THE GREAT DISCONNECT

What Digital Biopharma Solutions are Missing:

Executives Share Unmet Needs and Future Plans

A Sage Growth Partners survey of biopharma executives finds today's solutions often fall short in awareness and capabilities

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EXECUTIVE SUMMARY

To identify the needs, plans, and preferences of buyers of biopharma digital solutions, healthcare and life sciences consultancy Sage Growth Partners conducted a survey of biopharma executives across the U.S. in late 2022. The 116 respondents represent pre-commercial, mid-size and large companies (69% are in companies with over $10B in revenues; refer to end of report for details). All survey respondents are involved in decision-making for digital solutions and represent a wide range of key functions.

Most survey respondents indicate their needs are largely being met with Enterprise and Analytic solutions; in other areas surveyed, however, there are significant unmet needs.

Key findings:

- In three of the biopharma solution areas – Analytics, Real World Evidence (RWE), and Enterprise – there are clear leaders that have a dominant market share. In the other three solution areas surveyed – Clinical Development, Patient Engagement and Digital Therapeutics – the market is highly fragmented and most providers have low awareness.
- Most survey respondents indicate that their needs are largely being met with Enterprise and Analytic solutions; in the other four areas surveyed, however, there are significant unmet needs.
- In the next few years, buyers expect their digital and data investments to focus on Oncology solutions as well as on solutions that address RWE and Clinical Development needs.
- While most prospective buyers default to purchasing solutions from larger, established companies, a majority (except for those in the pre-commercial space) are willing to try new solutions and work with smaller, emerging solution providers to develop and enhance solutions.
- Executives say they desire solutions with documented ROI, proven ease of implementation and use, and flexibility.
- To reach prospective buyers, digital solution providers must become more effective at raising awareness of their offerings.

The biopharma digital solution landscape is highly fragmented in all segments except Analytics, Enterprise, and RWE.

The biopharma digital solutions market is an active, dynamic space; apart from a few large players, most providers have modest market share and are largely unknown. Of the six segments surveyed, Analytics, RWE, and Enterprise segments have dominant solution providers, while the remaining areas—Clinical Development, Patient Engagement, and Digital Therapeutics—have a crowded, fragmented pool of solution providers. Given the low unaided and aided awareness levels for most, tomorrow's leaders must clearly grow awareness and find ways to stand out from the herd.

Analytics: The solution providers with the highest current usage and awareness are IQVIA (65% of respondents) and Optum (37%), with about one third (34%) of respondents using a combination of in-house solutions plus Optum or IQVIA.

Enterprise solutions: Veeva is the clear market leader, used by two-thirds of respondents, with InVentiv Health and Ipsos Healthcare the only other solutions known or used by over half the market.

RWE: IQVIA leads the field with the highest awareness (92%) and current usage (54%), followed by Optum (84% awareness/32% usage) and Flatiron Health (69% awareness/26% usage).

Digital Therapeutics: The solution providers with the highest awareness are Welldoc (53%), Click Therapeutics (43%), SilverCloud (39%), and Pear Therapeutics (32%).

Clinical Development: A number of providers are meeting very specific needs rather than coalescing around standard offerings. Of these, TriNetX, Clario, eClinical Solutions, CRO Analytics, Clara Health, and MedNet Solutions have the highest usage or awareness among respondents, but none have over 12% usage.

Patient Engagement: Optum is the clear frontrunner; nearly 50% of respondents are using or have used their solution. For the next four most used/recognized providers (Outcome Health, Medisafe, CoverMyMeds, and Aptus Health), only about 25% of respondents report current or prior use.

While many respondents have invested in the latest data, analytics, and digital solutions in the past 12 months, significant challenges and unmet needs remain.

The survey found that biopharma leaders have common unmet needs across solution areas as well as unmet needs specific to the type of solution.

