The Collaboration Mandate

A STAKEHOLDER SURVEY OF ENGAGEMENT, ALIGNMENT AND TRANSPARENCY ACROSS THE BIOPHARMA ECOSYSTEM
Executive Summary

The healthcare industry is in a radical state of transformation, and biopharma players need to adapt to a systems-oriented approach to protect revenues, grow market share and obtain regulatory approval for new treatments.

For decades, healthcare stakeholders – biopharma, providers, payers, physicians, regulators, patients – have operated in a state of isolation, relying on their own processes, skills and intellectual property to deliver stand-alone solutions. But the era of isolation is over. A profound shift is occurring that demands an integrated model for the discovery, development and delivery of healthcare solutions that encompass the entire healthcare continuum. It requires stakeholders to think holistically about their business processes, focusing on quality, cost and value outcomes that can be achieved only through transparent partnerships with peers and competitors.

To explore this shift toward an interoperable and integrated healthcare system, Quintiles commissioned a survey of nearly 300 healthcare stakeholders. The survey data show that although all industry players are making some moves to support partnerships, foster transparency and adapt their methodologies to benefit from cross-industry initiatives, most of their efforts are cursory and the individual players lack the skills and agility to create lasting and profitable new business models.

The risk/reward scenario is clear. Organizations that embrace systems thinking will be able to harness innovative opportunities to deliver quality-driven therapies faster at lower costs and with greater commercial viability. In contrast, those that eschew this model will struggle, funneling millions of dollars and years of effort into guarded projects that do not reap the benefits of efforts that integrate product development with commercial reality.

Biopharma leaders should be leading this transformation because they are most able to be the catalysts of change. Operating status quo, they have the most at risk if products are not commercially viable after years of investing in them. By breaking down silos and adapting their processes and partnerships to engage other healthcare stakeholders, they can cut time, cost and risk from their development cycle while bringing more transformative treatments to market.

We’ve reached a tipping point in the healthcare industry as it moves toward a more integrated systems-oriented environment. In the next three to five years, the organizations that aggressively adapt their processes to participate in this integrated economy will take charge and will find their positions in the marketplace dramatically enhanced.

The risk/reward scenario is clear. Organizations that embrace systems thinking will be able to harness innovative opportunities to deliver quality-driven therapies faster at lower costs and with greater commercial viability.
OUR FINDINGS SHOW:

1. Payers, providers and biopharma agree that they need to be better aligned with other stakeholders in the healthcare industry, yet they have struggled to achieve this goal. Only 16-19% of survey respondents said they were mostly aligned with other stakeholders, while one-fourth said they are not very or not at all aligned.

2. They all expect their alignment to increase considerably. About half of payers and biopharma, and 60% of providers, expect to be mostly aligned with stakeholders in three to five years, and almost all expect to be at least somewhat aligned.

3. They understand the benefits that come from engaging with other stakeholders, although those benefits don’t always align. All three groups rated improved health outcomes and innovation among the greatest benefits of cross-stakeholder initiatives. Payers are interested in reducing the cost of care, providers seek improved care experiences and biopharma wants to accelerate the rate at which new therapies get to market.

4. Their biggest obstacles to adopting a systems-oriented approach are lack of trust and incentives. More than 70% of all stakeholders believe transparency around data sources and information-sharing across stakeholders is very important or critically important to the success of an interoperable healthcare system.

5. Data integration projects, including data synthesis, information management and data analytics efforts, are a top priority in the move to a systems-oriented environment, yet none of the stakeholders has the technology, skills or standards to make them happen. At least three out of four survey participants believe it is very important or extremely important for data sources collected by different stakeholders to be linked together to better inform decisions. However, more than half feel they have neither the tools nor the expertise to optimize use of these data sets.
ROUGHLY THREE-QUARTERS
believe cross-stakeholder initiatives present an opportunity rather than a challenge

CURRENTLY,
less than one-fifth of all stakeholders say they are mostly aligned with other stakeholders

BUT IN 3-5 YEARS,
they expect to be mostly aligned with other healthcare stakeholders
The Alignment Dilemma

Collaboration with healthcare stakeholders – biopharma, providers, payers, physicians, regulators, patients and others – is a fundamental part of the systems-thinking healthcare economy, and it will become the dominant business model going forward. Yet most healthcare industry stakeholders are struggling to adapt to this transition.

