Partnerships + acquisitions = better value propositions?

Why external collaborations are increasingly essential for pharma companies to maximize the value of their products

The economic contraction due to COVID-19 is putting additional pressure on already buckling healthcare budgets. In an era when pharma companies have shifted to managing and improving outcomes rather than simply selling products, the need to demonstrate value for money has never been more important.

That fact is though, that many products need a helping hand to produce the best possible outcomes and prove that value. Whether that's through increasing patient knowledge, motivation, monitoring or medication adherence, the need to create the best possible environment to maximize the value of a product is now imperative.

What's more, there is increasing pressure from new players in the industry. In an era defined by disruptive models from the likes of Netflix and Amazon, pharma companies have realized that the game is changing in the healthcare industry too and they can no longer afford to keep playing by the old rules. The days of doing everything in isolation are over. Partnerships, collaborations, acquisitions are key to help build a compelling and holistic value proposition around new products.

The collaborations we are seeing are becoming increasingly creative, with pharma companies joining forces with a range of organizations, including digital start-ups and other technology providers, academic institutions, nutritional advisors, screening services and many more.

Partnerships proving their value

Some of the most effective added-value services offer more comprehensive, hands-on disease management. Medtronic for example - a diabetes specialist producing insulin pumps and continuous glucose monitoring devices - has expanded into services and solutions beyond these products, including data management and information technology for clinics. In 2015, the company acquired Diabeter, a Netherlands-based type 1 diabetes clinic that provides near-real-time, personalized care, as patients' glucose and insulin data are tracked remotely and feedback is given to patients much more quickly.

Acquiring new technologies is a major focus of collaborations. Take Merck in fertility treatment for example. Merck offers several fertility products, including recombinant versions of the three natural hormones needed to treat infertility, but in recent years has also entered the field of fertility technologies by collaborating with Genea Biomedx. The partnership allows Merck to combine its existing drug portfolio with a continuously expanding range of technologies that aims to improve standardization, automation and excellence in assisted reproductive treatment.

Similarly, in 2017, Roche acquired mySugr, one of the leading mobile diabetes platforms, providing diabetes coaching, therapy management, unlimited test-strips, automated data tracking and more. It seamlessly integrates with a growing number of medical devices including those under Roche's Accu-Chek brand e.g. blood glucose meters, insulin delivery systems, lancing devices etc., amplifying their impact.

Roche is a great example of a company that fully embraces partnerships, whether that's for its pipeline products (50% of its R&D pipeline is externally sourced), or for value-adding services. In total, Roche has as many as 220 global partnerships, fostering diversity of research and translating science into breakthrough medicines.

In 2018, Roche completed arguably its two most interesting acquisitions to date – Flatiron Health, which has built one of the largest, most-representative de-identified clinical oncology data sets in the world, and Foundation Medicine, a molecular insights company, which houses a database containing the genomic profiles of more than 300,000 cancer patients. Being able to combine genomic and clinical data to understand what drives disease has been called the Holy Grail of medicine and puts Roche in an extremely strong position for development of even more novel and transformative cancer therapies.

Sticking with Roche, the company has even set up its own venture capital company in Germany, called Rox Health, to identify health technology innovation and start-up companies for support and future collaboration.

Meanwhile, like many other companies, Pfizer is utilizing external collaborations to improve its clinical trial productivity. With Ochsner, a non-profit academic healthcare system, it is seeking to create faster, improved access and connectivity to clinical trials for patients, with the ultimate goal of better experiences and outcomes. With Verily, Google's healthcare spin-off, the company is seeking to deploy digital technology to re-engineer how clinical trials are conducted with the first fully remote registrational study. And with TrialSpark, a technology company committed to improving the speed, access, and reliability of clinical trials, Pfizer is seeking to extend its clinical trials to community doctors who have not previously been study investigators.

Biosimilar companies are also getting in on the act, realizing they too need to maintain a competitive edge in a market that is become increasingly crowded. A recent example is a deal between Biocon Biologics – which develops diabetes, oncology and immunology biosimilars – and digital therapeutics supplier Voluntis. The deal, announced earlier in 2020, will combine Biocon Biologics' insulin biosimilar with Voluntis' digital therapeutic Insulia®, which provides automated insulin dose recommendations and remote monitoring.

Shaping the future of the pharma industry

The above examples are just a handful of existing partnerships and acquisitions that are helping to shape the future of the pharmaceutical industry. The industry has – on the whole – fully embraced the need for collaboration in order to provide more holistic services beyond the product. Only this way can companies be confident of achieving the meaningful, tangible outcomes that increasingly stretched healthcare systems demand in return for reimbursement.

The question over the coming years, with so many pharma companies forging partnerships and acquisitions, will be which ones will spot the greatest opportunities, gain the most value for their investments, and enjoy the greatest competitive advantage? That remains to be seen, but in the meantime there's one thing we can be sure of – the increasing competition for better and more valuable partnerships can only be beneficial for patients.

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