



*DISRUPTING THE
PHARMA INDUSTRY –
HOW TO MASTER THE
CHALLENGE OF CHANGE*

Pharma Study by Santiago Advisors
Executive Summary

2022/2023

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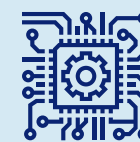
24 top managers from the pharmaceutical industry gave insights into their views on the future of pharma

WHY?



Big data, new ways of working, and customer centricity are buzz words with high disruption potential. This study opens a first door to provide **insights into the evaluation of the most important digital disruptors for the pharmaceutical industry.**

WHAT?



Eight selected trends that cover the **topics patient centricity, digital health and R&D/clinical trials** were discussed in detail and their significance assessed.

HOW?



The focus is on **qualitative assessments** of which **trends** are considered pivotal for the different company groups and the **measures** that companies employ to **react to these trends.**

WHO?



This study is based on **24 in-depth interviews with top managers** of small companies as well as big corporates from pharmaceutical and related industries.

Competitiveness of the pharmaceutical industry in Germany at risk – Are companies getting too complacent?



Data is changing the industry

Data is becoming increasingly relevant for the pharmaceutical industry in many areas, especially in research. Access to and processing of data is becoming an increasingly critical success factor



Realization yes, reaction no

Despite this realization, companies seem complacent. Only few measures have been implemented to capitalize on industry trends and successfully position for the future



