

Harnessing the Forces of Change – Helping Big Pharma Embrace Health 2.0

The Business of Healthcare is Changing

In their December 2007 paper “*The Continuing Evolution of the Pharmaceutical Industry: Career Challenges and Opportunities*,” authors Steiner, Bughan, Kazanchy, et. al.¹ reflected on the forces of change that are making pharmaceutical companies’ current business models obsolete:

- **Revenues are under pressure.** Patents are expiring, and companies are pressured to replace their most profitable drugs with an uncertain pipeline of new drugs as competition from generic drug manufacturers looms.

At the same time, payers are consolidating, and these larger players are forcing pharmaceutical companies to deal with new channels (pharmacists vs. physicians) and co-payment penalties or forced discounts for non-generic drugs.

- **Costs and risks of developing new drugs are increasing.** Many drugs currently under development are aimed at treating difficult targets, and are much more expensive to research. Research and development is often driven by new scientific discoveries, a process that is far less predictable from a commercialization perspective.

At the same time, the regulatory approval process has become significantly more complex and costly. Regulatory agencies are more sophisticated, capable, cautious and conservative in evaluating drugs than in the past. Consequently, their standards for approvals are significantly higher.

This, in turn, is forcing pharmaceutical companies to test their new treatments in larger, more comprehensive and more costly clinical trials. Once a product has come to market, the potential for costly litigation grows. Since 2000, more than 65,000 lawsuits have been filed against prescription drug makers.

- **Globalization – the biggest force for change.** Developing countries (vs. the US and EU traditionally) are now targets for the development of new treatments and hold the largest potential as markets for products. Labs in developing countries are becoming more sophisticated, yet their research costs are a small fraction of their developed country counterparts. These labs also operate under regulatory regimes that encourage development through less adversarial approval processes. And the intellectual property laws of these countries are maturing.

China’s pharmaceutical industry, for example, has grown an average of 19.2% from 2000 to 2005.²

As their economies grow, demand for healthcare and health-related services in developing countries is growing as well, driving opportunities for pharmaceutical companies.

¹ © Fiduciary Network, LLC, 2007

² [Research and Markets](#) “China Pharmaceutical Industry Report (Merger and Reorganization) 2006-2007”

Pharmaceutical companies are being forced to redefine themselves from the inside out. Consolidation, corporate restructuring, outsourcing, and spinning off entire product lines are all serious strategic opportunities considered *de rigueur* in pharmaceuticals today.

Consumers Rapidly Moving Online for Health, Wellness Information

Meanwhile, consumers of healthcare products and services are forcing significant changes in the ways they seek and share information. Increasingly, people with medical conditions are going online to research medicines and disease states and to connect with others who share common health challenges.

According to Susannah Fox, editor at Pew Internet Trust, 86% of Internet users living with disability or chronic illness have looked online for information about at least one of 17 health topics, compared with 79% of Internet users with no chronic conditions; 80% of American Internet users, or some 113 million adults, have searched for information on at least one of 17 health topics. Most Internet users start at a general search engine when researching health and medical advice online. Just 15% of health information seekers say they “always” check the source and date of the health information they find online, while another 10% say they do so “most of the time.”

Fully three-quarters of health information seekers say they check the source and date “only sometimes,” “hardly ever,” or “never.” This translates to about 85 million Americans gathering health advice online without consistently examining the quality indicators of the information they find. Most searchers are pleased about what they find online, but some are frustrated or confused.

- The Web has edged out doctors as the most used source of health- and wellness-related information (*Source: Opinion Research Corporation*)
- The Internet is the only medium in which trust is rising vs. television, newspapers, and other media outlets (*Source: Forrester Research*)
- 92% of Americans rate Word of Mouth (WOM) of friends, family, and others as the best source of ideas and information (up from 67% in 1997) (*Source: GfK NOP/Roper 2005*)

In *The Wisdom of Patients: Health Care Meets Online Media*³, Jane Sarasohn-Kahn defined the surge of consumers and physicians going online – calling it “Health 2.0” – in the following manner:

“This movement, known as Health 2.0, can be defined as: the use of social software and its ability to promote collaboration between patients, their caregivers, medical professionals, and other stakeholders in health.

Within the environment of Health 2.0, people with chronic health conditions are sharing their stories with each other, not just for emotional support, but for the

³ Sarasohn-Kahn, J. M.A., M.H.S.A., THINK-Health April, 2008, California HealthCare Foundation

clinical knowledge they gain from participating with “patients like me” in an online community.

Doctors are meeting up online to share quandaries about challenging cases and solutions that work. Researchers are coming together with patients to learn about side effects in real-time to improve therapeutic regimens.”

iCrossing, in their 2008 report, *How America Searches: Health and Wellness*, found that the Internet has surpassed physicians as the leading source for health information.

