A Bittersweet Pill

While welcoming possibilities for breakthrough innovation, Pharma must tackle a resourcing crisis

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The need to effectively allocate limited investment funds is becoming a mission-critical task that can have a lasting impact on any life sciences manufacturer’s growth and profitability.
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KPMG forecasts annual revenue growth for the Top 25 pharmaceutical players to rebound to a sustained three to five percent range from the near stagnant performance between 2010 and 2014. We also foresee true R&D costs rising at double to triple that rate.

Where are the resources?

Scarcity of resources is a challenge throughout the pharmaceutical organization, plaguing R&D and commercial business units alike. In regard to R&D costs, while KPMG, LLP (KPMG) forecasts annual revenue growth for the Top 25 pharmaceutical companies to rebound to a sustained three to five percent range from the near stagnant performance between 2010 and 2014, we also foresee true R&D costs rising at double to triple that rate. On the commercial front, shifting portfolio mix, combined with rising payer scrutiny and evolving provider business models, will require new commercial resourcing approaches and innovative go-to-market models to effectively reach target customers.

While Wall Street has rightly applauded the surge in innovation coming from the biopharmaceutical industry, there are few signs that expectations around key financial performance metrics are similarly evolving. Aberrations from historical norms for SG&A and R&D expense ratios, for example, may be tolerated only temporarily, if at all. With operating investment requirements outpacing sales growth, cost reduction and expense reallocation will become even more critical. Many investors, corporate boards, and C-suites will ask business unit leadership to do more with the same or less. Just as complicated, for some companies the conversation will center on whether they should do “less for less” by cutting out or outsourcing traditional activities that add limited value relative to their cost. These directives will lead to not only unprecedented internal debate, but also conflict within and across business units for increasingly scarce resources.
INTRODUCTION

After a decade-long post-blockbuster “hangover,” an abundance mentality has taken hold in the biopharmaceutical industry. Although innovators must adapt their strategies and business models to meet the requirements of a more cost-conscious and challenging healthcare landscape, there is as much good news as there is potential disruption.

R&D pipelines are arguably at their healthiest state ever: Most Big Pharma companies report record numbers of molecules in late stage development and tout cascades of upcoming global launches. Disease areas previously underserved by novel medicines are now being effectively treated with targeted mechanisms of action, and additional scientific breakthroughs are on the horizon. The fact that these new developments come after more than a half decade of particularly dismal performance and a 30 percent decrease in average annual new molecule entity (NME) launches is truly astonishing. While many industry observers feared that this downturn represented the “new normal,” it is clear that the tide has turned.

Along with more—and increasingly diverse—opportunities come a new set of challenges for biopharmaceutical leaders. With so many innovations to fund and new launches to support, coupled with the perennial responsibility of helping more mature, in-market brands reach their peak sales potential, the question of where and how to invest precious resources is increasingly being debated. The need to effectively allocate limited investment funds is becoming a mission-critical task that can have a lasting impact on any life sciences manufacturer’s growth and profitability.

Current approaches to resource allocation within industry-leading organizations may not be up to the challenge. Benchmarking against the prior year’s spend and applying outdated rules of thumb to guide funding decisions will no longer be sufficient. Internal planning processes at headquarters and within regional organizations must develop the sustainability, transparency, adaptability, and interconnectedness required to invest in the business optimally. A new, zero-based approach to allocating resources, and engaging all relevant parts of the organization in the process are desperately needed, or business performance and shareholder value will suffer.

