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The evolving role of Medical Affairs in APAC: Three imperatives for pharmacos

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Authored by:
Fangning Zhang
Minyoung Kim
Jan van Overbeeke

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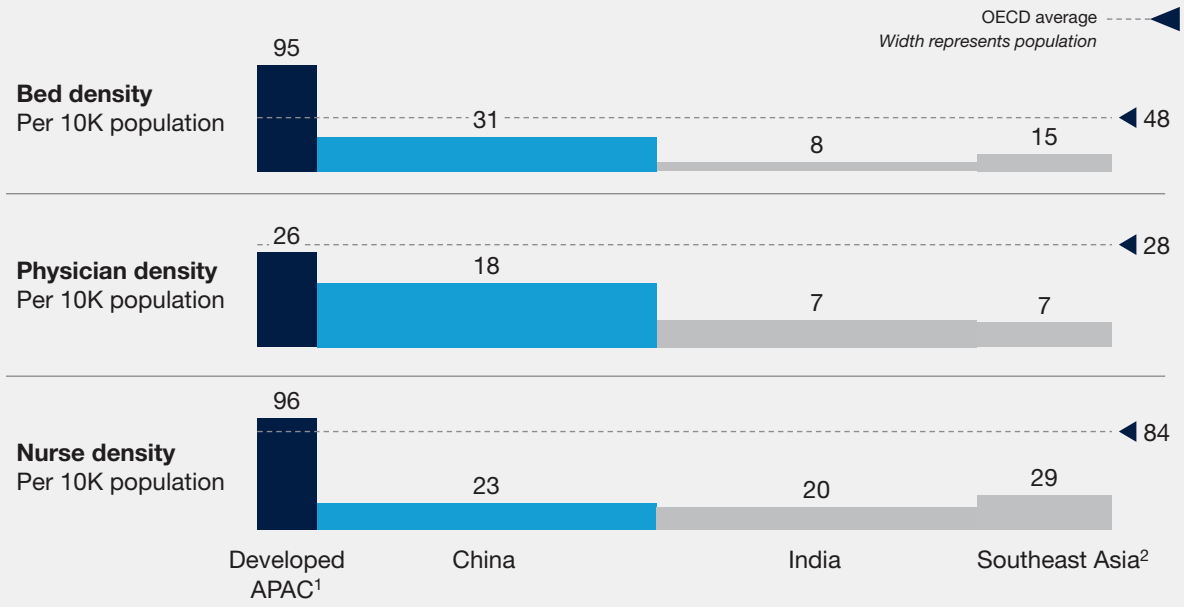
Medical Affairs is poised for a broader, more strategic role. However, leaders will need to ramp-up on new types of capabilities and talent to achieve this ambition.

INTRODUCTION & SUMMARY

The Asia Pacific (APAC) region poses unique opportunities and challenges for Medical Affairs organizations given diverse stakeholder needs and developing healthcare systems (Exhibit 1), significant disease burdens, and unmet needs. As pharma companies search for ways to further unlock growth and better engage and support patients and stakeholders in the region, many executives see an increasingly important role for the Medical Affairs (MA) function. Against this backdrop, McKinsey interviewed 20 medical leaders to gain insights into the evolving role of Medical Affairs within APAC (see sidebar "Who we interviewed" on page 9).

Three themes emerged from these interviews. Firstly, medical leaders see stakeholder expectations shifting towards a much more digital and data-driven, more payor focused and ultimately more medical model. Secondly, they expressed a need for their own (MA) organization to become more "patient centric." Finally, leaders envisage a bigger, and more strategic role for Medical. At the same time, however, leaders are concerned that stakeholder expectations are outpacing their ability to recruit and develop talent; that the future, fully patient-centric model remains to be defined; and they question when Medical will have an equal voice (and resourcing) vis-à-vis R&D and Commercial.

