If the pharmaceutical industry died today, what would the world be like? How would its contribution to society be remembered?

How is this for a potential obituary?:

‘The industry has had a good innings. There was a time when it felt like it could solve all the problems of medicine. Great medical advances and successes from the 1950s to the 1980s saved and bettered millions of lives. Then it became arrogant and stopped delivering value. Progress stalled, yet it still demanded market access for its products, and assumed it only had to compete with the pharmaceutical standard of care and not holistic treatment of patients.

‘Its demise has been greeted with mixed feelings particularly by publicly funded healthcare systems. The industry waged battles with health technology assessment bodies, rather than work with them to develop ways to improve efficient delivery of medicines. As an industry, instead of taking a balanced and evidence-based view and changing to ensure it delivered sustained value to its customers, it became prone to complaint.’

Before you stop reading, consider that these are the words of a senior healthcare decision maker interviewed for this article. Plus, this view is mirrored by many other healthcare stakeholders. It is a common belief that stakeholder trust is at an all-time low.

This perspective, and the fact that it has been so readily accepted by the industry as a whole, has always been puzzling. The industry has bright, committed people of integrity and passion, working to plan, bring to market and commercialise healthcare innovations. It has developed and delivered medicines which have saved, extended and ultimately transformed the lives of millions of people around the globe; from antibiotics and vaccines to fight what at one time would have been fatal infections, to maintenance treatments preserving quality
of life for those with chronic disease such as asthma, diabetes and heart disease and a new hope offered to HIV and cancer patients.

Yet so often the value the industry brings is not recognised and, for some, is even divorced from the value of the end product. In order to explore and understand these attitudes, a different approach was needed, so key healthcare stakeholders were asked to imagine a ‘life without pharma’. This research included interviews with those focused on policy making and influencing, clinical leadership both at KOL and prescriber level, patient advocacy, payer decision making, healthcare commissioning and scientific research, as well as those in the pharmaceutical industry.

So how do these experts view the industry today? Three key elements emerged from the research:

**Innovative:** Both from a historical perspective, looking at the drugs being used every day and also in terms of an industry ‘at the forefront of seeking new developments in science’.

**Pressurised:** Not surprisingly, this included the well known and significant challenges of falling R&D productivity, generic competition, tough regulatory requirements, tightening communication guidelines restricting traditional sales and marketing activity, poor corporate reputation, global financial pressures as well as a culture of blame; all of this led to the ‘feeling of an industry being encircled’.

**Fearful and destabilised by uncertainty:** Lacking a concerted strategy to respond to these challenges and the role the industry could play to add value in the new world of healthcare.

These factors have led to a perception, both internally and externally, that the industry is increasingly conservative, insular and protective. In the words of a senior pharma company executive: “It is sad that we have accelerated towards the precipice with little change to the status quo.” The research revealed a dichotomous view of the industry, particularly in two areas:

- **Innovation,** which is ably demonstrated by pharma in terms of scientific development but not at all regarding re-engineering its role delivering healthcare and exploring new models of delivery
- **Ethics,** informed stakeholders, like those interviewed, understand the costs associated with R&D and have no issue with the commercial foundation of the industry, however even those within the industry have been at times ‘uncomfortable with transparency and sales practices’ that can result.

Many of these views have been shaped by mainly historical aggressive sales and marketing practices. Tightening of guidelines and improved partnership working has helped to address the problems, but the long-term perceptions remain. As one commissioner stated: “Pharma may have thrown freebies at customers but, to an extent, they were held to ransom by the unreasonable demands made by some doctors themselves.”

This divergence of views was demonstrated most starkly when the expert panel was asked to imagine that, as of today, the pharma industry ceased to exist (the context being that current medicines are available, but there will be no new innovations and current support will be withdrawn).

“On one hand, the industry’s drive for innovation and quality and support for scientific endeavour would be missed… on the other, this was seen as an empowering scenario”

Surprisingly, and of great concern, was that the general view was largely one of ambivalence. On one hand, the industry’s drive for innovation and quality and support for scientific endeavour would be missed. As one healthcare commissioner stated: “It would be switching off the curiosity switch.” However, on the other hand, this was seen as an empowering scenario and an opportunity to:

- Completely rethink the way medicine is delivered
- Increase the accountability of both patient and doctor, thus ‘reducing the reliance on the pill’
- Move prevention to the top of the agenda, belatedly focusing on behaviourally determined elements of health
- Provide a fairer distribution of funding to medical areas which, although less commercially attractive, better reflected the burden on society.

