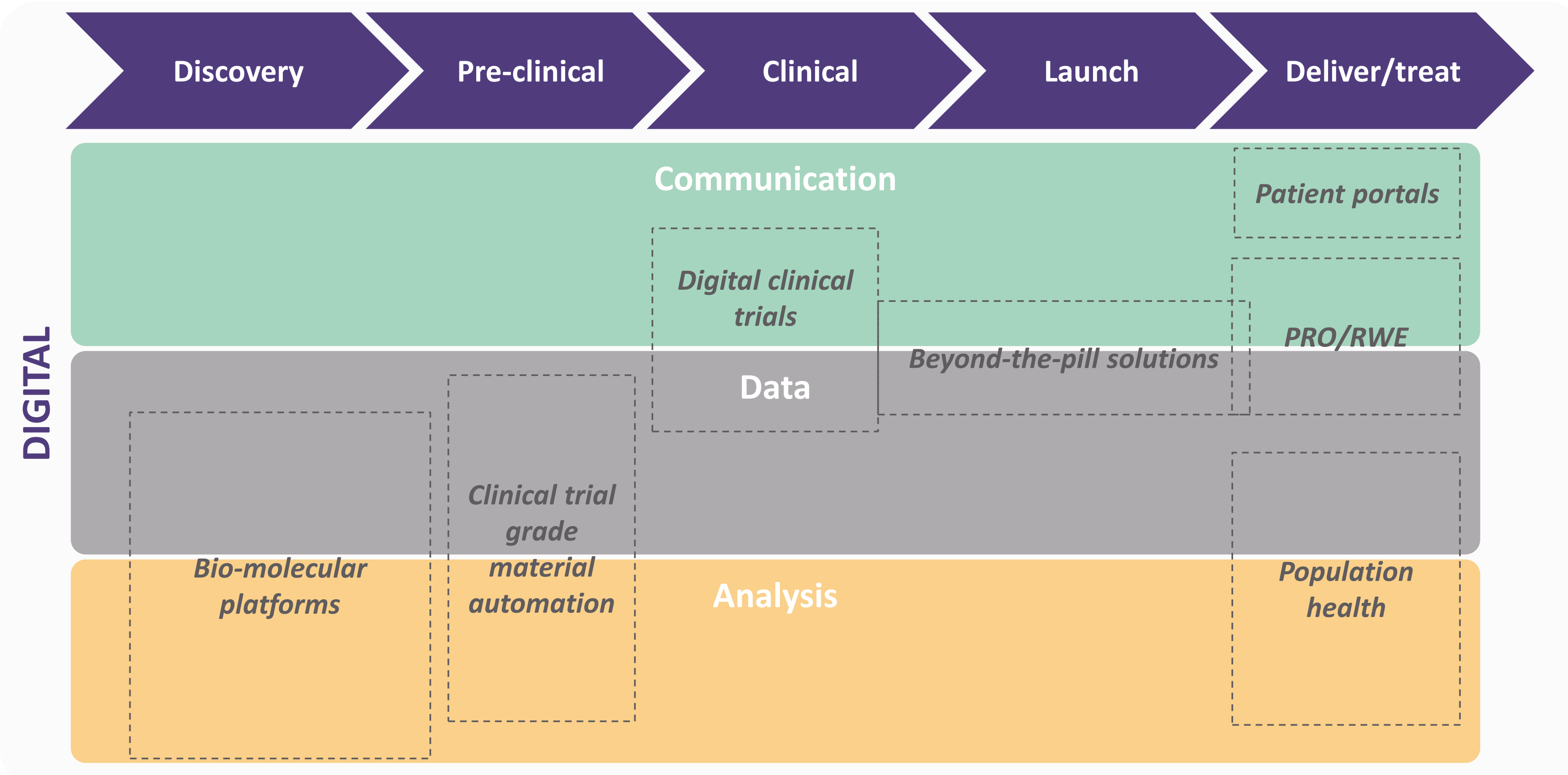


Contributing to this complexity is also the fact that “digital” has different meanings and applications to multiple stakeholders across an organization.