Exhibit 1: Healthcare systems across APAC are still developing



1 Includes Australia, Hong Kong, Japan, New Zealand, Singapore, South Korea, and Taiwan
2 Includes Indonesia, Malaysia, Philippines, Thailand and Vietnam

SOURCE: Business Monitor International, McKinsey team analysis

As imperatives, medical leaders reported the need to improve the quality and efficiency of external engagement; to demonstrate clinical and economic value to healthcare systems; and to broaden their engagement to include payors and, potentially, patients.

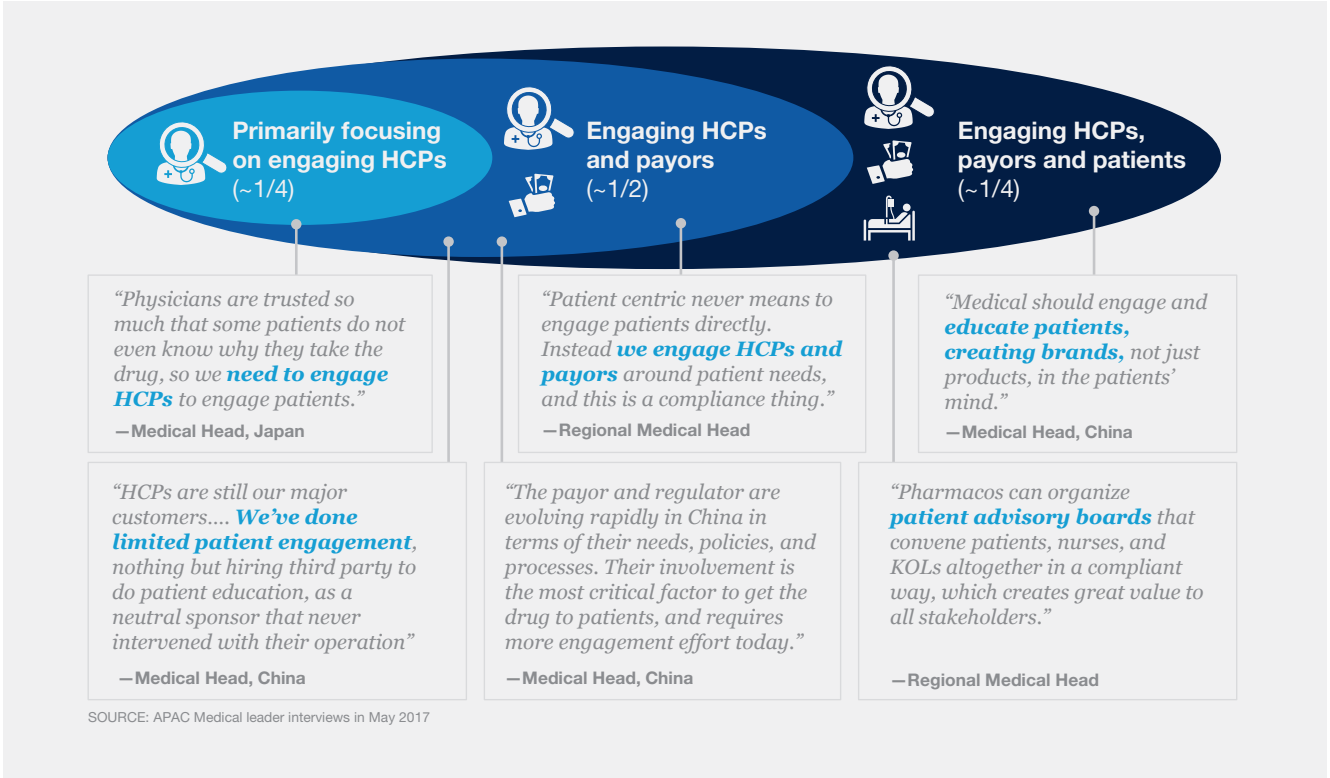
Based on these responses, we recognize three "no-regret" actions for MA leaders: firstly, to fully embrace digital and analytics, secondly to aggressively ramp-up on new types of talent wherever possible, and finally to bring a full strategic perspective to the boardroom that is rooted in patient interests.

