Disruptive change - what’s the fallout?

How does pharma and the agencies it partners with survive, let alone thrive, in the world of modern healthcare – where disruptive change has become the only constant?

As fans of 1980s’ films may know, Ferris Bueller famously said: “Life moves pretty fast. If you don’t stop and look round once in a while you could miss it”. Well life is moving faster than ever before: we are in the middle of a huge upheaval across the globe where everything we currently know about the pharmaceutical industry and the agencies that support them will be turned on its head. Welcome to the world of modern healthcare: a state of continuous disruptive change.

This flux is a major challenge for all stakeholders involved in delivery of healthcare including the pharmaceutical industry and agencies they partner with. Competition is exponentially increasing at the same time that profits are being squeezed the cost of resources is only increasing. Expectations for what is needed to get to market and then to deliver in market are higher than ever and the restriction on what can be done are ever more stringent. It is like being in a searing hot desert and every day you are asked to run further and given less food and water.

The question is not just can we survive but how are we going to thrive? If we can’t win the game in the present world, how are we going to change the rules to win the game in the future world? In order to drive rather than react to the changing landscape, we must look into the future of our industry, its direction of travel and its potential destination.

As an embryonic business in 2010 we wanted to really understand this future world for our own success and for the success of our clients so we undertook a comprehensive research project to explore healthcare in 2025, the drivers of change and some potential answers to the challenges we face.

First up, some historical context: we have achieved an astonishing amount as the human race in the 20th century and the potential to achieve even more in the 21st century is all around us but it depends on how we respond to it.

Achievements in healthcare have saved, extended and bettered billions of lives. For example, in the UK, average life expectancy rose from the age of 49 in 1900 to 79 in the year 2000 and the percentage of GDP spent on health rose from 1 per cent to 9 per cent over the same period. These are amazing statistics and similar trends have been seen globally. This success also has a consequence because for the first time in the history of the westernised world there will be more people over 60 than there are under 20.
Fasttrack

- We are in the middle of a huge upheaval across the globe where everything we currently know will be turned on its head
- The world of modern healthcare is a state of continuous disruptive change which brings major challenges to all healthcare stakeholders
- For pharma and their agencies delivering brands, it’s not just about survival, but about shaping up to thrive in this new operating climate
- We must look into the future of our industry, help drive its direction of travel and develop new products and services now
- A new integrated response (partnerships, channels and data) will be key to competitive differentiation in the future healthcare landscape

However these advances have also brought issues of their own as 20th century structures struggle to deal with 21st century problems: populations who are living longer, with chronic conditions and with higher expectations for their health. To add to that challenge, the healthcare world is changing faster than ever before. Our research identified key drivers of healthcare change grouped into four key categories (see chart).

**ADVERSITY BREEDS OPPORTUNITIES**

Based on these drivers we painted a potential healthcare world for 2025. Within it there are many real challenges but it is not without its opportunities. In terms of brand building and communications this is a world where everyone will be walking around with their own personal integrated communication channel and a world in which people share more information about themselves than ever before. This is a world where you can truly understand the customer and have an engaging dialogue with them. The pharmaceutical industry is going to outsource increasing amounts of the work that they would have done in house as they will not have enough people internally to do that. If you are innovating and leading your industry you are going to be who they chose to work with. Agencies have an advantage because of the nature of the business they are more flexible in their structure and less hierarchical in how they operate so they can adapt and respond faster to change. Innovative pharmaceutical companies will look to harness this capability to bring greater value to their own work. The pharmaceutical industry will need to move to a more integrated outcomes focused industry model from the current product based mindset of the industry. This means they will need to build longer term relationships with customers and focus on lifetime value rather than the blockbuster model of the past. It will be an industry that focuses on lots of small successes rather than one that focuses on the 1 in 100,000 jackpot win that bank roles the business model. If we are smart we will work out how to generate revenue beyond the product. This is a good thing for pharma companies and healthcare agencies alike because engaging and building lifetime value relies on some key factors:

- **Recognition** – much like when you see a friend across the street you immediately recognise them and are engaged to communicate with them. The visual identities of the future will need to achieve this with customers and they will also need to be enduring while evolving with wider trends in the external environment of the customer
- **Dialogue** – continuous engagement relies on a two way communication which means that communications agencies need to work out how to effectively listen and how to respond on behalf of their clients
- **Sharing and adding value** – knowledge is the ‘new black’ and the need to stay

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<tr>
<th>Appliance of science</th>
<th>Industry squeeze</th>
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<td>Science and technology is fuelling a greater understanding of medical profile of the individual and its impact on their health</td>
<td>The bar is being set higher for the industry on all levels: regulatory approval, demonstration of clinical cost effectiveness and requirements for trust and transparency</td>
<td>The growth of populations and income in emerging markets is increasing economic power but also increasing issues of resource sustainability</td>
<td>The advances of the 20th century are leading to real (not future) issues now for care for the elderly and management and prevention of chronic disease</td>
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<td>Communications and integration across IT platforms are becoming the norm. The day of the centralised electronic health record is just around the corner</td>
<td>Pharmaceutical companies are having to consolidate resources and reduce head count to make themselves more efficient</td>
<td>Emerging markets have an economy of scale that the western world cannot compete with</td>
<td>Increasing levels of obesity in the younger population are driving the development of chronic conditions in ever younger individuals and pushing up lifetime costs</td>
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<td>Wireless technology and miniaturisation are driving this integration</td>
<td>Patent expiries and a lack of pipeline molecules is reducing profits</td>
<td>Emerging markets will adopt the internet in ways we cannot imagine as they are not hampered by the heritage and infrastructure of the west</td>
<td>There are a limited number of healthcare professionals in a profession that requires an ever increasing level of knowledge to be proficient</td>
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<td>Nanotechnology and DNA based processors will continue the exponential growth of what technology is capable of</td>
<td>Emergence of new therapeutic options, such as, stem cell technology and gene therapy threaten the business model of the pharmaceutical industry</td>
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current is a burden that we have all taken on in society. Because of the speed at which technology changes you only have two choices: either to keep up or be left behind and if you are left behind your knowledge quickly becomes irrelevant. Companies will need to be sharing their knowledge and helping their customers to keep current and to understand the value of what they offer. This means a change for the relationship between pharma companies and agencies that we have already started to see happen. This is a move from discreet project work to an ongoing relationship that can provide the continuity and understanding needed to meet the evolving communications expectations of their customers.

