

Pharma Market Insight Studies

**Methods
&
Tools**

Smart Pharma Expertise

Competitive landscape

Health authorities – Clients – Competitors

Brand position

Performance – Resources – Development

Brand objective

Sales & Profit forecasting

Brand strategy

Positioning – Segmentation – Targeting

Brand tactics

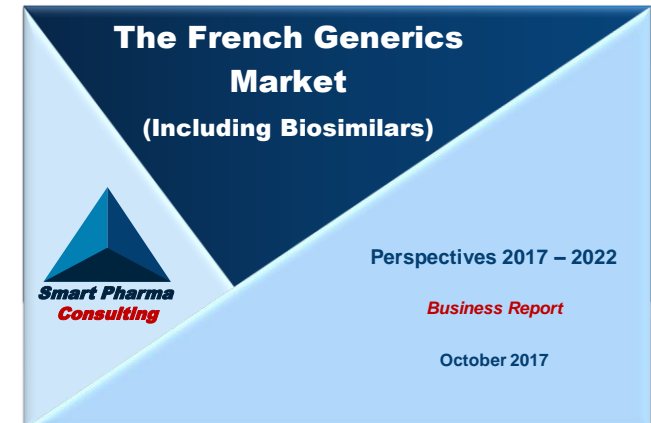
Sales force effectiveness



**Smart Pharma
Consulting**

Smart Pharma Consulting is well-known for the quality of its market insight studies, offering well-documented insights and thoughtful analysis to make better decisions

Examples of market insight studies recently published

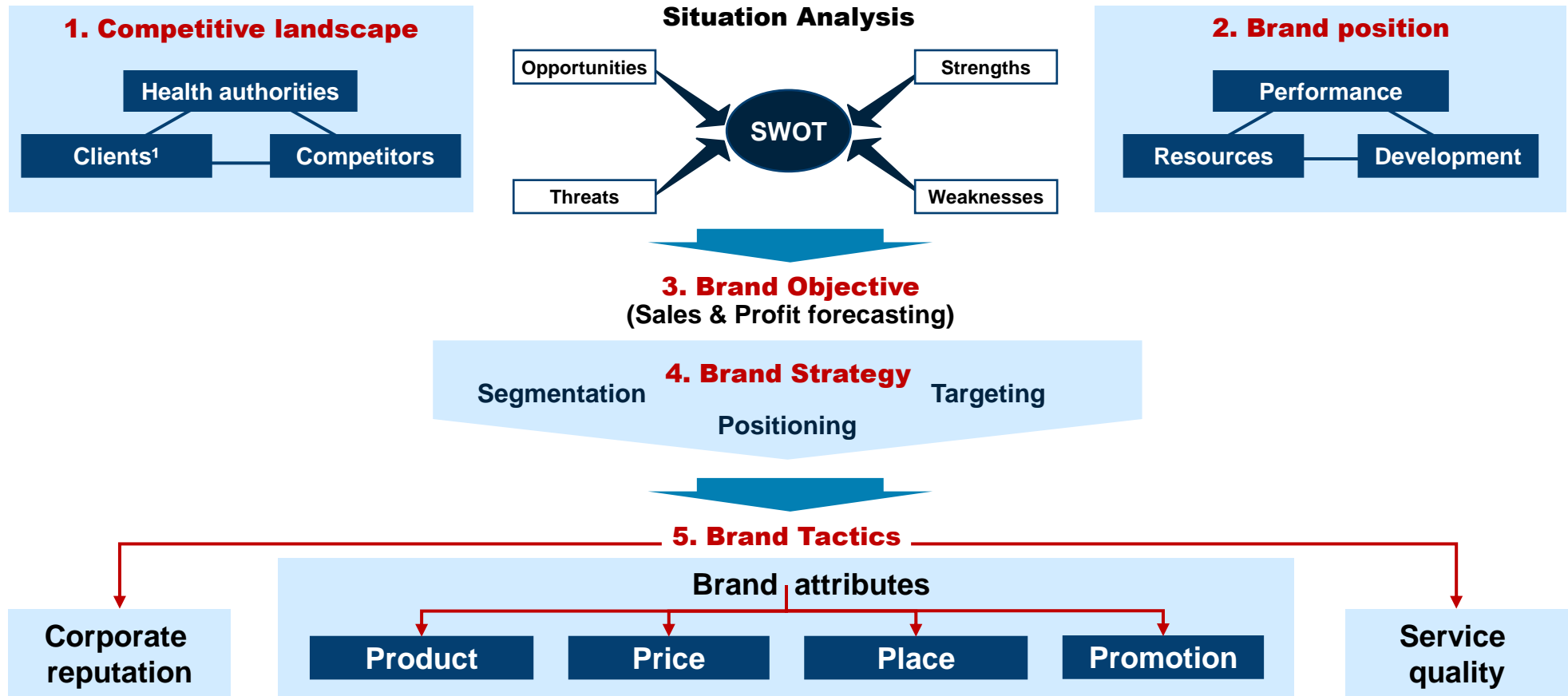


Smart Pharma Consulting

Market Insight Studies are designed and carried out to enhance the knowledge and the understanding of the market in order to make more relevant strategic, tactical end/or organizational decisions

Smart Pharma Consulting carries out Market Insight Studies, at the 5 steps of the marketing thinking process, to help pharma companies improve their performance

Marketing thinking process



Source: Smart Pharma Consulting

¹ Including payers, physicians, pharmacists, patients, patient advocacy groups, hospitals, distributors, etc.

Our ability to collect insights from all market stakeholders and our robust analytical skills allow us to deliver high value-added recommendations

Methodological approach

Clients

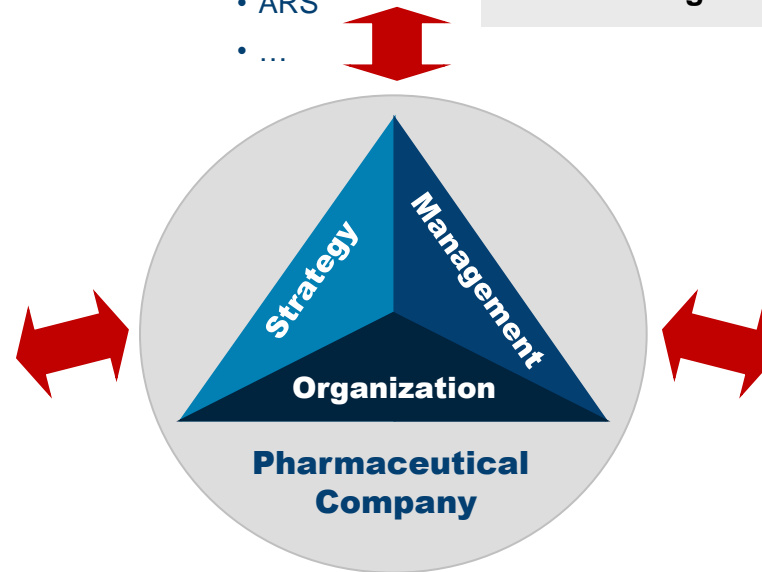
- Physicians
- Pharmacists
- Patients
- Hospitals
- Distributors
- Payers
- Learned societies
- Unions
- ...

- Therapeutic needs
- Prescription patterns
- Preference drivers
- Delivery standards
- Purchasing habits

Health authorities

- EMA
- FDA
- ANSM
- CEPS
- HAS
- ARS
- ...

- Marketing authorization
- Market access (price and reimbursement)
- Therapeutic guidelines
- Advertising and promotion regulations



Competitors

- Innovators
- Generic companies
- Biotech companies
- OTC companies
- ...

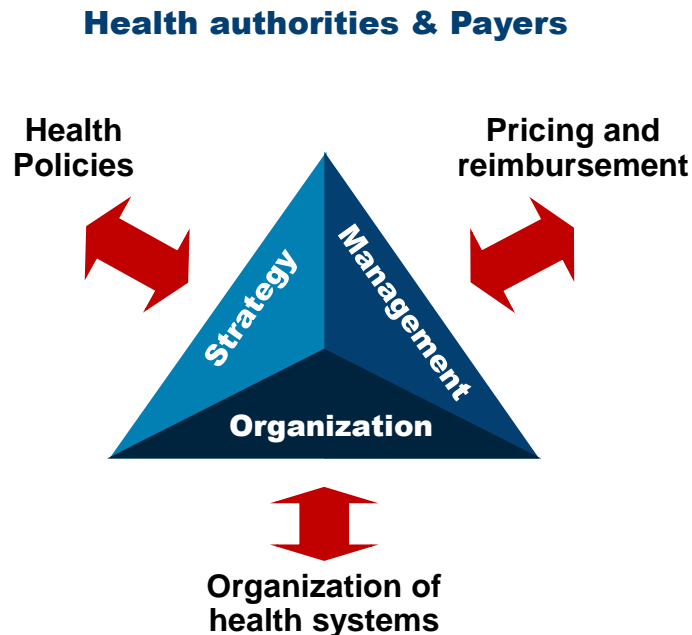
- Benchmarking
- Differentiating factors
- Growth drivers / orientations

Smart Pharma Consulting is used to carrying out studies to better know and understand healthcare systems through in-depth desk researches and individual interviews