1. A MORE DIGITAL AND DATA-DRIVEN, MORE PAYER FOCUSED AND OVERALL MORE MEDICAL MODEL

Stakeholder expectations and roles—across physicians, payors, and patients—are evolving across APAC: away from a face-to-face, relationship and sales–driven model centered around physicians and towards a model that is more heavily digital and data-driven, more focused on payors and ultimately more medical. While healthcare professionals (HCPs) and especially key opinion leaders (KOLs) remain extremely important, there is a growing focus on engagement beyond physicians (Exhibit 2).

Much more digital. Physicians have shifted to digital engagement such as China's multimedia messaging platform WeChat or Japan's aggregators sites such as M3 and MedPeer. HCPs seek more timely sources of information on demand via online channels. Moreover, it is also becoming much easier for them to develop into information-dissemination channels themselves—and it's not just the traditional KOLs who are involved in this context; other HCPs may also become online thought leaders on a topic. However, while physicians have made the leap to online information gathering, most pharmacos have failed to adjust their internal resourcing accordingly.

Exhibit 2: Medical progresses from primarily engaging physicians—or KOLs—to embrace payors and patients too.



SOURCE: APAC Medical leader interviews in May 2017

"While physicians have made the leap to online information gathering, most pharmacos have failed to adjust their internal resourcing accordingly."

More data-driven and more payor focused. Payors are starting to demand outcome demonstration—partially enabled by new data infrastructure across the region— as well as real-world evidence (RWE). Approvals, favorable access, and reimbursement in markets that can afford are only given for truly innovative products. This makes it imperative for pharmacos to invest in building their own big data and advanced analytics infrastructure and capabilities—and sometimes in those of payors too. As a consequence, MA teams are increasingly deployed to engage payors: for example, to develop the narrative and communicate evidence around value, and also to support access discussions, guideline revision, and policy shaping.

More Medical. Physicians across most of APAC work in environments of rapidly evolving science and improving care provision, while increasing regulatory scrutiny of the industry is shaping their relationship with pharma, shifting interactions away from sales toward the Medical Affairs function.

2. PATIENT CENTRICITY

Driven by online information and communities, patients are not only more informed, they are finding a new voice, especially the more tech-savvy younger generation. This is empowering them to be more proactive in their conversations with HCPs. Yet, while companies have made progress on efforts to engage patients and patient organizations, only a minority (approximately a quarter of those we interviewed) had a substantial focus on and ongoing concrete activities designed to promote patient engagement by MA teams.

In our interviews, Medical leaders often spontaneously mentioned the term "patient centricity," agreeing that this concept was critical when asked. However, what this actually means was often not fully explained; at the same time, actions taken in this context also vary. We observed two constructs, which we described below, and suggest that the second archetype is driving as much change as the first.

Archetype A: The "active patient." On the back of a rising wave of health awareness and choice of treatment options, patients are becoming real stakeholders in their treatment decisions. Pharmacos need to respond to patients' demands for more information of better quality (see sidebar "WeChat solution offers quality information to patients"). As one Medical Affairs leader explained, "It is crucial to educate patients with the right content; otherwise they resort to the misleading and even harmful information [found online]." Moreover, patients are paying more attention to disease prevention and quality-of-life issues, and there is increasing demand for information on managing chronic conditions. All of these are trends for MA teams to focus on. Finally, patient advocacy groups are growing in influence both

WeChat solution offers quality information to patients

One large pharma developed a patient-centric solution in China designed to provide patients with accurate and accessible drug information via WeChat. The solution offers 360-degree medical information for the company's prescription products on digital platforms, to help patients avoid inferior online drug information. The platform includes embedded patient education functions (disease awareness, compliance to treatment) through audio aids, disease knowledge, and drug reminders. Such "beyond-the-pill" services help to extend connections between patients and pharmacos.

as support networks for patients and through their influence on the various stakeholders in the healthcare sector. Their role is summed up by one Medical Affairs leader: "Patients are not broken machines…. They are human and need mental support as well, but HCPs are too busy to do that…. Patient groups are crucial as they provide consolation and useful education materials."