Challenges common to all solution areas

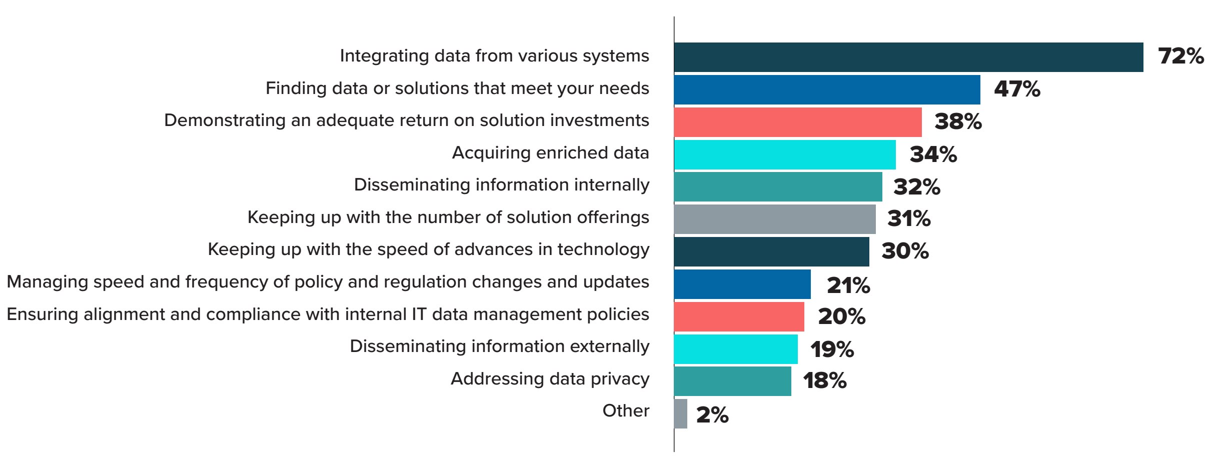
As shown in the figure below, prospective buyers have identified areas where they encounter challenges that cut across solution areas:

1. **Data integration:** Integrating internal company data with data from partners such as CROs, hubs and agencies is challenging and creates internal security issues with integrating complex patient-related data.
2. **Finding the right solutions:** Given the market fragmentation in many solution areas, buyers face two sub-optimal choices: 1) having to evaluate numerous solution providers or 2) working with a limited number of providers—which may make it more challenging to get what they need, when they need it.
3. **Ease of implementation and use:** For comprehensive solution areas such as Clinical Development, many buyers say a short learning curve and ease of implementation are among the top three factors when selecting a solution.
4. **Demonstrating ROI:** Sage surveys have frequently found that buyers are seeking solutions that can document ROI, and this survey was no exception. Note that benefits are not always financial; for example, buyers of Clinical Development solutions describe their benefits in terms of productivity and accelerated completion of trials and analysis.

"It takes our internal IT group so long to make changes [to our clinical development platform] that I try to push as many studies as possible to our CROs to save months of set-up time; ease of use is absolutely a top priority for us."

– Clinical development leader, top 10 global biopharma company

Major Gaps in Digital Solutions



Challenges unique to each solution area

Two solution areas – Analytics and Enterprise – seem to be well served. However, users of Clinical Development, Patient Engagement, and RWE solutions report areas where key needs are not being met. They cited the following gaps:

1. **Clinical Development**

   Clinical Development leaders expect digital platforms to help with long-held priorities (accelerating trial completion and improving productivity) as well as current needs related to decentralized trials, innovative trial designs and support for highly specialized treatments.

   When asked about the limitations of existing solutions, respondents from the survey cited these gaps:

   - Site and investigator selection, especially ability to predict success based on trial execution and patient recruitment
   - Reduction in regulatory risk, including quality assurance for submissions to minimize regulatory agency questions and follow ups
   - Productivity enhancements, including reduced time spent on data cleaning, integration, and verification
   - Ability to better identify and understand efficacy and safety for sub-populations

2. **Patient Engagement**

   Biopharma investment in Patient Engagement solutions, which has grown exponentially in the last five years, is expected to continue over the next five years given the expected increase in specialty treatments and a focus on the healthcare consumer. Trends in Patient Engagement include supporting patients across their entire journey, growing demand for wearables and mobile apps, and better integration of patient engagement and patient services teams.

