



MMC INTERNATIONAL

From Strategy To Implementation

In this issue:

- U.S. Healthcare Industrialization
- MMC Services
 - Strategic
 - Operational
 - Temporary Management
 - Expert Witness
- Trends Shaping U.S. Pharmaceutical Industry Strategies Report

2014 — Beginning the industrialization of U.S. healthcare; transforming or eliminating stakeholders.

Pundits often argue that U.S. healthcare is too personalized and too complex to be subject to the marketplace forces that enabled the industrialization of so many industries, e.g., cars, cloths, food, housing, etc. These are the very arguments that resulted in so many industry-leading companies to fall behind, subsequently underperform, and as a result, eventually disappear. Industrialization means standardization, cost extractions, quality benchmarks, commoditization, the continual pursuit of quality, a focus on decreasing costs, economies of scale, consolidation, stiff competition, empowered customers, and sales based upon relative price.

Today, United States healthcare is like a giant jigsaw puzzle. The picture is unclear at first but will become clearer as the pieces are put in place. The implementation of healthcare insurance exchanges in 2014, which was required by the Patient Protection and Affordable Care Act of 2010, began the movement towards commoditization of

health insurance. Forcing health insurers to compete on price is and will put increasing pressure on all providers to improve quality while delivering competitive measureable patient outcomes/wellness at lower costs. Providers, in turn, are and will be pressuring all other stakeholders to justify their offerings based upon value, quality and price.

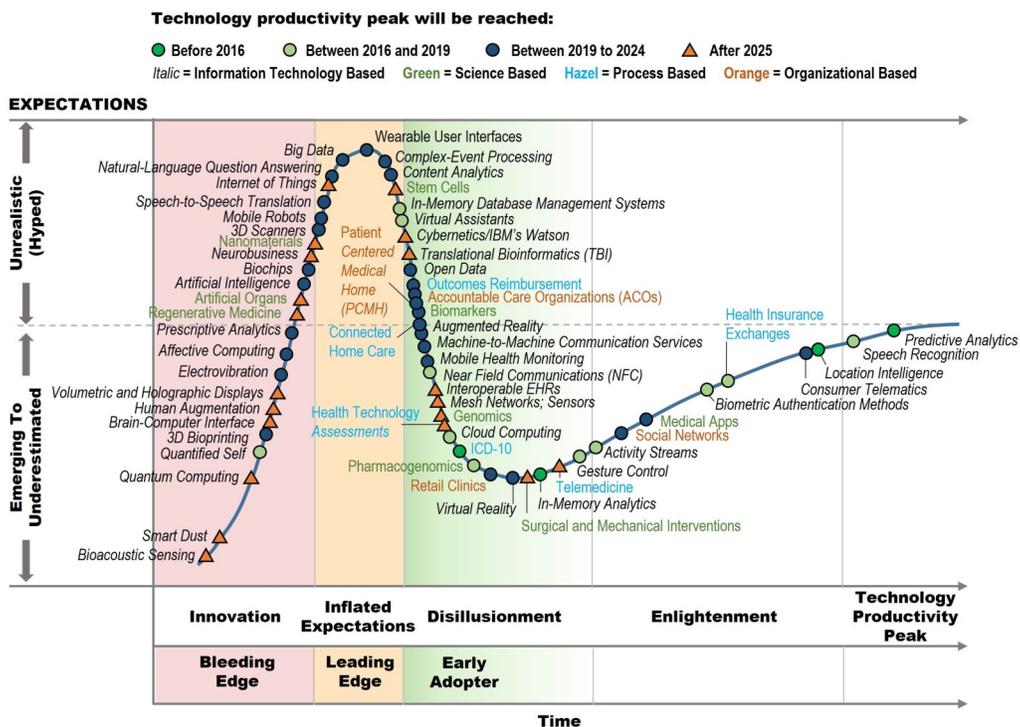
U.S. healthcare delivery is undergoing changes which mirror those that began when other industries were industrialized: an increasing division of labor, standardization of roles and tasks, quality benchmarks, degradation (or de-skilling) of work, consolidation, focus on economies of scale, reorganization, and increasing transparency. Much like the addition of standards and automation to skilled craftsmen in the last century, healthcare is moving through its own “industrial revolution”.

