

Jan Ascher and
Pablo Salazar

Why innovative products aren't enough for a successful pharma launch

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In a tough launch environment, four executives share insights on how to set your company apart — with a laser focus on patients, an agile approach, and an engaged organization.

Between now and 2020, we can expect to see a wave of innovation in pharma. But how will the coming drug launches fare in today's challenging market? Consider these facts: the number of drugs per indication has risen by 37 percent since 2006, while the top company in an indication still commands at least half of the market. At the same time, restrictions to market access are rising in Europe, the United States, and emerging economies as advances in analytics and multichannel engagement open new opportunities to differentiate products.

So how do you maximize your chances of success in this environment? To get a sense of what leaders are doing to stay ahead, McKinsey's Jan Ascher and Pablo Salazar spoke with four leading launch practitioners: Ahmed Elhusseiny, head of neuroscience and rare diseases at Roche; Arnout Ploos van Amstel, head of global business-franchise immunology and dermatology at Novartis; Perry Sternberg, head of US commercial at Shire; and Adam Townsend, senior vice president of Biogen's specialty-medicines and rare-disease group. Their individual perspectives, gathered here as part of our Biopharma Frontiers series on how the pharmaceutical industry is evolving, cast a sharp light on trends and opportunities that will resonate with many other leaders across the industry.

McKinsey: *If you consider what it takes to launch a product today, how does that differ from what you were doing five or ten years ago?*

Perry Sternberg (Shire): These days, it's about more than just creating an innovative product, especially in rare diseases. You also need to help patients get an appropriate diagnosis, because misdiagnoses are common. On average, obtaining a correct diagnosis

for a rare disease in the United States takes five to seven years and requires visits to eight different physicians. Once a patient is on a therapy, we work hard to ensure they stay on it so they can achieve optimal health outcomes.

We bring a full offering to the table and innovate in all the things that make up patient service, not just the drug itself. Everyone talks about the patient, but that's quite different from putting them at the center of everything you do, which is critical. One thing I like to do is open all our meetings by having a patient speak to us, so that we're always grounded in what patients need.

Ahmed Elhousseiny (Roche): A lot has changed. Access and payors have become much more important to the success of a launch, as is engaging medical affairs. Patients have been empowered by social media, and their voice has become far more prominent thanks to patient associations. With decisions taking place at the interface between the patient, the physician, and the payor, it's imperative that the whole organization is involved in the lead-up to and implementation of the launch.

That means we need to prepare much more thoroughly, even as timelines are squeezed in today's competitive environment, so we have to do more work on risk and make conscious decisions about resourcing and front-loading activities. If you layer all that up, it means you need to put in place the right processes, decision matrixes, governance system, and mind-set at an early stage.

Adam Townsend (Biogen): The patient's voice is central when you're launching a new drug and working with patient-advocacy groups. Whatever the drug you're launching, you need to be incredibly thoughtful about the environment and how you're going to land. One of the critical lessons, I've learned, is that you only get one shot, so you have to do it well.

How do you want to position your drug in a very competitive market? How do you play to its strengths? How do you execute flawlessly and track beautifully to make sure you're living the launch day to day and fine-tuning as you go?

Arnout Ploos van Amstel (Novartis): In terms of the general launch environment, access requirements have increased dramatically, and that's affected our whole approach. We've had to get more sophisticated in preparing for access, so we work on it in more depth and start thinking about it as early as Phase II, including trial design.

In the end, you want to create success—the best possible market share—and you want to lead in the market. To do that, you have to prepare early, with ambitious end points in mind, even if you don't yet know your full data package, which of course adds to the ambiguity and complexity.

McKinsey: *When the patient is front and center in a launch, how important is the product itself?*

Ahmed Elhousseiny: Product features are still crucial, and you need to make important strategic decisions early in the life cycle. Take the mode of administration. In one of our launches, the drug had to be injected by a trained ophthalmologist, and we quickly ran into a capacity problem. Clinics were suddenly getting ten patients a day coming in for injections, but nothing was set up for that. With hindsight, it would have made sense to plan for a label allowing nurse injectors.

Part of the art is being very clear on the vision and positioning for your product. When things start to fall apart in a launch, it's often because you've been inconsistent. You have to resist the temptation to advance products that don't meet your vision and positioning, even though you might be able to launch faster than by waiting and building a sustainable product. The biggest risk would be trying to come in with an undifferentiated product and hoping you can set it apart purely through frontline marketing and sales. That feels like a recipe for failure.

Adam Townsend: One thing that's critical for a launch but is often ignored is life-cycle management. With Biogen's treatment for spinal muscular atrophy, Spinraza, we mapped out all the scenarios for its entire life cycle prior to launch. Our plan said that as soon as the drug gets approval, medical affairs will be looking at how to improve it from the minute it hits the market.