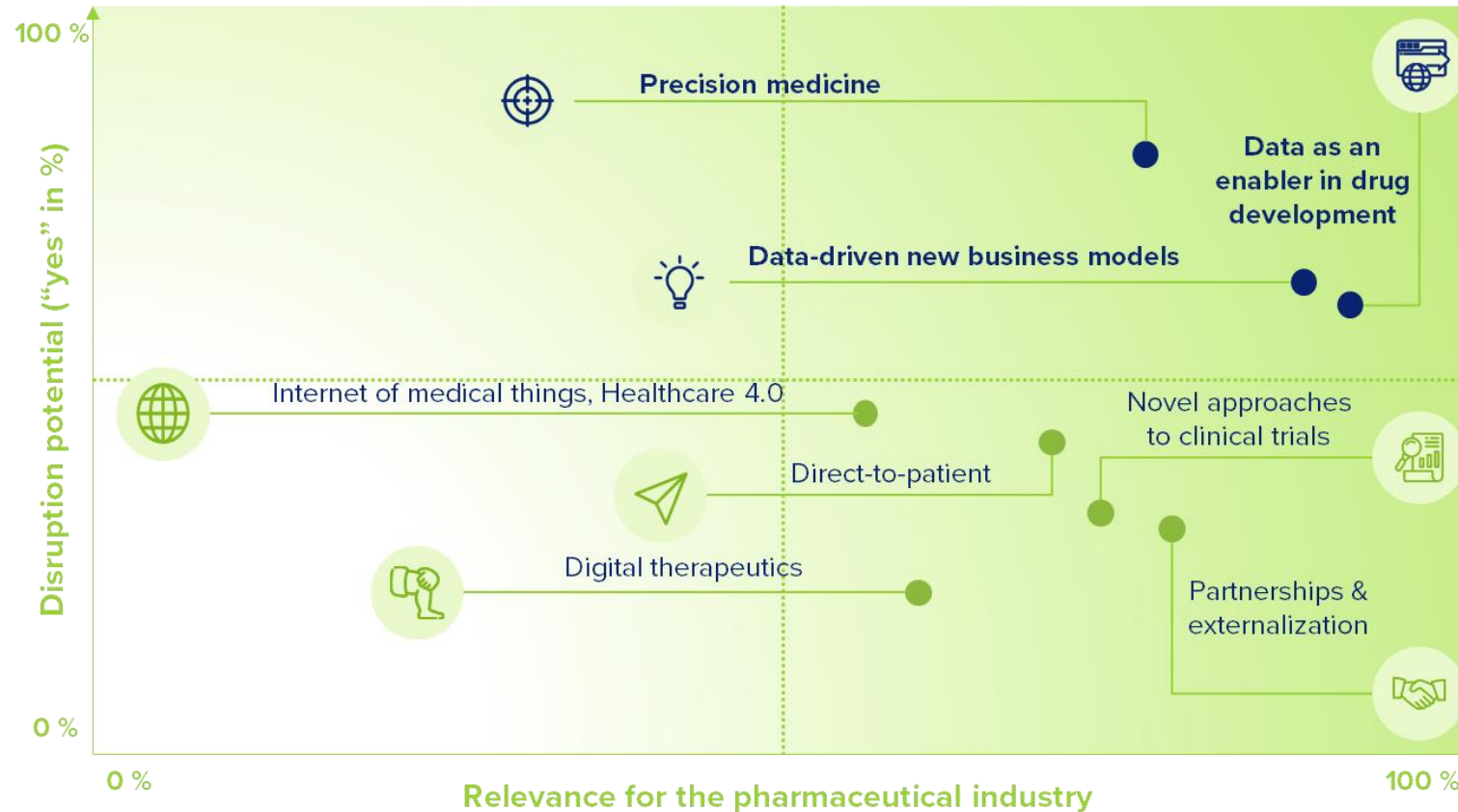
Lack of capabilities

Crucial capabilities' unavailability is the biggest hurdle to seizing opportunities. Companies must expand overall tech skills and attract high-tech talents as well as innovative marketing professionals

Data is changing the industry (I/II)

Data enablement and precision medicine have the greatest disruptive potential for the pharmaceutical industry

Overview of Pharma trends by relevance and disruption potential



- ▶ **8 digital trends** were evaluated for their relevance and its potential to disrupt the Pharmaceutical industry (in the next 5 yrs.)
- ▶ Three trends stood out to have particularly **high potential to disrupt** the industry:
 - **Data as an enabler in drug development** has the highest relevance rating (see next slide)
 - **Data-driven new business models** is close behind (see next slide)
 - **Precision medicine** trend was found to have the highest disruptive potential of all evaluated trends
- ▶ Partnerships and externalization as well as novel (remote/virtual) approaches to clinical trials are considered as important trends but not a disruptor
- ▶ The much talked about trend **Digital therapeutics** was seen as **least disruptive** and second last in relevance of all analyzed trends

Data is changing the industry (II/II)

Data as enabler along pharma value chain has high relevance and disruption potential, especially for bigger companies

Value Chain of a Pharmaceutical Company

Research & Development

Clinical Trials

Manufacturing

Marketing & Sales



Data as an enabler in drug development

- ▲ Both small and large companies rate the **relevance** of this trend for their organizations as very **high**
- ▲ The advantages were seen in **improving the efficiency and speed** of R&D processes and **reduction of uncertainty**
- ▲ Use of data includes both the value of **data generated within the company's** own projects and, with even higher relevance, the use of **external data**
- ▼ Although companies see the trend as the most relevant one, the **gap between relevance and own preparedness** is the greatest (84% relevance; 69% own preparedness)