Health authorities

Market studies targeted at health authorities

Illustration



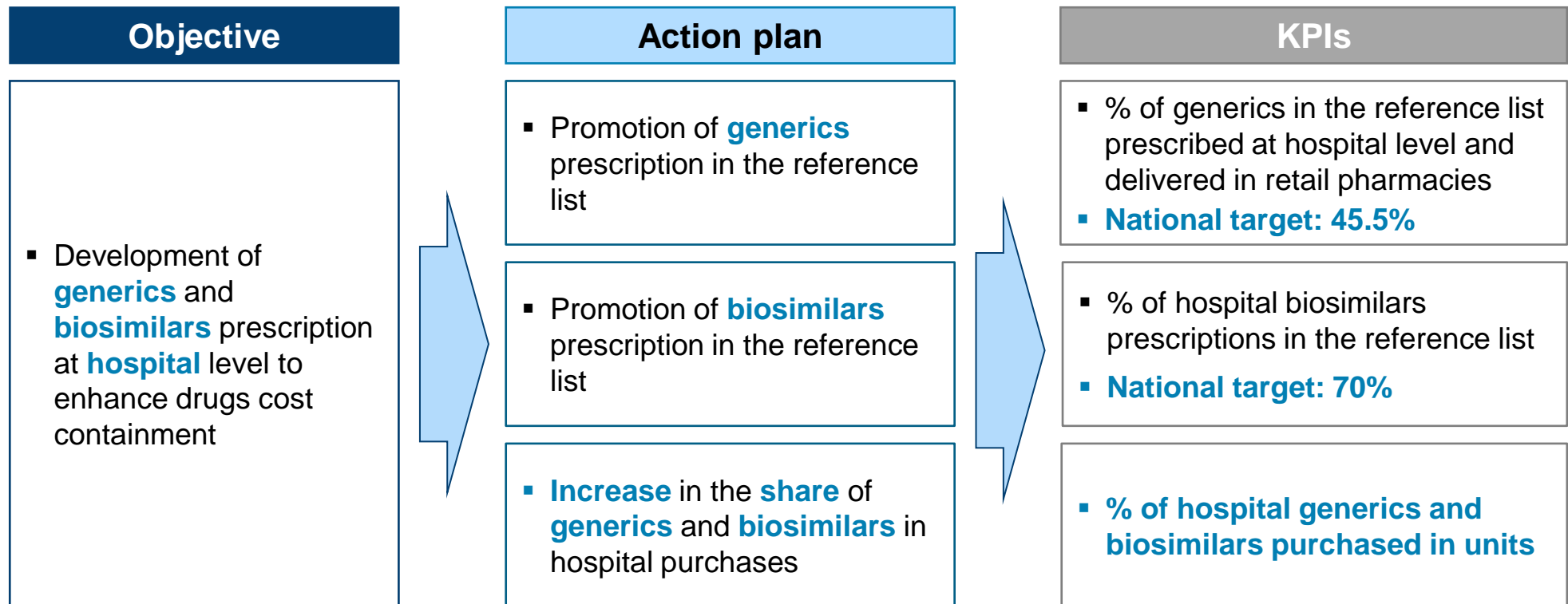
Types of studies recently undertaken

- **Organization of health systems**
 - Research on health systems across the world
 - Market access systems by country
 - Study of the organization, the composition and the strategic priorities of regional health bodies
- **Health Policies**
 - Analysis of healthcare reforms across Europe
 - Study of healthcare expenditure containment policies
 - Comparison of health policies regarding Rx-to OTC switches in Europe
- **Pricing and reimbursement**
 - Analysis of decision-making processes and key decision criteria re. pricing and reimbursement
 - Study of the copayment policies of supplementary health insurance funds re. drugs according to the reimbursed level by the Social Insurance

Smart Pharma Consulting has interviewed hospitals and regional health authorities collaborators to evaluate the impact of a new measure on drug performance

Health authorities **Example: Measure to enhance drug prescription quality and efficiency**

The French health authorities have recently introduced contracts between hospitals, regional health agencies and regional health insurance through which physicians are encouraged to prescribe more generics and biosimilars



Source: Smart Pharma Consulting

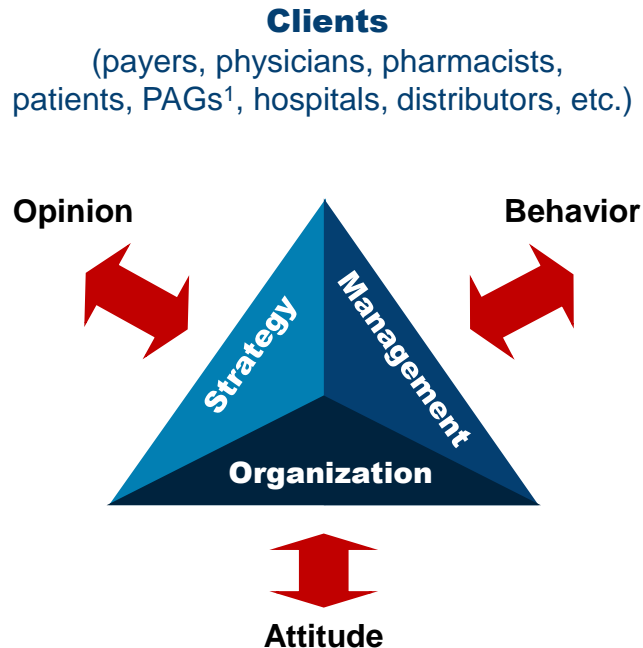
¹ Regional Health Agency (Agence Régionale de Santé) – ² Hospital medical commission (Commission médicale d'établissement) – ³ Contract for healthcare quality and efficiency enhancement (Contrat d'amélioration de la qualité des soins)

Smart Pharma Consulting is used to collecting and analyzing information about all pharma companies clients involved on the retail and the hospital markets

Clients

Market studies targeted at clients

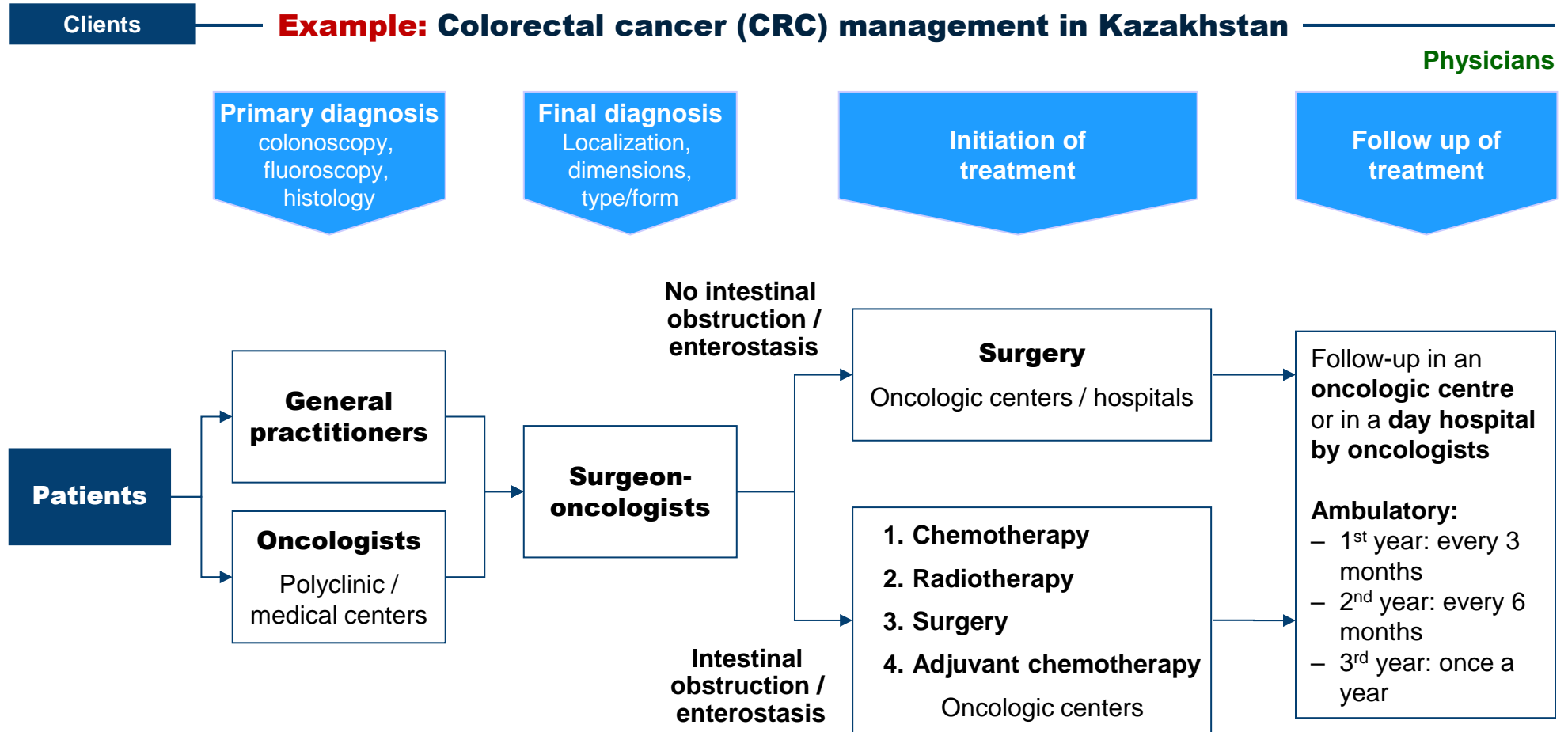
Illustration



Types of studies recently undertaken

- **New launches**
 - Impact assessment of new product launches
 - Brand positioning studies and market segmentation
- **Generics / Biosimilars**
 - Attitudes and behavior of key stakeholders regarding generics and biosimilars
- **Reimbursement rate changes / Rx-to-OTC switches**
 - Impact assessment of changes in reimbursement rate or Rx-to-OTC switches on clients attitude
- **Commercial policy**
 - Discounts and associated services offered to pharmacists
 - Analysis of pharmacists expectations regarding direct sales offers
 - Price sensitivity studies
- **Decision-making process in hospitals**
 - Listing / purchasing in hospitals
 - Conditions of introduction and deployment of new care practices in hospitals
 - Physicians prescribing trends in oncology

