

LIFE SCIENCES

Rethink. Reshape. Restructure...
for better patient outcomes



MEDICINE
IS NOT THE
BEST MEDICINE

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Millions of people take medications that will not help them. Studies offer sobering statistics that show medicines by themselves often do not work.

One published study revealed that the top 10 highest-grossing drugs in the United States help only between four and 25 percent of the people who take them (depending on the medicine).¹ In truth, magic bullets are medical rarities. But there must be a better way to help more than just a fraction of the patients taking medicine—and to give patients more support, not less.

THE REAL **VALUE** **OF SERVICES**

It is time for the pharmaceutical industry to look elsewhere for outcomes. An answer lies in services. Adopting a services-founded approach enables product and medical device companies, pharmaceutical companies (“Big Pharma”) and emerging biotechs to improve clinical and economic outcomes. This approach can help companies deliver new value to patients and payers as well as strengthen competitiveness. True services-founded offerings may also command new revenue streams themselves.

Realizing these gains demands a radical departure from how the industry approaches services today. Services are often marketing tactics designed by commercial teams to boost product awareness and sales, not value drivers in themselves. This is a massive missed opportunity to drive growth and competitive agility.

With a services-founded strategy, the pharmaceutical industry could eliminate nearly \$5 billion in wasted spend on services and reinvest the savings toward growth.² Winners will rethink services, transforming how they design, deploy and measure them to fuel growth, profitability and trust.

SERVICES DEFINED

Services are health-related care management tools for patients, providers or caregivers that enable patients to achieve better health outcomes. Services include a rapidly expanding array of interventions such as digital tools and apps, nursing support, remote monitoring, counseling and transportation.

MEDICINES **DON'T ALWAYS DELIVER OUTCOMES**

Digital technologies provide unprecedented access to data and information. This has given rise to consumerism and the desire for “value” in medicines. As the entire healthcare industry pivots from volume to value, pharmaceutical companies face pressure to justify the prices of medicines against real-world effectiveness.

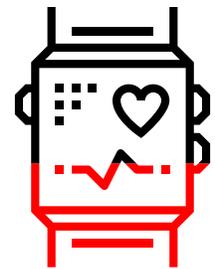
The complication? With more data, researchers have uncovered that medicines do not work as well for patients outside of the clinical trial setting. Clinical trials skew toward perfect world, enrolling the “healthiest of the sick.” In the real world, the patient population is less ideal. Outcomes are influenced by everything from other medications and comorbidities to nonadherence and lifestyle choices.

When data consistently suggests that the outcomes a drug delivers do not warrant the asking price, trust among payers, providers and patients erodes. This deepens downward pressures on pricing, which will only increase in the future. Beyond political transitions and altering views of healthcare, there remains a \$50 billion affordability gap from 2015 through 2020.³ This is a gap between what investment analysts project from new drug sales and what governments in certain developed markets project for their budget spending on pharmaceuticals. Competing for reimbursement will only become more intense in the years ahead.

MISSED **OPPORTUNITIES** **HURT**

Services offer many ways to impact revenue and deliver value to the patient. For example, diagnostic and screening services can increase the number of patients on therapy. A well-designed and pleasing experience in a service can make a product become the therapeutic of choice to increase patient volumes. Services can also provide rich data to reveal treatment gaps and behavioral conditions that help improve patient outcomes. This enables more creative reimbursement and contracting scenarios. Pharma companies take various approaches to services today. The only consistency is that they are not tapping the full potential of services to drive revenue.

Accenture Strategy identified about \$230 million in missed revenue for top-tier industry players in services. Extrapolate that out, and there is industry-wide wasted investment of 4.8 billion in services.⁴ Companies are not realizing these revenues because they link services to discrete product needs, not to specific disease states or to the people and outcomes they are meant to help. When services are built to support a product need, they are often treated like a cost center and “add on” without true performance measures. The result is that just 40 percent of companies can measure the impact of their services on patient and business outcomes.⁵



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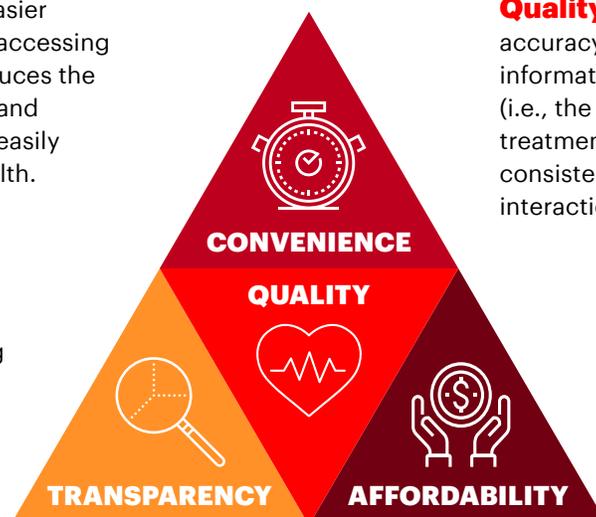
Companies must measure the value that services deliver to tie them to reimbursement and get a positive return on investment. This is possible with a medical evidence generation program. The focus is on measuring services' incremental impact in addition to the therapy by assessing impact data agnostic of the drug. Think of this approach as using services to pivot to outcomes, so that pharma finally gets commercial value for the drug and the services.