Execution occurs among different functions with varying needs and approaches



These activities are executed across the commercial lifecycle often with little explicit coordination



Digital is a broad ecosystem stretching across the development lifecycle, TAs, and capability boundaries

Questions

- Does digital have different meanings within your organization?
- Does your organization have a clear approach for identifying and exploring, negotiating, and managing digital relationships?
- Is it clear to you who owns strategy and execution around these digital relationships?
  - Are there clear criteria for how your organization differentiates digital “partnerships” from digital “vendor” relationships?
  - What does your organization do well when it comes to identifying and pursuing digital partnerships? Where are there challenges?

Creating and Implementing Digital and Digital Partnering Strategies

Even as pharma builds capability, deep digital expertise primarily sits **externally**

PHARMACEUTICALS

Roche, Bayer, AstraZeneca, Johnson & Johnson, Teva, Gilead, AbbVie, Novo Nordisk, GSK GlaxoSmithKline, Amgen, Pfizer, Otsuka, ONO Pharmaceutical Co., Ltd., Sanofi, Novartis

TECHNOLOGY

Health IT/Security

IBM

Digital Health Technology

Digital Health Incubator

eHealth Ventures

Telehealth and Workflow Delivery Platforms

Intel, Qualcomm, Philips, Microsoft

Drug Delivery

Medtronic, DelSiTech

Medical Devices

Cardiac Science, Adherium

Digital Therapies

Proteus Digital Health, AdhereTech, Pear Therapeutics, Spark Therapeutics

Health Tracking/ Mobile Health

mySugr, Fitbit, Propeller, Apple, Amico

Data and Analytics

EHR Analytics

Practice Fusion, IBM

Benchmarking

KMR Group

Health Analytics

Inovalon

Evolent Health, Validic

BIOTECHNOLOGY

Forensics and Genotyping

Alnylam Pharmaceuticals, Illumina, 23andMe

Bio-Pharmaceutical

Genentech (A Member of the Roche Group), UCB, Amgen

Bioprocessing

Merrick & Company

PATIENTS

ACADEMIC MEDICAL CENTERS AND UNIVERSITIES

University of Oxford, Vanderbilt University, UCSF, Tufts University, Perelman School of Medicine, University of North Carolina at Chapel Hill