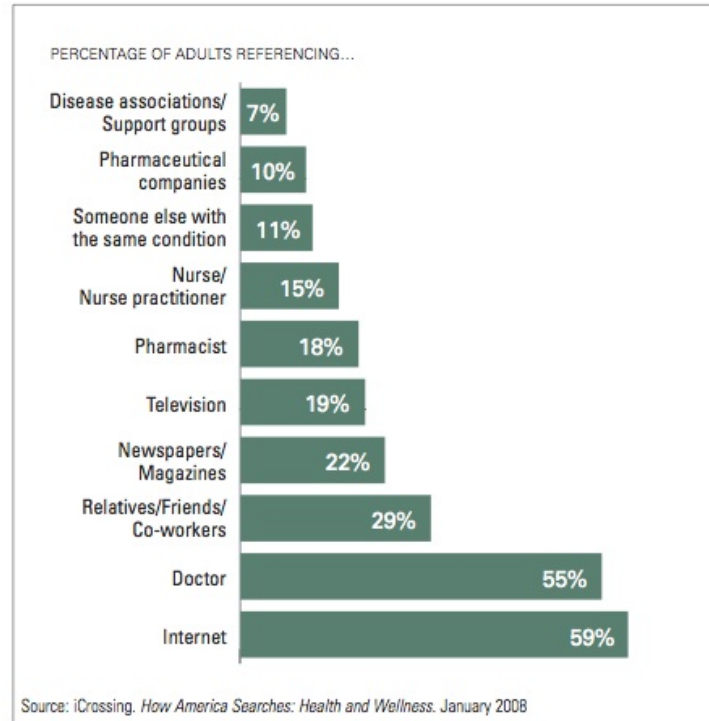


Figure 1: Sources of Health Information

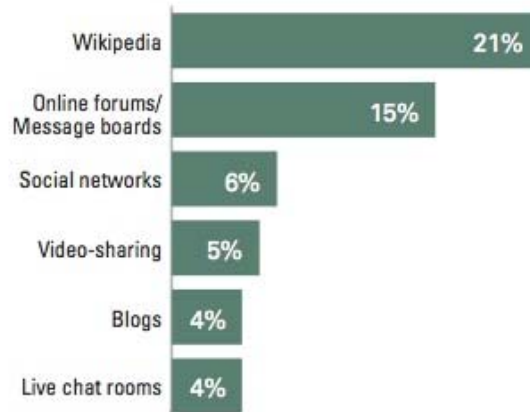
Jupiter Research, in their 2007 report *Online Health: Assessing the Risks and Opportunities of Social and One-to-One Media*, found that 36% of those who go online for health information do so in order to see what other consumers say about a medication or treatment. And 31% of information seekers are going online to find consumers’ knowledge and experiences with health issues.

	Percentage of Seekers
To see what other consumers say about a medication or treatment	36%
To research other consumers' knowledge and experiences	31%
To learn skills or get education that helps me manage a condition	27%
To get emotional support	17%
To build awareness around a disease or cause	15%
To share my knowledge of and experiences with a medication or treatment	14%
To share my knowledge of and experience with a health issue	14%
To find consumers' recommendations and opinions about hospitals and other treatment options	13%
To find consumers' recommendations and opinions about hospitals and other treatment centers	13%
To find consumers' recommendations and opinions about doctors	10%
To feel I belong to a group or community	8%
None of the above	22%

Source: JupiterResearch, Online Health: Assessing the Risks and Opportunity of Social and One-to-One Media, 2007

Figure 2: Why Consumers Go Online

Once online, consumers often rely on social media sites to research other consumers' experiences, connect with others, and gather information about a disease or condition. The following table illustrates the most prevalent social media reliance:



Source: iCrossing. *How America Searches: Health and Wellness*. January 2008

Figure 3: Social Media Research Sources

Sarasohn-Kahn notes that trust between health consumers and social networking sites is growing, with presumptions of transparency and openness as they interact online. And, people in search of information and support are often willing to trade privacy concerns in exchange for valuable services.

Consumers believe in ultimate control of their information, but are willing to share with others online when authentic conversations and connections are of value to them.

Academic Network: Safely Harnessing Forces of Change

According to IDC, use of social networks exploded by 191% (as compared to?) in 2007, and social networking is projected to be a \$1.3B market in 2012. Consumer adoption is driving businesses to adapt to the changing communications landscape.

The challenge for pharmaceutical companies is to responsibly monitor the social web for conversations about the brands they represent, while behaving in consort with today's regulatory environment.

Academic Network recognizes this challenge, and has developed services to help pharmaceutical companies listen to and capture relevant conversations online. Whether these conversations occur on company sanctioned sites or not, we believe the first step in safety and responsibility is listening appropriately, capturing potential AE's and SAE's intelligently, and (where appropriate) having our trained medical and nutritional professionals respond.

Some of our services include:

- Website content development with a focus on medical and health issues
- Online patient recruitment tools
- Online strategies and social media strategies for pharma and food/beverage industries
- Adverse event online monitoring and reporting
- Technical writing of health issues for consumers and health professionals
- Timely updates on clinical research developments for websites
- Integration of web and e-mail services for call center support
- Acquisition of appropriate professional organizations' website endorsements

For more information, contact us at (503) 228-3217, or visit www.academicnetwork.com.