“Beyond the Pill” Solutions
Emerging Insights and Commentary

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Outline

- Forces driving Business Model evolution
- Examples of “Beyond the Pill” solutions
- What does level 3 solution look like?
Pharma has to reinvent itself and make fundamental not incremental changes

**Today**
- **Key drivers of revenue (product centric)**
  - Volume (treatable patients)
  - Duration of therapy
- Patient support tools (Education and adherence) to supplement the product and are not monetized

**Tomorrow**
- Revenue drivers will have to go beyond the product
- **(Products + services) to create value across the value chain/ health system**
  - Engage Patients and Caregivers
  - Improve Health and Care Delivery Outcomes
  - Reduce/ Optimize cost

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**Volume**

**Value**

**Level 1 & Level 2 Solutions**

**Level 3 Solutions**

Payers, Providers and Pharma companies have shared goals of improving outcomes, which will accelerate development of level 3 solutions

*Source: Mack Institute Analysis*
Innovation and Investments in “Beyond the Pill” solutions is gathering pace but not fully monetized

Case Study: Kenya, Reaching the Base of the Pyramid

Developing sustainable supply chain solutions and pricing innovation to provide access to medicines to the poor

Impact: Better outreach and outcomes in 100K diabetics; potential expansion to 7 countries to impact 1 Million diabetics

Case Study: Iraq, Mobile mammography for breast cancer screening

Taking local needs in to account. Mobile Mammography Unit and Training HC professionals. Software to document/maintain medical records

Impact: Early cancer detection and treatment. Establish continuity of care

• Solutions focused on access to care
• Business model established but not monetized; mainly humanitarian projects
• Does not provide fully integrated solution
• Ability/Ambition to translate lessons in to tangible business

Co-creating value for/with customers

- Wholly owned subsidiary of Merck
- Improving the reach, cost-efficiency, and efficacy of health care through technologies
- TransitionAdvantage™
  - Coordinate care across providers
  - Aggregate, analyze, and effectively utilize disparate data sources
  - Truly engage patients and their families in the hospital as well as at home
- Impact on health system
  - Reduce preventable 30-day readmissions
  - Extend a hospital’s quality of care
  - Enhance patient satisfaction
  - Connect the extended care team

Source: [http://www.vreehealth.com/about/](http://www.vreehealth.com/about/);
What does a Level 3 Solution look like?

- Integrating care and delivering services across the patient pathway from diagnosis to treatment to follow-up routine care
- Develops an ecosystem of products and services to engage the patient and deliver superior outcomes at lower costs
- Monetizes solution to drive returns and maintain sustainability
...however key questions remain unanswered?

- What does “level 3” solution look like?
- Do we have a clear business model?
- Will customers trust and partner with Pharma companies to develop “level 3” solutions?
- Is Pharma management willing to invest and committed to champion the new business model?
- Who will pay for the solution?
- Will shareholders be happy with the margin structure from this new business?
The more I love the idea, the less money it makes!!