

BIOPHARMA'S REMOTE-HEALTH IMPERATIVE

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FOR YEARS, THE HEALTH care industry made only incremental progress in the shift to remote health care, but the COVID-19 pandemic dramatically accelerated its adoption, condensing into months what would otherwise have taken years. Our research shows that as more and more patients, providers, and payers come to recognize the benefits of remote health, US biopharma companies could see a shift in value pools of approximately \$130 billion over the next three to five years.

Remote health care is not just about replacing in-person patient-physician interactions with a video call. It includes the use of tools to monitor patients remotely in real time and make timely interventions. As a result, it has clear implications for biopharma, enabling companies to be more proactive in identifying and engaging with patients to improve outcomes. The industry can also use remote-health tools to make sales and marketing functions more productive and to improve patient recruitment and the speed and outcomes of clinical trials.

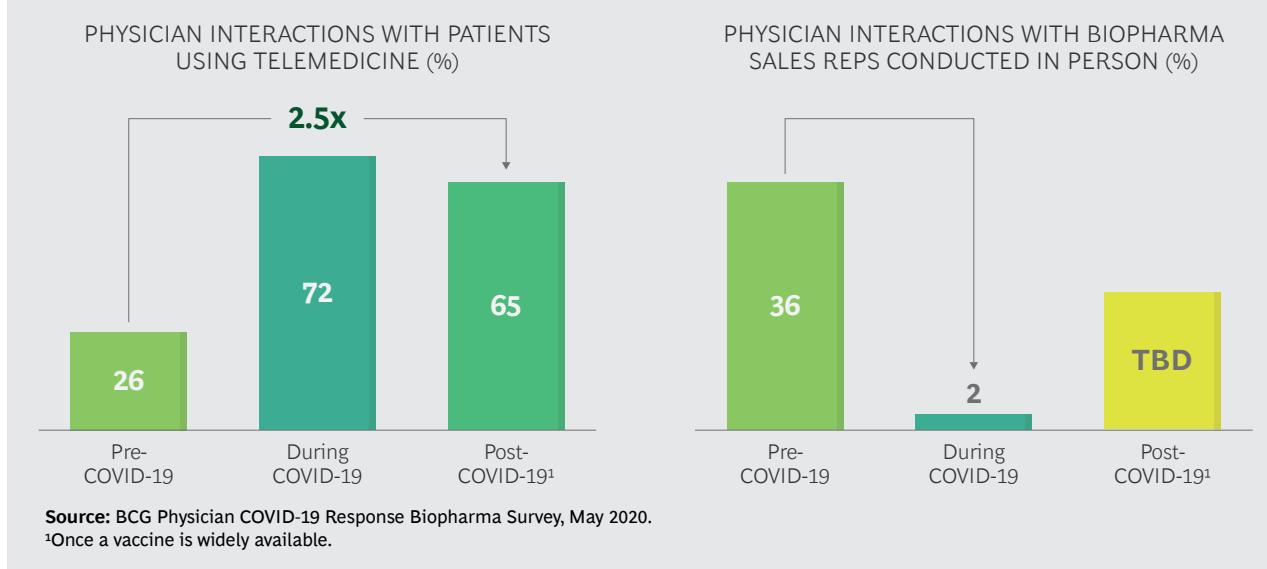
Given the significant value at stake—and the steep adoption rate of remote health care in the near term—companies must be aggressive while the window of opportunity remains open. With the industry at a major inflection point, the risks of failing to capitalize on remote health are significant.

Implications for Biopharma Players

Until recently, reimbursement by insurers for remote health care was limited, patients faced technical challenges, and providers struggled to overcome institutional inertia. Moreover, a regulatory model built for in-person care typically required US doctors to be licensed in every state where they practiced. But the COVID-19 pandemic has eased or removed many of those constraints, and adoption has taken off. (See Exhibit 1.)