   While many solution companies claim that 'next generation' solutions can deliver meaningful benefits, prospective biopharma buyers are skeptical. Survey respondents indicate dissatisfaction with solutions' ability to:

   - Link patients, caregivers, and healthcare stakeholders to attain targeted behaviors
   - Enhance patient satisfaction
   - Reliably and predictably improve clinical outcomes

"We made two significant changes after completing our customer insight process. First, we changed the focus on key decision makers from the Consumer Brand Leader to the Commercial Leader with P&L responsibility. Second, we adjusted our benefit impact metrics to include TRx [vs. just NRx]. We've seen good results from these changes."

— Senior leader from a patient engagement solution company

3. **RWE**

   The use of RWE has gained acceptance across multiple biopharma functions as a valuable data source. As indicated in the survey, biopharma leaders view RWE as critical to understanding disease insights, shaping clinical trial designs, uncovering treatment patterns, and supporting regulatory strategies.

   Respondents indicated that their organizations have developed tools and methods for including this type of data in important analyses. However, they and other biopharma leaders Sage has interviewed also cite limitations in currently available data and analytical methods. Specifically, survey respondents cite the following gaps in existing RWE platforms:

   - Availability of high-quality data, including gaps in certain patient populations and disease types
   - Access to specialized data types such as images
   - Incomplete view of patients and treatment patterns, including gaps in diagnostic/treatment paths and integration of phenotypic and genotypic data

As discussed later in this report, buyers' perceptions could be due in part to a lack of awareness about the capabilities of solutions in the market. Digital solution providers that can address the needs described above could accelerate sales by ensuring that their collateral sufficiently addresses these key unmet needs.

> ***"Aggregating data without being able to link it to key patient characteristics is of much less value, because the important insights are not contained in aggregated snapshots of data. We're past that. We're now trying to link lab and claims data, which means you need to figure out a way to get high-probability patient attributes but keep them de-identified."***
>
> *– RWE leader from top 10 biopharma company*

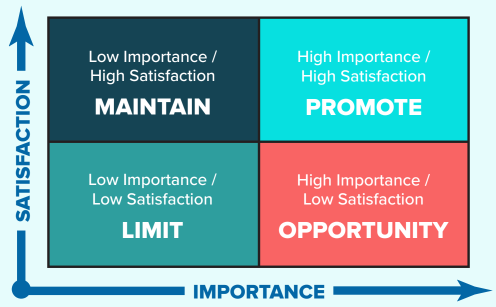
Defining Priorities for Solution Capabilities

Sage uses structured techniques (such as the Importance-Satisfaction Matrix shown here) to define needs and opportunities. Survey respondents were asked to rate their current satisfaction with and importance of various capabilities of existing solutions. While reporting the results for each type of solution is beyond what can be included here, we include an example of these findings for Clinical Development solutions in the figure below.

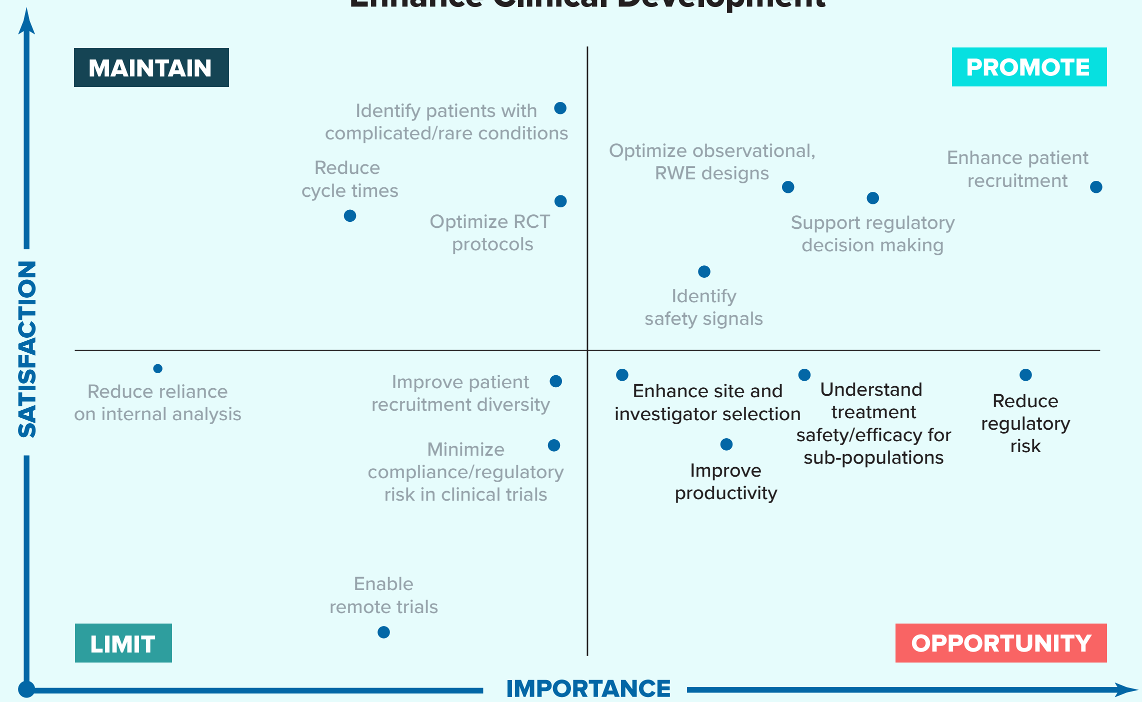
Solution providers should focus on the lower right quadrant, where buyers place the greatest importance but are the least satisfied with the capability of existing solutions. As this data indicates, Clinical Development buyers are least satisfied with their solutions' ability to:

- Reduce regulatory risk
- Understand treatment safety and efficacy for sub populations
- Improve productivity
- Enhance site and investigator selection

To learn more about findings for other solution types, please contact Sage.



Enhance Clinical Development



Digital Solution Gaps: Real or Perceived?

Despite the vast number of digital solutions available to biopharma companies, adoption is slow due to perceived gaps in capabilities. Sage attributes this perception to one or more of the following scenarios:

1. **Solutions' capabilities are based on a narrow view of market needs and pain points:** Solution capabilities are often based on company leaders' personal insights and/or success with initial customers. This approach can lead to inconsistent results, particularly when solution providers attempt to scale. (Refer to the example used in the Defining Priorities sidebar on Clinical Development needs.)
2. **Poor economic or strategic fit:** Some solutions may be priced out of the market or be a poor fit, too niche, or too difficult to implement.
3. **Difficulty breaking through in the market:** Solution providers may have the desired capabilities but have not succeeded in creating sufficient market awareness with the key stakeholders or demonstrated a strong enough value proposition.
4. **Inability to overcome inertia / high perceived switching costs:** While many biopharma executives are not satisfied with solution providers and have meaningful unmet needs, it may be challenging to get them to try new/unknown solutions if they believe that existing ones are "good enough." In this situation, new solution providers must show their value relative to incumbents and mitigate the perceived risks of switching.

The main focal areas for digital investment in the next few years are RWE and Clinical Development, while Oncology will be the dominant therapeutic area.

Over a third (39%) say Oncology is their top therapeutic investment priority (and nearly two-thirds rank it among their top three), followed by Immunology (40% rank it in the top three) and Infectious diseases/vaccines (34% rank it in the top three). Oncology continues to be a leading source of revenues for biopharma companies, representing over a third of specialty drugs in the pipeline, as the incidence of cancer grows, and as new treatments show promise.

Investing in digital solutions that address RWE and Clinical Development are a priority for respondents in the next one to three years.

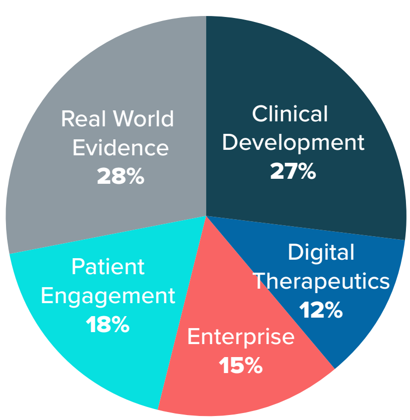
Two related factors may explain the expected investment in Clinical Development platforms:

1. ‘Big pharma’ buyers often use two or more overlapping platforms inherited from M&A activity or legacy solution portfolios and they see an opportunity to improve productivity by moving to one platform.
2. Significant changes are underway in clinical trial planning and execution that can be enabled by new capabilities. In addition to specific changes such as Risk Based Management (RBM) and Decentralized Clinical Trials (DCT), broader changes enabling digital data flow will impact upstream and downstream processes and technologies and create a case for adopting new clinical development solutions.