**Searching for solutions**

So how can these opinions be turned around? In order to set a comparative benchmark and to look for external inspiration, the views of other business sectors were considered, with some interesting results, including:

- Retail is an industry with high profit margins and a reputation for bullying regulators and suppliers, anti-competitive practices and ignoring poor working conditions. However, the attitude towards the sector was broadly positive, mainly due to the fact that it was perceived to have an understanding of, and willingness to listen to, customers and to deliver a positive customer experience. Is this something the pharma industry can truly say it delivers?
- Even in close time proximity to the Gulf of Mexico disaster, BP’s subsequent response and soaring prices in the oil and gas industry were also viewed positively. There was an understanding that such exploration of natural resources is a high risk, difficult exercise and such events are unfortunate but inevitable despite the best safeguards. Has our industry been able to make the same case?
Companies like BP and Shell were also seen as actively leading the future energy paradigm shift, whereas pharma was seen as a medicines developer, but not as a healthcare leader.

Information technology (IT) was viewed in an overwhelmingly positive light and seen to be progressive, innovative, profitable and improving quality of life and society as a whole. Surely these are all descriptors which should be used about the pharmaceutical industry? Yet IT is rarely accused of profiteering and, in the words of one interviewee: “They generate a lot of love”, which is an interesting concept. Although pharma focuses on life enhancing and life saving innovations (rather than data and hardware), it largely generates distrust and suspicion.

Change perceptions

In order to change perceptions and be successful in future, the challenge is to reframe the unwritten rules which drive the way the industry works:

‘Pharma is a conservative, low-risk industry’

There remains a fundamental lack of understanding of the drug development process in terms of risk and investment. Pharmaceutical research is now more complex, more difficult, more expensive and more unpredictable than ever. The inherently conservative and highly regulated nature of the industry masks the fact that the level of risk cost has increased dramatically. Stakeholders need to understand this and such self realisation might unlock the innovative behaviours required to make the leap to future success.

‘We cannot afford healthcare and the drugs budget is killing us’

The current debate on the burden and affordability of healthcare by governments worldwide is a necessity, but one which should be put into the correct context. The focus of the debate is often on the drugs budget which accounts for only 10 per cent of the total cost of healthcare. It also comes at a time when:

• Both India and China, countries with vast health and social inequalities, have space programmes and last year India spent $32bn on defence
• The conflicts in Iraq and Afghanistan are drawing to a close at an estimated total cost of $1.4tn between 2002 and 2011
• It has been estimated that between 2008 and 2010 alone the total value lost globally to the banking crisis was $2.8tn.

So affordability is a relative concept. Awareness of the industry’s social and economic impact and priority of healthcare needs to be re-established. There is substantial evidence first, that investment in healthcare is an investment in societal and economic sustainability; second, that investment in innovative medical technologies leads to favourable long-term economic benefits (mortality, lost work days, hospitalisations etc).

‘Pharma cannot be trusted; it is a commercial animal only interested in profit’

Quite rightly pharma is held to the very highest standards of governance, but it seems that it is also held to different standards than other industries. In a more equal world, cigarettes, alcohol and many foods would be illegal and many of the major banks around the globe would have been shut down in the last two years. Consider this example of the absurd levels this can reach: while working on a strategy assignment for a global nicotine replacement therapy (NRT) brand, one of the major issues faced was that cigarettes were available for purchase almost anywhere, whereas NRT products had highly restricted and regulated channels of distribution. Who was the bad guy in this story? And what other industry would let that happen?

‘Low levels of industry trust and reputation are not a problem as our customers trust our products’

This industry generally accepts levels of trust which would horrify Apple, Walmart or Adidas. Yet in the sensitive and emotive world of healthcare, trust is everything. Increasingly future success will depend on building strong partnerships, working in collaboration and delivering packages of care. But as the majority of key healthcare stakeholders do not understand, or have a distorted view of, what pharma companies represent, or their vision and values (the major presence being negative press), how can they be expected to trust and partner?

Though those in the industry believe they are at the centre of healthcare delivery, the views of these healthcare stakeholders suggest it is seen as a supplier of product on its periphery. Somewhere along the line the positive stakeholder perception of the value it provides has been lost. Despite standing on the verge of the next great innovation in medicine, where the opportunities for the implementation and integration of new innovations are significant: biotechnologies, in-vivo imaging, monoclonal antibody technologies, nanotechnology, genomics, product/device combinations and targeted therapies to name just a few, these developments, although recognised, appear to be over-ruled by questions of motive, cost and value.

In order to realise these opportunities fully and recreate love for the industry, the above beliefs must be challenged. Otherwise, the obituary described at the start could become a plausible, if extreme, reality. At the very least the industry will continue to face pressure to justify its worth, a supplier whose role in healthcare starts and stops at the point of prescription and whose worth, a supplier whose role in healthcare starts and stops at the point of prescription and whose reputation are not a problem as our customers trust our products.

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