McKinsey: *If a differentiated product is still key, how do you make sure the market recognizes its value proposition?*

Adam Townsend: I was taught as a junior marketer that the positioning statement is the most powerful document, internally, for aligning teams behind what you want drugs to do, and I've acted on that ever since. For Tecfidera, our treatment for relapsing multiple sclerosis [MS], we didn't have a launch positioning so much as a long-term positioning—this is the next-generation platform drug; it's oral, so it's more convenient; and it's a step up in efficacy. We knew it would take time for physicians to buy into it, but we positioned the product that way from day one. It's about having a long-term positioning and staying the course to execute it.

Arnout Ploos van Amstel: Our customers' recognition of our value proposition depends on very clear positioning and messaging. This has to be respected and supported in all communication channels and all strategies and tactics, whether they are executed by the field force, medical affairs, communications, or development. For me, communicating our value proposition is all about focus and simplicity. I like to depict things in the simplest way possible because, whether you're a key opinion leader or a doctor, you need to get the idea quickly or else you dismiss it, especially with today's information overload.

As an example, on a business trip to Canada, I came across an effective way of depicting why one of our drugs, Cosentyx, represents an important therapeutic advance because of its mechanism of action. It's just a simple three-step arrow, but it says it all.

Ahmed Elhousseiny: For me, differentiation is all about customer knowledge. How intimately do you know your customer? How well do you listen? It's not sophisticated analytics; it's the basics. It's going in and listening and knowing the customers that you're interacting with on a regular basis.

Perry Sternberg: At Shire, we're focused on building brands, not just selling products. And to build a brand, you have to be clear about who you're appealing to—who your customers are. Once you've determined that, you work to ensure that these customers understand your value proposition on both an intellectual and an emotional level.

Building brands is not something we've excelled at in the pharmaceutical industry, but at Shire we believe brand building can be truly differentiating. One of the best examples is our recent launch of Xiidra in dry-eye disease. It was the care we took in building this brand that led to its tremendous launch success, capturing 22 percent of the market in only six months.

McKinsey: *In a big, complex organization, how do you think about planning and mobilizing your resources to generate maximum impact?*

Adam Townsend: I once sat in on a presentation to senior management and said, "Here's our plan, milestone by milestone. On this date, we expect to get these questions." I like to turn everything on its head, so then I said, "Imagine we had a first-in-class lifesaving drug, and the regulatory authorities asked us to stop our studies early. What's our plan then?" I changed the bias by planning for that rather than relying on our past launch experiences. Even if we turn out to be wrong, I'd rather plan for being on our tiptoes than being flat-footed.

If you're in charge of a launch, that's the kind of thing you have to do. The discussion I had was "Let's get processes that don't help out of the way; let's get policies that don't apply out of the way; let's make the quickest decisions our organization has ever made. You've got to give decision-making power and responsibility to me and our cross-functional team. I'm not just talking about commercial; I'm talking about medical, research, development. You have to clear the runway. And we're going to be landing the plane really quickly."

Arnout Ploos van Amstel: To succeed, it's key to create a culture where people feel they are part of something, a culture with a vision, clear goals, and a rough road map. It's a biotech mind-set, and that means agility, making decisions on sufficient but not complete data, empowerment, and getting things done—all, of course, with a strong collaborative spirit. After that, you just need to let people do their jobs. You measure certain end points but without unnecessary interference, because that would disrupt their creativity and way of working. You have to respect people's capabilities before you can unleash them, and that goes with a "make it happen" mind-set and a razor-sharp leadership vision.

McKinsey: *Do you often see biases in launch teams? If so, how do you counter them?*

Ahmed Elhousseiny: We see a lot of biases. To start with, people generally join the pharma industry because they want to launch products and make a difference for patients. That's a bias in and of itself—wanting to move ahead rather than stop programs. Another bias is overestimating the benefits of your product over those from competitors, just because it's made by the company you happen to be with. You see that most vividly when people switch jobs and suddenly believe their new company's products are the best. Just knowing that these biases exist is an important component of business success in general, not just launch success.

It's vital to create an environment where people speak up and experts get a chance to speak at the same level as marketers or leaders. One tactic I use is to make sure I speak last, so I'm not anchoring people to certain views. Another important thing is playing the devil's advocate, whether you assign that role to someone else in a meeting or play it yourself as leader. You can openly say, "I'm going to challenge the team's assumptions about this to make sure they aren't vulnerable to competitive pressures."

Perry Sternberg: I have deep ophthalmic experience, so it's important for me to bring others with different opinions and perspectives to the table. You want people to make you take your blinders off and ask yourself, "Do I want to launch this just like any other product, or do I want to come to the market and flip it upside down?"