Many acknowledge the need to move toward a more integrated systems-oriented approach, but they struggle with actual implementation. They don’t understand what successful collaboration between competitors can be, or how to stop viewing each other as adversaries. And until they can do that, they won’t achieve the cost and innovation benefits that come from these cross-industry partnerships.

In his *Harvard Business Review* article, “Redefining Competition in Healthcare,” Michael Porter argues that healthcare competition has become a zero-sum game whereby industry stakeholders merely divide value rather than increase it. “In some cases, they may even erode value by creating unnecessary costs,” he writes.

The biopharmaceutical industry is further stymied by conflicting incentives that drive cost and time, rather than innovation and quality, into the healthcare system.

### CURRENT MISALIGNMENT AMONG STAKEHOLDERS

<table>
<thead>
<tr>
<th></th>
<th>Biopharma</th>
<th>US Payers</th>
<th>EU Payers</th>
<th>Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>22%</td>
<td>26%</td>
<td>32%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Percent of stakeholders who say they are not very or not at all aligned with other stakeholder groups.
“The incentives, mission and goal for the different stakeholders are different,” argued one US payer in our survey. “Each stakeholder wants their ‘fair’ share of the dollars and is not willing to give it up. So with conflicting incentives, this is not a recipe for success or collaboration.”

The survey results underscore the shortsighted nature of these healthcare stakeholders when it comes to partnering for the greater good, along with a myopia about their willingness to transform. Throughout the survey, executives talk about the benefits of collaboration, alignment and cross-industry partnerships, yet their own reports of limited participation in these initiatives highlight a substantial gap between understanding the value of partnerships and actual performance.

This disconnect has created a significant roadblock in the move to a systems-oriented environment and reinforces the fear that it will take years and considerable upheaval to reach a point where such collaborations occur frequently across the healthcare industry.

This is a serious problem for biopharma and its economic stakeholders, who are facing increasing pressure from a changing healthcare environment to deliver greater value, in less time, for lower profits. With most provisions of the Affordable Care Act (ACA) poised to go into effect in the US in 2014, quality demands, cost structures and regulatory approval requirements are fast falling into place that will push healthcare stakeholders to the limits of their self-contained business structures.

Executives talk about the benefits of collaboration, alignment and cross-industry partnerships, yet their own reports of limited participation in these initiatives highlight a substantial gap between understanding the value of partnerships and actual performance.
COLLABORATION IN PROGRESS

Many collaborative projects already under way may serve as models for future cross-industry initiatives to improve healthcare.

**OMOP.** The Observational Medical Outcomes Partnership (OMOP) is a collaboration between the US Food and Drug Administration and the Foundation for the National Institutes of Health to conduct experiments to evaluate analytical methodologies to identify drug impacts. The five-year project, which wrapped up in June 2013, drove confidence that particular methods used with particular types of data can reliably identify correlations between individual medical interventions and specific health outcomes, suggesting meaningful progress toward the ultimate goal.

**Pfizer and Humana.** In 2011, Pfizer and Humana launched a five-year partnership to improve the quality, outcomes and cost of healthcare delivery for senior citizens. Through the collaboration, they brought together researchers and healthcare experts from both organizations to study key issues and deliver interventions to reduce inefficiencies in care. Humana brought its expertise in providing affordable healthcare to seniors while Pfizer brought R&D capabilities for chronic diseases.

**PACeR.** The Partnership to Advance Clinical Electronic Research (PACeR) is a public-private collaboration to enable evidence-based research through standardized technologies, policies and approaches to improve clinical data capture and analytics. The goal of this collaboration is to improve timeliness and maximize research capacity through the enhancement and availability of standardized data and research protocols.

