
Driving Innovation in the Pharmaceutical Industry

Can the Pharmaceutical Industry Become More Innovative?

It is to say the least, a challenging environment for innovation in the Pharmaceutical Industry. It is well known that bringing a medical product to the market is highly time consuming and expensive. The process is also associated with high risks due to regulations and a demand to prove therapeutic efficiency in comparison to older established products. Pharmaceutical companies also have to deal with the challenge of narrow time frames for creating sales to get a return on investments made. More competitors are moving in quicker with both original and generic products making it a challenge to get a return on the investment being made.

As reported by Forbes, one major Pharmaceutical Company posted in a blog, 2012, that their average cost of bringing a new drug to the market was 1.3 billion US dollars. In 2013 US FDA granted approval to only 27 new medical products. More recently, and to varying degrees, regulators are introducing new measures raising the bar for entry, particularly in parts of the developed world. They show little inclination to permit market access, price increases, and follow-on products without proof of substantial incremental clinical benefits.

-McKinsey & Company

Pharmaceutical companies have handled this challenge in different ways. Many companies have abandoned the more closed model of innovation, where all innovations were made in-house. Instead they have adapted to a more open model of innovation where the external environment is scanned for opportunities at smaller research based companies and Universities. The model is based on collaborations and acquisitions in the hope of striking a win.

In this article we want to take a new look at innovation in the Pharmaceutical Industry. We do not offer any cure to the difficulties with medical innovation, but rather trying to think broader about innovation in this Industry. Let's start by thinking about innovation from a service perspective and what possible opportunities that creates for the Pharmaceutical Industry.

It is hard for companies to change their innovation processes, but if ever an industry needed to take a fresh look at how they innovate, it is the Pharmaceutical Industry.

-Forbes

Needed: A Change of Perspective

Few industries have focused so much on the end users, e.g. the patients, of their product innovations as the Pharmaceutical Industry. The focus has been on the medical effect on treating an illness and the safety of the patient. But when it comes to building longer relationships the Pharmaceutical Industry has focused on other stakeholders. The focus has been on the doctors and specialists together with a growing influence from insurance companies and governments rather than the patients and their relatives.

The patients have in many cases been viewed as patient groups joined together by a disease. But what about a change of view and rather look at the all these stakeholders, and above all, the patients and their relatives as individual customers? We think this would provide the Pharmaceutical Industry with a new pair of glasses when it comes to taking a new and needed look at innovation.

The Pharmaceutical Industry has a vast source of information relevant to these customers. The demand for knowledge and attention is already there. You only need to have a look at newspapers, magazines, TV shows, blogs and the Internet to see the huge interest about how to keep oneself healthy and well. The customers see the safeguarding of their health as something ongoing. The Pharmaceutical Industry could have a bigger and more long-term relevance than it thinks. This opens up for many interesting possibilities for the Pharmaceutical Industry to explore. The relationship with a customer does not have to start with a patient falling ill and it will not have to end with a patient being cured. Another change of view is also needed regarding the responsibility and ownership of innovation in the Pharmaceutical Industry. Innovation has traditionally been viewed as medical research conducted by scientists. There is no doubt that it should be this way when it comes to developing medicines. But when it comes to innovations about services the responsibility should be shared with other corporate functions such as Marketing, Sales and IT.

The Pharmaceutical Industry is no stranger to product innovation. But if customer excellence is the key to incremental growth, Pharma must also embrace the principles of service innovation and the role that newer technologies can play in driving it. - Pharmaphorum, Dr Candice O'Sullivan, 5th March 2014

By viewing the patient as a customer would also make it necessary and easier to adapt to service marketing principles. With this perspective, one effect would be to view the relationship as long term and adapt to the fact that customers and the companies in the Pharmaceutical Industry can have a longer journey together.

Beyond the Pill: the Migration from Medicines to Services

The Pharmaceutical Industry has started to take steps in viewing itself as a service provider, adding more "layers" to its primary offering: "The Pill". What is needed by the Pharmaceutical Industry to do is to take the lead regarding innovations adapted to the whole customer journey regarding health services. No other stakeholders providing health services has the resources and the incentive to explore these possibilities more than the Pharmaceutical Industry.

By focusing on innovations regarding health services a lot of challenges in the health care sector could be met to the gain of the many different stakeholders. Already we see some promising initiatives in this area. Challenges such as saving time for doctors and nurses in their practices could be met by letting them meet patients more knowledgeable about their condition. A better health economic outcome could be reached through more efficient medical compliance when the patient gets help following the orders of their physician. This would get insurance companies and governments satisfied, having more leverage on their investments. Pharmaceutical companies having the best service offerings would become a preferred partner in the system. The patients will get better response from their treatments allowing them to recover their health quicker. Patients will also gain better knowledge and control about their health and increased influence about their general wellbeing.

Embracing Technology

By embracing digital technologies in their challenge to provide more service oriented offerings the likelihood of success will increase for the Pharmaceutical Industry. Digital tools would be the foundation for developing new customer service innovations. More traditional service industries can serve as good examples when it comes to innovations. The travel industry and especially airlines let the customer do much of their work regarding booking, printing boarding cards, early check in, and so on, making it a smooth and time efficient way of arranging travel. What innovation could be done in the area of booking a health check-up, monitoring a treatment or renewing a recipe?

An example – Pfizer adopted a more service-oriented approach in the Swedish market when it came to how patient information was written, presented and distributed. Before this project, patient information would more or less have been a white paper provided from the regulatory authorities. Now the patient information is presented through educational information websites including stories from patients and relatives, hotlines, self-diagnostic tools and contact information to the patient organization. www.pfizer.se

Another example – A medical company selling an allergy product lets their customers manage their allergy with the help of an app. The allergy app helps the customer being updated on local weather and pollen forecasts. The app provides a four-day look at your allergy forecast and lets you track your symptoms. One of the important factors of allergy treatment is to start a little in advance before pollen outbursts strikes. www.omnaris.com

Listen to the customer

Companies in the Pharmaceutical Industry are used to study the patients, but often from a strict clinical perspective where the individual behind the answers is anonymous due to strong ethical principles. But when it comes to service innovation, companies can move into new territory where the possibilities to interact and listen to the customer are greater and more rewarding. Customer input can really fuel an innovation process if the right customers are approached with the right questions (please also read the OSG White Paper: Leveraging Customer Data and Analytics to Drive Growth). Customers are knowledgeable and are also willing to articulate what kind of benefits they want from a service and what kind of value a service can add to them, they only need to be asked and listen to.

An example – PillPack viewed how the traditional pharmacy business was working and handling their customers. Pillpack saw room for improvements. Customers were invited to contribute with descriptions of their needs and of the ones that were not fulfilled by their usual pharmacy. The result is a modern pharmacy with old-fashioned service values. PillPack makes it easier to order medication and order refills. Medication is packed in a clever way according to orders given by physicians regarding what medicine to take, how often and when during the day. www.pillpack.com

Moving Forward

We hope this information has been interesting and valuable to you. Please, feel free to share it with colleagues and other people in your network. We look forward to starting a dialog with you about this topic and sharing more information about our knowledge and experience in this field.

Start the conversation with us by emailing us at contact@optimalstrategix.com



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