

Global Life Sciences Industry: Gearing up for Tomorrow

This article explores the current global issues impacting the global life sciences sector, as well as analyzes the performance of this sector amidst economic uncertainty, pricing pressures, increased demand for innovation and value and an ever-changing regulatory and risk environment



Ram Meenakshisundaram
Senior Vice President and
Global Delivery Head
Life Sciences, Cognizant



Rajesh Kuppaswamy
Senior Director
Life Sciences Consulting
Cognizant

The life sciences industry is passing through a period of inflexion. There is considerable speculation around the next driver of growth. Companies of all stripes need to find a way to survive. While start-ups are typically short of cash, giants find it difficult to manage their conglomerate-type businesses ranging from specialty products to established (or commoditized) products. The generics industry, in its quest to find lower-cost geographies for manufacturing, is confronted with multiple regulatory and compliance challenges.

Device companies are uncertain about what regulations might impact their forays into newer areas such as wearables and mobile apps. Even so, there is more awareness and affordability, and the life sciences and healthcare market continues to rapidly expand worldwide. It is for each company to identify its niche and formulate a strategy to remain relevant. Only those companies that remain relevant can benefit when the industry stabilizes on a clear path to consistent growth.

State of the Life Sciences Industry

The pharmaceutical industry, after witnessing astonishing growth in the blockbuster drugs era of the 1990s, went through a lull in the first decade of this century. While it seemed for a while circa 2008-09 that the industry had turned the corner, it has had challenges sustaining the turnaround. In a way, the graph below also represents the course that industry optimism has charted over the last 10 years. The optimism seemed to build on multiple factors such as expansion of the industry across emerging markets, increasing awareness and advent of holistic healthcare, and greater affordability and spending, to name a few. However, things have changed dramatically in the last three years.

Unless true innovation to address unmet medical needs becomes a reality, the industry's revival is likely to be, at best, uneven. The nascence of personalized or targeted medicine indicates that the understanding of progression pathways of complex and life-threatening

diseases is still evolving. The industry is fortunate that the fundamental research required to break the innovation barrier and elucidate disease progression pathways is heavily externalized through university programs, private- and government-supported research institutions, or even through other relatively newer entrants into the life sciences space. This enables the core life sciences companies to focus on sustenance in a very competitive environment.

Blurring of Boundaries

The life sciences industry today faces significant challenges around regulations, operating models, and stakeholder preferences and influences. Several companies are in the midst of an identity crisis, uncertain about what they really stand for and where they want to go.

This is further complicated by blurring boundaries between, for example, healthcare and life sciences. Payers have come to wield a significant influence on the success of a product, and by extension, on the success of the company marketing the product. There is growing influence of regulatory guidelines and mandates on the supply chain and sales. Regulations around labeling and serialization require strategic planning and decision-making around manufacturing hubs and production lines in order to optimize product supply while complying with global and local regulations.

Catering to multiple stakeholders through channels of their preference can become a key differentiator in marketing. This requires the adoption of new technology as well as deeper analysis of stakeholder preferences. Clearly, survival is going to be about a comprehensive strategy that spans all functions and, at times, extends beyond the life sciences industry. Each player must formulate the right strategy aligned with its own needs to carve out and define its identity.

Winning the Battle of Survival

Though companies must continually demonstrate the agility and flexibility to adapt,



they should also be clear about their core identity. Operational efficiency may afford short-term sustainability, but can likely be commoditized, losing its competitive edge. In fact, efficiency is table stakes, not a winning formula.

What is core identity and how can companies define it? It all begins with defining what success or value means to the company. Value may not immediately translate into revenue, but will surely become an asset over time. Compliance and adherence to quality is one such value, which may, in fact, become a key differentiator in the generics industry, even allowing companies to charge a premium.

Identifying synergies and co-creation is another example of value. Synergy in this context is not financial synergy, but pertains to complementary products or services, which can eventually translate into financial synergy as well. For example, an intelligent pen that prevents

accidental overdose of a narcotic or insulin and reminds the patient to adhere to dosage, ensures maximum benefit to the patient. Creating such a drug-device combination product requires the confluence of strategic thinking and execution. Optimizing the use of mobile apps for monitoring a patient's health condition and automatic reporting builds stakeholder loyalty. In fact, optimal utilization of available resources within and outside the core life sciences industry to enhance patients' quality of life could be the single most virtuous value.

Value, when pursued with rigor and single-minded focus, can over time become the company's niche.

Making it Count

A company's identity will eventually be shaped through execution, without which even the best laid plans amount to nothing. The operating model for optimal execution

may entail making some tough choices and bold decisions, such as building new partnerships, overhauling internal resourcing and operations, decentralizing power centers, and providing visibility and empowerment at every level for swifter decision-making and communication. To keep the operating model from obsolescence, it must be fungible and molded in step with evolving needs.

Such models are beginning to emerge. For example, commercial models are emerging to account for real-world evidence in shaping pricing and reimbursement decisions around drug products and drug classes. Advances in analytics - data gathering, data filtering and data analysis - are facilitating rapid feedback towards optimizing study protocols, thereby maximizing clinical trial productivity. The emergence of modern data management tools and the importance accorded to data governance are making it easier for converging data from disparate sources and enabling better analysis. As these new models emerge and the industry continues to make progress, the effort to gain insights into disease progression pathways has also received a fillip. ■

Contact: harsh.kabra@cognizant.com

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