The resulting products developed for biopharmaceutical research will be equally useful for other forms of clinical evidence-based research, such as determining the best therapy for treating individual patients for cancer, diabetes and other diseases.

**Sanofi / Medco collaboration.** In 2011, Sanofi and Medco entered into a partnership to use real-world evidence to assess drugs during Sanofi’s product development and pre-/post-approval processes that support improvements in the overall quality of patient care. The partnership will help Sanofi apply pharmacogenomic strategies in drug development and commercialize personalized medicines in their pipelines. They anticipate it will enable them to maximize the full value potential of R&D innovation through early alignment of patient population assessments, and payer and medical needs.

**IMI.** On a larger scale in Europe, the Innovative Medicines Initiative (IMI) is a nine-year, 2 billion joint initiative of the Directorate-General for Research of the European Commission, representing the European Communities, and the European Federation of Pharmaceutical Industries and Associations (EFPIA), with a focus on improving the efficiency and effectiveness of the medicine development process so that the biopharmaceutical sector produces safer and more effective innovative treatments.

These examples of current innovative collaborations promise to deliver demonstrable benefits to all participants, yet such initiatives are still far too few, and they receive attention largely because of their relative rarity in such a competitive environment. One can only hope that the expected outcomes of these projects will spur other leaders to realize that joint initiatives can deliver far more value than isolated efforts that are often rife with waste and redundancy.
Small biopharma companies were less likely to see these cross-industry initiatives as an opportunity (58%) rather than a risk (42%). This is reflective of the lean environment of the small biopharma community, the considerable risks and regulatory challenges these companies face on their projects and their skepticism that they will be treated honestly and fairly by their peers.

“The benefits of cross-stakeholder initiatives will only accrue to the strongest members,” argued one small biopharma executive. “Smaller businesses/stakeholders will find their interests way down the list.”

Another added: “With the recent changes in the patent laws as well as the changes in the healthcare reform, it presents a huge challenge to small businesses and to those developing new technologies where the profit margins are not as strong and/or the markets are not fully developed yet.”

The good news: Healthcare stakeholders know that they need to collaborate with other stakeholders to be successful in this new systems-thinking healthcare economy. Almost all survey respondents say they expect to be at least somewhat aligned with other industry stakeholders in the next three to five years, and almost three-quarters believe cross-industry initiatives provide an opportunity rather than a challenge, demonstrating their belief that the benefits of these partnerships far outweigh the risks. (See graphic on page 3.)

One biopharma executive stated: “Alignment on shared goals provides superior, mutually beneficial business results versus antagonistic relationships.”

And a US provider noted: “I feel if we can collaborate in all facets of healthcare provision, we can better control costs and deliver a better, more effective product and better outcomes.”

**Biopharma’s Likelihood of Becoming Involved in Significant Joint Initiatives in Next 3-5 Years**

<table>
<thead>
<tr>
<th></th>
<th>Extremely Likely</th>
<th>Likely</th>
<th>Already Doing</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Payers</td>
<td>12%</td>
<td>19%</td>
<td>35%</td>
</tr>
<tr>
<td>With Providers/Healthcare Systems</td>
<td>18%</td>
<td>21%</td>
<td>48%</td>
</tr>
</tbody>
</table>
1. Propagate success stories. Network with peers, attend conferences and read papers that profile successful cross-industry collaborations. Seek out value-driven outcomes, then share those stories internally. When executives see the profit potential – and not just the risk – collaboration becomes more appealing.

2. Identify potential partners. Look for short-term projects with measurable outcomes that will enable you to prove the value of collaboration over the near term.

3. Seek out atypical partnerships within and outside of the healthcare industry. The greatest innovations often come from unusual pairings that allow disparate partners to bring unique skill sets to the table. Consider benefits of working with leaders in food, technology, finance and transportation to identify compelling opportunities.