For pharmaceutical leaders who have begun to feel the pain of resource constraints and the sting of tough investment decisions amidst numerous potential growth opportunities, this paper defines what we believe to be best-in-class resource allocation practices for the pharmaceutical industry. Further, we provide a guide for effectively incorporating resourcing decisions into existing planning processes and tools, including those related to product launch and proactive engagement of internal stakeholders. Lastly, we highlight the major strategic themes that should be tackled in resourcing discussions to address the growing challenges R&D and commercial functions face.
The good news for the industry is that the innovation drought has ended. Until fairly recently, external analysts and insiders flooded the industry press and popular media with dire assertions about the failure of the pharmaceutical innovation model and the possibility that an R&D productivity crisis could cripple the sector for decades to come. The data at the time made these claims seem possible, if not reasonable. The average number of launches from 2005 to 2009 declined to just 22 per year, down from an average 31 for the decade prior. (Figure 1)

Outside of R&D, the picture wasn’t any prettier. Between 2005 and 2009, top-line growth for the top 25 companies averaged nine percent and profit pools grew 11 percent annually, despite the R&D productivity issues. This growth was possible because many notable blockbusters were able to squeeze out healthy price increases and peak sales in the months leading up to patent expiry and generic competition. (Figure 2)

By contrast, the period from 2010 to 2014 saw revenue growth stall at a paltry one percent annually, and operating profits actually declined by an average of one percentage point each year. As most in the industry were aware, the few new molecules approved between 2005 and 2009 were unable to replicate the sales and profit growth of the expiring blockbusters. As a result, massive cost cuts, mostly aimed at the back office and the commercial organization, were necessary to stem the damage of flatlining revenue.

There was an upside to the gloom and doom of this challenging period, however. Truly promising innovations were relatively easy to fund and greenlight given their scarcity.

**Figure 1**

New Molecular Entity New Drug and Biologic License Application Approvals (1996–2014)
Figure 2
Top 25 Diversified Life Sciences Companies’ Revenue and Operating Income (in $B)

Source: Company 10Ks, KPMG analysis
THE “BREAKTHROUGH INNOVATION ERA” BEGINS – MORE TARGETED PIPELINE SUCCESS

While it is too early to declare a full industry recovery, it is hard to ignore the promise of robust innovation to reverse the trends of revenue stagnation and operating profit declines.

The number of NME launches has rebounded to an average of 31 new product approvals annually in the years after 2010, which is back in line with historical norms. Recent launches into markets with high unmet medical need and lower payer resistance—such as Sovaldi in HCV and Tecfidera in multiple sclerosis—have undergone the steepest adoption curves ever seen in the industry. Moreover, most CEOs across the top 15 pharma companies have publicly claimed their pipelines to be the healthiest in over a decade, if not in their entire corporate histories. AstraZeneca, for example, achieved four new drug approvals in 2014 and is planning for another seven or eight NME submissions in 2015 and 2016, after only two NME approvals between 2010 and 2013.

While not all industry leaders have experienced equal innovation turnarounds, the trend toward more unique and best-in-class molecules targeting a broader set of indications is clear. After analyzing recent launch performance and the late-stage pipelines of the Top 25 companies along with their patent exposure, it appears as if growth over the next half decade, from 2015 through 2020, will reach three to five percent annually on average, a vast improvement over the prior half decade’s one percent compound annual growth rate (CAGR). Going forward, we expect an annual increase in the average number of NME approvals from the current 31 to approximately 40 given current late-stage pipeline density and quality. This is nearly double the annual industry output between 2005 and 2009.

That said, it is important to bear in mind that the pace of future growth will be tempered by the trend toward smaller, more focused indications; winner-takes-all competitive dynamics; and persistent payer pressure in markets where there are choices among similar innovations. Following the brief transition phase of 2009-2014, we are now at the beginning of The Breakthrough Innovation Era, a period marked by a balance between a rebounding innovation engine and the need to operate within a more constrained internal and external spending environment. (Figure 3)

Figure 3
Top 25 Diversified Life Sciences Players’ Revenue (in $B)
(KPMG estimates 2015-2020)

“THE BREAKTHROUGH INNOVATION ERA”
Good News:
• Pipelines of Top 25 regaining strength by increasing number of innovations in development
• Annual FDA approvals of NMEs have rebounded to historical norms
• Strong blockbuster launches in such markets as MS, oncology and HCV
• Top-line growth poised to be back on track, at 3%-5%, within next 5 years

