

The
New Health
REPORT

*A Survey of
Biopharmaceutical Stakeholders
in The New Health*

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The New Health Poses Obstacles And Opportunities For Biopharma In Defining Its Future

Today, biopharmaceutical companies are under relentless pressure to increase speed and productivity and to streamline development processes without sacrificing safety, ethics and stewardship. They also must create better value and greater accessibility for patients worldwide.

The New Health Report was commissioned by Quintiles to gauge biopharmaceutical executives', managed care executives' and patients' opinions and to track progress in the New Health. "New Health" is how Quintiles describes the fast-morphing world of biopharma, where the rules are changing on all fronts. *The New Health Report* details the differences between biopharma and other key stakeholders as they grapple with the best approach to drive innovation amid the pressures of declining R&D productivity, increasing development costs, diminishing returns on marketing and sales, and lower earnings.

The New Health Report looks at the dichotomy between pharma and payers—from the benefits of sharing information about failed compounds to the influence that patients have on the future of drug development. It reveals the challenges that the biopharma industry faces to close the gaps that exist between the new constellation of stakeholders. And it points to the significant opportunity for biopharma to take charge of its future through better alignment with payers, improved understanding of patients and the use of data and improved information exchange among all stakeholders to manage complexity and accelerate drug development.

OVERVIEW

These three icons and three colors are used throughout to identify the groups polled in the survey



Biopharma



Managed Care



Patients

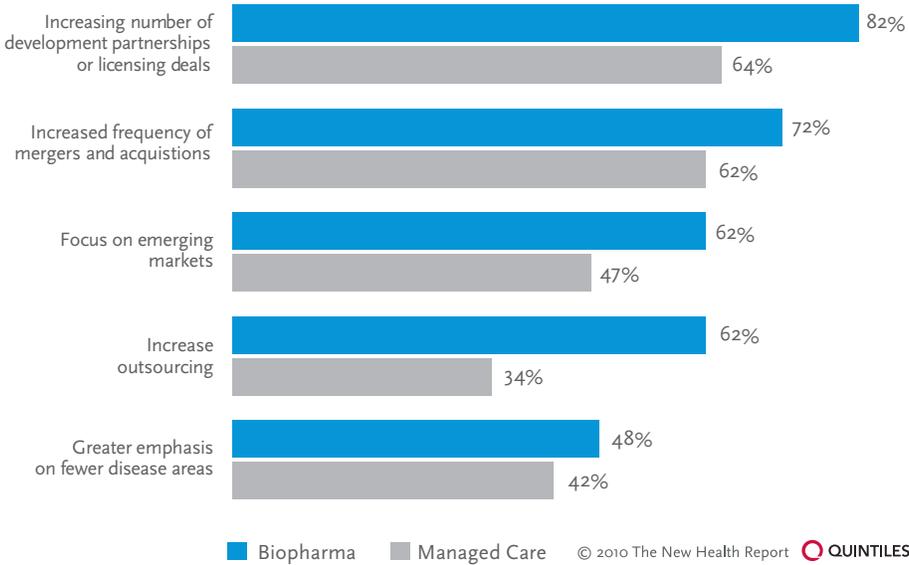


Increasing Speed And Productivity

In the New Health, declining R&D productivity combined with increased development costs have made investment portfolio managers skittish. The risks associated with drug development are extremely high, and the lack of output ahead of the patent cliff is worrisome to industry insiders and observers. To manage this new high-risk environment—and continue to deliver valuable and accessible therapies—biopharma companies must find ways to increase output, decrease costs and restructure legacy systems and infrastructures that hinder innovation. *The New Health Report* reveals disparities between biopharma and managed care executives about the concept of biopharma companies working together.

