



# Healthcare IT Insights

## Improving drug commercialization through data analytics

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Biopharmaceutical companies spend an estimated \$30 billion+ annually for drug commercialization. Macro industry trends such as a favorable R&D environment, evolving needs for commercialization activities, and increased outsourcing are driving strong growth in the commercialization services market. In our latest insights, we explore the forces behind those trends and the increased adoption of data science and advanced analytics across the drug commercialization value chain. We also highlight several leading-edge data analytics players and key drivers for M&A activity in the sector.

### **The pharma commercialization services market consists of three key segments:**

**Medical affairs:** Responsible for communicating the clinical knowledge, scientific rationale, and best practice for a given therapy to healthcare professionals (HCPs) and other stakeholders.

**Marketing:** Encompasses all activities relating to the establishment of a successful product brand proposition, including understanding the target market, developing brand assets, designing and implementing creative strategies, and effective engagement of key stakeholders.

**Market access:** Process of making a drug available to patients who can benefit from the treatment by identifying target patient populations, developing an appropriate pricing strategy, and liaising with payers and Key Opinion Leaders (KOLs).

These segments are each underpinned by a range of services that, in turn, has a value chain of activities encompassing strategic/operational planning, execution, and monitoring.

### **The combined effect of three key biopharma macro trends is supporting increased demand for commercialization services.**

**Favorable pharma R&D environment:** Continued growth in global pharmaceutical R&D spend, supported by historic levels of venture capital and IPO funding, is fueling late-stage trials and initial commercial activities. New drug launches have grown steadily over the last decade, and complex biologics that serve smaller, targeted populations are becoming an increasing part of the landscape.

**Evolving needs for commercialization activities:** Increasing biological complexity and pressure to get drugs to market faster is expected to drive demand for and earlier initiation of commercialization services. The commercial success of a drug may be maximized by engaging commercial services teams early in the development process to ensure clinical trials are designed based on commercialization requirements. There is also a higher demand for digital innovation due to its potential benefits to the commercialization process, such as the ability to integrate real-world/real-time data, target specific prescriber and patient audiences, and drive efficiencies through automation.

**Increased outsourcing of services:** As molecules in the clinical development pipeline become increasingly more complex, companies are looking for providers who have proven experience in delivery in specific therapeutic areas where they do not have the expertise internally. Growing demand for real-world evidence (RWE) data and the importance of digital solutions to the commercialization process is also expected to drive higher outsourcing levels as biopharma companies

November 13, 2020

may lack the required technology expertise internally. Moreover, the cost-efficient and scalable nature of outsourced commercialization services allows biopharma companies to minimize fixed-cost investments and deploy their own capital strategically, thereby creating a better return on investment.

**In addition to these macro tailwinds, the adoption of advanced data analytics solutions across all commercialization segments is emerging as a key trend.**

Integrating data science and analytics through predictive intelligence and scenario planning can help biopharma companies optimize and refine their commercialization strategies. Multiple factors are driving adoption, including:

**Robust pipeline of rare/orphan disease assets:** These innovative biologics tend to serve smaller patient populations and are driving spend on analytics due to more complex commercialization needs.

**Greater need to demonstrate cost-effectiveness and value:** The relative power of payers, especially compared to healthcare providers, is increasing meaningfully, and there is a growing demand for novel therapeutics to demonstrate value through cost-effectiveness assessments and RWE.

**Personalized medicines require more targeted communications:** Communications are increasingly required to be targeted to more specific prescriber and patient audiences given the personalized nature of interventions, such as gene and cell therapies.

**Limited access to physicians:** Sales rep access to physicians has declined, with only 44 percent of physicians in 2018 accessible by sales reps compared to 73 percent in 2008. This reduced access is driving an increasing need for biopharma companies to perform more advanced targeting for physicians and KOLs.

**Leveraging techniques such as machine learning (ML), natural language processing (NLP), and artificial intelligence (AI), biopharma companies can create predictive analytics models that have many potential use cases across everyday commercialization activities, including:**

**HCP network/influence mapping:** Determine patterns of influence and relationships between prescribers to identify the most effective HCP targets for marketing efforts.

**KOL identification:** Discover national, regional, and local HCPs who can influence fellow HCPs through publications, speaker engagements, and peer-to-peer relationships.

**Undiagnosed patient identification:** Leverage claims data to identify patients of rare diseases or hard-to-diagnose diseases.