All the pieces are falling into place. An unprecedented number of enabling technologies and innovations are converging. Payers and providers are building on a model that relies exclusively on intelligent practitioners to create a more intelligent system. Reimbursement is shifting from fee-for-service or procedure to outcomes and wellness based. Quality measures are being further developed and refined for all providers. Performance measures are increasingly being published to enable and promote healthcare consumerism.

Historically, healthcare data reporting and analysis were

Continued on the back page.

MMC’s U.S. Healthcare Technology Outlook



© by MMC International, 2014. All rights reserved.



From Strategy To Implementation

MMC INTERNATIONAL SERVICES

STRATEGIC PHARMACEUTICALS CONSULTING

STRATEGY

Vision (confirm, define and/or refine)
Mission (confirm, develop and/or refine)
Strategy (formulate and/or refine)
Goals (define long-term goals)
Objectives (establish annual objectives)
Business Modeling

Analysis

Environmental Audit (PEST analysis/future outlook)
SWOT Analysis
GAP Analysis
Alternative Scenarios
Portfolio Prioritization
Strategic Plan
Geographic Expansion Strategy/Plan
Diversification Plan (product line, therapeutic area, industry segment, industry)
Operating Plan

STRATEGIC MARKETING

Lifecycle Management Plans
Therapeutic Area Plans (TALT Plans)
Forecasting
Market Segmentation Analysis
Market/Commercial Assessment
Managed Markets
Reimbursement
Product Evaluations (current and future)
Product Design Goals (e.g., TPP, TPI)
Product Life Cycle Plans
Product Plans
Marketing Plans
Launch Plans

Analysis

Alternative Industry/Customer Scenarios
Competitive Intelligence
Marketing Research (Strategic)
Decision Support

BUSINESS DEVELOPMENT

Business Development Plans
Target Identification and Prioritization
(products and companies)
Opportunity Assessment
Term Sheets
Due Diligence

BOARD OF DIRECTORS

Decision Support
Strategic Planning

GENERAL MANAGEMENT

Business Portfolio Analysis
Geographic Expansion (Worldwide)
Diversification Implementation
Resource Allocation
New Venture Reviews
Due Diligence
Fact-Based Problem Solving
Support Services
Socio-Technical Processes

TECHNOLOGY ASSESSMENT

Product Reviews
Portfolio Implications

TEMPORARY PHARMACEUTICAL EXECUTIVE MANAGEMENT SUPPORT

Interim CEOs
Outside Directors
Change Management
Succession Management
Strategic Planning

Business Development
Project Management
Team Facilitation
One-on-one Executive Counseling, Executive Coaching, and
Executive Mentoring

MMC INTERNATIONAL SERVICES — Continued

OPERATIONAL PHARMACEUTICALS CONSULTING

MARKETING

- Maximizing Branding
- Effective Product Positioning
- Appropriate Promotional Mix Allocation
- Successful Product Launches
- Revitalization of Existing Products
- Brand Life-Cycle Management
- Building Customer Relationships
- Effective Contracting Strategies
- "What's Important Now" Visualization
- Sales & Marketing Synergies
- Establishing a Long-Term Strategic Vision
- Improving the Decision-Making Process
- Building a Sustainable High-Performance Team
- Maximizing Sales Force Effectiveness
- Effective Global Partnering
- U.S. Commercialization Strategy and Implementation

SALES

- Patient-Centric Sales and Service Strategy
- Sales Excellence
- Field Training Process

MANUFACTURING/SUPPLY CHAIN

- Lean Manufacturing
- Six Sigma Quality
- Purchasing
- Supply Chain
- Capacity Analysis
- Capital Management
- Sourcing Strategy
- Operations Alignment With Product Lifecycle Management
- Translation Of Customer Requirements Into Manufacturing Specifications
- Technical Support Strategy
- Operations Management/Interim Management

STRATEGIC OPERATIONAL PHARMACEUTICALS WORKSHOPS

- Strategic
- Marketing
- Manufacturing

EXPERT WITNESS, LEGAL SURVEYS AND LITIGATION SUPPORT

Expert witness testimony, litigation support, and survey design and implementation is provided on a selective basis for clients covering a wide range of cases involving pharmaceutical marketing and pricing. Cases include: 1) Lanham Act false advertising cases, where both surveys and expert testimony are provided, 2) patent infringement cases, where commercial success testimony and surveys to support infringement are provided, 3) general pharmaceutical marketing and pricing testimony regarding industry standards, basic pricing terminology and practices, and 4) damage modeling where marketing and pricing issues are involved. MMC consultants are selected and methodologies are designed to survive all Daubert and other similar challenges.



