Winning Beyond the Molecule

It can take both a clinical and non-clinical approach to win the differentiation competition

What would happen if you could not differentiate your brand based solely on its clinical profile? As the pharmaceutical industry transitions from the commercial to the competitive stage of its lifecycle, it has become increasingly more difficult to compete primarily on the molecular differences among products (see *Pharm Exec*, January 2009, page 30, "Pharma vs. Pharma"). Many therapeutic areas, such as hypertension, rheumatoid arthritis, and diabetes, have numerous brands, presenting hurdles to establishing a place in the market. Many payers refuse to acknowledge brand differences, typically lumping brands as equivalents within the same class, and often limiting or rejecting reimbursement for "me-toos." More important, brands are increasingly competing earlier and more often against generics, which renders clinical differentiation virtually irrelevant.

As a result, pharmaceutical professionals must learn to win beyond the molecule. Their new challenge is to find new competitive approaches beyond the clinical attributes of their products. Some companies have already gained a competitive advantage by applying these new tools of differentiation. The following are five examples:

1) Clinic Networks

When launching its rheumatoid arthritis drug Remicade in Canada, Schering-Plough (now Merck) found that when delivered via infusion as opposed to injection (as is its competitors), the drug would not readily receive reimbursement in a hospital setting. To address this, Schering formed the "Remicade Infusion Network," a country-wide network of outpatient clinics, often conveniently located in or near physician offices. This approach enhanced patient reimbursement, compliance, and outcomes; financially incentivized specialty pharmacists; and excluded future infusion-administered biologic competitors. Remicade became the preferred biologic in Canada. Schering subsequently launched these clinics in several other countries.

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2) Combination Products

In 2004, Gilead Sciences combined two of its HIV drugs, Viread and Emtriva, to form the best-selling drug Truvada. In 2006, the company added a third component, Sustiva, from Bristol-Myers Squibb, to create the first, once-daily, triple-therapy Atripla, which became the world's best-selling HIV compound in 2008. Gilead is collaborating with Johnson & Johnson to develop a single pill nicknamed "Btripla," combining Truvada with TMC-278 (rilpivirine hydrochloride) to improve patient tolerability and adherence. To further extend Gilead's AIDS cocktail franchise, Gilead is also developing a once-daily "Quad" pill containing four different Gilead-owned HIV agents. Analysts project Quad sales to exceed $1.5 billion by 2015; Gilead's HIV franchise is expected to earn over $5 billion per year during the next decade.

In 2010, Jeff Taylor of the AIDS Treatment Activist Coalition (ATAC) declared that, "Gilead revolutionized HIV care with its fixed-dose combinations." Once-daily combination products have enabled Gilead to become so dominant in the HIV category that it compelled Pfizer and GSK to form a joint HIV venture ViiV Healthcare to try to compete with them.

3) Novel Delivery Device

GlaxoSmithKline markets Advair (also known as Seretide), the world's third-best-

selling prescription with over $8 billion in annual sales. One reason for Advair's success is its unique inhalation device, the "Diskus." The Advair Diskus is favored by physicians and patients for its convenience and ease of use. A Decision Resources survey revealed that, despite increased competition from several emerging agents, the Advair Diskus will remain pulmonologists' and primary care physicians' favored fixed-dose long-acting beta2 agonist/inhaled corticosteroid combination inhaler through 2013 for asthma and chronic obstructive pulmonary disease.

The Diskus confers competitive advantages against both branded and generic competitors. Recognizing the significant influence of regulators on generic entries, GSK's Regulatory Affairs group worked closely with the FDA to ensure the agency understood the various complexities associated with the development and manufacture of the Advair Diskus. As a result, the FDA raised the standards for generic entry so high that companies wishing to launch a generic version of Advair have to complete full clinical programs—including long-term safety studies—to gain access to the US market. Consequently, Novartis/Sandoz backed out of its deal with Vectura for a generic version of Advair in the US. Teva, the world's largest generic manufacturer, will now be required to conduct a full clinical program for its "branded generic" before it can enter the US market in approximately 2016. As a result, GSK will gain at least six more years of exclusivity for its blockbuster Advair in the world's largest pharmaceutical market.

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4) Advocacy Partnerships

Vertex Pharmaceuticals recently announced results of the Phase III Strive study which demonstrated that the experimental drug VX-770 dramatically improved lung function in cystic fibrosis patients with the G551D genetic mutation, which affects about 4 percent of cystic fibrosis patients in the US. According to Mark Schoenebaum, an analyst at ISI Group, "These are potentially game-changing data in cystic fibrosis. VX-770 is the first drug to show good data in a Phase III trial that actually modifies the disease by binding to a defective protein and fixing it." Vertex is currently testing VX-770 in combination with VX-809, another drug in development for cystic fibrosis patients with a far more common gene mutation. If these drugs are approved, Sanford Bernstein analyst Geoffrey Porges estimates annual total sales of the two orphan drugs (VX-770 and VX-809) to top $3 billion worldwide.

The discovery and development of VX-770 and VX-809 would not have been possible without the novel collaboration between Vertex and the Cystic Fibrosis Foundation, a non-profit, donor-supported patient advocacy organization. The foundation helped identify the underlying genetic defect; characterize the biochemical process and its link to the disease; leveraged its clinical trial network to expedite patient enrollment in Vertex trials; and invested more than $75 million with Vertex for the drug's discovery phase. Presumably, once the products are approved, the foundation, which receives a small royalty on product sales, will complement Vertex's product promotions with its own communication initiatives.

5) Patient Support Programs

Novartis is launching the first oral multiple sclerosis therapy, Gilenya, worldwide. While Gilenya has the advantage of oral administration versus injections for competitors, Novartis faces concerns regarding the product's relative efficacy, patient compliance rates, and higher pricing. According to *Bloomberg*, Gilenya costs about $4,000 per month, nearly $1,000 more per month than competing drugs such as Teva's Copaxone.

To address these concerns in the US, Novartis has one of the industry's most ambitious patient copay and support programs. The company is offering to pay out-of-pocket drug costs for non-Medicare patients. These costs include copayments (up to $800) for those patients with insurance and full coverage of treatment costs for selected patients without insurance who earn less than 500 percent of federal poverty levels. Novartis will also pay as much as $600 for FDA-required testing and monitoring. To expedite patient starts, Novartis is offering patients free starter product during the benefit's investigation period and "nurse navigators" to provide logistical support, educational materials, and a call-in hotline.

These cases represent a small sample of the many ways that companies can win beyond the molecule. Companies should think holistically and consider a wide range of competitive approaches, including technologies, regulations, manufacturing, distribution, pricing, reimbursement, public policies, partnerships, and legal actions. As pharmaceutical competition intensifies, savvy professionals are appreciating the need to differentiate their products through a combination of clinical and non-clinical approaches, with the latter becoming increasingly important. PE