   For example, Pratt & Whitney Rocketdyne, the rocket engine design company, is helping offshore oil industry experts apply lessons learned about material corrosion in space to undersea drilling operations.

4. Define measurable outcomes. What’s measured is managed, and the only way senior leaders will support a culture of collaboration is if they see proof that it can deliver.
All stakeholder groups see the overall **BENEFIT OF COLLABORATION**

While some benefits are ranked **HIGH AMONG ALL GROUPS**

For Biopharma
**GETTING DRUGS TO MARKET FASTER**

For Payers
**REduced Cost of Care**

For Providers
**Enhanced Experience of Care**
Benefits Realization: Why ‘What’s in it for me?’ Is the Wrong Question

In the evolving healthcare economy, success is not measured by individual stakeholder performance. No single outcome or trickling revenue stream is tantamount to proof of value. Success tomorrow will be judged at a system level and all participants must succeed for individuals to benefit.

Every step in the process must deliver value – from discovery, through approval and all the way to the delivery of quality cost-effective treatments – for success to be achieved. When stakeholders focus on collaborative success, the competing incentives and counter-productive decision-making are replaced with process efficiencies across the continuum that drive improved outcomes for everyone involved.

At the most obvious level, working collaboratively allows project teams to spread the cost and risks of innovative development steps while taking advantage of a broader knowledge base and skill set than they have on their own isolated teams. More importantly, it brings the greatest minds from leading organizations together to channel their expertise toward common goals. These pairings are the most effective way to achieve transformational advances in healthcare processes and to deliver leading-edge treatments that drive financial and business success.

The survey data show that healthcare industry stakeholders understand this value proposition. All three stakeholder groups rated improved health outcomes among the greatest benefits of cross-industry initiatives, while biopharma and providers also saw them as an opportunity to increase innovation.

However, after that, their perception of the value of these initiatives diverges. Payers pursue collaborations to achieve reduced cost of care, while providers seek improved care experience, and biopharma is focused on getting more drugs to market for underserved disease states and getting drugs to market faster.

They also differ greatly on the categories they rate as least beneficial. In some instances, the perspectives were complete opposites of each other. For example, while payers see reduced cost of care among the top benefits, biopharma rated reduced cost of care least often as a benefit of these initiatives. Conversely, payers are not particularly interested in the benefits of getting drugs to market, where biopharma ranks those categories much higher.

Working collaboratively brings the greatest minds from leading organizations together to channel their expertise toward common goals.
This divergence is not surprising. Each stakeholder group is after a value proposition unique to its own business model and thus prioritizes that value above all others. Biopharma wants to get drugs into the marketplace, payers want to cut overall treatment costs and providers are focused on the patient experience.

A healthcare system that includes bundled payments and emphasizes patient outcomes could potentially motivate stakeholders to work more collaboratively if they all understand that although the overall market might be fixed in size, their individual piece of that market could be increased through closer working relationships with other stakeholders – particularly if these collaborations help to identify and eliminate unnecessary costs.

THE COST OF COLLABORATION

Take the issue of cost, for example. One US payer surveyed said: “Pharma has an interest in getting their drugs used no matter what the cost, and we are constantly trying to be as cost-effective as possible on the managed healthcare side. But measuring pharmacy costs in isolation of overall healthcare costs continues to be an issue internal to MCOs [Managed Care Organizations].”

Cost has become one of the most complex and contentious roadblocks preventing innovation and improved quality of care in this industry. And it is not even the actual cost of the development process or the treatments themselves that is the problem. It is the lack of certainty about the true value of the services rendered.

In their 2011 Harvard Business Review article, “How to Solve the Cost Crisis in Health Care,”4 Porter and Robert S. Kaplan argued that the lack of clarity around cost makes it impossible for stakeholders to come to any joint agreements. “When politicians and policy makers talk about cost reduction and ‘bending the cost curve,’ they are typically referring to how much the government or insurers pay to providers – not to the costs incurred by providers to deliver healthcare services,” they wrote. Providers share in this confusion, allocating costs based on how they are reimbursed rather than the care they deliver.