The Challenges:
• Cost of R&D for new innovations continues to rise by ~8% annually
• Top-down cuts to SG&A may have reached a point of diminishing returns
• New macro pressures on cost and quality of new innovations put strains on operating model

Source: Company 10Ks, KPMG analysis

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The number of NME launches has rebounded to an average of 31 new product approvals annually in the years after 2010.
NEW FUNDING CONSTRAINTS

Despite more innovation coming through the pipeline and the top-line returning to a positive growth trend, the industry’s woes have not disappeared entirely. The start of The Breakthrough Innovation Era simply offers a fresh set of challenges for pharma. For example, we estimate that the true cost of R&D innovation (measured as the total cost to develop a single molecule from the discovery phase through regulatory approval) continues to rise at eight to 10 percent annually. Considering that there are more innovations in pharma pipelines to fund than ever, and that development costs are rising faster than revenue growth, the funding constraints become readily apparent. In fact, we estimate that there will be forced cuts in total R&D spending across the top 25 firms of over $400 billion cumulatively over the next decade. This will be necessary to keep the ratio of R&D spending to revenue within historical ranges or risk another lapse in portfolio productivity or shareholder backlash for overspending. (Figure 4)

On the commercial side, the funding constraints are more difficult to tease out, masked by some of the record-breaking launches of late. However, some facts are hard to ignore. First, the FDA reports that 41 percent of new molecular entity approvals in 2014 were for rare diseases, a trend that has been building over the past several years. We estimate that an additional 25 percent of molecules launched recently have primary indications for smaller patient populations. These patient cohorts are approximately one-tenth the size of previous blockbuster markets, such as those for lipid-lowering hypertension drugs and treatments for type 2 diabetes. Not coincidentally, KPMG’s review of consensus analyst revenue estimates focused on products launched last year shows that two-thirds are forecast to achieve less than $600 MM in US sales by 2020. It is clear that Sovaldi is the rare exception, not the norm. Smaller products and more diverse commercial portfolios are clearly a central part of The Breakthrough Innovation Era.

Not surprisingly, the commercial resourcing model has been oriented around familiar, profitable blockbuster brands that rightfully have attracted the majority of organizations’ attention and resources. More than half of sales and approximately 75 percent of operating profits, according to our analysis, are garnered by the top five brands within an average pharmaceutical portfolio. And 78 percent of Big Pharma sales are generated by products launched more than 10 years ago, according to EvaluatePharma analysis.

Smaller brands are not financially unattractive, but they have to be managed differently than traditional blockbusters. The resourcing model for these products must be dramatically modified to ensure profitable growth throughout the life cycle. Given an increasingly diverse set of products in the portfolio and a changing customer landscape, it would be a mistake to continue to use traditional rules of thumb and a prior year’s spending as anchor points for decisions on next year’s spending. Clearly, new approaches are needed.
Top 25 Diversified Life Sciences Players’ R&D Expenses (in $B) Estimated vs. capped at historical norms

Figure 4

THE BREAKTHROUGH INNOVATION ERA

$125B
in total cumulative cost reduction required by 2020

$410B
in total cumulative cost reduction required by 2025

Source: Company 10Ks, KPMG analysis
Looking backwards to fund future growth simply won’t work in *The Breakthrough Innovation Era*. The internal opportunities are too plentiful, the external market risks are too numerous, and the choices around resourcing are far too complex. But then what must new resourcing strategies address, specifically?