For US biopharma companies, remote health creates new ways to engage with patients and capture richer, real-time data about their care. The increasing consumer-

EXHIBIT 1 | Virtual Interaction Is Growing in Medicine and Biopharma



ization of care, combined with the use of sensor-enabled wearable devices and other digital tools, mean that patients can now manage some aspects of their own health care remotely. Similarly, with the help of digital therapeutics and remote diagnostics and monitoring, biopharma companies can partner with physicians to improve care decisions—getting the right medication to the right patient at the right time, for example—and generate better outcomes.

Remote health care can also improve clinical trials. The pandemic has had a negative impact on trials globally; one survey showed that lockdowns have disrupted nearly two-thirds of oncology trials worldwide. By complementing traditional processes with virtual trials, biopharma companies can recruit a wider range of participants, capture more detailed data (including real-world evidence and proof of value), and potentially get products to the market faster.

Finally, remote health creates new opportunities to engage with providers. Even before COVID-19 hit, most physicians were scaling back face-to-face interactions with sales and marketing teams—sometimes owing to increased regulatory constraints. The pandemic further restricted that outreach, with only 2% of physician interac-

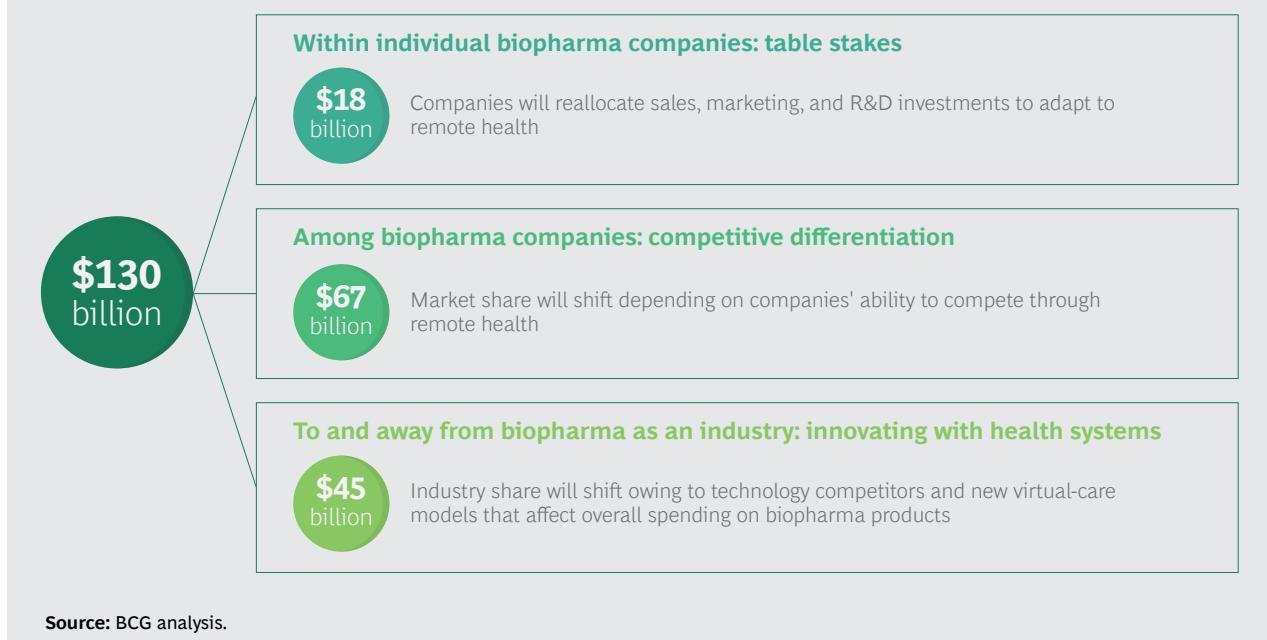
tions with biopharma sales reps taking place in person, according to a recent BCG survey. But digital interactions are an increasingly viable way to reach physicians. Indeed, about 80% of physicians say they find digital engagement with biopharma companies to be satisfactory, and the most preferred channels are all digital—a marked change from the pre-COVID era.