“Accurately measuring costs and outcomes is the single most powerful lever we have today for transforming the economics of healthcare,” they argue. “As healthcare leaders obtain more accurate and appropriate costing numbers, they can make bold and politically difficult decisions to lower costs while sustaining or improving outcomes.”

THE HOLISTIC VALUE STATEMENT

Many stakeholders are also skeptical of the payoff they can achieve from collaborations over which they must give up substantial control. “Many of the initiatives are well-meaning but are poorly conceived, inapplicable, time-consuming and expensive to comply with,” argued one biopharma executive, leaving little room for benefits realization.

Such comments demonstrate a worrisome disconnect between the big picture belief that joint initiatives deliver benefits and opportunity, and the skeptical attitude toward specific collaborations – they are costly and time-consuming, and they fail to produce results.

Collaboration is the de facto state in a systems-oriented environment because it enables all players to achieve faster, less expensive results. But the only way biopharma, or any other healthcare industry stakeholder, will achieve these results is by making partner benefits an inherent goal of collaborative projects, then rewarding those projects that maximize the group potential.

Only when every industry player focuses on the strategic goals of the whole will everyone benefit.
TAKE ACTION: HOW TO ENHANCE THE BENEFIT OF CROSS-INDUSTRY INITIATIVES FOR ALL STAKEHOLDERS

1. Get the bird’s-eye view of value. Define the long-term goals and outcomes for all stakeholders as part of the project planning process. This will spur conversations about how different choices can enhance outcomes for all participants.

2. Link positive benefits for one stakeholder to a return on investment for the others. If payers achieve reduced cost of care through a cross-industry initiative, figure out how that impacts biopharma’s ability to deliver drugs to market faster (does it speed regulatory approval?) or providers’ improved care experience (less paperwork or less expensive treatments?). Benefits can always be linked if due diligence is performed before actions are taken.

3. Think long-term. Identify opportunities where adaptations to the development process can generate enhanced benefits for key stakeholders as a strategy to increase alignments and foster long-term transformational partnerships.
OF ALL STAKEHOLDERS believe data transparency and information-sharing across stakeholder groups are very or critically important to a successful interoperable healthcare system.

BUT, THEIR OWN WILLINGNESS TO BE TRANSPARENT VARIES

THE TOP BARRIERS

POOR FINANCIAL INCENTIVES
- 44% EU Payers
- 40% Providers

LACK OF UNIVERSAL DATA STANDARDS
- 51% US Payers

DIFFERENT DEFINITIONS OF VALUE
- 24% Biopharma

US Payers
- 54%

Biopharma
- 37%

Providers
- 51%

EU Payers
- 18%
Why Paranoia Is Not an Effective Business Strategy

According to the survey data, despite clearly understanding the benefits of collaboration, healthcare industry stakeholders are not making the necessary strides to adapt their business practices to a systems-oriented environment. And it’s unclear how committed they are to making the changes necessary to allow this transformation to occur without greater certainty of a more beneficial financial result.

Their reasons: They don’t trust their industry peers, and they don’t anticipate enough financial incentive to take the plunge.

Fully 44% of EU payers and 40% of providers cited poor financial incentives as a significant barrier to participating in cross-stakeholder initiatives. Among all stakeholders, lack of trust was also frequently cited as a barrier to these projects, with 35% of EU payers and 28% of US payers saying it was a significant barrier.

Such concerns aren’t surprising. They are the most common obstacles to creating any systems-oriented environment and thus represent significant barriers for healthcare executives in all stakeholder groups.

COMMITMENT TO TRANSPARENCY

Interestingly, each stakeholder group was least likely to cite their own organization’s commitment to cross-industry initiatives as a significant barrier to developing them, suggesting they don’t perceive themselves as being part of the problem.