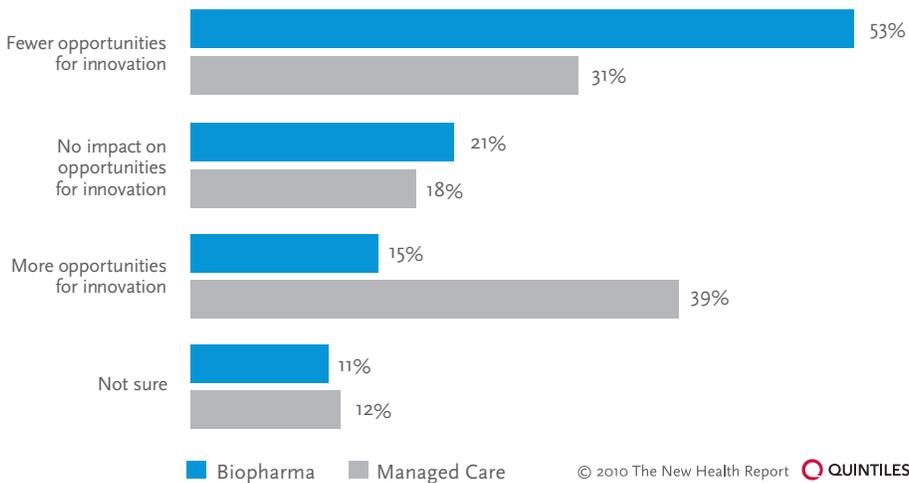
Biopharma executives are more likely to foresee developments such as partnerships, licensing deals and mergers/acquisitions, focus on emerging markets and increased outsourcing in the future.

What do you see as likely future developments in the structure of the biopharma industry?



Biopharma executives feel large mergers provide fewer opportunities for innovation, while managed care executives are much more likely to think they can lead to more opportunities.

What is the impact of large biopharma mergers on innovation in the biopharma industry?



Note: Respondents were asked to select all that apply.



53% of biopharma executives feel large mergers provide fewer opportunities for innovation

INCREASING SPEED AND PRODUCTIVITY

The general concept of partnership is important for both biopharma and managed care executives. However, less than half of biopharma executives would be willing to share information about failed compounds, an action almost all managed care executives believe they should take.

How likely would it be that partnerships among rival biopharma companies would strengthen the pipeline of new therapies?



In order to bring therapies to market faster, do you think biopharma companies should share information about failed compounds with competitors?



In areas of outsourcing and the convergence of clinical and commercial, biopharma and payers expect growth and view it as a way to strengthen and accelerate pipelines.

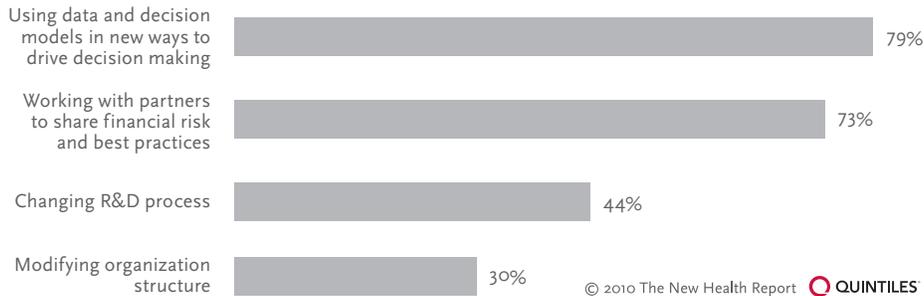
What actions, if any, are currently being taken by your firm to accelerate products to market and reach their full commercial potential?



91% of managed care executives feel that biopharma companies should share information about failed compounds

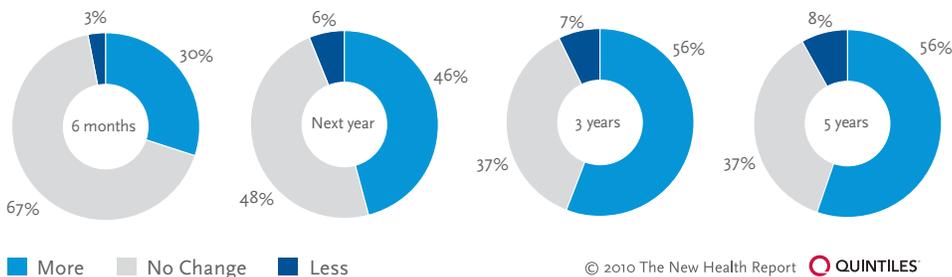
Managed care executives place more emphasis on using data and decision models than working with partners to accelerate drug development.