BE DISRUPTIVE IN YOUR WORLD

So how should we respond to these new rules? First, learn a lesson from the human heart. It has evolved over tens of thousands of years to cope with the continuous challenge of the environment. where we may at any minute need to take flight and run or we may be injured and our bodies need to fight to survive. How it does this is to always be in a state on the edge of chaos. We think of our heart as an organ that beats regularly and consistently. Nothing could be further from the truth. On a minute level every beat of our heart fluctuates because the easiest way to respond the change is to never be in a steady state. The easiest way to cope with change is to actively drive it. Other industries are far more adept at shaping the future. We have even seen recent initiatives from Microsoft, Google and IBM on the future of healthcare. You can spot the market leaders of tomorrow in an industry by those who are envisioning and shaping that future today. Ask yourself “Where are the voices shaping the future of our industry? What role are we playing in that?” In order to cope with a disruptive changing environment we need to develop a disruptive changing culture because it is easier to change and respond if you are always changing anyway. You can react faster and be further ahead of your competition because you can anticipate what is going to happen. Look at your business as ask yourself “Are we comfortable or are we continuously looking to change and do we challenge the way things are all the time?” This is the first step to driving continuous change is to build a questioning culture.

How do you achieve this? Give people the time and the remit to explore. Free your teams to realise the potential they have and you will have sustainable value that clients and customers will perceive the value of and choose to work with. Google famously runs a policy called Innovation Time Off, where their engineers are encouraged to spend 20 per cent of their work time on projects that interest them. Some of Google’s core services originated from these independent endeavours.

The environment of continuous change is a great place to fast prototype ideas and learn from putting ideas out in the real world. Fast prototyping will become core to the future of how the industry evolves. There is the opportunity both now and in the future to get feedback and insight faster than ever before and in a world where communication is one constant flow- if something doesn’t stick it is gone. There is the opportunity to move from getting it right first time to getting it really right during the process by putting lots out there and seeing what sticks. The pharmaceutical industry will have to respond to this world as well and change antiquated approval procedures. In a world where acceptable response time is measured in minutes you can’t wait for six sign-offs.

GET DOWN IN THE DATA

The future is about data. We now generate more data per day than ever before and it is exponentially increasing. Consider this: in the western world over 75 per cent of people have access to the internet but globally less that 25 per cent of the human population can access the internet. Now imagine how that will change over the next 15 years and the impact that will have on communications.

Get out there, capture data and understand it. Whether you are a creative, branding or communications agency, or a pharmaceutical company, you need to understand what healthcare customers and consumers are doing with their time and what motivates them. Create platforms that generate this insight for you and start to establish channels for the future. The other advantage of this new world is that the upfront costs of this type of approach are minimal compared to what they would have been even 10 years ago.

If you really want to future proof your business you should be running initiatives in emerging markets not because you necessarily want to be a global business but it is a lot cheaper to learn and make mistakes in those markets and to bring back the successful initiatives back to developed markets once you have made them work. Think this is a crazy idea? Well healthcare providers in the USA are looking at India to understand how to do cardiac surgery better and more efficiently because and process that could cost $50-60,000 in the USA can be done for $5,700 in India with comparable outcomes.

Integration now and tomorrow

There are already some good examples of media integration:

Virgin media are exploring what is possible with their iPad magazine “Project” which integrates text, video, touch screen functionality and wider online content and also

“Aweditorium” is another iPad application that seeks to integrate music from new artists with video and wider information aggregated from the internet to create a discovery experience out of finding new music

Google Health is on its way: a personal health information centralisation service aimed at helping users manage and share their health information online, set personal health goals and track progress against them.

ALWAYS THINK INTEGRATION FOR GREATNESS

The future is about integration on three levels. The first is integration: is across media types, so the ability to deliver coherent communications that integrates text, video, audio and visual images. The next level is: integration across platforms so whether someone chooses to use software by Microsoft, Apple, Google or Linux your communications work and the other element of cross platform working is that your communications work across mobile platforms like smartphone and tablets and across PCs and Macs as well as translating to hard copy media. At this level you also need integration between standalone content and the wider internet presence that will need to surround the brand and the communications that seek to build and support that brand. This type of integration will revolutionise healthcare.

In a world focused increasingly on health and wellbeing and packages of care the ‘experience’ of healthcare will be more important than ever. The third level of integration: is across disciplines, so whether that is multi-agency or full-service agency integration across the disciplines for digital and creative, communications will be core to effective implementation of future communications programmes. Parties will need to develop long-standing working relationships to ensure consistency of personality for all communications.

So don’t just sit there, take Ferris bueller’s advice; get out there and start to shake things up in pharma. One thing we can guarantee is that your future depends on it. What will generate value for you in the future are the innovations you explore and invest in now.

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