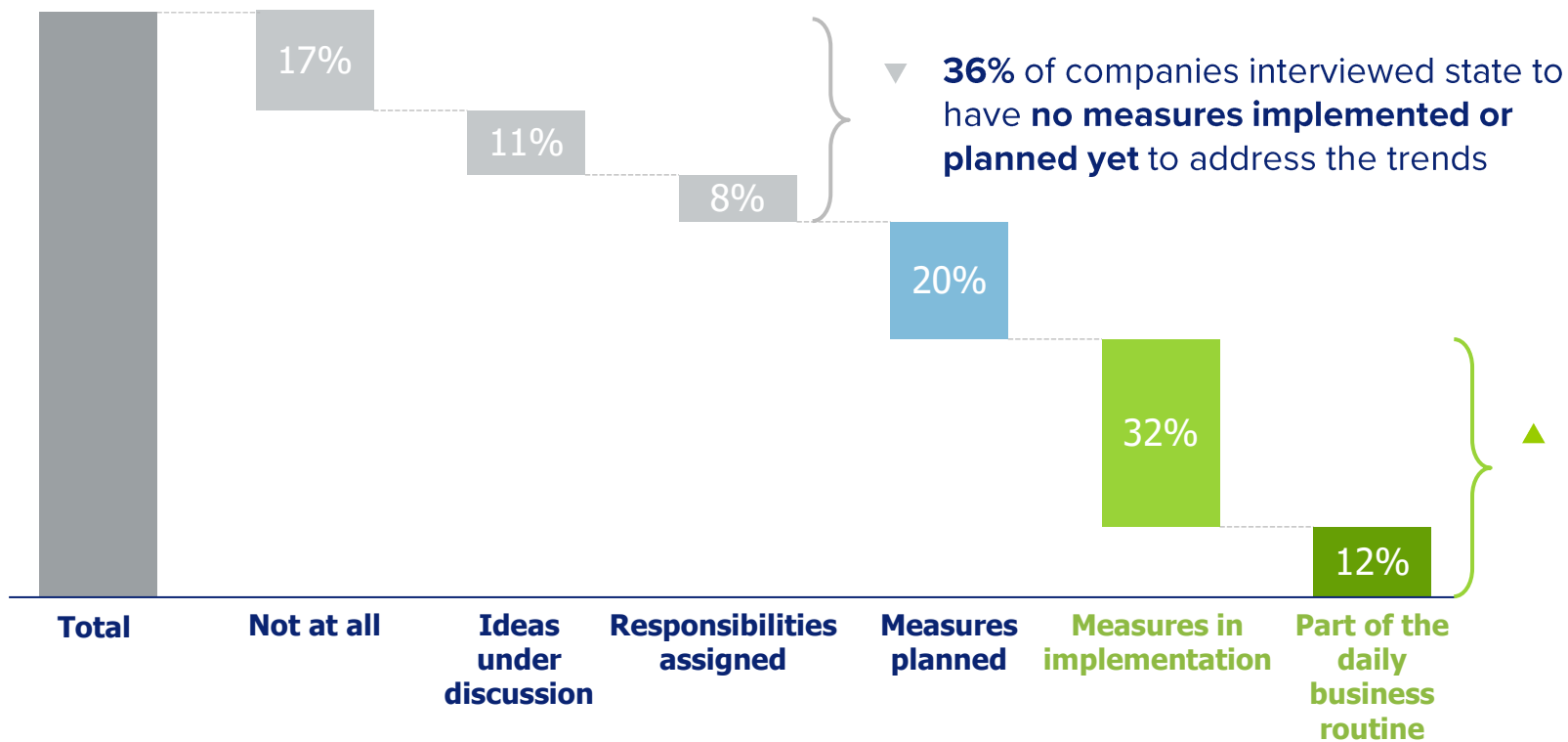
Data-driven new business models

- ▲ Especially **large pharma companies** rated the **relevance of the trend high** (79%) as opposed to smaller ones (45%)
- ▲ Participants saw a **wide range of potential uses for health data** by the pharmaceutical industry. Success stories such as the use of application data from Israel by BioNTech and Pfizer for the approval of their Covid-19 vaccine point the way
- ▼ However, it was pointed out that the successful use of real-world evidence (RWE) data in conjunction with data from controlled studies often fails in practice due to **lacking data infrastructure, data protection and regulatory barriers**

Realization yes, reaction no

Are we facing a new dinosaur episode? One third of the companies have not yet taken action