Resource allocation practices adopted across R&D and commercial organizations must adequately address both organizational and analytical complexity. *(Figure 5)*

**Figure 5**
Organizational vs. Analytical Complexity in Resource Decision Making

- **Breaking down silos** to achieve transparency into current state
- Identifying and **aligning on correcting dysfunctions** in current processes
- **Gaining buy-in** to proposed changes
- **Implementing effective**, new processes, methodologies, and tools
- **Ensuring sustainability** of new frameworks and processes
- **Defining resource and investment** options in a clear and meaningful manner
- **Evaluating magnitude** of investments required over time
- Determining **return on investment**
- Accounting for both **financial and strategic value**
- Gaining insight by assessing a **range of options** without “boiling the ocean”
While there may be many effective ways to structure governance and analyze funding decisions, we see six common characteristics as integral to any effective resource allocation approach in pharma today. (Figure 6)

**Figure 6**

**Critical Characteristics of Effective Resource Allocation**

- **Engagement**: Proactively engages key stakeholders, both local and at headquarters, in a timely and transparent manner.
- **Sustainable**: Establishes a sustainable platform enabling consistent, repeatable and credible resource allocation decisions.
- **Fact-Based**: Leverages the best information and perspective available to inform senior leadership’s decision making.
- **Scenarios**: Enables informed consideration of multiple business and environmental scenarios impacting resource allocation.
- **Options**: Rapidly examines alternative resourcing options and associated strategic/financial tradeoffs at multiple levels.
- **Integrated**: Seamlessly synchronizes with other strategic and financial planning processes.

**Accepted framework promoting optimal allocation of resources across markets, assets, and functions**
RESOURCING THE PIPELINE

The challenge of prioritizing development program investments at the asset level is a familiar one for pharma industry R&D, dating back to the 1980s, at least. During each annual planning cycle, senior management weighs whether or not they should abandon or delay development of certain assets to free up funds for innovations that are more promising and closely aligned with corporate strategy and perceived market opportunities. In past decades, this simple “rack and stack” approach was sufficient to guide R&D portfolio resourcing.

However, the pressures of The Breakthrough Innovation Era now require pharma companies to move beyond basic R&D portfolio management and consider a more complex set of resourcing decisions. Companies struggle not only with whether or not to pursue development of pipeline assets, but also with how these innovations should be developed to ensure success from a regulatory and commercial perspective. Goals include more robust value propositions at launch, earlier and better risk resolution, getting to market faster, and moving through clinical development milestones as cost effectively as possible. This is an incredibly tall order, not to mention a costly one.

We believe that resource allocation operating models for pharma R&D must incorporate the following five considerations to ensure that a comprehensive set of investment options, and their corresponding tradeoffs, are considered:

1. **Integrating early commercial input into R&D planning:** With commercial organization leaders now routinely sitting on R&D decision committees to represent the voice of the market, pharma companies recognize the need to consider Marketing’s feedback when they do their clinical trial planning. Still, it is apparent that input from commercial organizations often comes too late, resulting in missed opportunities to deliver enduring product differentiation, strong pricing, and favorable reimbursement positioning. The discourse around late-stage development assets continues to focus on how to meet region-specific regulatory requirements while achieving minimally acceptable commercial success. Instead, R&D leaders must dedicate significant resources—in the form of headcount, out-of-pocket investment, and organizational time and attention—to meaningful integration of commercial insight into clinical development plans from at least Phase 1 forward. Their commercial colleagues—stretched for resources themselves and incented on near-term brand or franchise performance—are likely preoccupied with multiple launches and make-or-break competitive battles across their branded portfolios. Now is the time for R&D to own the problem of ensuring that adequate, future-oriented market insight is proactively baked into clinical strategies instead of relying on reactive input from distracted commercial representatives.