Smart Pharma Consulting is able to figure out protocols and disease management in countries where there is little data published, by interviewing stakeholders



Smart Pharma Consulting assesses regularly the degree of physicians preference for competing brands with the help of the “Brand Preference Mix” concept¹

Clients

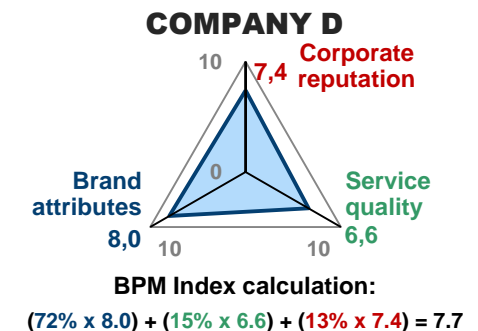
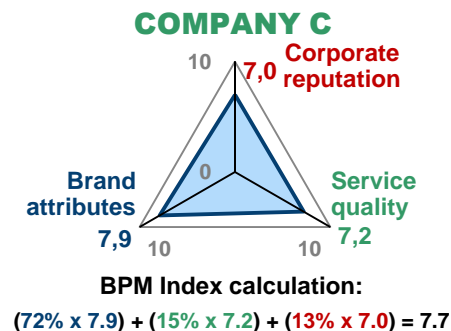
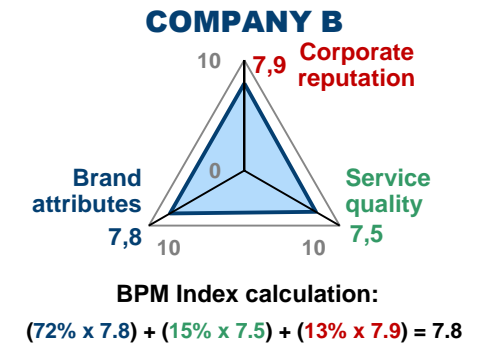
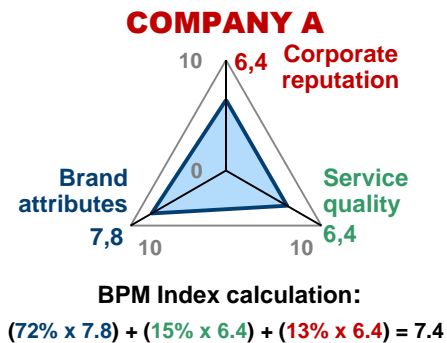
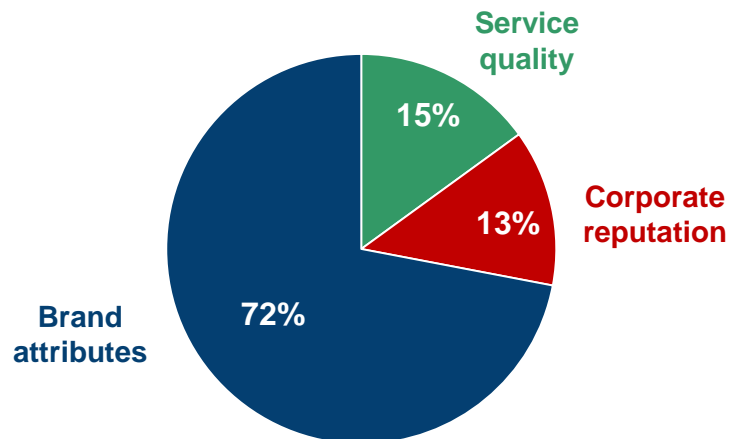
Example: Assessment of brand preference in the respiratory market

Physicians

The Brand Preference Mix (BPM) helps determine the key prescribing drivers that can be activated to enhance prescribers preference for a brand, and thus increase its market share

General Practitioners

"When you decide to prescribe a maintenance treatment in COPD over another one, what is the relative weight in your decision of the three following components?"



The in-depth knowledge and understanding of the market, through regular studies, enables Smart Pharma Consulting to produce complex and insightful analyses

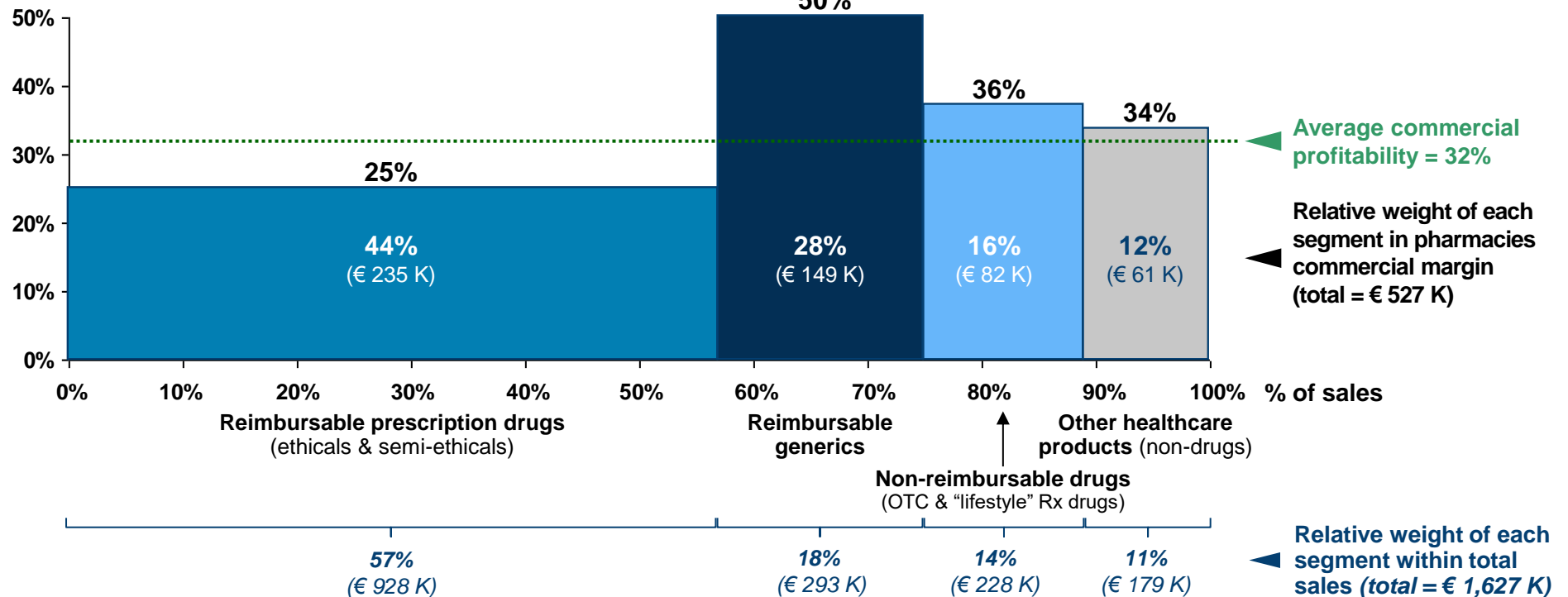
Clients

Example: Economic structure of retail pharmacies in France

Pharmacists

Average annual turnover of a retail pharmacy in 2017: € 1,627 K
(public price excluding VAT)

Average profitability by segment



Source: Smart Pharma Consulting

Smart Pharma Consulting is used to carrying out patient surveys to understand patients behaviors and motivations

Clients

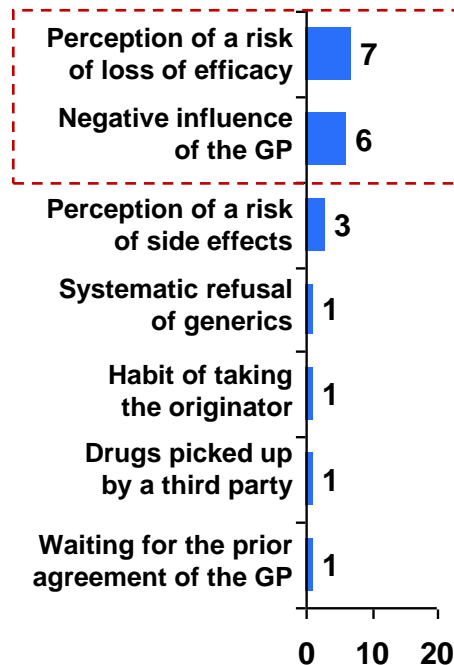
Example: Generics substitution refusal by patients

Patients

“Why do you refuse generics substitution?”

