McKinsey&Company

# Finding the Edge

The latest commercial approaches for
winning in biopharma and medical products

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## 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**

We have the privilege to work with many leading companies across the med tech and biopharma 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.

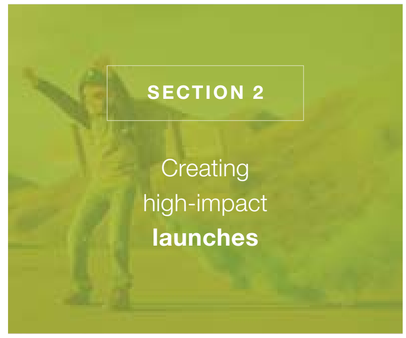
However, as we look at the industry's portfolio we get hugely excited. For one thing, our analysis suggests the industry pipeline of new launches is healthy. The most numerous launch categories will be hospital-based drugs and biosimilars but there are many micro categories. Building your launch capabilities 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.

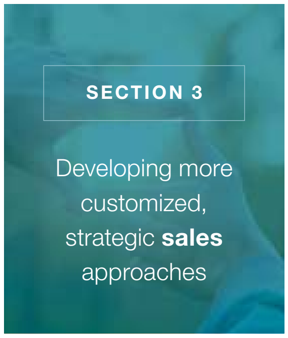
We look forward to discussing the perspectives in this book with you in meetings and at our industry forums. We hope the material here stimulates debate and creates some controversy. Thank you to the colleagues who contributed to the articles here. Thank you also to many of you, our clients, who have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

**David Quigley**
Director
New York Office

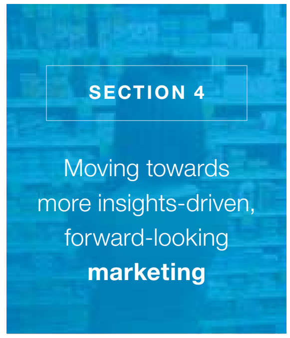

SECTION 1
Building the
next-generation
pharmaceutical or
device manufacturer



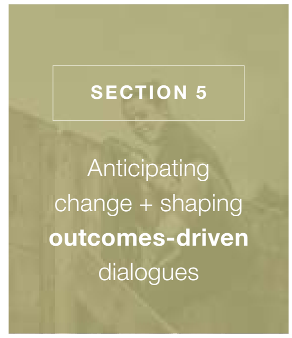

SECTION 2
Creating
high-impact
launches


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