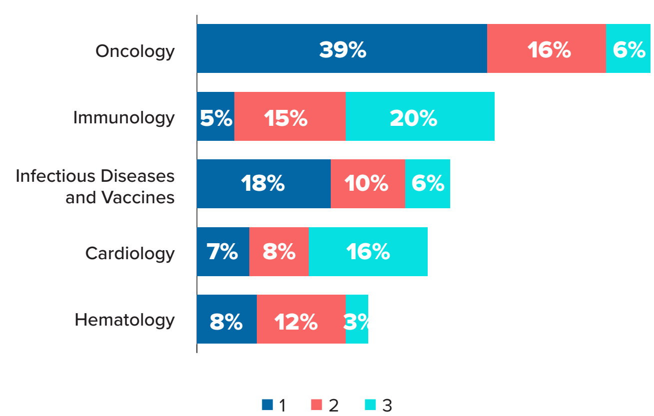
The following factors may explain respondents’ planned RWE investment:

1. RWE continues to gain acceptance among life science companies and their stakeholders for use across the value chain, including trial design, label expansion, patient recruitment, sales targeting, and evidence generation submissions to the FDA, EMA, and PMDA.
2. Advanced analytical technologies that improve data aggregation and analysis are improving the value and usability of RWE offerings. The addition or enhancement of disease-specific datasets with clinical, genomic, and outcomes variables is also increasing demand.

Top Areas for Analytics Solution Investment Next 1-3 Years



Top Therapeutic Areas to Benefit from Analytics Solutions



Understanding market needs and preferences is the first step to growth and success.

> *"We had two breakthroughs this year in our targeting and selling strategy. Our biggest 'aha' in terms of identifying prospects was figuring out who would be willing to go outside of their existing solution set to consider how our targeted offering met highly specialized needs. Second, we concluded that the buyers are not the owners of the solution area – they are commercial leaders who are one level up."*
>
> *– CEO, marketing AI company*

The findings of this survey underscore the importance of having a strong go-to-market strategy (including a clearly defined ideal customer profile) and a well-defined value proposition that differentiates one digital solution from the many others in this crowded market. In addition, the low aided and unaided awareness of most vendors clearly suggests that, to be successful, solution providers will need to attain much greater awareness among target buyers. Solution providers should look to undertake significant brand-building activities, such as creating content aligned with the buyer values of key stakeholders.

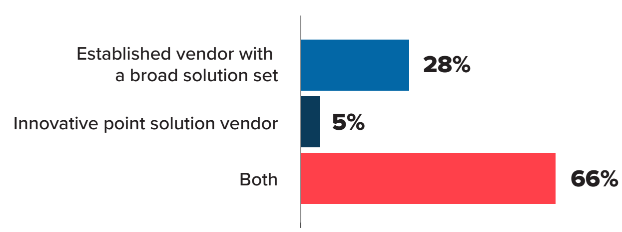
The survey indicates that solution providers in this space should also better understand the unmet needs of prospective buyers and design solutions that address those needs if they wish to grow awareness and market share.[1]

Respondents also indicate that providers that can demonstrate ROI, that are willing to partner with pharma companies in shaping solutions, and that offer secure, flexible, and easy-to-use solutions are more likely to succeed. Once they become partners, solution providers need to develop a track record of being reliable, collaborative, and transparent.

Given that most respondents prefer to learn about new solutions through word of mouth and conferences, talks, or meetings, solution providers will need to use a variety of channels and establish a reputation for being a thought leader if they are to increase awareness. One solution provider with whom Sage worked successfully used forums to showcase their solution to biopharma executives and let the executives build their own business case for deploying such a solution.