If organizations were truly committed to cross-industry initiatives, it would suggest a promising first step toward making the cultural transition to a more collaborative environment. However, survey data around actual collaborations, and the comments they made about the challenges of making these partnerships work, indicate that survey respondents may be giving themselves more credit than they deserve.
This disconnect between what they say and what they do is further reflected in their opinion of industry transparency.

More than 70% of all stakeholders believe transparency around data sources and information-sharing across stakeholder groups are very important or critically important to the success of an interoperable healthcare system. Yet a large percentage of them are unwilling to be transparent themselves. US payers and providers gave their own segments of the industry the highest marks – and 54% and 51%, respectively, said they were extremely or very willing to be transparent, compared to 37% of biopharma and just 18% of EU payers. (See graphic on page 13.)

The question now is whether stakeholders view the lack of transparency across the industry as a problem they need to address or a defiant stance against knowledge-sharing as a practice. Either way, the struggle to be transparent will continue to be a barrier to the implementation of a systems-thinking approach.

Forward-thinking organizations have an opportunity right now to take advantage of the lingering paranoia and risk-averse nature of their peers by capitalizing on collaboration opportunities, ramping up their data technology deployments and skill sets, and seeking innovative joint initiatives that will drive speed, quality and efficiency into their drug development and delivery mechanisms.

The question now is whether stakeholders view the lack of transparency across the industry as a problem they need to address or a defiant stance against knowledge-sharing as a practice.
1. **Acknowledge that there are benefits and risks to information-sharing.** Collaboration efforts within healthcare are not an all-or-nothing benefit proposition. There are risks and opportunities in sharing information and trusting partners to jointly deliver greater results. The sooner stakeholders quantify those benefits and mitigate the risks, the easier it will be for them to make the transition.

2. **Start small and trumpet loudly.** Small-scale initiatives with strategically chosen partners are a great testing ground for the benefits of collaboration. Healthcare stakeholders should seek out opportunities that promise fast measurable results and, when those are achieved, share those success stories internally and externally to build consensus for future initiatives.

3. **Take a chance.** It’s easy to collaborate with close industry peers, or to participate in mandatory regulatory processes, but these collaborations do little to spur innovation or prove the benefits of a truly integrated systems-oriented approach. Healthcare stakeholders must push beyond the confines of must-do projects to engage in surprising partnerships that have higher potential risk and reward. These initiatives will help them surpass the competition, generate innovative solutions, and position themselves as leaders in the new healthcare economy.

---

**TAKE ACTION: HOW TO FOSTER A CULTURE OF TRANSPARENCY**

---
Stakeholders agree on the importance of linking data
Percent who believe linking data collected by different stakeholders is very or critically important

- Biopharma: 78%
- EU Payers: 75%
- US Payers: 83%
- Providers: 76%

Do they have the tools and expertise to optimize the use of data?
Percent who responded yes

<table>
<thead>
<tr>
<th></th>
<th>NOW</th>
<th>IN 3-5 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biopharma</td>
<td>50%</td>
<td>74%</td>
</tr>
<tr>
<td>EU Payers</td>
<td>41%</td>
<td>57%</td>
</tr>
<tr>
<td>Providers</td>
<td>47%</td>
<td>77%</td>
</tr>
<tr>
<td>US Payers</td>
<td>37%</td>
<td>84%</td>
</tr>
</tbody>
</table>
Dare to Go Digital

The best way to begin the move to a systems-thinking business culture is with data integration projects. These initiatives are easy to understand, urgently required and offer tangible measurable benefits.

Data integration includes a range of technical initiatives: from data integration projects that link and aggregate disparate data streams such as clinical, claims and outcome data for more efficient information access, to more complex efforts to clean, manage and synthesize databases to make research and evaluation more effective. When done well, they provide participants access to more, better data faster at a lower cost, which can spur better treatment outcomes and enable organizations to meet regulatory requirements for the implementation of healthcare information management solutions.

And because most industry stakeholders today have neither the skill nor the expertise to accomplish these projects on their own, it can be easier to make the business case for collaboration.

