



NEW SCIENCE: A NEW ECONOMIC REALITY FOR INNOVATION AND GROWTH

VIDEO TRANSCRIPT

2020 was a year like no other. COVID-19 affected millions around the world, sent many countries into an economic downturn, and saw massive social tension and nationalism.

But despite all this turmoil, technology and science emerged to help us all.

- Technology allowed us to work from home, caring for patients from a distance and new, more agile supply chains.
- Science enabled multiple COVID-19 vaccines in less than a year.

The global scientific community collaborated in exceptional ways and public-private partnerships came together to solve this common health threat.

The question is, can the biopharma industry step up again to create new, faster pathways for innovation, access, and affordability?

We believe it can and here is why

First, New Science, which is the combination of advanced science and technology, continues to drive exceptional growth. New Science is projected to drive 61% of industry revenues between 2021-2026, which represents 81% of the anticipated revenue growth. While New Science delivers more precise and effective treatments, it often carries a higher price tag.

We are also seeing a new economic reality unfold that is challenging profitability. Private sector forces and the threat of policy and regulatory change have coalesced around the industry in new ways.

Biopharma executives agree. We surveyed 40 executives and the majority saw public sector pressure and pricing scrutiny as the greatest threats to future profitability...whereas historically, they've seen private sector forces as the predominant threat.

Meanwhile, the pandemic has pushed affordability to the forefront and challenged revenue expectations for several manufacturers.

What if they could find ways to ensure that the innovation and better outcomes made possible by New Science were being properly rewarded? We see two ways that biopharma companies can address both sides of the profitability equation and improve affordability and care:

One – by reducing the cost to discover and develop treatments and

Two, by changing the economics when bringing them to market

First, let's talk about reducing the cost of treatment development from what we like to call "billions to millions."



The pandemic has shed light on our ability to turn old ways of operating into new ways of discovering, developing and commercializing treatments. For example, virtual clinical trials grew by over 50 percent in 2020.

65 percent of pharma sales representative meetings were held virtually, with positive experiences for both patients and HCPs. Our research identified five key levers that can rebalance the treatment-cost equation. These are greater adoption of:

1. Data-led drug discovery
2. Efficiencies of New Science
3. Virtual, hybrid and decentralized clinical trials
4. Regulatory innovation
5. Virtualized selling

Second, let's consider three ways biopharma companies' can change the economic relationship with their customers.

Firstly, know where and when to apply and scale new economic arrangements with customers

For example, finding opportunities to create innovative contracting models where a treatment is access-constrained and there is shared value for manufacturers, patients and the ecosystem - so everyone, including the patient, wins.

Secondly, tailor access and affordability models to meet customer and market needs.

For example, find new ways to share the success of achieving outcomes and directly pass on the economic benefits to the patient -

especially for launch products.

Thirdly, identify treatments requiring innovative commercial approaches early in the lifecycle to get ahead of customer engagement barriers.

For example, collect health economic data during clinical development or make investments in technologies such as blockchain solutions to create a single source of truth to track and visualize population level outcomes –starting in clinical trials.

This approach will help patient access novel treatments in a more affordable way. ...and it will speed and improve the R&D engine that's creating the next generation of treatments.

There are better ways to deliver innovation—2020 proved that. Today's economics demand it and we can do it.