When services that have demonstrated an impact on outcomes are part of the cost of a therapy, pharma can lean on that new value to defend pricing in negotiations with payers and health authorities. We see this occurring today in outcomes-based pricing and risk-sharing agreements, as well as product-service bundling. Over the long term, the industry can also build new capabilities to justify a separate cost and reimbursement mechanism for services to multiply growth, profitability and competitive agility.

THE SERVICES VALUE PYRAMID

Convenience is not just about easier access to care but the simplicity in accessing and receiving care in a way that reduces the time and distance between patient and treatment. This enables patients to easily navigate and manage their own health.

Transparency is about providing information on the cost of care up-front as well as providing easy access to medical records and data for the patient, caregivers, family members, and third parties.



Quality includes medical effectiveness, accuracy and speed of data (e.g., the right information at the right time), speed of services (i.e., the right treatment sooner), optimal treatment outcomes, as well as the depth, consistency, and intimacy of personalized interactions and care.

Affordability is about the total cost to each of the stakeholders, including the patient, payer, and provider in light of the medical conditions and outcomes achieved.

SERVICES SHOULD BE **BORN IN R&D**

To pivot from a product-centric to a services-founded strategy, the pharmaceutical industry has to imagine services differently. The condition, not the therapeutic, must become the focus. In practice, this means that pharma must put the same design and development rigor into services as it does into products. From now on, services are born in research and development (R&D), not in marketing. With services part of the R&D purview, companies can pursue R&D and innovation as an ongoing process where insights and digital elements advance around the therapeutic, the condition and relevant phenotypes.

In this new world, service and drug development happen in conjunction. Companies use real-world evidence and a human-centered approach to understand the value of a service from the earliest development stages, not after the fact. While it is still early days for the industry, some companies are doing this already.

Take medical device company Boston Scientific. The company designed, built and launched a full care coordination service for chronic heart failure patients that is integrated into hospital and health system workflows. The service assesses data from hospital systems, identifies eligible patients and recommends a plan after discharge to reduce readmission rates. Boston Scientific and Accenture designed this digital health platform to help providers standardize care, reduce overall length of stay and lower avoidable readmission rates. The program was built from components proven through evidence reviews, real-world tests and extensive clinician input.⁶

As an added benefit, insights and data sets from this kind of service development can inform the R&D process for drugs. Pharmaceutical executives report that external health data (38 percent), wearable devices and mobile health (32 percent) and in-home/patient support (22 percent) are the top opportunity areas to enhance capabilities across R&D.⁷ All of which are sweet spots for services. Not to mention that insights from clinical trial data can be used to multiply the impact of services.

After being developed by R&D, services should reside in a function focused on the patient experience, not a brand team or business unit. Today, services often do not have one true owner. In 73 percent of pharmaceutical companies, multiple teams own services across brands and functions.⁸ This must change too, particularly if they are being measured for performance and profitable growth. This allows companies to assess and learn from data insights to continuously improve services and ensure that they align with patient desires and consumer and industry trends.

A **BIG** DOSE OF CHANGE

In the digital era, companies can no longer be successful based on deploying the best practices of others or the past. Successful models are predicated on ongoing responsiveness to customers and consumers, an increasing ability to anticipate and predict the needs and requirements, and ever-improving economics of service value and service provision. Becoming services-founded takes reinvention of how services are designed, deployed and measured. It is true transformation—and is not for every company.



Good candidates adhere to these fundamentals:

GET INTENTIONAL ABOUT SERVICES

Companies need to develop a clear commercial construct for services and set expectations for their contributions to overall business performance. A sustainable services strategy demands leadership buy-in, resources and investment, and a proper incentive model so services are not an afterthought. Independence and accountability are paramount to success in this new frontier.

DON'T GO IT ALONE

More impactful services come from an ecosystem of care built with partners. Instead of investing in non-core capabilities, pharma companies can tap into the strengths of leading players. Then they can position those strengths to offer patients a broader array of services and achieve better alignment with the direction health authorities are seeking to manage their populations. The right partners designing and building services can help them scale faster.

SHAPE THE MARKET

Changing negotiations to include outcomes-based reimbursement for services will be a long game. Pharma will need to educate payers, providers and patients about the breakthrough value that services can deliver. They should act now to define the messages, instead of waiting for the market. Government and selected private sector initiatives will be the catalysts for these changes. However, the value delivered, even consumer preferences, will be the ultimate drivers, with technology and science as enablers.

BE DIGITAL

Achieving a true services-founded approach requires pivoting the entire business. Companies must transform the operating model to align around a disease state with a complementary portfolio of products. This is about becoming nimble, using digital technologies to generate and respond to insights very quickly. Companies will be in a market with a faster “clock speed” than ever before. Digital tools and different skills than those needed in the drug discovery process are important enablers for this change.

Integrating products with services can create better economic and clinical outcomes. It can also move patient trust and loyalty above the brand, creating a halo effect for the company. This is the foundation for growth, profitability, and ultimately, competitive agility—good medicine all around.



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NOTES

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- ² Accenture Strategy analysis.
- ³ Accenture, “Affordability and Value: The Economics of Pharma’s New Science.”
- ⁴ Accenture Strategy analysis.
- ⁵ Accenture, “The Patient Is IN.”
- ⁶ Accenture, “Boston Scientific and Accenture Develop Data-Driven Digital Health Solution to Help Improve Patient Outcomes and Reduce Cost of Treating Chronic Cardiovascular Conditions,” January 28, 2016.
- ⁷ Accenture, “The Patient Is IN.”
- ⁸ Ibid.

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