Significant Shifts in Value

All of these developments will bring corresponding shifts in value. To quantify those shifts, we analyzed potential changes in the allocation of spending within individual biopharma companies, in the relative market share of companies in the industry, and in the value of the industry as a whole. Again, these changes could trigger a shift of \$130 billion in value for US biopharma companies. (See Exhibit 2.)

Internal Spending. Forward-looking organizations will increasingly reallocate their internal spending from traditional spending categories to those that can capitalize on remote health. For example, they will accelerate the shift of their commercial teams and processes away from face-to-face interactions in favor of virtual engagement. They will further strengthen their digital and analytics capabilities, linking together all interactions with physicians across all

EXHIBIT 2 | A \$130 Billion Shift in Value for US Biopharma Companies



Source: BCG analysis.

channels. And they will reallocate a portion of their R&D budget to support virtual clinical trials. Together, these changes could generate a reallocation of approximately \$18 billion in internal spending.

Relative Market Share. Some companies will be better able to engage with providers virtually, increasing the productivity of their sales and marketing initiatives and taking share from more slow-footed competitors. Others will create value in new ways by making the investments needed to access real-time, real-world data about patients who use their products—for example, by partnering with tech-enabled remote-health providers such as Teladoc, Babylon, and Omada.

Winning companies will also adjust the products in their portfolio so they can be administered outside of traditional settings. They might develop technology (such as a smart infusion pump) or services (such as remote supervision of the administration of drugs) that enable patients to take their medications in lower-acuity settings. They will also develop digital tools—such as devices that adjust the dosage of a drug depending on the patient's response—to supplement traditional biopharma prod-

ucts, generating richer information and improving outcomes. And these companies will change their drug development processes to take advantage of virtual trials—by participating in patient recruitment, for example.

Collectively, these changes could result in shifts in market share among competitors in the industry of nearly \$67 billion.

Industry Value. Already, data is dramatically changing decision making regarding reimbursement. Payers are demanding better proof of value for a given medicine, for instance, or are requiring that physicians and patients try lower-cost, nondrug solutions before a prescription gets approved. Biopharma companies, too, can use the data generated by remote health care to improve their business.

For example, running predictive algorithms on data from remote patient monitoring can help companies identify at-risk populations and help physicians prescribe preventive or therapeutic drugs. By reducing the need for more complex treatments and hospital admissions, this will allow biopharma companies to increase sales and create value for payers.

Value will also shift from traditional health care players to technology companies, which are bringing their skills in data analytics and consumer engagement to the provision of care. Of course, most tech companies are still infrastructure players rather than health care providers. But if they create platforms with the capabilities that biopharma companies need, they will pose a clear threat to profitability. For that reason, biopharma companies may increasingly start to join cross-disciplinary or cross-sector ecosystems in order to acquire the capabilities needed to capitalize on remote health.

Finally, remote monitoring will help ensure that patients adhere to given prescriptions and dosages, leading to better outcomes. This, in turn, will prevent biopharma from losing business to other health care segments and providers because of a misperception that its products are not effective.

Collectively, these changes could lead to a shift in value to and away from the biopharma industry of roughly \$45 billion.