What actions, if any, do you think biopharma should take today to accelerate products to market and reach their full commercial potential?



Executives at biopharma firms expect to increase outsourcing of key functions in the next three years.

Thinking about your firm's current level of R&D outsourcing, how much do you anticipate that level changing?



Most biopharma executives see at least some convergence between clinical development and commercial operations in their firms and feel this is a positive trend for the success of their firm and healthcare in general.

- > **87%** of biopharma executives say they see at least somewhat of a convergence of clinical development and commercial operations
- > **77%** say the convergence of clinical development and commercial operations will affect the success of the firm positively
- > **70%** of biopharma executives say that convergence will have a positive effect on healthcare



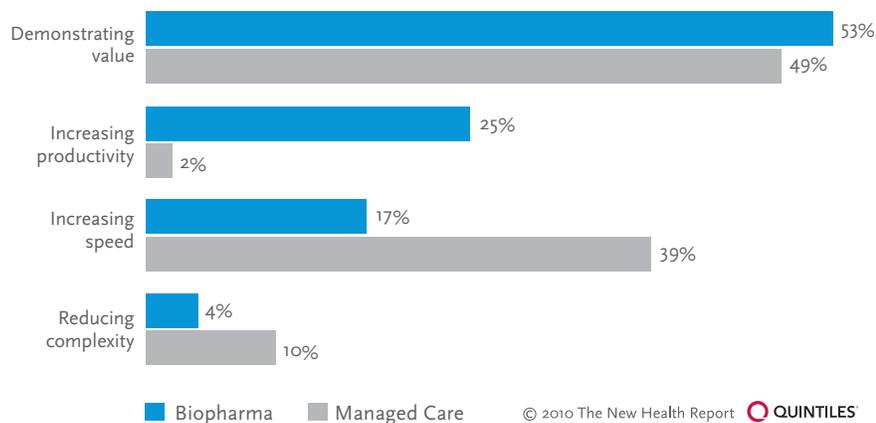
53% of biopharma executives believe demonstrating value is their firm's top priority as the industry changes

Demonstrating Value

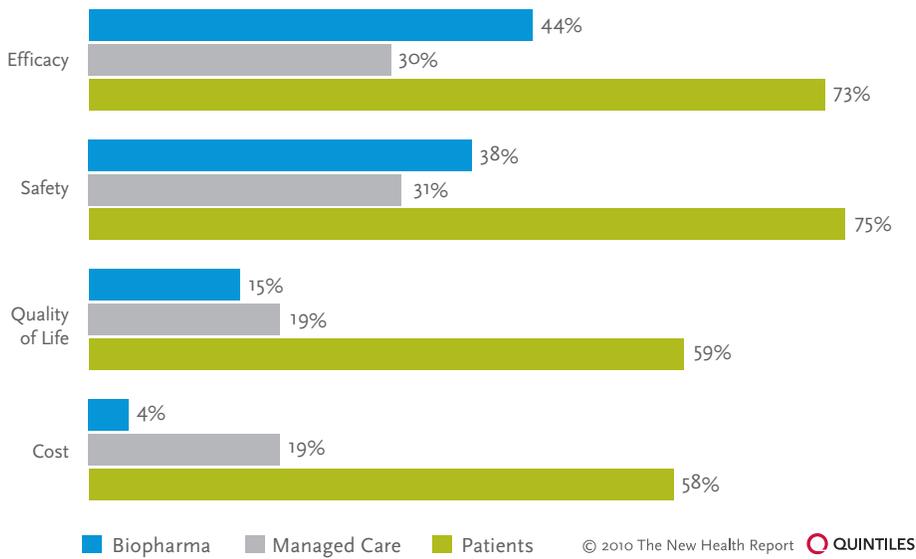
To successfully develop and commercialize a drug in the New Health, biopharma must demonstrate value to the new constellation of stakeholders, often adjusting the criteria for success to meet the diverse evaluation expectations of multiple decision makers. *The New Health Report* reveals that large perception gaps exist around what drives value among biopharma, payers and patients. The new stakeholders are making their demands clear—and pharma needs to listen.