McKinsey: *What are the most common blind spots in a launch team?*

Arnout Ploos van Amstel: A common one is underestimating the competitive threats, especially at launch. There's a tendency to think you have the best drug in the market and no one can touch it. The lesson is always to be on extreme high alert for competition. We have an early-warning system and a rapid-response force that can immediately assess threats and take measures to support our country organizations around the world.

Another risk is people reverting to comfort-zone behaviors. You need to keep pushing to prevent things from becoming routine and stimulate people to go to the next level.

Ahmed Elhousseiny: Overconfidence can be a blind spot. Leadership is crucial in getting the balance right. How do you make sure your teams stand behind your product, but without being overconfident? That's a killer—and probably the reason for many launch failures.

Another blind spot is overlooking or downplaying details that don't seem interesting or exciting. Often it's the mundane, nitty-gritty things that determine whether launches succeed or fail. If you have to come back and fix them six months into the launch, it's too late.

Take the example of a product leader who has to roll out two programs for a launch. One is developing content to support your risk-management plan, such as your patient booklet about risks and side effects; the other is organizing your direct-to-patient campaign. When you allocate people to these programs, it's natural to assign the best talent to the campaign, and they'll get excited and come up with creative solutions. But when you ask for volunteers for the risk-management brochure, you'll probably end up with an intern. Yet you can't advance the direct-to-consumer campaign if you haven't done the risk-management implementation properly.

You have to create an environment where nothing falls through the cracks, before you add layers of innovation and all the exciting stuff that makes a launch take off in a different trajectory.

McKinsey: *How do you engage your global launch team with all your country organizations and affiliates?*

Arnout Ploos van Amstel: You have to create a culture of one team, all in, sharing the excitement. That means integrating your organization both horizontally, across commercial, development, medical, and other functions, and vertically, across global, regions, and countries. This approach creates the shortest lines from ideation to aligned execution and ensures that feedback loops are short and effective.

To make it work, you need clear common goals and commitment throughout the whole organization. And people need to see that being one team creates value. By sharing experiences and best practices, we can drive continuous enhancement, next-level thinking, and success across the globe.

Perry Sternberg: To me, it's not about whether you're running a country organization or working in a global function; it's about having the right people sitting at the table to talk about the local execution that needs to be done to drive your long-term strategy. There's endless debate about global versus local strategy and execution, but you can't drive a long-term strategy unless you execute today, and you need to execute today to help shape the long-term strategy. So it's about keeping an eye on both local execution and long-term strategy.

McKinsey: *How do you manage to get all the right people at the right table? Simple though that sounds, people tell us it seldom is.*

Perry Sternberg: It's tough. I've been in organizations where it hasn't worked, and we continue to work on it at Shire. One thing you have to do is check your title, your ego, and your reporting lines at the door and come in and say, "OK, what's at the center? The patient."

Adam Townsend: We've learned from two very different experiences. When we launched Tecfidera, we allowed country organizations to go their own way on certain initiatives. The United States did an incredibly good job with its launch, but within a few weeks the team realized it

needed help from our global medical and commercial initiatives. So the US team had to bridge us back in, and as you might expect, getting everyone aligned and united took a bit of time.

With Spinraza, we didn't allow that to happen. The global team led the launch globally, which meant I launched the drug in the United States with the US team. Now I'm working on Europe's launch with the European team.

One thing I've found is that your communication has to cause action everywhere it lands. Launches are cross-functional jigsaw puzzles. While you're controlling a launch for a product and getting approval in the United States, you're simultaneously juggling Japan and Europe, learning lessons and working with people who need to be performing at 110 percent and don't sit in the same building as you.

McKinsey: *Looking ahead five years, what excites you and what concerns you?*

Ahmed Elhusseiny: What excites me is the next generation of the integration of the science—big data with biomarkers, imaging technology, and advances in genetic interventions. Pharma companies used to sell only one type of product. Then we moved from small molecules to monoclonal antibodies, so that's two types. Now it's about combining all these things in one. That's the next wave, and it's here in oncology and will catch up with us everywhere else. It's a drastic change. Personalized healthcare may be a buzzword, but there's a lot more to it than that.

As for concerns, mine would be that we're not getting our story straight about our industry and our offerings. My view of the industry I work in is very different from the view of the average person on the street, and that's not sustainable. The public perception isn't about innovation and the fact that pharma has transformed the way we live our lives. For instance, part of the reason we need to find a cure for Alzheimer's disease is that we've been so successful at keeping people alive longer. It's a problem we've created, in a way, and it's a problem we're urgently trying to solve. We don't talk enough about success stories and our commitment to cures, and we should. □

Jan Ascher is a partner in McKinsey's Zurich office, and **Pablo Salazar** is an associate partner in the Stamford office.