Some of the most practical healthcare collaboration projects in recent years have involved the launches of e-prescribing technology, e-detailing projects and Electronic Medical Record systems (EMRs), Health Information Exchanges (HIEs) and other data analytics initiatives.

Following implementation of the Health Information Technology for Economic and Clinical Health (HITECH) Act in the US in 2009, for example, several HIE projects were launched, including the Nebraska Health Information Initiative (NeHII) to create a statewide system that would give physicians access to patients' complete medical histories at all points of care. The pilot project went live in late 2009, and NeHII is now regarded as a model for successful HIE implementations nationwide.

In other cases, biopharma industry leaders have partnered with technology companies to drive new innovations into healthcare data management. IBM, for example, partnered with WellPoint and Memorial Sloan-Kettering to build a technology system that can process, analyze and interpret the meaning of complex clinical information using natural language processing, all with the goal of helping to improve healthcare quality and efficiency.

And Oracle is one of the key funders of the PACeR initiative, helping the pharma industry spur standardization of technologies, policies and approaches to clinical data management and analytics.
Unfortunately, in many of these data-driven initiatives, corporate culture continues to be the biggest obstacle to success. From managing disparate stakeholders with varying agendas to overseeing security issues and information exchange decisions, it is often politics, procedure and policy that bog down these projects.

This ties back to the broader troubles that healthcare stakeholders have in getting over trust issues among peers. However, mandates to roll out integrated data systems are forcing them out of their comfort zones.

According to our survey, all three stakeholder groups recognize that integrated data streams are vital to their future success. And at least three out of four participants in every category believe that it is very important or extremely important for different data sources collected by different stakeholders to be linked together to better inform decisions. (See graphic on page 13.) This suggests they view data integration as an integral and necessary part of the digital transformation.

Yet they agree that the current state of the technology and their own data management skill sets are insufficient to support their needs. About half feel they have neither the tools nor expertise to optimize use of these data sets. US payers feel the least ready today – only 37% believe they have the skills to use these data sets, compared to 47% of providers and 50% of biopharma.

However, they all expect the technology and their own skills to improve substantially over the next three to five years. US payers – who rank themselves the least skilled today – are the most optimistic, with 84% saying they will have the skills in three to five years. EU payers are the most pessimistic, with 57% expecting to close the skills gap.

These numbers indicate that healthcare industry stakeholders view themselves at the early stages of this data transformation process, and they recognize the industry must make changes if it is going to fully realize the value that an interconnected data-driven environment can deliver.

Once they experience the benefit of a joint collaboration around data technology, it will be easier for them to embrace such collaborations in other areas of the business.

Data integration initiatives promise to be the bridge that ushers healthcare stakeholders toward a more naturally collaborative healthcare system.
TAKE ACTION: PUTTING THE PIECES IN PLACE

1. **Build expertise at the top.** EMRs, HIEs and big data management systems are necessary aspects of the new healthcare economy. Executives can’t rely on mid-level IT teams to make strategic decisions about future data management solutions. Organizations must ramp up their own expertise so they can make deliberate choices around technology initiatives.

2. **Invest in a strong IT team with security expertise.** Healthcare tech projects face complex regulatory, security and privacy issues that must be managed closely by a team of experts. When organizations dive into these projects, they must be sure they have the resources and expertise to accomplish them.

3. **Create stronger knowledge management systems internally.** The first step to data integration is ensuring everyone across your own organization has access, and can contribute, to the corporate knowledge base. Breaking down data silos allows departments to work more efficiently toward common goals and provides an excellent testing ground for more complex data integration efforts.