Archetype B: "Patient needs" at the center. Japan has a physician base that has been colored by recent compliance issues. Medical is replacing some of the engagement functions that were previously the province of the commercial organizations, as pharma responds to compliance imperatives. The model is shifting from share of voice targeting physician interests to one that places patient needs and science much more at the center. In China, as pharma companies expand coverage to a broader market and launch a wave of new products, it has become imperative for the MA organization to deliver core medical messages in an effective way to the wider HCPs community—for example, through digital channels such as WeChat)—and to move towards a differentiated approach for launching new products. What both countries have in common is an emphasis on the patient-centric message and patient needs versus physician interests and relationships.

3. MEDICAL AS A STRATEGIC AND AGILE PARTNER WORKING CLOSELY WITH COMMERCIAL AND R&D

We also noted debate around the future role to be played by Medical vis-à-vis the Commercial and R&D functions: Should this be a supporting role only? Should Medical Affairs not only be independent, but even become a fully detached role—especially from the Commercial function? Or will Medical evolve into more of a strategic and agile partner to R&D and Commercial, working alongside the other functions towards shared strategic objectives? Opinions vary from country to country, and also from company to company. One leader stated: "Medical is becoming the strategic owner, equal to Commercial. It's just too complicated for marketing to understand the science and they can't talk to the experts that matter." Another declared: "Medical Affairs will need to shift from being internally focused to fully becoming part of the healthcare ecosystem in the future." Overall, the direction is towards a bigger, more active, more strategic, and more external-facing role for Medical; however, the speed of travel, and aspirations as to Medical's proximity to the R&D and Commercial functions vary.

THE EVOLVING ROLE OF MEDICAL: THREE IMPERATIVES

In summary, leaders articulated three distinct imperatives on the evolving role of medical affairs in APAC in terms of what it will take to deliver in the next three to five years.

1. **Improve the quality and efficiency of interactions to create better experience for ALL stakeholders** (see Exhibit 3):

   — **Multichannel with improved reach.** Traditional face-to-face engagement remains the foundation of most MA interactions. As engagement moves toward a multichannel model, we can expect to see a mix of traditional and alternative channels designed to improve communication

"Overall, the direction is towards a bigger, more active, more strategic, and more external-facing role for Medical; however, the speed of travel, and aspirations as to Medical's proximity to the R&D and Commercial functions vary."

effectiveness within three to five years. Across APAC, pharmacos cannot aim to reach all stakeholders face-to-face, and a digital-first generation has now come online. Medical is in a great position to drive broad engagement on content beyond (or for digital-first stakeholders, perhaps instead of) the Commercial function.

— **Timely access and on-demand.** Current delays in receiving global medical insights in the region—for example, information from conferences and publications—will be eliminated as HCPs gain more timely access via same-day broadcast of international conferences, for instance. In addition, the practice of pushing information to HCPs despite only limited knowledge of their preferences and needs will be replaced by a new on-demand model that offers readily accessible content at stakeholders' fingertips—any time, anywhere.

— **Customized content.** Engaging stakeholders with the same set of generic content will give way to greater customization, whereby content is tailored to stakeholders preference and profiling—this will improve stickiness of the content and raise the value of stakeholder engagement.

2. **Collect RWE to demonstrate clinical and economic value to the healthcare system.** Our interviews found divergent views on RWE among Medical Affairs leaders—as much driven by the diversity and maturity of healthcare systems across the region as by personal views on the maturity and validity of non-controlled data. Yet, the majority agrees that the promise of RWE outweighs the challenges ahead (Exhibit 4). This class of data:

"The majority agrees that the promise of RWE outweighs the challenges ahead."

Exhibit 3: In three to five years HCPs will have access to higher-quality, timely content delivered on demand.