2. **Defining alternative resourcing plans to account for changing market dynamics and profile uncertainty:** Increasingly complex and diverse regulator and payer demands—aimed at simultaneously improving quality, safety, and cost of care—are complicating approval requirements and market access for pharmaceuticals. Pharma companies must decide whether to opt for lean and fast development programs that will help them be first to market, or to “go for broke” with larger-scale trials and subpopulation analyses providing more conclusive evidence related to how and when new drug innovations should be used. The former option frees up resources to develop more assets across the portfolio, but introduces higher levels of regulatory risk and commercial tradeoffs. The latter option attempts to address the realities of the changing healthcare landscape and evolving stakeholder demands for robust clinical and economic evidence. However, more detailed development plans also introduce the risk of being too late to market, with too many burdens and at too high a development cost. Which path to take is rarely obvious and creates the need for thoughtful discourse on different resourcing strategies at the asset level.
Actively managing and resourcing the portfolio to mitigate market access risk: R&D portfolio planning puts great emphasis on the technical and regulatory risks associated with individual development programs, as well as the risk profile of the broader portfolio. However, systematic consideration of market access risk appears to be much less common. While the heightened importance of the payer is broadly understood by R&D teams, the risk of failing to achieve global reimbursement requirements and minimizing patient access restrictions is rarely examined in depth at stage-gate decision meetings. Our observations of current R&D resourcing decision processes also show that resources are rarely reallocated after Phase 3, even if study designs need to be bolstered to include broader endpoints, or if the needs of special patient populations of high interest to payers need to be addressed. The implications of allocating resources to assets deemed to have high levels of market access risk, versus other assets for which satisfying the bare minimum regulatory requirements will do, must be the subject of R&D resourcing discussions more frequently than is happening today. (Figure 7)

Figure 7
Case Study: Evidence Portfolio Allocation
Developing a more transparent approach to allocating resources to support global market access strategies

Key Client Challenges
- Access strategies for new products were developed by global new product teams with few touch points for senior management to weigh in.
- Resourcing plans for payer value propositions were not well integrated across functions.
- Budgets for clinical and health economic studies, payer engagement activities, real-world evidence pilots, etc., remained in functional area and geographic silos.

Results
- Expanded the mandate of existing joint R&D and Commercial decision-making committee to include market-access strategy and HEOR resourcing
- Delivered greater transparency to senior management into how investments in health economic value propositions were being made across functional groups and geographies
- Enabled five high-risk assets to increase resourcing by 25%+ to ensure access readiness at launch in Europe and United States

Approach
Collaborated with leaders across functional areas to design a more integrated approach to developing and executing access strategies

Phase 1
Analysis Current State of Portfolio
- Identified pipeline assets nearing launch with high levels of market access risk
- Mapped current spending across HEOR, Med Affairs, and other relevant functions to sub-portfolio of high market-access risk assets

Phase 2
Design Allocation Framework
- Designed framework and tools for considering alternative investment and resource allocation strategies for enhancing market access positioning
- Validated key assumptions with benchmarks

Phase 3
Pilot Approach on Critical Assets
- Identified five assets requiring an overhaul of market-access strategy and resource allocations
- Recommended reallocation of HEOR and medical investments to five pilot assets to strengthen value propositions at launch and postlaunch
Investing in long-term evidence strategies: Pharma companies have made great strides in building strong medical affairs, health economics, real-world outcomes, and other related functions. Experts in these areas are laser focused on bolstering new products’ value propositions from postlaunch through the full product life cycle. The data and analyses generated by these groups—not to mention communication of the story behind the evolving clinical evidence—are now critical drivers of any pharmaceutical product’s growth strategy. The use of long-term evidence programs to inform resource allocation is, unfortunately, woefully underdeveloped. Lack of transparency makes it difficult for senior leadership to weigh tradeoffs and make multiyear investment decisions. Although late-stage R&D portfolios are managed centrally with high levels of multiyear visibility into investment requirements, postlaunch evidence activities are more ad hoc and most often approved one study at a time. As stakeholders of all types—payers, healthcare delivery systems, patients, physicians—demand more evidence to support use of new drug therapies, a more coordinated and disciplined approach to life cycle evidence programs is required.
Streamlining pipeline investments: Most new drug therapies require more clinical, health economic, and real-world outcome data than that mandated by regulatory guidelines. Generating this data requires larger, more complex studies that are frequently more costly for R&D organizations. Pharma R&D budgets remain constrained, often held to historical benchmarks that calculate R&D spend as a percentage of revenue. This points to the need for R&D resourcing committees to ask the following question for each and every asset facing a stage-gate decision: “How can we deliver the needed meaningful evidence at lower cost and, ideally, faster?” A tough question, given that most R&D portfolio management teams accept proposed development programs at face value and view them as “gold plated.” A systematic review of ancillary efficacy and safety studies will likely reveal that some of them are not critical when it comes to regulatory risk and commercial potential. Similarly, secondary and tertiary trial endpoints, many of which are included under the umbrella of “good science,” are often unnecessary or premature and, as such, unlikely to shed insight into downstream clinical decisions. A review of development timelines, and the root causes for study delays and regulatory submission deadline failures, often reveals burdensome, bureaucratic internal planning processes as major contributing factors.
On the commercial front, the changing nature of innovation portfolios, coupled with rapidly evolving and diverse local market environments, presents a new set of resourcing challenges. Pursuing market share in new, highly specialized disease areas in which many organizations have limited experience requires investment to develop needed expertise and a fresh set of stakeholder relationships. Payers’ power to make or break a product launch means that well-crafted, integrated value propositions for new assets are more vital than ever to ensure market success. Further, the trend for one winning company to take all in smaller, highly targeted patient segments suggests that marketers need to invest beyond traditional positioning and messaging to stand out in the crowd.

