

Methodology

Eleven selected pharma companies were assessed on how they interpret, prioritize, manage and act on pricing trends. Pricing trends were defined as an external tendency or external force expected to influence product and/or service prices in the short-mid-long term. This was done by assessing pricing trends on **two dimensions**: (i) organizations' visibility into pricing trends and (ii) organizations' execution capabilities.

-  **Visibility into pricing trends** referred to the approach organizations take to identify and monitor pricing trends, and to assess and prioritize burning topics in the mid-term (i.e., 3 to 5 years).
-  **Execution capabilities** referred to the capability of organizations to embed pricing trends in the organization's strategy and policy and track the response to evaluate its effectiveness.

Results

Interview responses were classified based on differences in visibility into pricing trends and execution capabilities.

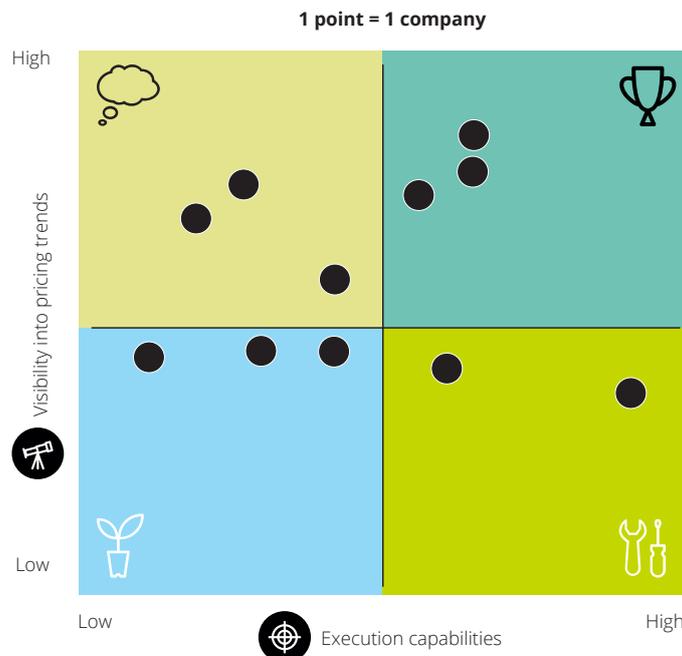
Four archetypes emerged from the study:



Thinkers had a clear view on pricing trends but a limited capacity to act on identified trends and embed learnings into their price strategy and policies.



Aspirers indicated that they are currently investing in these two areas to increase their maturity levels.



Leaders had a high visibility on the key trends expected to impact pricing and strong capabilities to embed identified trends into their price strategy and policies.



Doers were not the strongest in identifying and monitoring key pricing trends. However, when they identified a priority trend, they demonstrated high capability to execute upon the trend.



Leaders included small-to medium size firms and were more focused than other peers in terms of products and/or geographies (i.e., focused on few flagship products and seemed to have strong footprint in the US market vs. rest of the world).



Thinkers were larger firms that had a similar reliance on flagship product as leaders, however relied slightly less on the US market.



Doers included larger firms that had the strongest reliance on flagship products and had similar US footprint as leaders.



Aspirers were a heterogeneous group with a blend of companies of different size, product portfolio and geographic footprint.



Visibility into pricing trends



- > **Leaders** displayed a proactive approach to trends (quarterly to monthly) led by the pricing department. Input was collected by different teams and centralized by a pricing committee. Trends were further centralized at regional level across Therapeutic Areas (TA).
- > **Thinkers** had an annual-quarterly timing and were more policy-driven (e.g. collected input from “discussions that are taking place in Washington DC. They centralized trends at regional level, often per TA.
- > **Doers** approached trends in a reactive way by monitoring trends at Operating Company (OpCo) brand-level, and lacked a consolidated view of trends.
- > **Aspirers** did not prioritize trend management, hence lacked a company-wide vision on trends.



Execution capabilities



- > **Leaders** had a formal decision-making process (pricing committee led by Market Access and/or cross-functional leadership), involving Executive Committee (ExCom) when needed. Decisions were taken by brand leadership at a regional level. Teams consisted of part-time resources from global and regional headquarters.
- > **Thinkers** had a less formal and more silo-ed governance (multiple bodies identified), often led by the policy department. There were resources for TA- or brand-specific projects.
- > **Doers** had a pricing committee that included ExCom, deciding on global price actions proposed by local OpCos. They had dedicated resources at a brand-level.
- > **Aspirers** had a review board but were not effective due to lacking input from throughout the organization. They had dedicated but often cited insufficient resources.

Our point of view on leading practices

7 no regret moves, informed by insights from companies across all archetypes

1. Favor a **scheduled/ proactive cadence** over frequent yet reactive discussions
2. Conduct **targeted bottom-up consolidated monitoring** driven by **Market Access or Pricing, informed by cross-functional teams** incl. Health Economics and Policy
3. Guide the organization towards a **scenario-based thinking** vs. a **trend-based** approach
4. Build **visibility** and plan for future-looking pricing scenarios **at an organization level vs. an Therapeutic Area-driven approach**
5. Elevate **decision-making** to an **ExCom/ Global Pricing Committee** level to ensure maximum **actionability**
6. Consider forming a **team/ taskforce focused on future scenarios**
7. Prepare global **pricing/ contracting toolkits** to support regional/ local teams to **appropriately prepare and tackle marketplace trends**

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