Expected in 3–5 years	In the words of Medical leaders
HCPs have timely access to the latest global medical insights (eg same day broadcast of international conference)	ASIA pacific *"A US conference recently had one of its sessions re-casted to Asia on WebEx the night of the same day, by the same speaker, and that was a big success."*
Mix of traditional and alternative channels to expand reach of stakeholders and improve effectiveness	*"We recently hired a multichannel lead from the consumer industry, and he brought better insights in terms of engaging physicians digitally."*
Readily accessible content at stakeholders' fingertips, "any time, anywhere"	ASIA pacific *"The new on-demand MSL team that addresses doctors' questions during rep visits is a success. Requests have increased by more than 400% in just a few months."*
Content tailored based on stakeholders' preference and profiling, to improve stickiness and engagement efficacy	ASIA pacific *"By sending articles matching with HCP's preference, they are more likely to be noticed, read, shared, and liked."*
MA to take advantage of the latest tech and innovations to improve patient outcomes, (eg integration of smart sensors, HCP-patient diabetes mgmt. platform)	*"We are piloting CDSS[1] system in about 10 cities, to help grassroots-level physicians deliver better diagnosis and prescription for hypertension and diabetes patients."*

1 Clinical decision-support system.

SOURCE: APAC Medical director interviews, April/May 2017

Exhibit 4: Medical Affairs leaders acknowledge the importance of RWE but have divergent views.

SOURCE: APAC Medical director interviews, April/May 2017

— **Measures real outcomes.** RWE offers more relevant, scaled evidence to HCPs and payors regarding real-world efficacy and safety versus randomized clinical trials (RCTs), which may often be conducted as a limited experiment with a small sample size.

— **Is versatile and dynamic.** Once an integrated database is established, it can be used for multiple purposes—pharmacovigilance (PV), HEOR, trial hypothesis generation, and so on—and can be updated regularly.

— **Delivers new insights.** With a much larger data set than RCTs, RWE can deliver new insights that traditional trials are unable to provide—for example, early diagnosis for patients and screening criteria.

Admittedly, there are challenges ahead. For example, we need to acknowledge that a poor standard of care, especially in emerging markets, can lead to poor-quality data that prevents meaningful real-world studies. Equally, it is important not to underestimate the challenges of building high-quality real-world databases, especially where data are unstructured (with substantial free text), non-standard across different hospitals and clinics, and of poor quality. Moreover, databases are potentially at risk if the owner's (for example, a physician's) funding terminates so that they can no longer be maintained. However, it is expected that such challenges will diminish over time.

3. **Make payors, and potentially patients, a core part of all medical engagement strategy.** The days when a regulatory team, together with marketing in support, would engage payers are seemingly over. The science is getting more complex, and regulatory processes more transparent and focused on RWE and outcomes; these are areas that Medical needs to support—and about half the companies now see this as a core mission for Medical. Next to payor engagement, and beyond traditional patient advocacy group engagement, there is now a natural role for Medical Affairs to fill the gap in the current APAC information provisioning to patients—and thanks to digital channels it is now more cost-effective to step into such activity.

The patient-centric theme is apparent across all three imperatives: a combination of increasing digital engagement of HCPs on very specific questions, growing amounts of (real-world) data-driven information that is more specific to smaller patient segments, and payor engagement around the value of treatment will all pull the patient into the core work of Medical.

THREE CALLS TO ACTION

Although specific local market and portfolio conditions will influence the ultimate priorities, Medical leaders would do well to think through the following actions:

1. **Fully embrace digital and data.** Across the themes described above, digital engagement, data access, and analytics capability are critically important for Medical, yet their traditional capabilities and engagement model have typically focused on face-to-face KOL engagement. One ambition could be to have a 50/50 split between "traditional" and "new" activities and people within Medical. In most pharmacos, digital and multichannel groups are part of central commercially aligned functions, and still treated as an addition to face-to-face commercial channels (although this is also starting to change). A digital-first engagement model can actually be a great fit for Medical to co-lead, firstly because there is potentially less legacy and resistance in Medical and, secondly, there is a natural role for Medical as content owner within the digital strategy. Medical is also in a great position to lead in-market evidence generation and analytics.