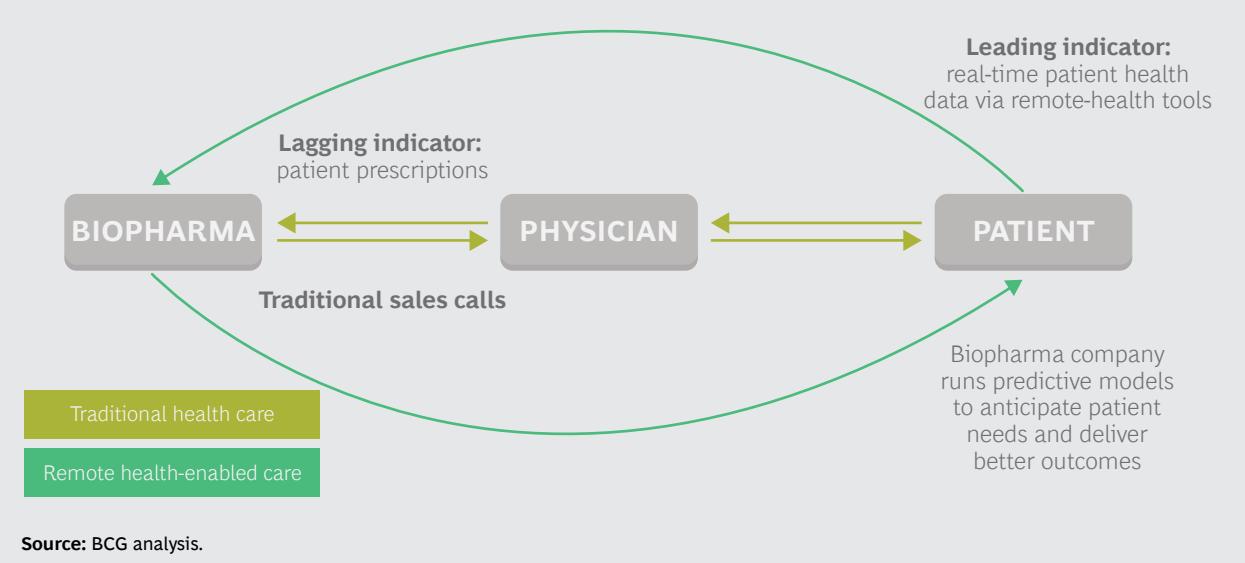
Five Priorities for Leadership Teams

Remote health care is currently on the steep part of the adoption curve and re-

gardless of how the pandemic progresses, biopharma companies should not wait for the curve to flatten. Instead, they must take action—starting today—to capture some of the shifts in value described above by focusing on five priorities:

1. Accelerate the process of engaging with—and learning from—patients outside of traditional care facilities. The vast majority of most patients' journeys happen outside of such facilities, which can only provide data on the lagging indicators of disease progression that are primarily relayed by a physician. Remote health gives biopharma firms far richer and more timely data throughout the entire patient journey, allowing intermittent and reactive care to give way to continuous and proactive care. (See Exhibit 3.) Accordingly, companies should build internal capabilities to access such real-time data and engage directly with patients in order to improve outcomes. Companies can also partner with new and established players that already have those capabilities in place, such as tech-enabled remote-health providers and digital health management players.
2. Leverage analytics to build a learning engine that capitalizes on data-driven insights. Analytics can help biopharma

EXHIBIT 3 | Remote Health Enables Biopharma Companies to Engage More Directly with Patients



companies detect early signals in order to rapidly identify what's working and what isn't working with respect to patient health and the effectiveness of commercial initiatives. Wherever possible, they should sponsor and deploy evidence-based algorithms at the point of care.

3. Make products more compatible with remote health. It's critical to augment existing products and services so that they can better support patients in lower-acuity settings, such as assisted-living facilities and even their own homes. Companies should look not just at drugs that can be taken at home (in conjunction with holistic disease management solutions) but also at related products, such as smart infusion pumps, patient monitoring applications, and telehealth administration services.
4. Develop the tools to reimagine clinical trials in a remote-health world—not as a replacement for traditional evidence generation but as a complement to it. The right approach will allow biophar-

ma companies to recruit larger pools of patients (and thus permit some trials that would not have been possible in the past), capture richer real-time data, and make product development more agile.

5. Be bold in reallocating marketing spending away from traditional, in-person sales channels in favor of digital channels, in line with physician preferences. The commercial model at most organizations will need to fundamentally change, but this is an area where organizations can capture value rapidly. There is no advantage in waiting to begin the transition.

GIVEN THE SPEED of the transition to remote health—and the \$130 billion in value that could shift over the next three to five years—biopharma companies need to take action. Remaining on their current trajectory may feel safer, but it will likely put companies in the far riskier position of having to catch up later.

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