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The changing biopharmaceutical business model

“Business models in biopharmaceuticals—how to adapt and how to implement change”, was the theme of a May 25 seminar in Copenhagen, hosted by international consulting firms Arthur D Little (ADL) and Altran. Edouard Croufer, Director of Global Chemical and Health Care Practice at ADL, gave his perspective from 33 years of industry experience. “The traditional pharmaceutical business model focused on finding blockbuster drugs,” he said. But now, “the industry needs to get back to its roots,” because annual growth in the global pharmaceutical market is expected to fall from 9% in 2000, to 3% through 2013. Croufer called for pharmaceutical companies to focus on their core competences, and apply them to patient-centered product development and care. Companies must adopt and integrate new technologies in diagnostics and information transfer, to keep up with the increased speed of drug development, where gains of even a few months can be an advantage in introducing a new drug. Companies must globalize their markets and partnerships in the face of changing demographics, said Croufer, citing “increasing demand and interest in countries with younger populations” for both products, and for research and production centers.



Edouard Croufer, ADL and Beritte Christenson, AstraZeneca.

“ The global focus of the new strategies requires a new generation of enterprise content management (ECM) tools.

As an example of a new business model in progress, Croufer pointed to AstraZeneca, whose Director of Global Dx Strategy and Performance Beritte Christenson, spoke of her company’s new strategy. Demonstrating Croufer’s call to concentrate on core competences, Christenson said, “We will build where we are strong, focusing on small molecules and biologics—where we have expertise.” The company hopes to increase output to two new molecular entities a year. To reduce their site footprint, AstraZeneca announced in March that it would close or reduce R&D sites in Sweden, the UK, and the US, and consolidate research at its Mölndal facilities. AstraZeneca is maintaining its global presence, though, said Christenson, and keeping up with trends in emerging markets, aging populations, new technologies, and unmet medical needs.

“The global focus of the new strategies requires a new generation of enterprise content management (ECM) tools,” said Johan von Mentzer, Director, ECM Healthcare / Life Sciences, Altran. ECM involves the sharing of information, and the managing of large documents and records. The new generation ECM tools encompass the communication, sharing and networking that we already use, and add instant collaboration and management, said von Mentzer. ECM tools provide security, content control, separation of professional and personal communications, and protection of intellectual property, but must balance those features with the rewards of a “no borders approach” that offers fast communication



Johan von Mentzer, Altran.

cycles, and is attractive to a new generation of users. The top performers in ECM focus on the process, rather than the technology, said von Mentzer, and have a culture that encourages change.

Nils Bohlin, Director Health Care and Life Sciences at ADL Nordics, addressed this point directly in his talk on “Managing the Human Face of Change.” Take a systematic approach to transitions in business strategy, he advised. Changing a business model starts with creating a vision that is shared by everyone who will be affected. Then, ensure that a master schedule, infrastructure, and a central organization are in place to carry out the plan. Actions should include individualized tasks, specific progress measurements, and followup. Allow time to reflect, but don’t get bogged down, said Bohlin. “It’s

a matter of balancing between shooting-from-the-hip, and paralysis.” Bohlin suggested anticipating reactions to change by encouraging early adaptors, without wasting too much time on staunch resisters. Be sensitive to cultural changes as the new business models are implemented, he said, because global collaboration means “cultural differences at three levels: national, company and professional”. In other words, in dealing with collaborators, companies must consider not only country-to-country differences, but differences in the cultures of the corporate and research worlds.

Beritte Christenson said attention to cultural behaviour was critical to implementing changes at AstraZeneca, saying the company is “getting the people who will drive the process to agree on it and take ownership of it.” Our region is in a good position to carry out these transitions to new business models, she said. Edouard Croufer agreed, saying, “The Nordic countries have a team culture that is very powerful for R&D and drug discovery.”

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