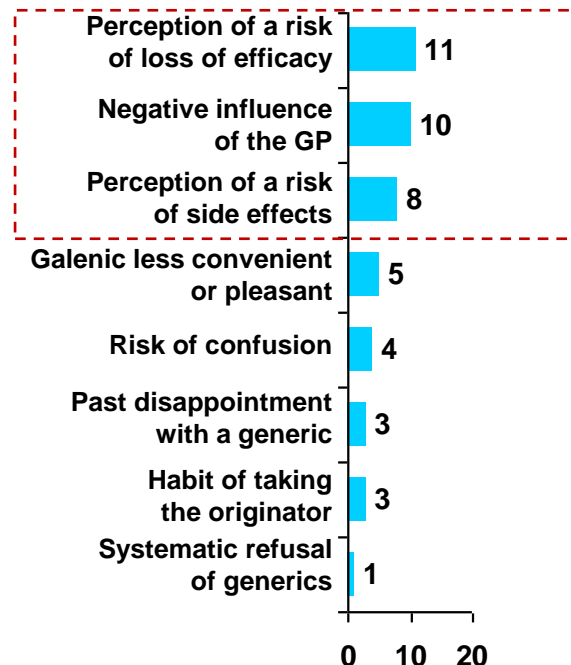
DUROGESIC

Number of quotes



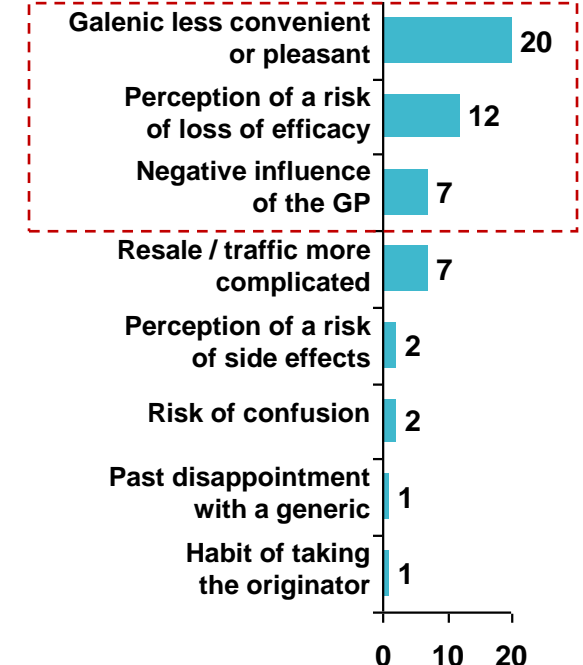
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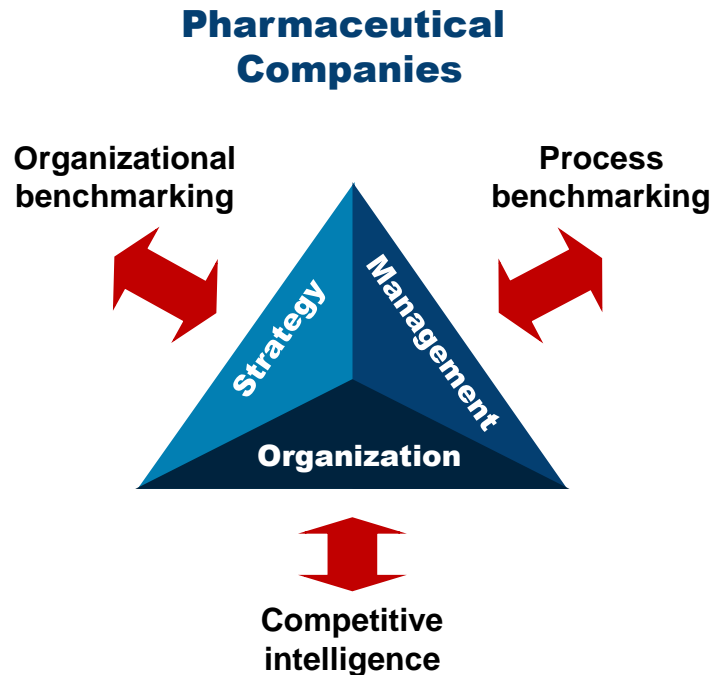


Smart Pharma Consulting carries out various types of benchmarking and competitive intelligence studies in the pharmaceutical sector, following a strict code of ethics

Competitors

Market studies on competitors

Illustration



Types of studies recently undertaken

- **Organizational benchmarking**
 - Surveys on organizational models
 - Surveys on different jobs in the pharmaceutical industry
 - Investigation of headcounts and the resources allocation
- **Process benchmarking**
 - Best practices identification
 - Surveys on adoption of new sales and marketing tools (CRM, trigger marketing, digital media, etc.)
- **Competitive intelligence**
 - Identification of future entrants and impact assessment
 - Investigation of product launches (dates and conditions)
 - Promotional investments assessment
 - Pricing policy at hospital

As shown in this example, Smart Pharma Consulting is able to realize organizational benchmarking such as detailed headcount surveys

Competitors — **Example: Headcount survey in small to mid-sized pharma companies**

Organizational benchmarking

	Pharma company A	Pharma company B	Pharma company C	Pharma company D	Pharma company E	Pharma company F	Pharma company G	Mean
	50 to 79 €M	20 to 49 €M	20 to 49 €M	50 to 79 €M	50 to 79 €M	80 to 120 €M	20 to 49 €M	
Sales								
General management	2	2	1.5	1.5	1.5	2	2	2
Marketing	6	7	3	5	6	10	5	6
Sales management	5	1	4	3	2	7	9	4
Medical	3	0	2.5	2.5	3.5	8	5	4
Finance	8	5	3	3	2.5	13	4	6
Regulatory affairs	2	12	2	0.5	8	12	4	6
Legal	0	0	0	0	0	2	2	1
Human Resources	2.5	2	1	3	1	6	4.5	3
Public affairs / Communication	0	0	0	0	0	0	0	0
Commercial excellence	0	0	0	0	0	8	0	1
Training department	0	0	0	1	0	0.5	0	0
Business Development	0	1	0	0	0	1	0	0
Market access	0	0	0	1	0	2	0	0
General services	1	1	0	0	0	3	0.5	1
Logistic / IT	0	0	2	0	0	7	0	1
R&D / Clinical studies	0	0	0	0	4	12	0	2
Total headquarters	29.5	31.0	19.0	20.5	28.5	93.5	36.0	37
Sales Reps – GPs	66	8	48	160	20	111	33	64
First line managers – GPs	6	1	0	16	3	13	4	6
Second line managers	0	0	4	2	0	2	0	1
Sales Reps – Specialists & hospital	11	10	0	10	0	6	0	5
First line managers – Specialists & hospital	0	0	0	1	0	1	0	0
KAM & others	0	0.5	0	0	0	0	3	1
Total field forces	83.0	19.5	52.0	189.0	23.0	133.0	40.0	77
Grand total	112.5	50.5	71.0	209.5	51.5	226.5	76.0	114
Number of therapeutic areas	8	5	5	7	1	9	4	6
Number of products	18	7	16	17	1	32	16	15

Source: Smart Pharma Consulting

Smart Pharma Consulting interviewed service providers and pharma companies to survey the remote e-detailing adoption, identify best practices and assess the impact

Competitors

Example: Benchmarking of remote e-detailing practices

Process benchmarking

Context

- Specific needs to strengthen detailing:
 - Inform physicians about new indications and side effects of non-promoted products
 - Vacancies
 - Campaigns with temporary increase of targeted physicians
 - Geographic dispersion of physicians (Russia)
 - Limited access to physicians (Sweden, Turkey)

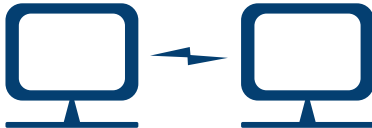
Objectives

- Increase the reach of the message by expanding the target
- Improve the efficacy of communication by increasing the call frequency
- Reduction of overall detailing costs

Implementation

- France: sales reps 100% dedicated to remote e-detailing, quantitative approach (20 contacts/day)
- Italy: sales reps 100% dedicated to remote e-detailing, qualitative approach (retention goal)
- Russia, Sweden: implementation of hybrid sales reps (face-to-face and remote e-detailing)

Results



- France: some physicians systematically refuse remote e-detailing
- Italy: 35%-40% of physicians regularly accept remote e-detailing
- Russia and Sweden: increase of call frequency

Key learning

- Remote e-detailing does not suit all physicians, hence, before implementing it, to identify those who:
 - Can have online access
 - Are likely to accept remote e-detailing
- The quality of calls is key to build a long term relationship with physicians, thus it is important to:
 - Train the sales force properly
 - Propose interesting and useful contents, meeting customer expectations and needs
 - Fix appointment by telephone rather than by e-mail (risk of spamming)

Through desk research and interviews, Smart Pharma Consulting has been able to estimate the magnitude of generics price war overtime on the French hospital market