**Salesforce optimization:** Improve targeting for sales representatives using geographic analysis, prescribing patterns, and networks of HCP influence.

**Patient journey:** Identify the typical events patients experience from diagnosis through various specialists and treatments to expose areas of opportunities for pharmaceutical intervention.

**Product differentiation and indication expansion:** Use claims and other data sources to show differences in health outcomes and improved safety/efficacy.

**Market access:** Use claims data, RWE, and associated analytics to press for increased market access and improved formulary placement.

**Prescriber misuse:** Leverage data sources to identify and correct for prescriber misuse and improved adherence.

**The drug commercialization market is served by several organizations such as diversified consulting companies (ZS Associates, Accenture), marketing generalists (WPP, IPG), diversified pharma services providers (IQVIA, Syneos Health), multiservice specialists (Huntsworth, Fishawack Health), and focused specialists (W2O, Medical Knowledge Group, Envision Pharma, Panalgo).** In general, there is fragmented competition across each activity within the three key commercialization segments. In addition to the traditional players, there is an emerging category of vendors that provide various advanced analytics solutions to meet biopharma commercialization needs. These companies typically have some combination of a proprietary software platform for improved pharmaceutical analytical activities and proprietary data sets containing unique patient, prescriber, or other relevant data to inform further targeting. Notable players include:

**Axtria**, based in New Jersey, is a leading provider of cloud-based data analytics solutions to the life sciences industry. The company's differentiated platform deploys AI and ML solutions to drive sales growth and improve healthcare outcomes for patients. Axtria offers four cloud-based platforms—Axtria DataMAX, Axtria InsightsMAX, Axtria SalesIQ, and Axtria MarketingIQ—to enable customers to manage data efficiently, leverage data science to deliver insights for sales and marketing planning, and manage end-to-end commercial operations.

**Indegene Healthcare**, also based in New Jersey, provides a co-commercialization solution to large pharmaceutical companies and smaller biotech firms by assuming complete commercial responsibility for their assets. The company's platform comes with deeply embedded analytics that combine the power of customer journeys across optimize dollar spends and design and execute highly effective customer-centric campaigns.

November 13, 2020

Based in San Francisco and backed by well-known VCs Andreessen Horowitz and Oak HC/FT, **Komodo Health** is a rapidly growing pharma analytics vendor that specializes in HCP networking, KOL identification, and HCP engagement. Founded in 2014, the company's differentiated platform integrates prescription, lab, payer, and patient-level data from across enterprises, public domain, and proprietary sources to deliver unique value to its customers, including optimizing commercial strategy, analyzing competitive market share, and identifying the key decision makers essential for driving therapy adoption.

**We expect the drug commercialization sector to continue to consolidate, especially as the biopharma customers shift over time from their current approach of outsourcing discrete objectives to best-in-class vendors to one where they use more diversified providers as a one-stop shop.** M&A activity in the sector is being driven by strong PE interest due to solid underlying industry fundamentals and legacy incumbents actively pursuing bolt-on acquisitions to broaden their service offering, expand into new therapeutic areas, and acquire analytics/digital capabilities to meet shifting customer priorities.

**Representative pharma commercialization transactions**

Date	Target	Acquiror/Investor	Target business description
Oct. 20	Monocl	Definitive Healthcare	Developer of a cloud-based platform that offers medical and scientific expert data and insights
Sep. 20	Within3	Insight Partners	Provider of life science collaboration and communication tools
Sep. 20	Envision Pharma Group	GHO Capital	Scientific communications company serving the pharmaceutical and biotechnology industries
Apr. 20	Fishawack Health	Bridgepoint	A global healthcare communications agency
Mar. 20	Huntsworth	Clayton Dubilier & Rice	An international healthcare communications and public relations group
Dec. 19	Medical Knowledge Group	Court Square	Provider of multichannel marketing services to pharmaceutical and biopharmaceutical companies
Aug. 19	Komodo Health	Andreessen Horowitz   Oak HC/FT	Provider of pharma analytics services
May 19	W2O	New Mountain Capital	Provider of marketing and communication services to healthcare sector
Mar. 19	Anju Life Sciences Software	Abry Partners	Provider of software and data services to the life sciences industry
Dec. 18	Open Health	Peloton	Provider of healthcare marketing services
Oct. 18	Amplify Health	Altamont Capital Partners	Provider of contract commercial services to pharmaceutical organizations

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