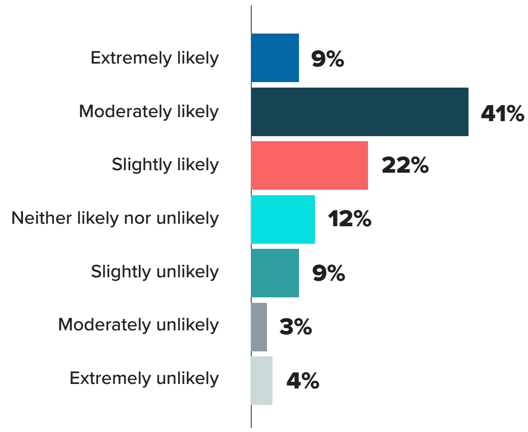
Solution providers should also segment the market to identify appropriate prospects, including those who are the right size to afford the solution. The survey found that only about one third (31%) of large companies have >$5M budgets; smaller companies have much leaner budgets.[2]

Preferred Type of Vendor

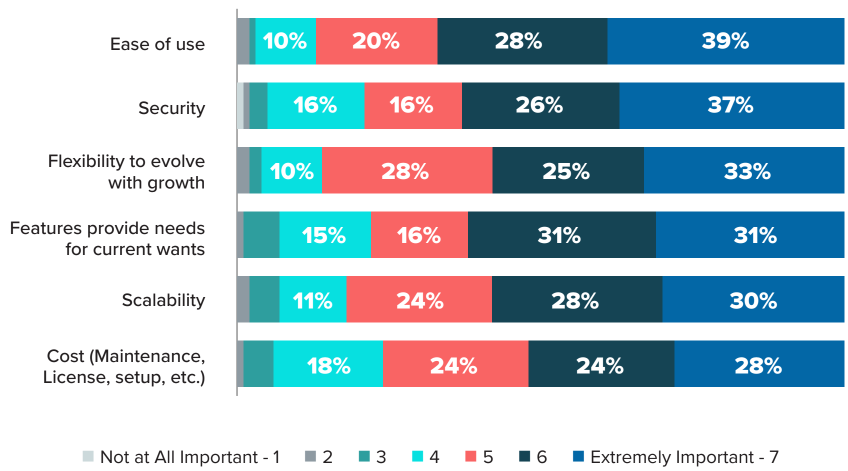


1. *Upon request, Sage can provide survey insights for additional solution areas beyond the Clinical Development area shown here.*
2. *Data not shown; available on request.*

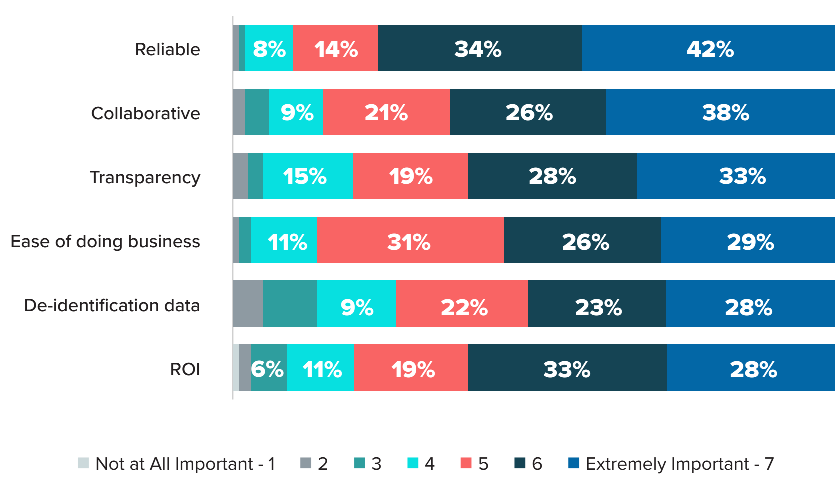
Likelihood of Working with Emerging Vendor to Shape / Develop Solution



Top Criteria for New Biopharma Solutions



Top Criteria for Solution Partners



Biopharma Digital Solution Providers: Marketing Checklist

To grow awareness and market share, don't overlook these strategic marketing essentials:

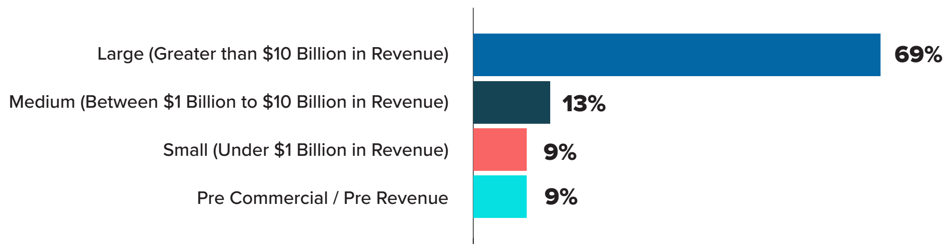
1. **Do your research** – talk to prospective customers to better understand their pain points and strategic priorities. Then, understand how these align with your current and planned capabilities.
2. **Segment the market and target the ideal prospects** – this is not always as concrete as company size; you may need to look at behavioral elements
3. **Develop a strong value proposition** that addresses your ideal prospects' key pain points and identify the ROI of your solution across key use cases.
4. **Identify the key decision makers and influencers** within your target organizations and create persona-specific messaging.
5. **Become a thought leader.** Publish original thought leadership content that advances innovative ideas without a sales agenda.
6. **Use different tactics for different stages of the selling process.** This will enable the commercial team to support selling in complex environments with multiple influencers and where the final decision may be made by a committee. Turn prospects' employees into advocates for your solution by arming them with data and proof points that show your value in their specific organization.
7. **Support the commercial team by connecting with prospects** across a variety of channels, including having a presence at prospects' most important conferences and meetings.
8. **Prove your solution's efficacy** in the form of satisfied customer case studies, testimonials, references, and relevant data.

For more information about the findings of this survey or about Sage Growth Partners' unique combination of research, strategy, and marketing to accelerate commercial success, send an email to info@sage-growth.com.

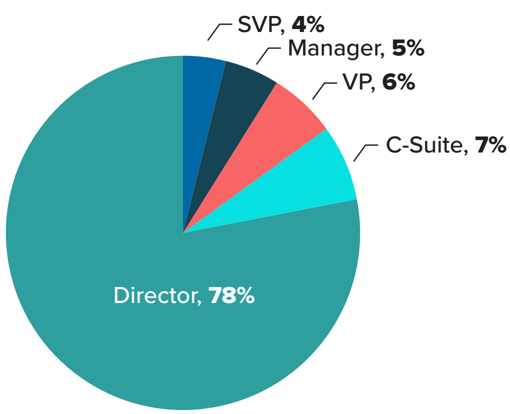
ABOUT THE SURVEY

The 116 respondents to the survey conducted by Sage Growth Partners in the fourth quarter of 2022 represented the following sized biopharma organizations and job titles:

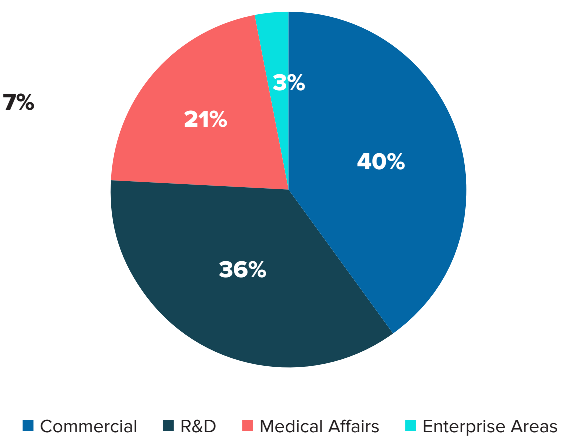
Organization Size



Primary Job Level



Respondents' Roles by Area



Note that percentages may not equal 100% due to rounding.

ABOUT SAGE GROWTH PARTNERS

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Sage Growth Partners is a healthcare and life sciences advisory firm with deep expertise in market research, strategy, and communications. Founded in 2005, the company's extensive domain experience ensures that healthcare organizations thrive amid the complexities of a rapidly changing marketplace. Sage Growth Partners serves clients across the full healthcare spectrum, including GE Healthcare, ProgenyHealth, patientIQ, eClinical Solutions, Medisafe, eVisit, the National Minority Health Association, and Philips Healthcare. For more information, visit **sage-growth.com.**