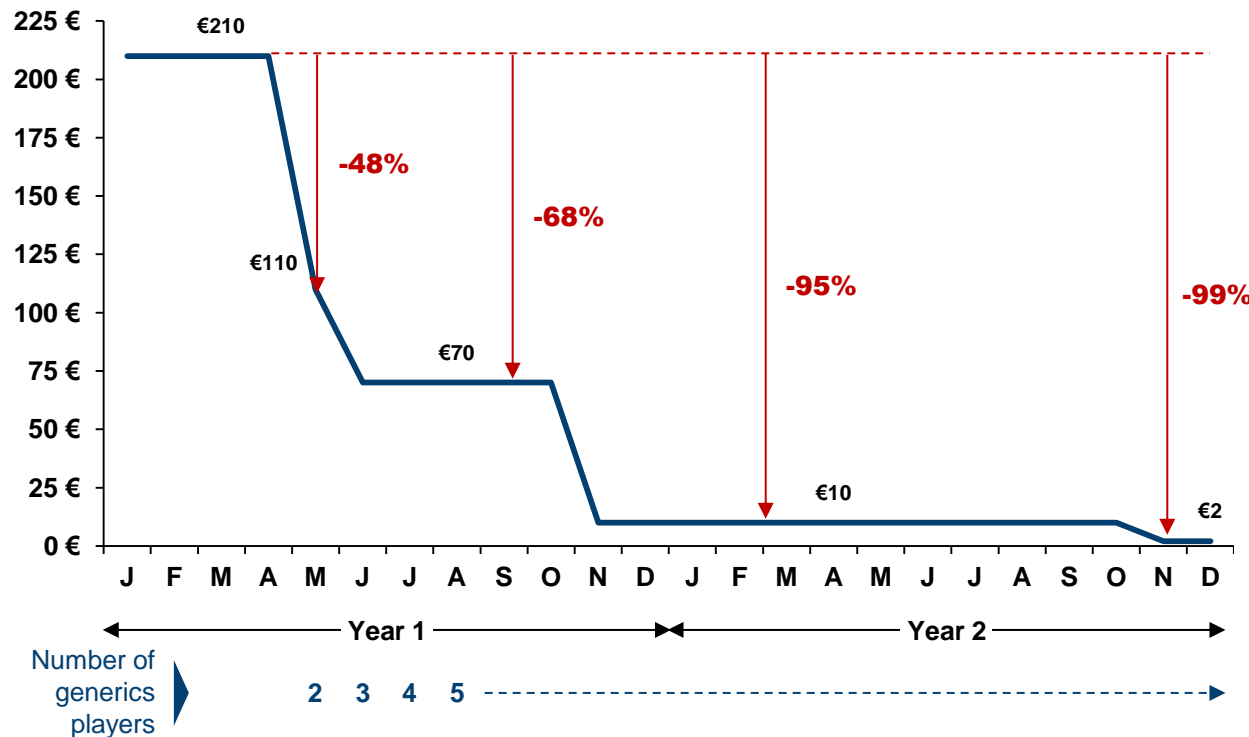
Competitors

Example: Hospital generics pricing

Competitive intelligence

Zometa case study in France

Estimated price on hospital market

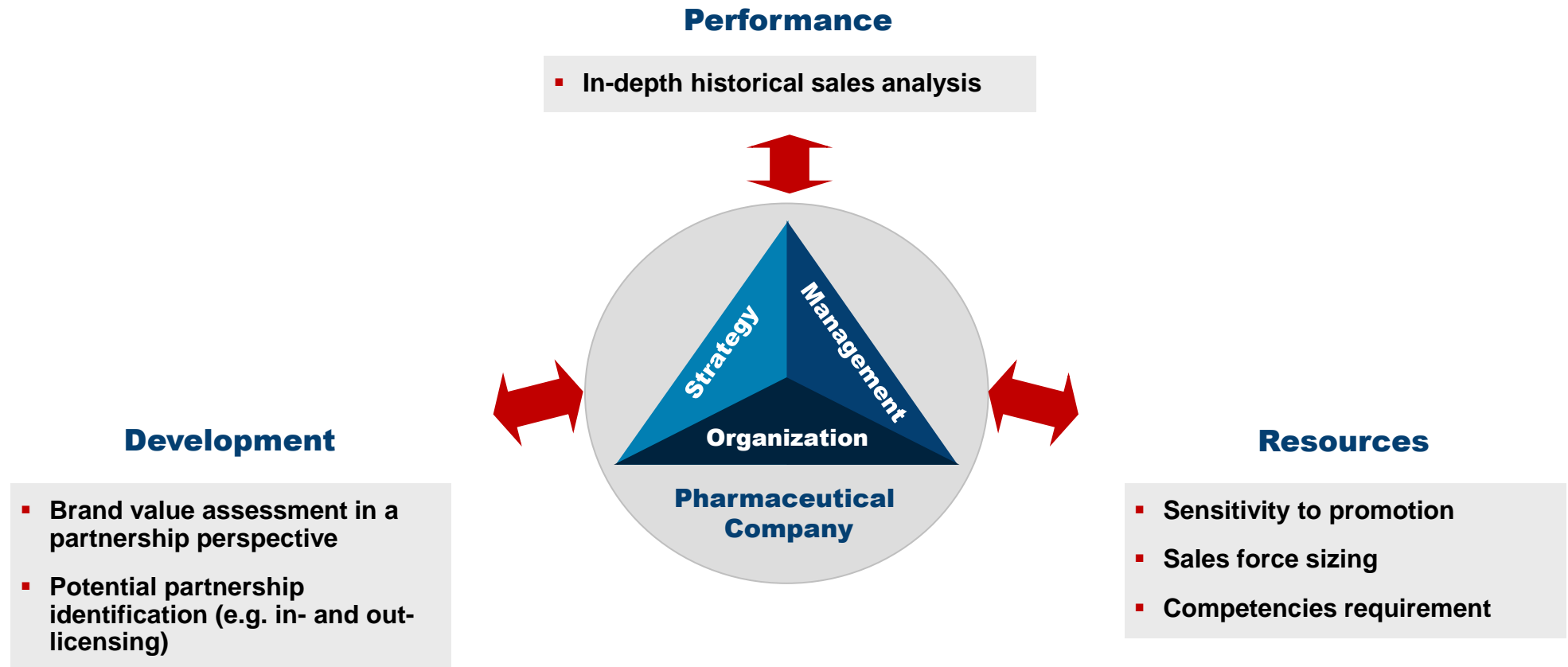


Comments

- Zometa (zolendronic acid), marketed by Novartis, is a bisphosphonate used in:
 - The prevention of bone complications in adult patients with advanced malignant disease with bone involvement
 - The treatment of tumor-induced hypercalcemia in adult patients
- The first generic, marketed by Sandoz, entered the market mid-May 2013, a week before Mylan. Fresenius launched its 4 mg version in June, Pfizer (ex-Hospira) in May and Medac in August
- **Competition on price is usually even more aggressive in hospitals when there are more than one company marketing a generic version**
- According to a generics company: *“This behavior is illogical and is prejudicial for all generics companies as this price does not support the market and does not permit us to offer associated services”*

Smart Pharma Consulting rigorous and evidence-based analyses allow to transform information into actionable and added-value recommendations to pharma companies

Methodological approach

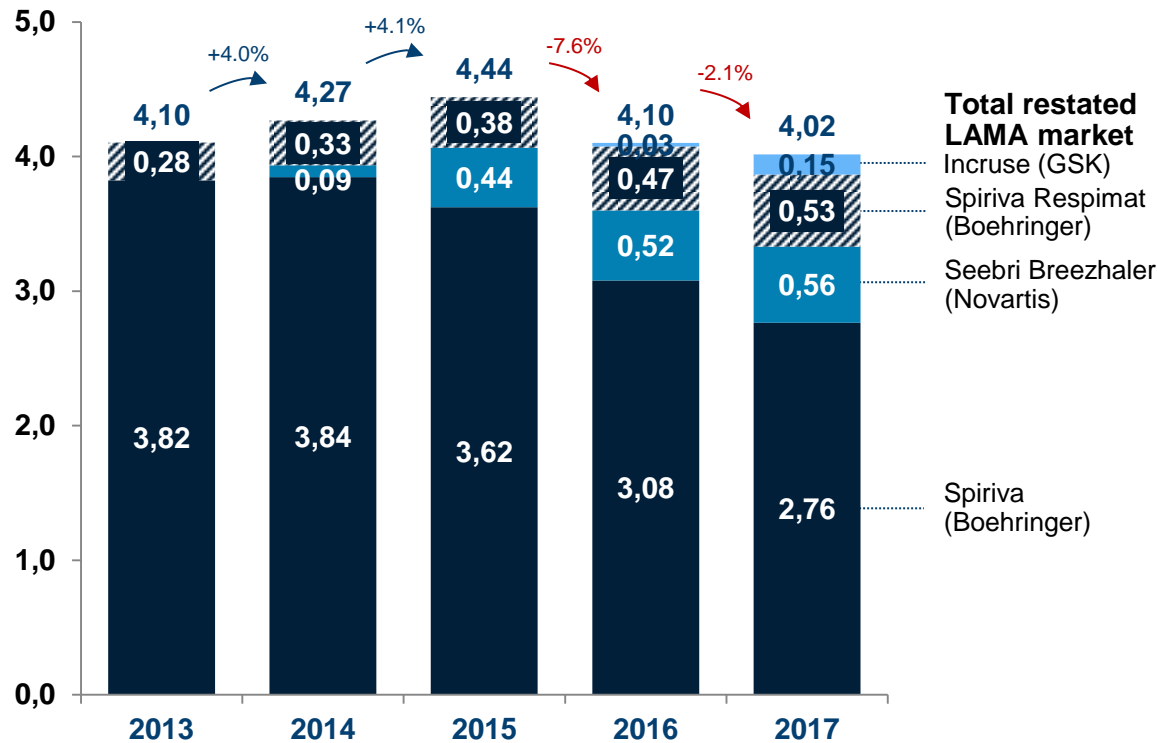


Smart Pharma Consulting regularly carries out in-depth brands analyses to get a comprehensive understanding of the dynamics of their performance

Performance

Example: Historical analysis of COPD products

Million packs (MAT¹ September)



CAGR ² 2013-2017	Evolution 2016-2017	Market share	
		2013	2017
-0.5%	-2.1%		
-	+69.6%	0%	3.8%
+17.6%	-	6.8%	13.3%
-	+8.2%	0%	14.1%
-7.8%	-10.2%	93.2%	68.9%