From Strategy To Implementation

generally based upon retrospective facts. Now healthcare is beginning to talk about predictive analytics. Digitalization of health data (EHRs, cost of care, lifestyle, economic, etc.), technological advances, payment reform, and new healthcare delivery models (e.g., Accountable Care Organizations [ACOs] and Patient-Centered Medical Homes [PCMHs]), require the use of analytics to better understand patient populations, medication adherence and other types of patient-centered statistics and activities. These demands are driving a move toward making more healthcare decisions based upon data analytics. Standardization will begin the commoditization of all but the most complex care.

Ten years ago, it was hard to find healthcare data you could use because the technology just was not there. Analytics was really started by IBM when they introduced Hadoop in 2006. In 2009, the “Enterprise Cloud” capabilities became a reality. The term “Big Data” was coined in 2010. Without these tools, it was impossible to standardize care. Now technology can aggregate structured and unstructured data from multiple sources and then use high-performance computing to analyze it. The industry is at the beginning of refining and implementing disruptive information technology innovations to migrate care to data-based care decisions that will transform the practice of medicine from an art to standardized care. All the pieces for the industrialization of U.S. healthcare will fall into place between now and 2025.

Industrialization will impact all healthcare stakeholders. The implications are different for each healthcare industry segment and for every industry participant. What is clear is that care will become more uniform, measured, and will be delivered at a lower relative cost versus care in 2014.

“Trends Shaping U.S. Pharmaceutical Industry Strategies”, 2014 Edition

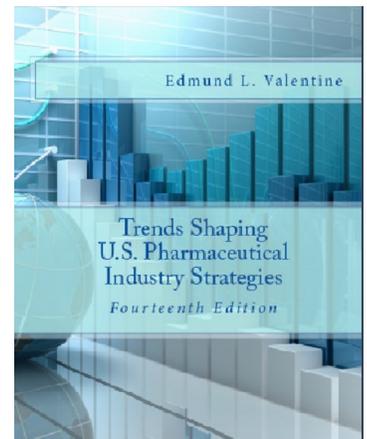
MMC’s 2014 *Trends Shaping U.S. Pharmaceutical Industry Strategies* report focuses on the implications of disruptive enabling technologies, innovations, legislation and regulation, new business models, and non-traditional joint ventures and strategic alliances on healthcare industry stakeholders...and the implications to United States pharmaceutical industry strategies between now and 2025. The 2014 “Trends” analysis builds upon the 13th Edition which focused on the implications of the Patient Protection and Affordable Care Act (ACA), the HITECH Act, and the Health Data Initiative (HDI).

This is an especially timely report (to be released shortly), as new business models are required for the survival of most pharmaceutical companies. All major therapeutic areas will be served by generics by 2015. Yet, most pharmaceutical companies have attempted to conservatively diversify to compensate for the loss of exclusivity for major products and the move away from the blockbuster model. They have been so conservative that most strategies, however presented, are similar.

They have shied away from pure innovation. The results are strategies that rely on the past and do not capitalize on industry change to create a competitive advantage and a sustainable and defensible marketplace position. Their arguments are that they have tried a number of alternatives before and failed...or the alternatives were tried by other companies who failed. They have forgotten how innovation actually works (see MMC’s Newsletter No.1).

The fundamental restructuring of U.S. healthcare is forecast to further narrow the gap between the profitability of pharmaceuticals and other related/different business sectors. This means there are now a greater range of potential business models that pharmaceutical companies may want to consider to drive future growth and profitability. The number of challenges and opportunities are unprecedented. Completely new approaches have a better chance of success today than ever before. This is the focus of MMC’s 2014 *Trends Shaping U.S. Pharmaceutical Industry Strategies* analyses report.

To order, click here to [pay by credit card or by PayPal](#) or contact your MMC representative or Ed Valentine at 203-961-9352 (office) or 203-536-3686 (cell), or [click here to download the editable electronic pdf form](#), complete the form and e-mail it to: e.valentine@mmcint.com, or fax it to: 203-547-6307.



TO DISCUSS YOUR PROJECT, ASK QUESTIONS, OR PLACE AN ORDER

Please contact your MMC representative or
Edmund (Ed) Valentine, Chairman and C.E.O. at:
Phone: +1-203-961-9352, Cell: +1-203-536-3686, eFax: +1-203-547-6307, or email: e.valentine@mmcint.com.