

McKinsey & Company

# Finding the Edge

The latest commercial approaches for  
winning in biopharma and medical products





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winning in biopharma and medical products

## Acknowledgements

**SPECIAL THANKS**

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Thank you all,  
Laura Moran, Editor

Preface

**AN INTRODUCTION FROM DAVID QUIGLEY, LEADER OF MCKINSEY’S NORTH AMERICAN COMMERCIAL PRACTICE FOR PHARMACEUTICAL AND MEDICAL PRODUCTS**

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We have the privilege to work with many leading companies across the med tech and bio-pharma industry. Through our client service and through thousands of hours of independent research and analysis we are developing a vision of what it will take for manufacturers to win in the future US healthcare environment. Some companies are already finding their way in the post-reform world, yet most are still on a journey of discovery.

So what will it take to succeed in this new world? Change agility is vital. Companies need to move from being “change weary” to building change muscles to flex continuously. Scaling up new capabilities like account management, multichannel marketing and data analytics is also part of the new normal. Some companies are stuck in a constant loop of pilots. Others are taking bold steps to transform their models to align with the changing landscape. Speeding up resource allocation is also critical! Most organizations that stripped resources wish it had done more aggressively and earlier. There is still huge waste within commercial organizations and reducing the cost and applying lean techniques can both rescale the cost base and drive topline growth. And what about the patient? They are no longer sitting patiently in the waiting room. They are online and active—more informed than ever.

To be sure there are huge challenges—but equally huge opportunities. The Corporatized Provider is growing in size and influence. Some now exert a vice-like grip on physician behavior and as they succeed we believe others will copy their lead. Payers are evolving fast as well, diversifying their business model(s) and experimenting with new payment structures. For reimbursement, we are in a new world where it is meaningful relative value that matters. Launches without clear distinctiveness are increasingly failing to meet revenue expectations in part because reimbursement fails to meet projections. Stakeholder engagement is more complex. Patients and physicians are engaging online and through social media. We recently co-hosted a digital summit with Google, and one conclusion from it is that our industry is behind many others in using digital tools to maximum advantage. Finally, we take healthcare system reform seriously. Regardless of how the Affordable Care Act evolves, many of the important changes embedded in it will happen anyway.

However, as we look at the industry’s portfolio we get hugely excited. For one thing, our analysis suggests the industry pipeline of new launches is healthy. The most numerous launch

categories will be hospital-based drugs and biosimilars but there are many micro categories. Building your launch capabilities is critical—and data analytics is central to successful launches. We spent much of the last 18 months integrating deeper analytical capabilities into our new Spotlight tool and service—more of that to come. We are seeing real successes in launches, some surpassing even ambitious expectations. For those that have fallen short, re-launch is becoming possible—challenging, but teams can reboot launches and win.

We look forward to discussing the perspectives in this book with you in meetings and at our industry forums. We hope the material here stimulates debate and creates some controversy. Thank you to the colleagues who contributed to the articles here. Thank you also to many of you, our clients, who have provided your perspectives and reactions.

A handwritten signature in black ink, appearing to read 'D. Quigley', with a stylized flourish at the end.

**David Quigley**  
Director  
New York Office



## SECTION 1

Building the  
**next-generation**  
pharmaceutical or  
device manufacturer



## SECTION 2

Creating  
high-impact  
**launches**

- 
- 10 NO GOING BACK**  
*Making commercial transformation stick*  
MAE PODESTA, DAVID QUIGLEY, MATT SMITH
  - 22 MATCH MADE IN HEAVEN?**  
*When lean manufacturing techniques meet pharmaceutical marketing models*  
TED FUHR, JONATHAN LICHTINGER, TOLGA OGUZ, DAVID QUIGLEY, MARK VENEMA
  - 30 PRIMING THE COMMERCIAL ENGINE**  
*How device manufacturers can transform marketing and sales capabilities*  
MATT EAKINS, BRIAN FOX, ALEX LIU, KEVIN MCLELLAN, BRYAN REINHOLT
  - 38 STAYING AHEAD OF THE GROWTH CURVE**  
*How medical device leaders successfully manage their growth portfolio*  
ANKUR AGRAWAL, RUTH DE BACKER, BILL HUYETT, FREDERICK SOO, DELPHINE ZURKIYA
  - 50 ENOUGH WITH PLAYING AT THE MARGINS**  
*Actively re-allocating resources creates lasting value in medtech*  
RUTH DE BACKER, ANDREW REMISSONG, DELPHINE ZURKIYA
  - 60 GOING SLOW TO GO FAST**  
*Maximizing an innovative device launch*  
PAUL BLANCHFIELD, JEREMY FOGEL, AJAY GUPTA
  - 82 UNDERSTANDING THE MIND OF THE CONSUMER**  
*How to make consumer-driven launches work*  
BRIAN FOX, JESSICA LEMBONG, JULIE LOWRIE, VANGELIS VERGETIS
  - 94 TAKE 2**  
*Getting a re-launch right*  
DAVID QUIGLEY, VANGELIS VERGETIS, ELI WEINBERG

### SECTION 3

Developing more customized, strategic **sales** approaches

### SECTION 4

Moving towards more insights-driven, forward-looking **marketing**

### SECTION 5

Anticipating change + shaping **outcomes-driven** dialogues

#### 106 THE DAWN OF A NEW ERA FOR HOSPITAL CUSTOMERS

*How Health Reform is transforming medical device commercial models for hospitals*

BRIAN GRANDALL,  
NICHOLAS DONOGHOE,  
LAURA FURMANSKI, JAKE HENRY

#### 114 HEALING PROFESSION MEETS BIG BUSINESS

*Serving corporatized providers*

NICHOLAS MILLS, KATIE ROBINSON

#### 122 WE'RE WATCHING CLOSELY

*Select insights biopharma and device companies may want to know about hospitals*

JIEH GREENEY, LAURA MORAN, ANSHUL THAKRAL

#### 128 WINNING IN THE HOSPITAL CHANNEL

*Pop quiz—are you setting up your field resources to succeed?*

JIEH GREENEY, LAURA MORAN, ANSHUL THAKRAL

#### 138 SHIFTING YOUR MARKETING ORGANIZATION INTO THE FUTURE

AGNES CLAYE, BRENT HOOPER, PAUL VAN ARKEL

#### 148 MAKING DIGITAL CUSTOMER ENGAGEMENT A REALITY

SHERINA EBRAHIM,  
USMAN RABBANI, RENA ROSENBERG

#### 158 KNOW THY CUSTOMER

*Winning in the hospital channel*

JIEH GREENEY, JONATHAN LICHTINGER, DAVID QUIGLEY, ANSHUL THAKRAL, WEINA WANG

#### 172 FIVE IMPERATIVES FOR PHARMACEUTICAL MANUFACTURERS TO WIN WITH THE AFFORDABLE CARE ACT

LINDSAY MCKENNA, DAVID QUIGLEY, RANDY TEEL, BJ TEVELOW

#### 194 VALUE + ACCESS CAPABILITIES

*How do yours rate in the new normal?*

ANNA DRAGANOVA, RAJIT MALHOTRA, LINDSAY MCKENNA, GISA SPRINGER, BJ WRIGHT