   We are already seeing questions from HCPs of the kind "what do I do with this specific patient in this instance?" and needing clinical decision support (see sidebar "Precision HEOR helps improve outcomes for patients"). Equally, payors are moving towards a future where, especially in specialty high-price disease areas, heavy patient-specific restrictions will be in-place leading to a requirement for continuous scrutiny of the medical/cost trade-off. Medical Affairs should have the means and capabilities to help answer these types of questions. Similarly, real-time diagnostic and treatment analytical support is already here and being used.

2. **Aggressively staff up with new types of talent, and build functional capabilities at-scale.** Medical Affairs will need to do more in the future: extending its capability to be science-driven thought-partners and ecosystem shapers, strengthening problem-solving abilities, and becoming versatile orchestrators and "medical entrepreneurs". The "new" Medical will depend on people with diverse backgrounds: for instance, digital design leaders, data scientists and engineers, and experts in social media listening and engagement. MA leaders will also need to strengthen foundational skillsets such as scientific thought leadership, a focus on quality, and leadership skills, as well as competences such as strategic thinking, emotional intelligence, and communications skills. Given the scarcity of this talent, leaders need to follow a three-pronged approach at-scale: aggressively hire/recruit this type of talent, rotate in or around global or pan-Asia talent, and finally build structural training programs around these new capabilities—an example might be an internal and mandatory "Medical Affairs Academy" with adult-learning courses in (online) design, coding, social media customer insights generation, data science/analytics, RWE and so on.

3. **Move towards a more agile collaboration across Medical, R&D, and Commercial.** As indicated above, Medical will need to co-own a much more substantial part of the external stakeholder engagement spectrum, while internally building a host of new capabilities

Precision HEOR helps improve outcomes for patients

In one example, a large pharma in China recently put forward the concept of "precision HEOR," in order to improve outcomes for patients as well as resource allocation by keeping overall costs manageable. The study was published by the Medical team as a concept paper in the Journal of Personalized Medicine in November 2016, and was officially introduced to China at the Peking University Health Economics Media Seminar in April 2017. This big-data driven cost and outcome research focused on a specific patient cluster and even down to the individual patient level.

"MA leaders will also need to strengthen foundational skillsets such as scientific thought leadership, a focus on quality, and leadership skills, as well as competences such as strategic thinking, emotional intelligence, and communications skills."

to enable the company to be successful in terms of digital and analytics. This new role will also require more collaboration across Medical, R&D, and Commercial. In-market, this may mean that cross-functional task forces are set up (while of course remaining compliant): for example, to build a new platform to help physicians discover which patients are candidates for an innovative new-to-market product, or help patients self-diagnose using online surveys and find a suitable specialist to obtain further support. Practically, it could mean that MA and Commercial teams working on the same products or disease areas are co-located. Meanwhile, in the boardroom, Medical should also weigh in with a robust long-term and strategic view—alongside R&D and Commercial—to decide on priorities across the business.

Who we interviewed

We interviewed some 20 medical leaders across the region from 12 pharmacos to gain the latest understanding on the evolving role of Medical Affairs organizations in APAC. We asked three types of questions in our interviews:

1. Which stakeholders to engage? Is this shifting?
2. What are these stakeholders' needs? How are the needs evolving?
3. How are companies responding? What are the capabilities required going forward?

Interviewees were the most senior medical country or regional leader across Amgen Inc., AstraZeneca PLC, Bayer AG, Boehringer Ingelheim International GmbH, GlaxoSmithKline plc, Eli Lilly and Company, Merck KGaA, Merck Sharp & Dohme Corp, Novartis AG, Pfizer Inc., Roche Holding AG, Takeda Pharmaceutical Company Ltd.

ABOUT THE AUTHORS

Fangning Zhang is a Partner in McKinsey & Company's Shanghai office and **Minyoung Kim** is a Partner in the Tokyo office where **Jan van Overbeeke** is an Associate Partner.

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www.mckinsey.com