

Pharma's new playbook

Competitive brand simulations can be applied in the pharmaceutical sector as a risk mitigation strategy to road test strategic options. Use of simulations may also reveal previously unknown opportunities and challenges, explain Dr Ben Sheppard and Matt Stanton

Adapted from the war gaming methodology used in the defence and political arenas, competitive brand simulations (CBS) can be employed by senior pharmaceutical industry executives to help them make critical business decisions. These simulations depend on interactions between individuals working in a hypothetical, but credible business environment rather than based on computer modelling.

Although simulations are used extensively in the corporate world, this approach, unlike tactical simulations that can create confusion, use strategic optimisation, capture a constantly changing environment, and provide an integrated view of life cycle management. This simulation style enhances the depth and breadth of the output and provides real benefits of employing this tool.

methodology

The methodology used by the authors is principally adapted from that employed by the armed forces. Simulations can be traced back to the Prussians, whose victory over the second French Empire in the second Franco-Prussian War (1870-71) can partly be credited to the senior officers receiving training by playing a war game, or 'Kriegspiel' in German.

In the pharmaceutical war games, participants are typically divided into teams of six to 10 people and they are presented with, and respond to, key tasks and scenario injects (such as mock news reports and company announcements). The one or two-day simulations encompass all the links and partnerships with "player" interactions. For pharmaceutical simulations, these include all relevant stakeholders, such as physicians, pharmacists, payers, regulators, wholesalers and patients. These can be represented in the exercise by external consultants, key opinion leaders (KOLs) or employees with expertise in these areas. Simulations

can be divided into blocks of time that collectively represent a period of weeks, months or years, depending on the clients' requirements.

The flexibility and utility of this approach is clearly demonstrated by the widely differing areas in which the technique has been employed – from use as a research or training tool through to identifying competitive threats for a global brand.

While the focus of this article is simulations in the area of pharmaceutical marketing, it is worth pointing out that they have also been employed for contingency planning (eg, testing of the UK's preparedness and response strategy to pandemic influenza across the biopharmaceutical sector and public health services), product development strategies (eg, testing strategies to pursue pharmacogenomic drugs that are accompanied by a diagnostic test to identify likely responders and non-responders), through to reputation management (eg, evaluating risk communication response measures to potential adverse effects caused by a product).

The following case study focuses on the use of a CBS in the marketing area.

The case described is an amalgamation based on a number of exercises and is designed to illustrate key outcomes and deliverables.

Typically there are three key areas on which simulations can evaluate and provide outputs:

- Known assumptions to test;
- Known gaps; and
- Unknown, unforeseen challenges and opportunities.

case study: PI's challenge

A leading pharmaceutical company client, typical of one of the sector's large multinational players, wished to use a simulation to help it to optimise its global portfolio and maximise its product mix within a defined therapeutic area. (The approach would also be applicable to smaller organisations, such as biotech companies focusing on one or two geographical regions.) For the purposes of this article, we'll call the company Pharma International, or PI for short.

PI's pain management portfolio consists of two marketed products (Brands A and B), one in pre-launch (Brand C) and one in Phase III trials,

Box 1: PI's pain management product mix

Brand A:

- Launched in 1984, came off-patent in 1996 and now available as a pharmacy only (P) medicine
- Indicated for mild-to-moderate pain, inflammation and fever
- Drug class: NSAID

Brand B:

- Launched in 1999 and due to come off-patent in 2011
- Indicated for the relief of symptoms of osteoarthritis and rheumatoid arthritis
- Drug class: COX-2 inhibitor