Biopharma executives believe demonstrating value is their firm's top priority as the industry changes.

What should be the most important priority for biopharmaceutical companies as the industry continues to change?



How do you define the overall value of a specific therapeutic drug?



Note: While biopharma and managed care executives were asked to rank options in order of importance, patients were asked to select all that applied.

To maintain patient loyalty and competitive market share, biopharma companies have to better understand patient needs. Biopharma has to take a larger view of the stakeholder environment—how patients progress from diagnosis to treatment to outcome, and their perception of value along the way.

How influential do you think patients will be in the success or failure of new therapies over the next five years?

- 

32% of biopharma executives think patients will be very or extremely influential in the success or failure of new therapies over the next five years
- 

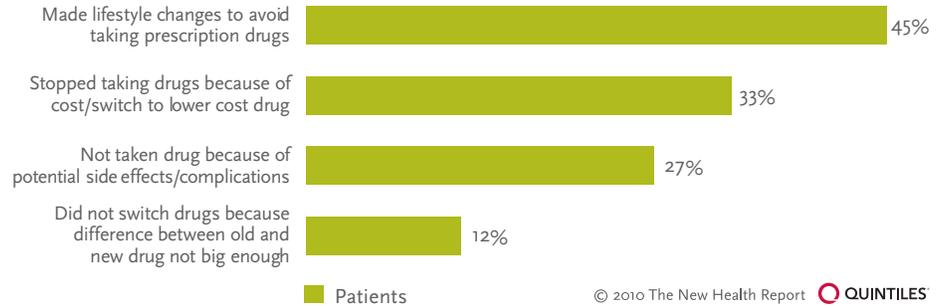
Managed care executives feel the same way, with 35% saying patients will be very or extremely influential
- 

Patients are much less likely to feel people like themselves will have such influence. Only 11% of patients say “people like you” will be very influential in what new prescriptions are available over the next five years; 59% say they will not be very influential

DEMONSTRATING VALUE

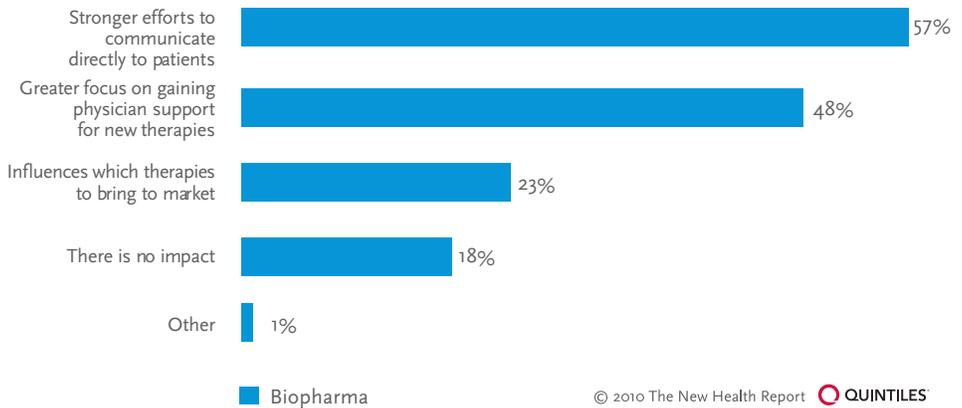
Top Ways Patients Demonstrate Influence

Have you done any of the following in the past five years?