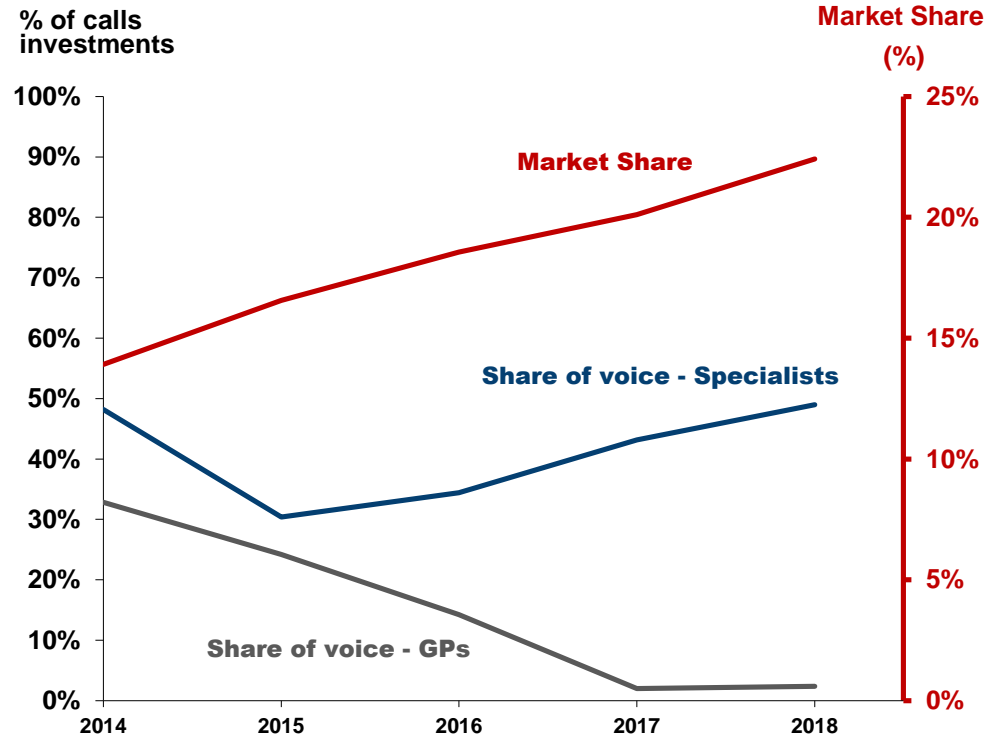
LAMA market defined here as the combination of all LAMA drugs specifically prescribed in COPD

Smart Pharma Consulting can help pharma companies assess the sensitivity of their brands to promotional investments in quantitative and qualitative terms

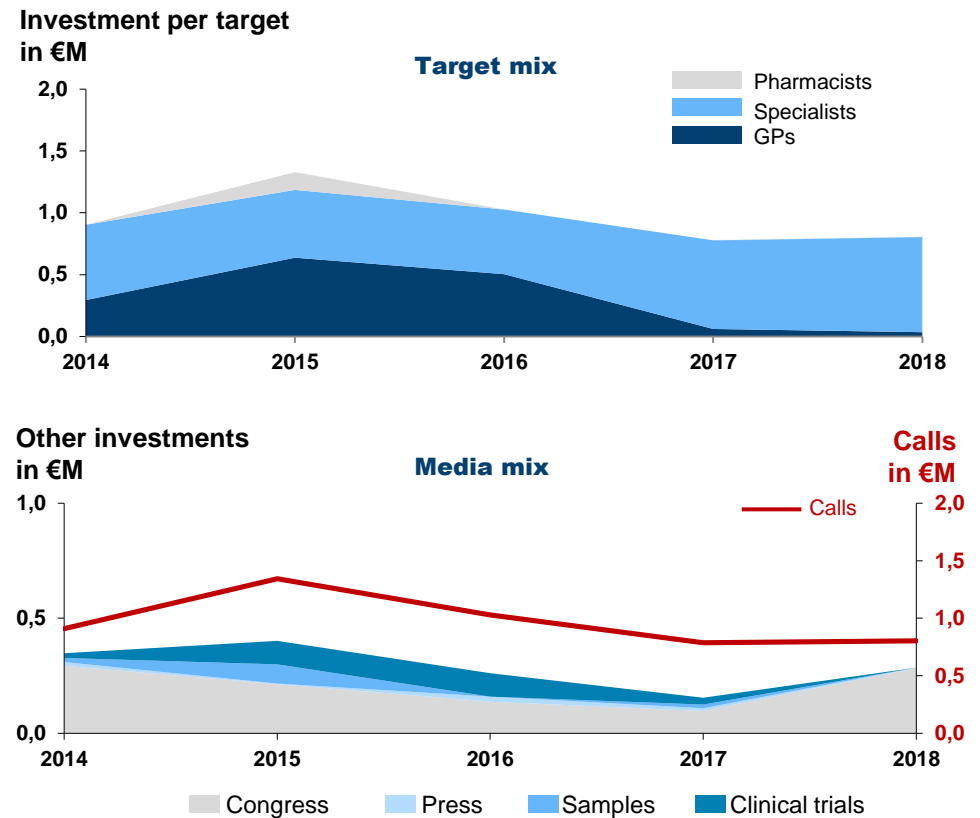
Resources

Example: Sensitivity to promotional investments

Performance & share of voice



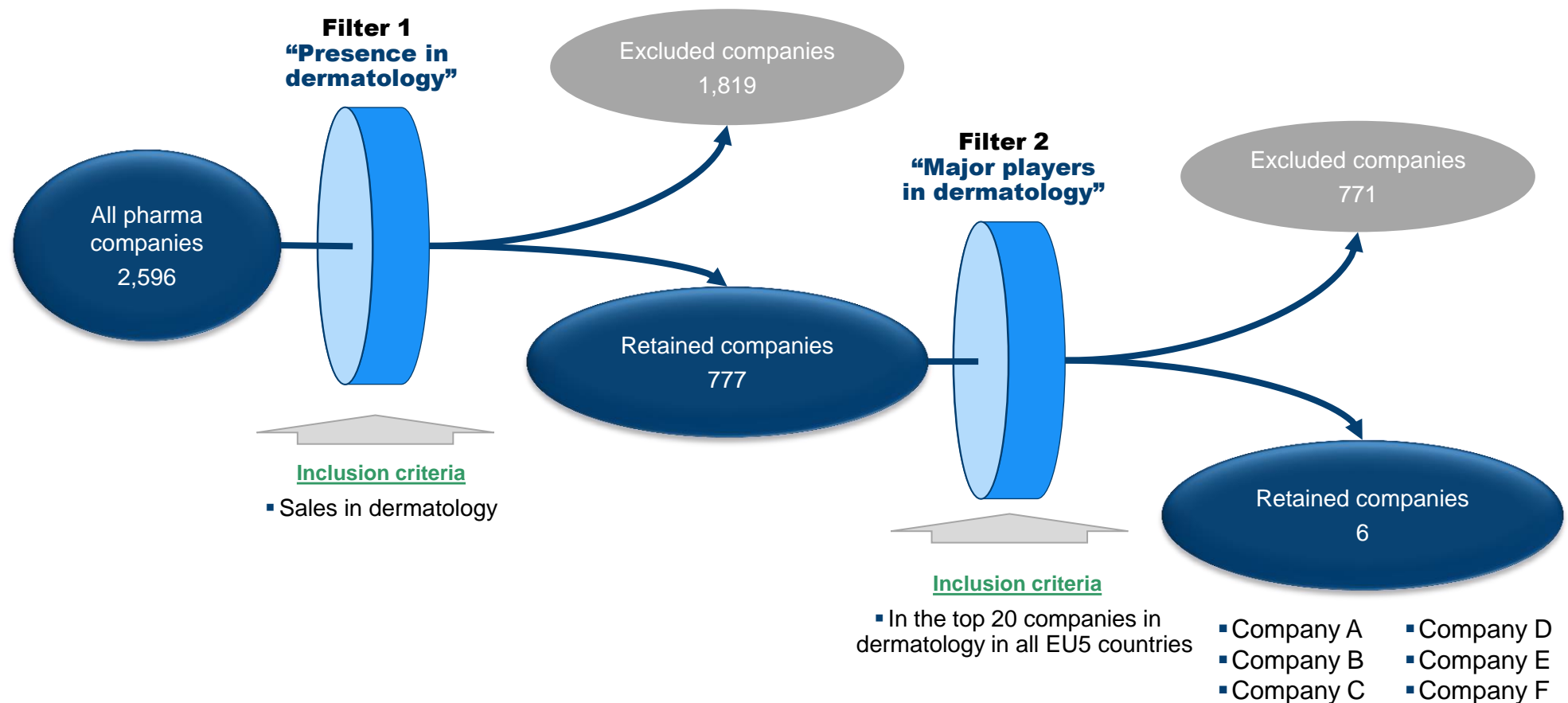
Promotional mix



Based on rigorous market analyses and an effective methodology¹, Smart Pharma Consulting can help identify potential partners for in- or out-licensing deals