PAYERS

Anthem, Aetna, HCSC, Cigna, Kaiser Permanente, CMS

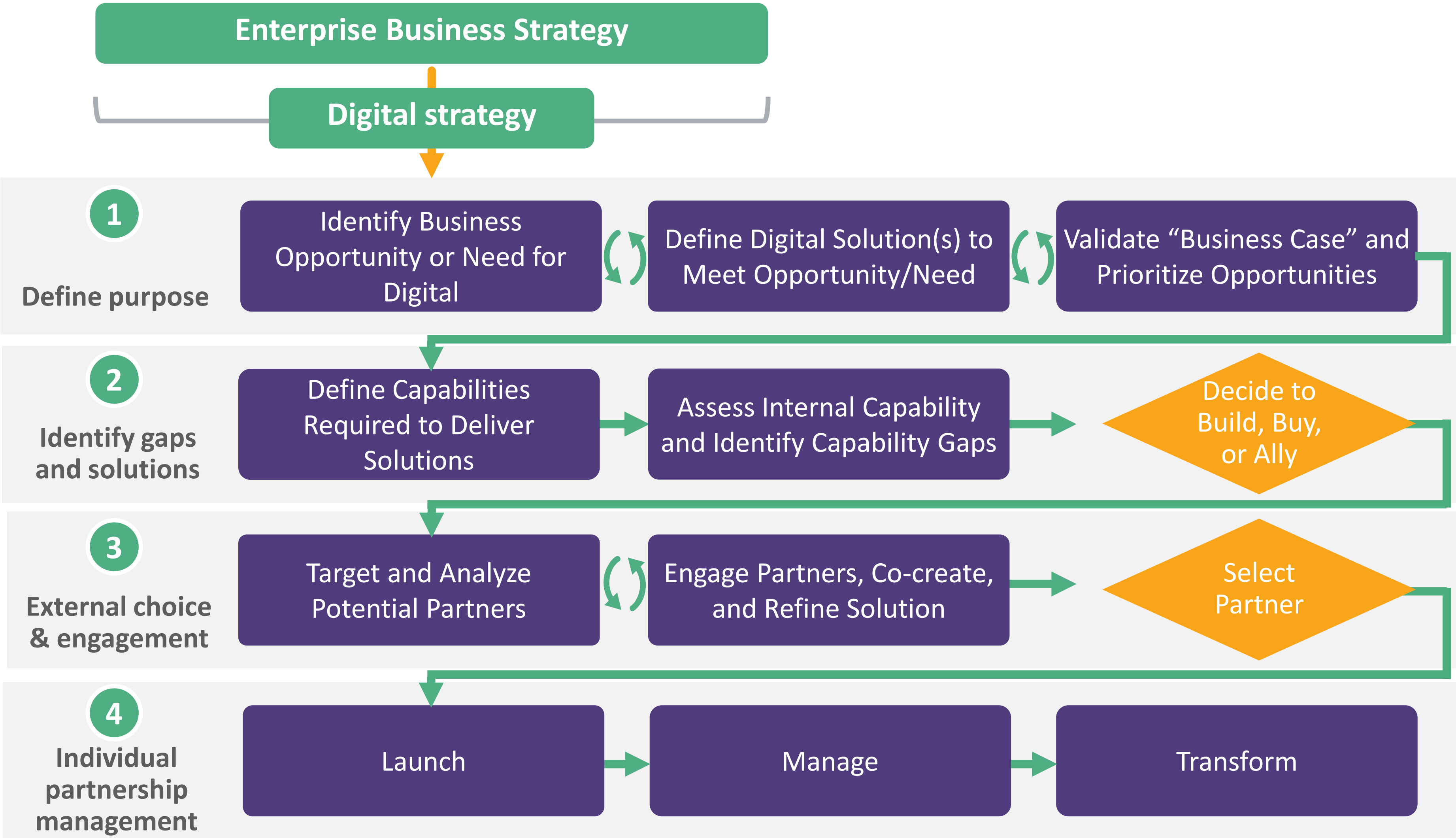
RESEARCH ORGANIZATIONS

Quintiles, Verily

CLINICAL LAB SUPPLIERS

Thermo Fisher Scientific, MilliporeSigma

How partners support execution of your digital strategy



Challenges of executing your digital strategy with partners: A process view

Enterprise Business Strategy

Digital strategy

1 Define purpose	Requires **coordination with stakeholders** across the business	Many **solutions exist**, but sit in multiple areas of the business		Difficult to **create business cases** and align on best solutions
2 Identify gaps and solutions	People think about **partners instead of capabilities**	Difficult to know what **we already have**	**Different priorities** for where to invest	**Lack of clarity around** decision making
3 External choice & engagement	Different **internal stakeholders prioritize different capabilities** and criteria		Different **business models and financial expectations complicate negotiation**	
4 Individual partnership management	**Different business and execution models** create management challenges	Digital partnerships owned by those with **different skillsets**		**Few tools in place for monitoring**