Impact of Patient Activism on Biopharma's Effort to Launch New Drugs

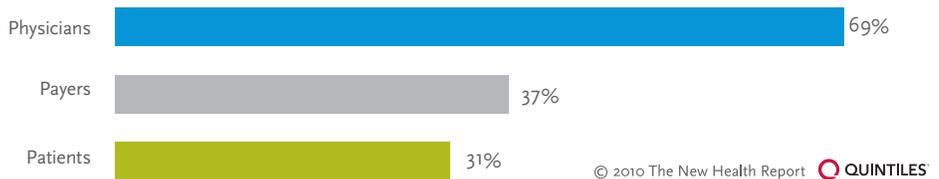
How does patient activism impact your effort to launch new drugs?



Note: Respondents were asked to select all that applied.

Biopharma Executives Feel their Organization is Very Effective at Educating Stakeholders about the Overall Value of a Specific Therapeutic Drug

How effective is your organization at educating each of the following stakeholders about the overall value of a specific therapeutic drug?



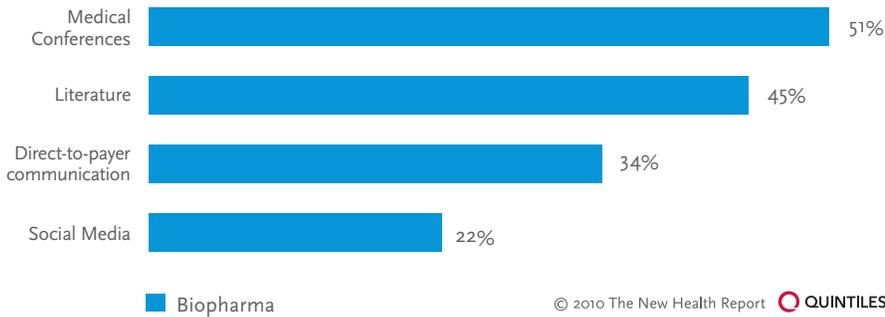
Note: Percentages indicate the total number of respondents who selected "extremely effective" or "very effective."



45% of patients report having made lifestyle changes to avoid taking prescription drugs

Effectiveness of Biopharma at Communicating the Overall Value of a Specific Therapeutic Drug

How effectively does your organization use each of the following to communicate the overall value of a specific therapeutic drug?



Note: Percentages indicate the total number of respondents who selected “extremely effectively” or “very effectively.”



Only 22% of biopharma executives feel that their firm uses social media effectively to demonstrate the value of a specific therapeutic drug

Reducing Complexity

The New Health is not an easy environment to navigate. It is complicated and crowded, full of obstacles that hinder progress toward the ultimate goal of delivering quality accessible products and treatments that enable patients to lead healthier lives. To succeed, biopharma must capitalize on every opportunity available, including globalization, a streamlined infrastructure model, standardized development methodologies, and collaborative relationships with industry, government, payers and patients. By navigating the risks of the New Health effectively, biopharma will reshape the drug development process to meet the demands of all stakeholders, and ultimately deliver on a promise and opportunity to enable people to live healthier lives.

When asked about the impact of a more complex regulatory environment...

 59% of managed care executives say the increasing complexity will have a positive effect on the quality of products available in the market

 78% of biopharma executives say a more complex regulatory environment will affect their firm's ability to get new products to market quickly

Some industry observers have commented on an increasing role for payers in biopharma thinking and planning—understanding the drivers of formulary market access decisions as input to development programs.

From a managed care perspective, how important is this trend for biopharma development programs?

