Launching innovative biopharma in China

GAIN THE EDGE IN A FAST-MOVING MARKET

CHINA HAS SWIFTLY become one of the world's largest markets for biopharmaceutical and medical products. Quicker regulatory approval and widening market access are among the major changes that have made China an attractive market in which to launch innovative medical products. Yet most firms are disappointed by their commercial launches in China. Those that succeed begin preparing and planning early—absorbing a deep understanding of the country's dynamic system, implementing strong organizational capabilities, and developing an agile approach.

China's fast-moving health care industry landscape and unique market characteristics often demand that a biopharma company adopt a "China perspective," with a launch strategy that differs from those used in the west. Four steps are critical to such a strategy:

Rethink market access and reimbursement. Since 2017, following policy changes that included an important new price negotiation mechanism, China has approved a plethora of foreign drugs. Biopharma companies may face a potential trade-off of price and/or volumes that can be sold, but any restrictions may be worth it. Government reimbursement for drugs in China can now occur faster and, what's more, subnational payers and private insurers have been experimenting and piloting programs to enhance patient access. Companies that want to succeed in launching products must stay on top of such changes, continue to explore new access options for patients, and evaluate brand opportunity in a more sophisticated way.

Understand the digital ecosystem. The widespread adoption of smart devices and other digital applications and tools is transforming the way a new product is launched and how patients interact with it. For example, vaccine manufacturers have initiated partnerships with local e-commerce platforms to offer vaccination consultations online. Digital capabilities are now critical to a successful launch. More and more companies are partnering with local digital firms to expand the coverage and depth of market-shaping activities, capture deeper customer insights via "big data," or provide customer solutions that add value beyond the products themselves.

Revisit the Chinese regulatory landscape. Historically, it took an average of five to seven years for a foreign drug to receive approval in China. But recent China Food and Drug Administration regulatory reforms are now accelerating marketing authorization of medical innovations. Among the reforms are a fast-track approval process and a potential local-study waiver for certain products. Companies that do not understand and use the modified processes risk losing competitive advantage. They should consider fielding an active local regulatory development team to engage frequently with local authorities, assessing the likelihood of success down each regulatory path.

Be agile in the fast-moving health care environment. Launch excellence requires the agility to react to the rapidly evolving health care environment in China. Ongoing factors creating uncertainty include Chinese newcomers, the US-China trade talks, deepening health care reform, and the changing payer landscape. In Deloitte's experience, many multinational companies have not yet established an internal structure or systematic launch framework that can properly address such uncertainties in China. After building a more agile collaboration mechanism, companies should implement enhanced capabilities such as scenario-based strategic management to support launch and product cycle management in an ever-changing marketplace.

For more, read the full article series on biopharma in China on www.deloitte.com/insights