Questions to ask to align on a digital partnering operating model

Stakeholder Alignment	▪ Why (for what purpose) is your organization coordinating digital activities and prioritizing a set of digital outcomes (to focus investment? To enhance execution? To access best ideas/concepts?)? ▪ How will a set of business outcomes be prioritized? Who is involved in setting priorities? What are the criteria by which these decisions are made? What are implications of prioritizing a business outcome? ▪ How will investments be evaluated, and from which budget(s) will they be charged? ▪ What existing activities within your organization impact the prioritized digital outcomes, and how? ▪ What new or enhanced activities will be required (or are the optimal way) to achieve prioritized outcomes, and where in the organization should those activities take place? ▪ What are the decision rights around enhancing or impacting existing processes?
Partner Selection	▪ Which business outcomes can be impacted by digital partnering activities? Which digital partnering activities can provide the broadest impact on business outcomes? ▪ What capabilities exist within your organization? Where are there gaps, and how ought you to fill them (e.g., build, buy, ally)?
Coordination with Partners	▪ In what ways is the partner's business model and culture different from ours, and how will that impact the ways we will work together? ▪ What structures and processes should we put in place to ensure open coordination and address challenges that might arise from differences in business model and culture?
Implementation	▪ Who should be involved in oversight of execution, and should this vary by activity and business outcome? ▪ Who will monitor and report progress against priorities and assess impact on ongoing activities? What metrics should be used to track progress and assess impact? ▪ How will the skills, tools, processes and culture that enable execution be built and improved? ▪ How do we ensure best AM practices carry over into digital partnering activities?

Possible digital partnering operating model

Program/ Portfolio Level
- Program Governance Oversight
- Alliance Portfolio Management

Alliance Level
- Explore & Evaluate
- Negotiate (e.g., Contracting)
- Oversight of Alliance Relationship

Individual Project Level
- Identify & Qualify
- Negotiate (e.g., Contracting)
- Execute
- Oversight of Working Relationship

Key Enablers
- Methodology
- Training
- Data/Technology

Challenges of executing your digital strategy with partners: An organizational view

- Stakeholder alignment
- Partner selection
- Coordination with Partner
- Implementation

Program/ Portfolio Level

Alliance Level

Individual Project Level

Coordination with stakeholders across the organization

Differing priorities/ interests of stakeholders

Lack of existing process/ committees

Solutions may already be established

Business case creation and alignment on solutions

Business models of partner may differ drastically

People often think in terms of which partners they want, vs. which capabilities they need

Gaps in expertise about relationship management

Monitoring/ tracking meaningful metrics

Implications for Alliance Management

Unique aspects of digital partnerships vs. traditional alliances

PHARMA COMPANIES

- Highly regulated
- Very long (5+ years) “product” development cycle
- Management/investors familiar with longer development cycles
- Purposeful and predictable innovation and co-creation cycle
- Strong functional stakeholders (medical, legal, compliance, finance)
- Contractual, asset-based alliances with fixed lengths
- Well-defined commercial negotiation model with “customers” with significant regulation

TECH COMPANIES

- Variable, many markets not regulated
- Short to moderate (1-3 years) “product” development cycle
- Management/investors tend to expect quick ROI and steady growth
- Rapid and agile innovation and co-creation cycles
- Moderate or weak functional stakeholders (legal, compliance, finance)
- Blend of formal/informal alliances often with no fixed length
- Flexible, market-driven customer engagement processes

To achieve maximum value, biopharmas must select the right partners to address specific needs, and manage these relationships in a way that acknowledges these differences

Unique aspects of digital partnerships vs. traditional alliances

- Increased likelihood of partnering with organizations across different industries
- Different business models with partners can have significant implications for the alliance (e.g., smaller, more nimble organizations, faster pace of innovation, different regulatory landscapes)
- Internal customers of digital sit in multiple areas within an organization and have different use cases
- Enhanced risk of many types of organizational and strategic "differences" between partners

Implications for Alliance Management

- How should Alliance Managers and heads of AM position themselves as to digital?
- Given the growth of digital relationships – do Alliance Managers need to explicitly build or pull in people with digital knowledge?
- Where should digital partnerships sit? Under AM? Under AM in close coordination with the CDO? Dispersed, with AM offering best practices?
- Is digital as a category of activity substantively different than other purviews of AM (e.g., pharmacovigilance, clinical trial management)?

vantage
PARTNERS

ALIGN AND ADVANCE

www.vantagepartners.com