Degree of implementation of the companies' measures across all trends*



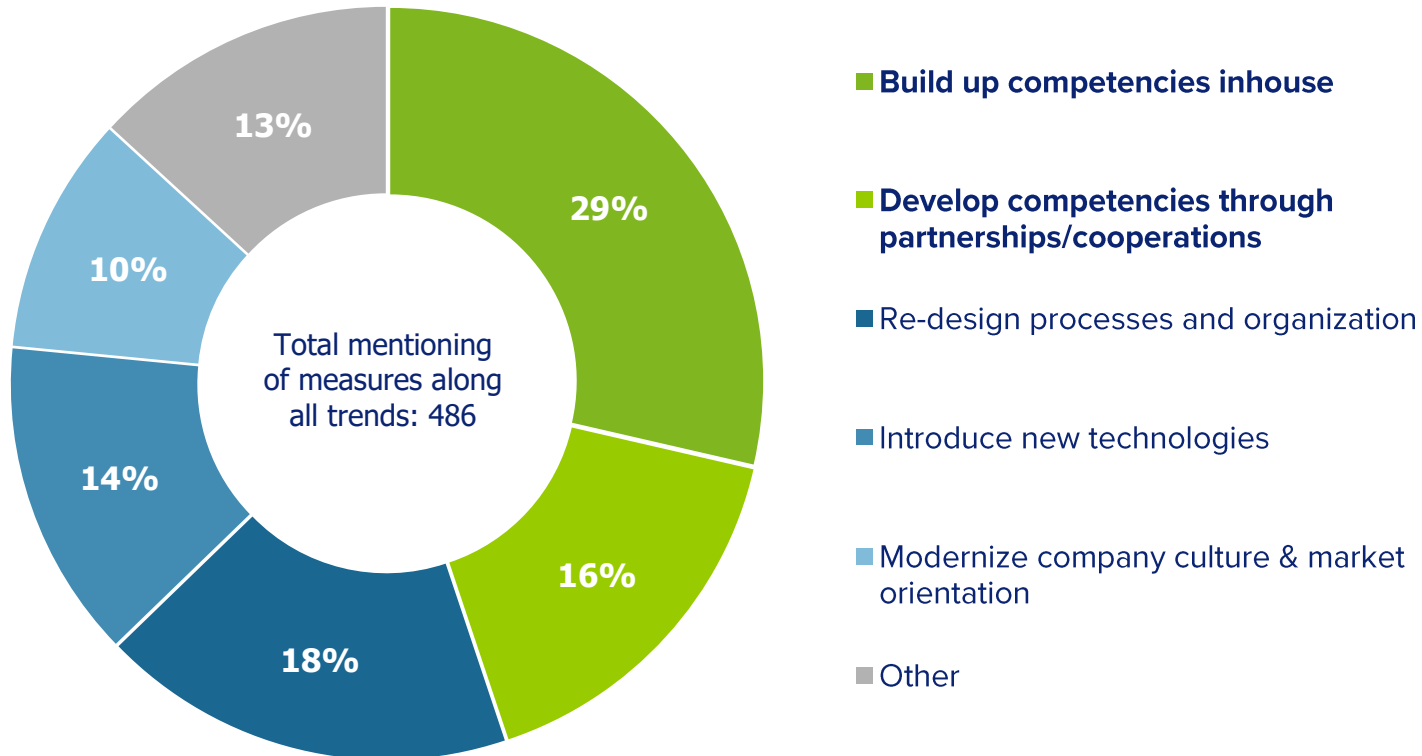
- ▶ Managers were asked to indicate the maturity of the measures their companies employ to address the trends:
- ▶ Considering the limited number of measures in implementation / implemented, **companies do not seem to be prepared sufficiently** to the trends

* Except Trend "Partnerships & Externalization" – excluded as outlier trend

Lack of capabilities

Up-skilling, re-skilling and attracting top talents become pivotal to embrace future digitalization opportunities

Measures planned/taken across all trends [% mentioned]



- ▶ Managers were asked which measures their companies employ to face the trends. The **measures** were **clustered along six categories** as shown
- ▶ The lack and corresponding **buildup of capabilities both internally and via partnerships** represents the greatest proportion of all measures (**45%**)
- ▶ In addition, companies employed **measures to refine its processes and structure (18%)**
- ▶ The introduction of **new technologies** represented **only 14%** of all measures
- ▶ Modernizing the company **culture** to strengthen market orientation (**10%**) **seems to be underestimated**

Learnings derived from study results

Five measures identified to ensure future success in the pharmaceutical industry



Anticipate changes in the competitive situation

Continually monitor the market, especially the entry of new competitors. Don't be complacent, but seize opportunities early and address new risks in a timely manner



Generate value from data

From research to sales, build on internal data, gain access to external data and strengthen the ability to use it to become more efficient and effective



Counteract the lack of capabilities

Fill skills gaps as soon as possible. Re-/ Upskill employees, retain existing talents through a modern corporate culture and become an employer of choice not only for researchers, but also for high-tech and business top talents



Dare to choose flexibility and agility

Rather than hiding behind regulations, choose to overcome internal barriers and move out of the comfort zone towards greater agility and speed of change. Make faster decisions, focus resources on the most relevant trends, and seize first-mover advantages



Keep unlocking potential through partnerships

Continue to build a comprehensive network of partnerships to leverage market opportunities beyond the own capabilities. Increase agility while reducing the time-to-market and sharing the risk



You'd like to go further? Let's get in touch!



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