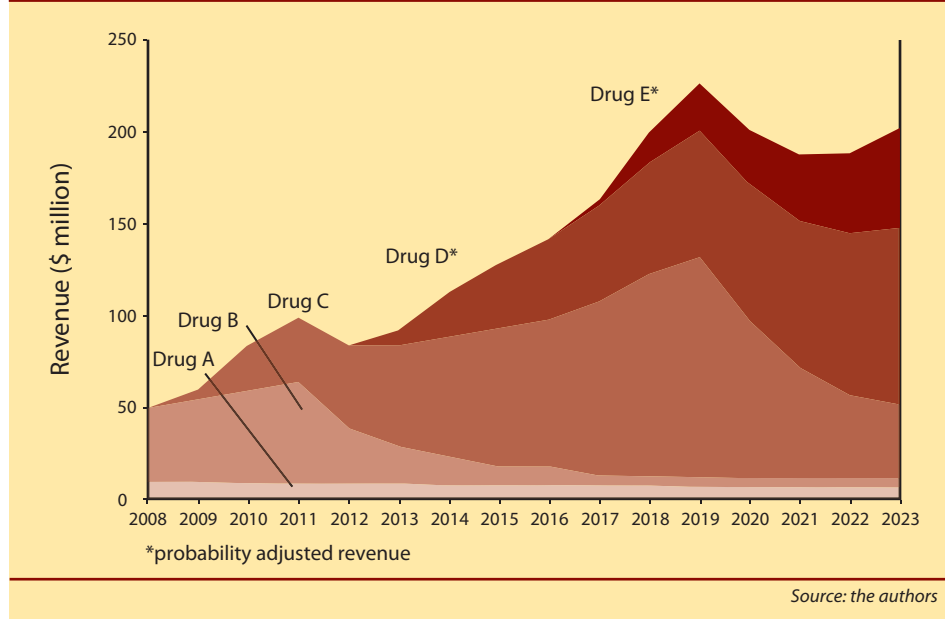
Brand C:

- Due for launch in 2009
- Indicated for the treatment of acute migraine
- Drug class: serotonin receptor agonist

Brand D:

- Reached Phase III in 2007 and due for new drug approval submission in 2013
- Indicated for the treatment of moderate-to-severe rheumatoid arthritis
- Drug class: anti-TNF

Figure 1: Projected revenue from PI's portfolio



awaiting regulatory approval (Brand D). PI's pain management assets are summarised in Box 1. PI also had the option of in-licensing from a biotech company (Bio National) a fifth product (Brand E), which had shown promising Phase IIb clinical trial results. Other pharma companies were also known to be interested in acquiring this product. PI, therefore, faced the challenge of best positioning and maximising its portfolio within the pain management area.

In consultation with the authors' client, it was agreed that the CBS should focus on the following three areas:

- Optimising life cycle management for marketed products;
- Establishing a strategy for pipeline products; and
- Handling in-licensing and co-marketing/promotion opportunities.

Participants then "experienced" the next 15 years (2008-2023), divided into three five-year segments, over a two-day period. As the simulation progressed, the team was presented with a constantly changing future environment, including products coming off-patent, launches of new competitive products, and further opportunities for in-licensing and co-marketing/promotion arising.

The following key questions were explored by the team:

- What are the best strategies that can help optimise life cycle management

of the various products, and maximise the portfolio's position and revenue?

- Where are the major gaps in the portfolio and how can these be addressed?
- What are the key challenges and opportunities at different time points?
- Can the brands within particular therapy areas be enhanced through existing and future communication channels to create "therapeutic umbrellas", ensuring a higher degree of synergy within the existing portfolio?

key findings from the simulation

Lesson 1: Portfolio gaps

The key outcome of the CBS was the identification of gaps within the portfolio that limited the growth potential within the pain therapy area, highlighting the need for in-licensing opportunities in the short to medium term.

It was identified that with its current portfolio configuration, and anticipated competitor activity over the next 10 years, PI should aim for a commanding position within the pain management arena through in-licensing opportunities. This strategy would help to consolidate its revenue and build up specific expertise, eg, in the rheumatoid arthritis space before anticipated drug

launches from 2013 onwards.

Another key finding was that PI should fully exploit Drug A's position as a P status brand. However, because the company had no direct experience with either OTC or P brands, a suitable strategy would be to license Drug A to a more appropriate partner.