Changes in global pharmaceutical markets create tougher resourcing decisions for commercial organizations. Additional headcount and novel functional expertise may be required, thus consuming resources that might otherwise be spent supporting launches and brand life cycle strategies. This inevitably creates organizational tension between investing in near-term performance versus fostering long-term sustainability. Constant vigilance for new competitive threats takes time, money, and staff to a degree that was not required before. The choice of whether to fund globally or act locally, spreading more investment into the regions and country organizations, is yet another source of complexity.

Annual planning for individual brands in previous years focused mostly on incremental adjustments to sales and marketing budgets. Now, commercial organizations can enable rapid changes in investment priorities by reorienting resourcing discussions around the following five key topics:

1. **Anticipating new commercial capability requirements:** Portfolio composition is changing quickly for most large biopharmaceutical companies. Investments in oncology and rare disease therapies are starting to pay off. We expect this trend to continue, with more than half of new drugs expected to launch into targeted patient populations in most years between now and the end of the decade. At first, most commercial organizations embraced the transition to highly specialized drug innovations, but much more work on the commercial model remains to be done. Go-to-market models, particularly in the areas of sales force and promotional activities, are vastly different than in the era of the untouchable blockbuster. So too is the barometer for success when it comes to pricing, reimbursement, and access. Pharma must shift its talent models to effectively engage with those that influence prescribing behaviors. Investments in new headcount, and even new functional areas, must be factored into annual resource planning. Senior leaders must weigh the tradeoffs of investing in these future-oriented capabilities and commercial activities versus more traditional sales and marketing activities that may have larger pay-offs in the near term.

2. **Mastering the changing external landscape:** Many of the new resourcing demands of the planning cycle are spurred by external events that no single pharma organization controls on its own. Understanding the evolving market spaces at both the indication and geographic level is critical to understanding future resourcing needs. For example, identifying competitive threats to existing product portfolios—especially when a brand faces winner-takes-all competitive dynamics—is essential. So too are ongoing assessments of changes in payer reimbursement policies at the regional and country levels, as well as reductions in health systems’ medicine budgets and new approaches to health technology assessments. Similar to internal portfolio-driven events, many of these external challenges are already discussed in annual strategic planning, both globally and within the regions or operating countries. The trick is linking these events to multiyear resourcing plans and being realistic about which can be addressed with increased out-of-pocket spend and changes in headcounts.
Payers’ power to make or break a product launch means that well-crafted, integrated value propositions for new assets are more vital than ever to ensure market success.
Weighing the resourcing needs of global and local commercial organizations: Developing global commercial strategies for key brands will always be critical. Global coordination of the data generated and messages communicated to support product value propositions is essential for maintaining brand quality and integrity. While the balance is shifting as diversity across geographic markets increases, in most cases it still remains most efficient to plan globally and then customize locally. However, the flow of information and talent between global and regional organizations must be much more dynamic than in the past. This is true for resourcing considerations as well. Finally, there seem to be more and more nuances to winning at the local level, making the need for deep expertise and country-level investment in customized sales and marketing strategies more important than ever.