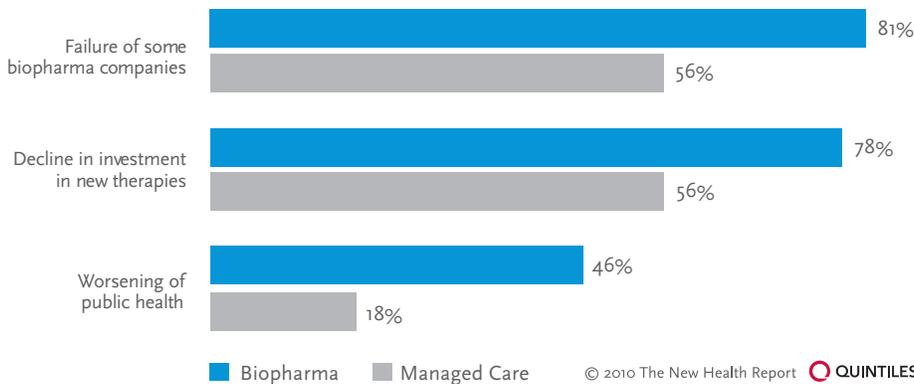
- > 90% of managed care executives feel an increasing role for payers in biopharma thinking and planning is important for biopharma development programs
- > 30% of managed care executives feel it is very important for biopharma development programs

From a managed care perspective, which action-specific formats are you using, if any, as part of this increased role?

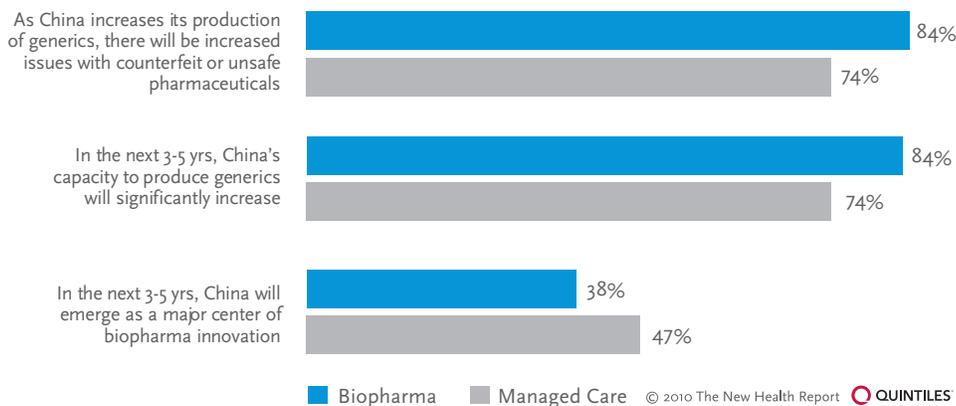
- > 55% say they are having informal discussion and information gathering
- > 34% say they are having formal and alliance discussions
- > 28% are taking part in formal payer panels to provide input into R&D decisions
- > 20% of managed care executives who feel an increased role for payers is important are not taking any specific actions toward this end

The majority of biopharma executives see the increasing market share of generics as a threat to companies in the industry and to investment in innovation.

How likely are each of the following to occur if generics continue to gain market share in biopharma?



Please indicate how much you agree or disagree with the following statements:

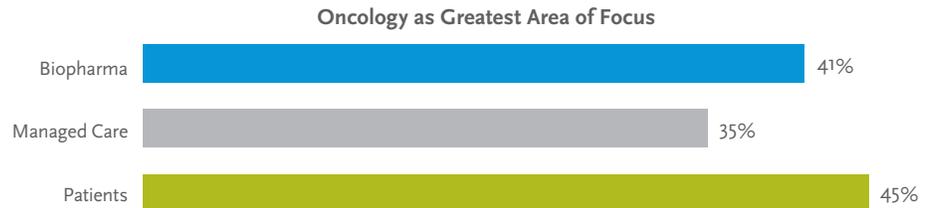


46% of biopharma executives feel that a worsening of public health is likely to occur if generics continue to gain market share