The anticipated future revenue for PI's brand portfolio is shown in Figure 1.

Lesson 2: Optimise organisation

Strategies were identified in both internal and external communication channels to optimise the company's response to regional and global developments from the pain management perspective. Such optimisation could be achieved through improved integration of the brand teams and co-ordinating their activities across the various regions.

Information across the brands was analysed in a variety of ways, in order to identify potential synergies, for example:

- Brand vs TA;
- Brand vs customer target groups;
- Team members vs brand; and
- Primary vs secondary care medication.

Communication plans for each brand were reviewed, captured and plotted out on a year-to-view chart to give an overview identifying potential synergies or conflicts between activities.

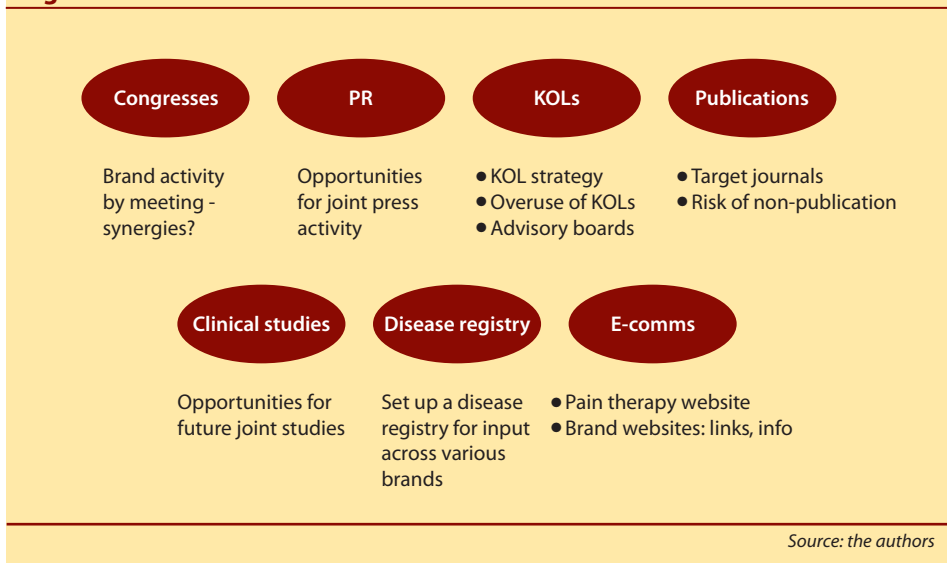
The activities would then be reviewed by communication channels, as illustrated in Figure 2, to identify any conflicts, synergies or opportunities across activities.

Lesson 3: Align life cycle management strategies

To optimise PI's portfolio, all its pain management products (both marketed drugs and candidates in development) should have a co-ordinated life cycle management approach.

This strategy would require a move away from "silo thinking", in which product teams focus principally on positioning and revenue generation for their own drugs, towards people considering the consequences of their decisions on the company's other assets.

Figure 2: Simulated communication channels



payers/reimbursement attitudes to PI's and competitors' products in the therapy area).

The simulation example cited in this article demonstrated the benefits of identifying brand synergies, and looking at those synergies across various communication channels to maximise the opportunities based on a portfolio approach. The project demonstrated how effective and powerful the simulation tool can be in the pharmaceutical sector in terms of identifying, testing and implementing novel marketing techniques. From a portfolio perspective, this approach enables senior management to consider various scenarios, in a safe yet realistic environment and to consider strategic options that can maximise their portfolio's performance.

An additional key finding was that life cycle management programmes are often started too late in the product life cycle (usually three to five years post-launch), making it difficult to exploit changes in market conditions or competitive threats, resulting in missed opportunities. The recommendation, therefore, was that

activities for pipeline products should be integrated at an earlier stage and planned during the pre-launch phase. This should include any supplemental indications that the company may seek for its marketed products, and taking into account regional variations (regulatory acceptance of indications, competitor activity, and

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