Resourcing for integrated, above-brand offerings: In most commercial planning processes today, the brand remains at the center of the discussion. However, payers and health systems are increasingly demanding that pharma companies offer more integrated offerings and expertise that go “beyond the pill.” This suggests the opportunity for above-brand investments that enable pharma companies to contribute to how the industry defines quality care and reduces the total cost of care. Over time, we have seen leaders in the industry work closely with local health systems to help define new care models—which may or may not include use of their specific drugs—that ultimately enhance patient outcomes while improving the cost and efficiency of care delivery. Developing and sharing disease-level expertise with stakeholders enables pharma to better communicate where their new drug therapies and associated solutions fit within the care model, ultimately leading to more favorable decisions with respect to drug access and reimbursement.
Streamlining commercial infrastructure by changing the stakeholder engagement model: Changing market dynamics often signify the need to increase funding. Investments in new capabilities, experienced talent, market intelligence, and data and analytics are often required to proactively assess and then capitalize on market changes. The positive side of the resourcing dilemma is that certain markets may soon require fewer resources as they become more efficient and better coordinated. In the United States, for example, the shift from fee-for-service to value-based reimbursement models means that there will be fewer decision makers on care delivery pathways. The days of targeting thousands of prescribers with messaging about the efficacy and safety of a particular drug may be numbered, at least in certain local geographies and disease areas. This presents commercial organizations the opportunity to reconsider the dominant one-size-fits-all model for resourcing sales and marketing efforts. More targeted and leaner go-to-market models may be appropriate for engaging customers in certain local geographies. The pros and cons of changing the resourcing model for key brands—including the use of more efficient stakeholder engagement strategies—must feature prominently in commercial planning exercises in The Breakthrough Innovation Era.
CONCLUSION—GETTING FROM STRATEGY TO RESULTS

It may be relatively easy to understand that approaches to resource allocation, both in R&D and commercial, must be sustainable, scenario driven, option rich, integrated, fact based, and engagement friendly. However, the path to achieving such objectives—and managing all of the organizational and analytical complexity that come with transforming a resourcing strategy—is frequently much less obvious.

How KPMG can help

KPMG helps R&D and commercial organizations cut through complexity and transform the way they approach resourcing strategies—from organizational diagnostics to governance and process design to analytical tools and methodologies—through a tested framework. We bring an insightful perspective on how to make resourcing decisions objectively and fairly, all with an eye to enhancing profitability and increasing return on investment. Using this integrated approach, we help guide the resource planning process to accelerate results for your organization. (Figure 9)

References

i. Company 10Ks, KPMG analysis.
KPMG Strategy

KPMG Strategy takes an enterprise-wide view to business transformation by assisting clients from strategy through results. Traditional strategy consulting services focus primarily on business model issues without giving adequate consideration to implications for the operating model and the complex journey companies must undergo to change and realize value. KPMG’s Nine Levers of Value methodology connects business model design (strategy) and operating model implementation (execution) (Figure 10). Further, KPMG holds a differentiated position in the marketplace offering clients a wide-range of implementation services through our deal advisory, management consulting, and risk consulting capabilities. The collaborative expertise of these practices is more than the sum of the parts. Together, they establish a platform to support transformation with deep industry experience and strong and differentiated proprietary methodologies and tools. The end result is a customer engagement where strategy, business model, and operations are all in sync.

Learn more at kpmg.com/us/strategy.

Figure 10

Nine Levers of Value Methodology

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