REDUCING COMPLEXITY

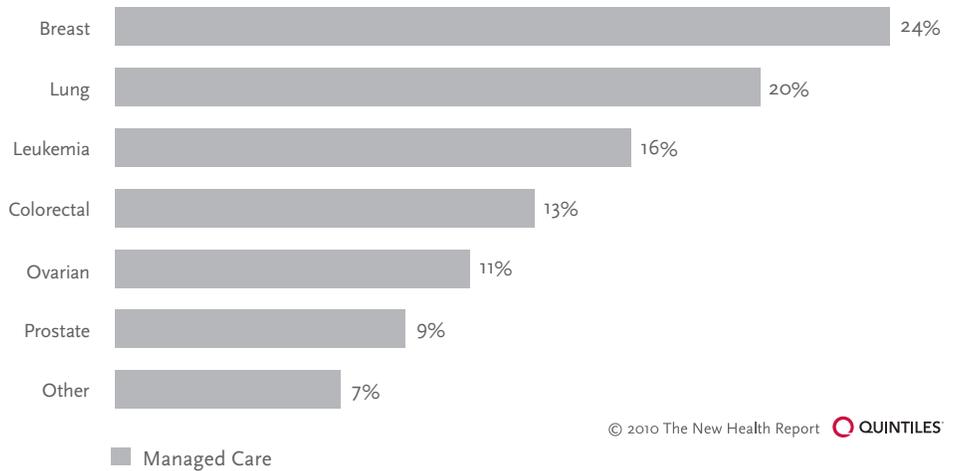
One of the few areas in which biopharma, managed care and patients align is that oncology should be the greatest area of focus in the next five years.

What should be the therapeutic area of greatest focus for biopharma firms in the next five years?

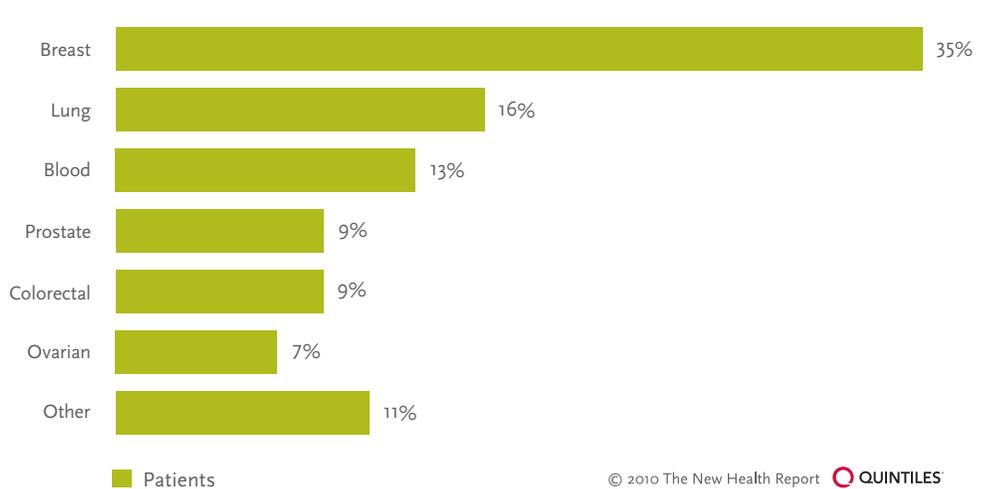


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Within oncology, what should be the area of greatest focus for biopharma firms in the next five years?



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45% of patients believe that oncology should be the therapeutic area of greatest focus in the next five years

About *The New Health Report*

The New Health Report is a national survey of biopharmaceutical executives, managed care executives and members of the U.S. public. Richard Day Research of Evanston, Ill., conducted the survey on behalf of Quintiles and was responsible for all survey design, data analysis and data reporting. Data for this survey were collected in online interviews conducted between February 2 and March 22, 2010. Survey sample respondents included 144 biopharmaceutical executives at the director level or above at large (annual revenues of more than \$3 billion) and emerging (annual revenues of less than \$100 million) companies, 129 managed care executives at the director level or above, and 1,048 U.S. adults ages 18+.

Access the complete results of the survey at: www.quintiles.com/newhealth/report.

About Quintiles

Quintiles is the only fully integrated biopharmaceutical services company offering clinical, commercial, consulting and capital solutions worldwide. The Quintiles network of 20,000 engaged professionals 60 countries around the globe works with an unwavering commitment to patients, safety and ethics. Quintiles helps biopharmaceutical companies navigate risk and seize opportunities in an environment where change is constant. For more information, please visit www.quintiles.com

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