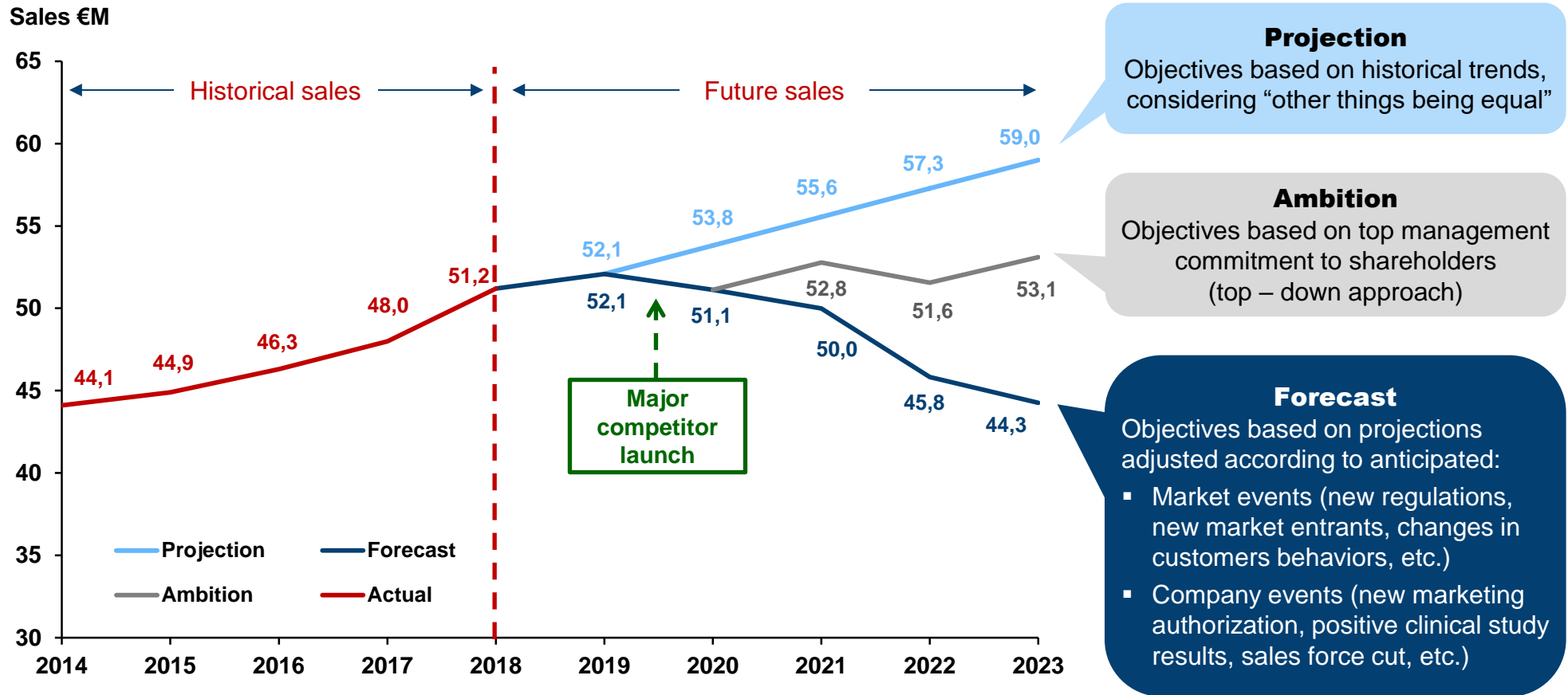
Development

Example: Identification of partners for an out-licensing deal



Smart Pharma Consulting is regularly asked by pharma companies to build scenarios to estimate sales and profits objectives according to the forecast method

Methodological approach



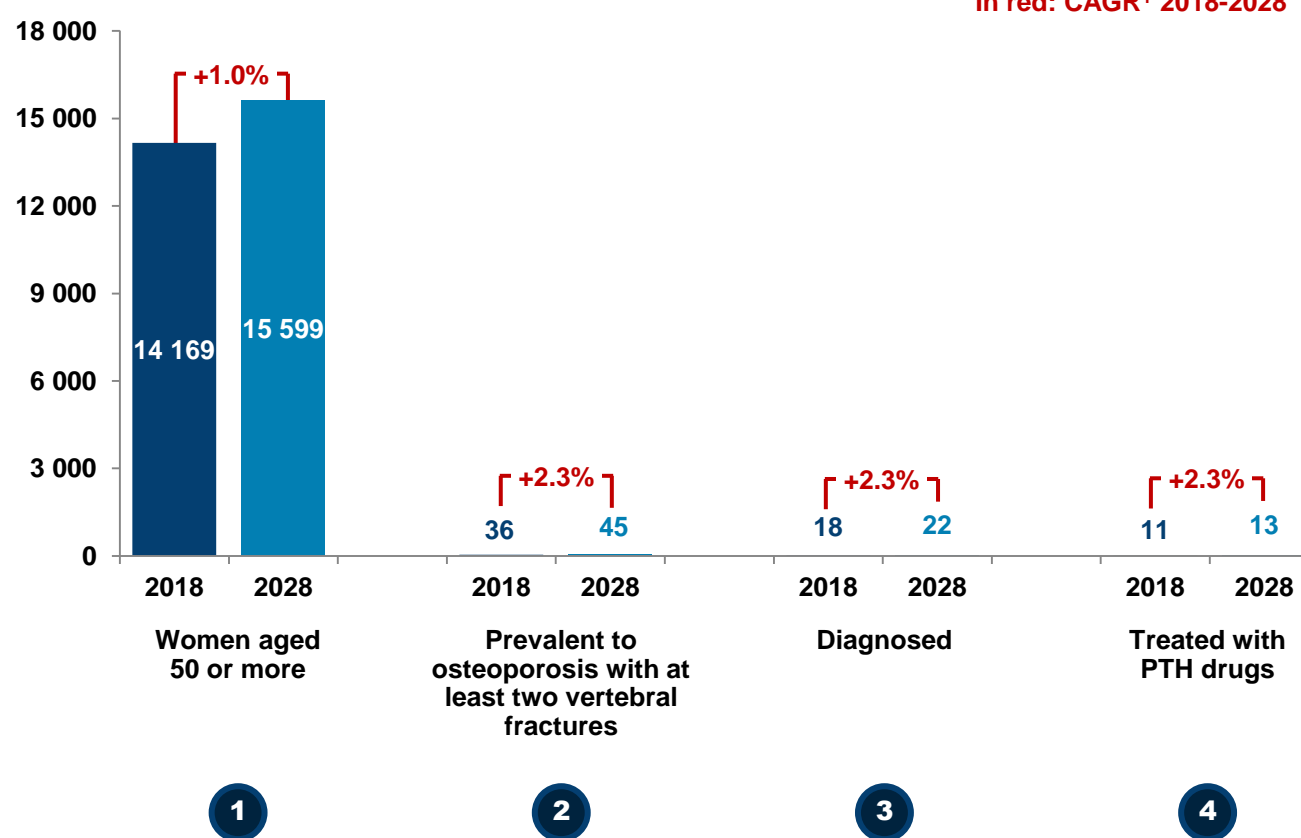
Source: Smart Pharma Consulting

A patient approach based on epidemiological data, diagnosis and treatment rates can be applied to estimate the evolution of a market size and of a brand market share

Example: Sales forecasting in the osteoporosis market

Patient approach

Number of women, in thousands



Comments

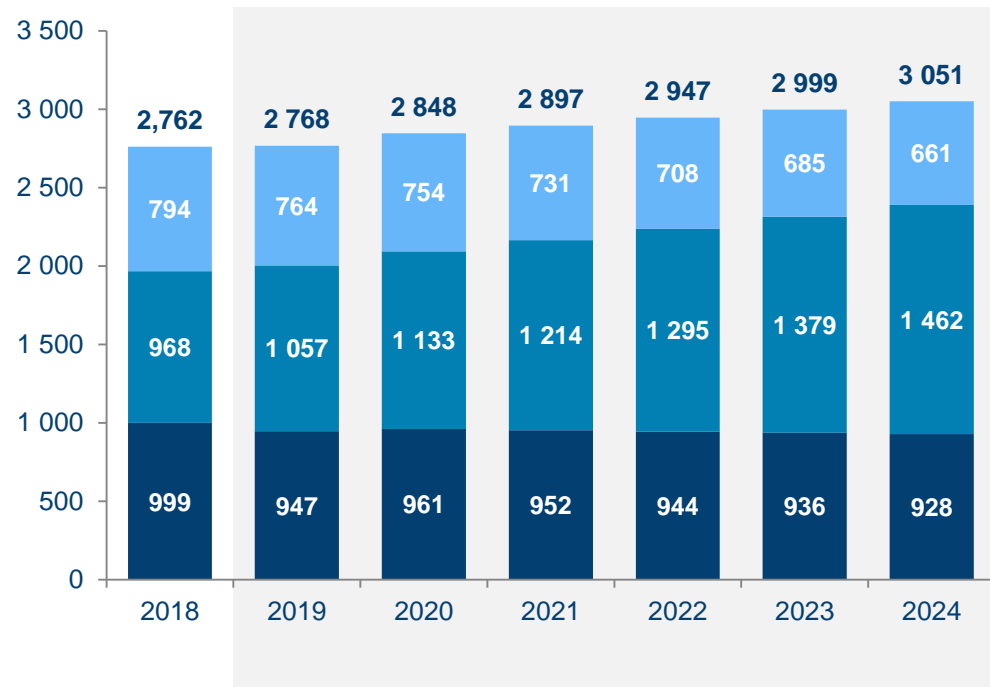
- **Prevalence** (+2.3% on average per year) **increases faster** than the total **population of women aged 50 or more** (+1.0% p.a.) because of a mixed effect :
 - **Ageing effect (baby boomers)**: women aged **75 and more** will represent **~31%** of the women aged 50 and more in **2028**, vs. **~27%** in **2018**
 - In addition, the **prevalence** rate within women aged **75 and more** (**~0.85%**) is much higher than the prevalence of women **aged between 50 and 74 years** (**~0.04%**)
- **Diagnosis** and **treatment rates** have been maintained at a **stable rate** over the period, in accordance with interviewed KOLs feedback:
 - **Diagnosis** rate: **50%** of prevalent women
 - **Treatment** rate: **60%** of diagnosed women

A market approach based on the adjustment of historical sales projections can also be applied to estimate the dynamics of a brand on its market

Example: Sales forecasting in the oncology market

Market approach

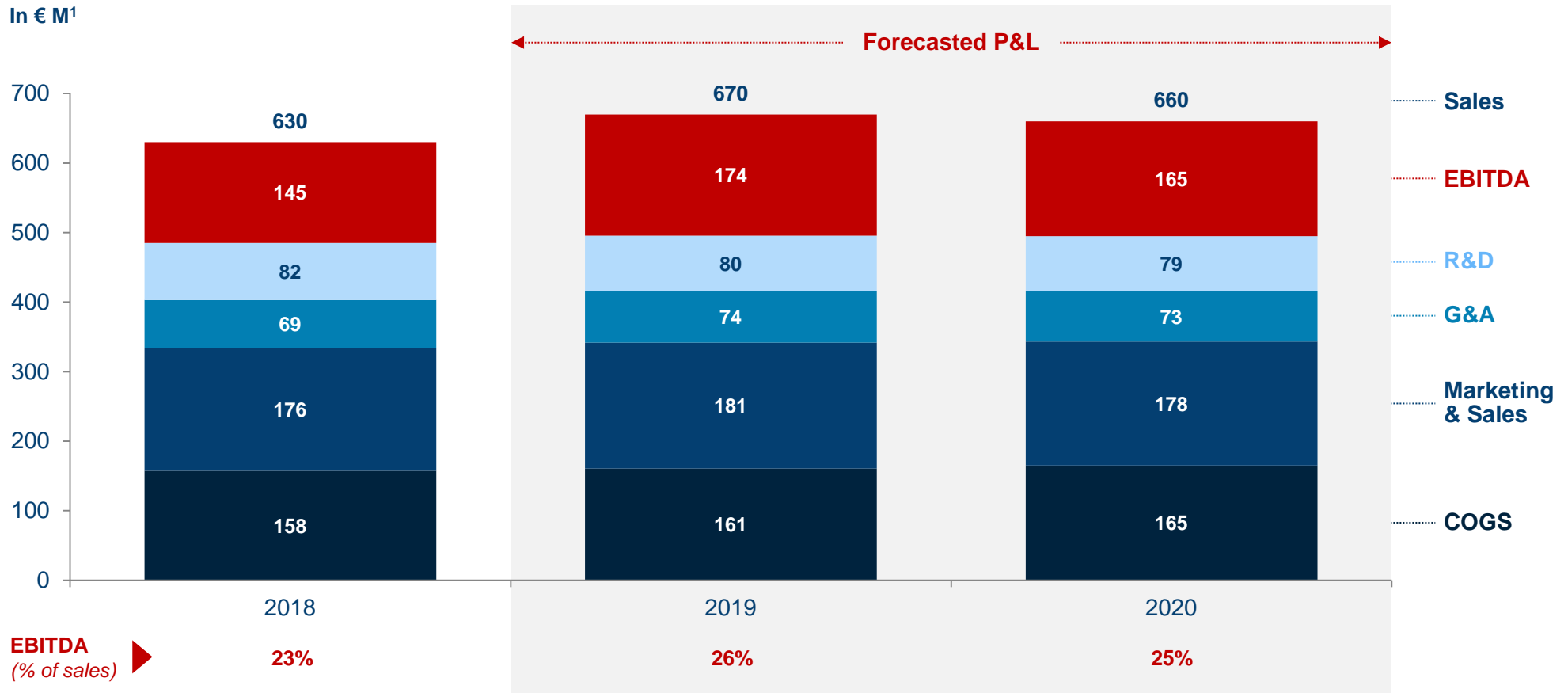
Sales in '000 units



	CAGR ¹ 2018-2024	Market share		
		2018	2021	2024
Total market	+1.7%			
Product A	-3.0%	28.8%	25.2%	21.7%
Product B	+7.1%	35.1%	41.9%	47.9%
Product C	-1.2%	36.2%	32.9%	30.4%

Smart Pharma Consulting can develop for pharma companies models to forecast the potential margin of selected products

Example: Profit forecasting for a CNS product



Source: Smart Pharma Consulting

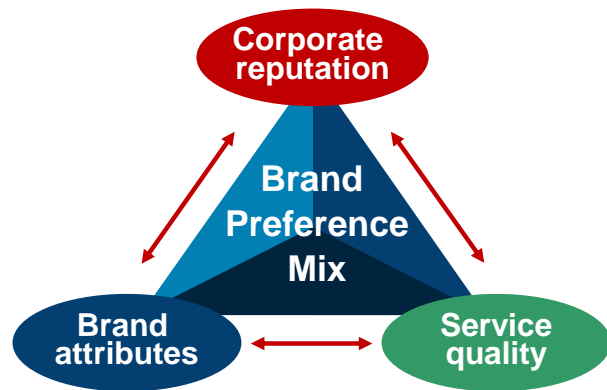
¹ Constant ex-factory prices, excluding VAT

Smart Pharma Consulting proposes highly effective positioning and segmentation methods that are associated with specific data collection about customers

Positioning & Segmentation studies

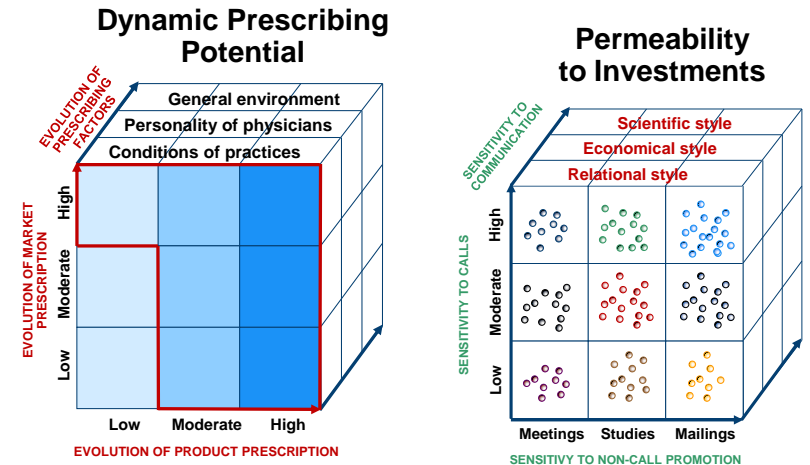
Examples of applications to Physicians

Brand Preference Mix (BPM)¹ – Positioning



- The share of brand prescription is driven by physicians preference level...
- ... which is enhanced by acting on the BPM: (1) brand attributes, (2) service quality and (3) corporate reputation

Behavioral Prescriber Segmentation (BPS)¹



- The BPS optimizes investment efficiency by considering:
 1. Factors that drive the dynamics of prescriptions²
 2. Prescribers' personalities
 3. Prescribers' permeability to investments³

Smart Pharma Consulting has developed methods and tools to gather each physician opinion on the 3 components of the Brand Preference Mix and information regarding the 3 dimensions of the Behavioral Prescriber Segmentation

The ELITE Program¹ enables med reps to interact more efficiently with prescribers and to optimize the prescription share of the brands they promote

Sales force effectiveness studies

Example of applications to Sales force effectiveness

The ELITE Program proposes an **holistic** and **practical** approach to **improve med reps efficiency** and **efficacy**



Smart Pharma Consulting has created a series of tools and indicators to measure the impact of the ELITE Program on physicians opinion and prescribing behavior, especially in terms of Brand Preference

The “Market Analysis & Forecasting” masterclass has been designed for participants looking for robust and simple tools, and wishing to strengthen their analytical skills

Masterclass¹: Market Analysis & Forecasting Excellence

Day 1: Market Analysis

- 9:00 Introduction to the masterclass
- 9:10 Review and discussion of analytical concepts, methods and tools sent to participants as a pre-read
- 10:30 Lecture by and discussion with an expert:
“Review of the most advanced market analyses – Lessons from non pharma markets”
- 11:45 *Break*
- 12:00 Case study #1: **Market & brand dynamics evaluation:**
 - Stakeholders behaviors analysis²
 - Key market drivers & barriers analysis
 - Sensitivity of brands to operational³ investments
 - From data analysis to decision making
- 13:00 *Lunch*
- 14:00 Case study #1: cont.
- 16:00 *Break*
- 16:15 Presentation of the case study outputs, discussion and agreement on key learnings
- 17:45 End of the 1st day

Day 2: Forecasting

- 8:30 Introduction to the 2nd day
- 8:40 Review and discussion of sales forecasting concepts, methods and tools sent to participants as a pre-read
- 10:00 *Break*
- 10:15 Case study #2 part 1: **Baseline & scenario building:**
 - Historical trends evaluation
 - Determination of future events and of their impact
- 12:30 Lecture by and discussion with an expert:
“What is the business value of sales forecasting?”
- 13:00 *Lunch*
- 14:00 Case study #2 part 2: **Sales forecast modeling:**
 - Patient-based forecasting
 - Lifecycle based forecasting (new, growing, mature)
- 15:30 *Break*
- 15:45 Presentation of the case study (parts 1 & 2) outputs, discussion and agreement on key learnings
- 16:45 Co-development with participants of key learnings
- 17:45 End of the masterclass

Market Insight Studies

Smart Pharma Expertise... ensures:

- The reliability of collected data through direct quality control
 - The robustness of the analyses carried out thanks to its consulting know-how
- which are key to draw up fact-based recommendations

Contents

- 1. Competitive landscape:**
Analysis of health authorities, clients and competitors opinion and behavior to identify opportunities and threats
- 2. Brand position:**
Analysis of sales performance, returns on resources invested and business development opportunities
- 3. Brand objective:**
Scenario building, sales & profit forecast modeling
- 4. Brand strategy:**
Specific market studies to implement high-performance brand positioning, customer segmentation and targeting
- 5. Brand tactics:**
Measurement of sales force effectiveness

Smart Pharma Consulting Editions



- Besides our consulting activities which take 85% of our time, we are strongly engaged in sharing our knowledge and thoughts through:
 - Our teaching and training activities
 - The publication of articles, booklets, books and expert reports
- As of today, more than 100 publications in free access can be downloaded from our website
- Since 2017, we have published:
 - 2 business reports (The French Pharma Market 2016 – 2022 – The French Generics Market, incl. Biosimilars)
 - 9 position papers in the “Best-in-Class Series” and 3 in the “Smart Manager Series”
- Our research activities in pharma business management and our consulting activities have shown to be highly synergistic
- We expect that this new publication will enable you to better figure out our capabilities in terms of market research studies

Best regards

Jean-Michel Peny