4. **Seek external partners for data integration projects.** Several high-tech companies are eager to support the healthcare industry in its pursuit of technological advancement. Working with providers who can complement core capabilities will help executives close their skills gap and avoid many of the pitfalls that complex technology projects face.
Applying Systems Thinking to Biopharma Strategy

Many healthcare industry executives will read this report and think, “We are the exception.” They believe that because they’ve participated in the occasional cross-industry collaboration, perhaps to research malaria, promote cancer research or build an EMR system, they have done their part to participate in a systems-oriented world. These special projects are noble but isolated efforts, typically launched to fulfill a regulatory requirement or support a social responsibility program that may bolster the brand but not the bottom line.

And while these are fine first steps toward a collaborative culture, they are far from proof that an organization has achieved the transition to a truly systems-thinking world. Healthcare organizations will have to take their collaboration efforts much further before they can achieve the benefits that a systems-thinking approach provides.

TIME TO MOVE

None of the current industry leaders are close to achieving this systems-thinking corporate model. But the results of this survey should be a wake-up call. It is not enough to voice approval for collaborative initiatives. Organizations have to take action, and that action must be driven by leadership. Their participation in cross-industry efforts is vital for the systems-oriented environment to take hold and for them to improve patient outcomes and gain the financial rewards they seek.

Take, for example, German car company Daimler, which partnered with chemical giant BASF to develop the Smart Forvision, a concept vehicle that integrates lightweight materials to reduce energy use and improve temperature management.⁶
YOU KNOW YOU ARE A SYSTEMS-THINKING ORGANIZATION WHEN:

• Executives and team leaders view product success not in terms of individual performance but in terms of system performance.
• When considering a new project, you immediately look across the healthcare continuum for partners that will help you deliver faster, less expensive and better results.
• Everyone in the organization makes collaboration part of the day-to-day discovery, development and delivery process for every project and every decision.
• You participate in early open-source research opportunities to share and learn from others’ successes and failures.
• You continue to partner through development and delivery, creating market-ready combination therapies through joint collaborations that add efficiencies, foster innovation and disperse risk in a way that allows all stakeholders to benefit equally.
TAKE ACTION: THREE STEPS TO BECOMING A SYSTEMS-THINKING ORGANIZATION

1. Identify integrated solution opportunities. Biopharma leaders must actively seek out opportunities to partner with diverse stakeholders from across the healthcare continuum. Ideally, these opportunities will stretch their comfort zones beyond the traditional regulatory-mandated partnerships, with the promise of innovation in exchange for transparency and a willingness to work collaboratively for mutual benefit.

2. Map the project toward those goals. Start with what you want the product to do, then work in concert with partners to build a roadmap that will get you there. When a collaboration has a destination, every individual will head in the same direction.

3. Monitor and manage. As projects move forward, stakeholders must regularly review their results through formal checkpoints and feedback channels with a focus on how they can continually optimize the design based on system feedback. To ensure stakeholders stay connected to the team and a culture of trust is formed among participants, the results and feedback should be regularly communicated across the stakeholder community.
And most recently, Procter & Gamble CEO Bob McDonald announced plans in March 2013 to bring together top IT leaders from Boeing, BP, Disney, FedEx, GE and Goldman Sachs to collaborate on creating better analytics software to address soaring data volumes and to improve their ability to manage and interpret data. “We want to build a learning consortium of companies who are making business intelligence and analytics a strategic choice, and therefore transforming their business operations,” McDonald said of the collaboration.8

Dr. Carol Herbert, former dean and professor at the Schulich School of Medicine at the University of Western Ontario, and Allan Best, managing director of InSource Research Group and clinical professor at the University of British Columbia, make a succinct argument in support of systems thinking in their Healthcare Papers commentary, “It’s a Matter of Values: Partnership for Innovative Change.”9

“The bottom line is that we need new ways of thinking and of working in order to accommodate the complexity of the challenges and the urgent need for health system innovation and change,” Herbert and Best argue. “Our view is that solution seeking must begin with the convergence of two driving imperatives: the need to ground partnership in shared values and the need for systems thinking.”

When companies can embrace these new ways of thinking, and overcome the trust issues related to information exchange, not only will they deliver greater efficiencies in their existing processes, they will also identify points of value inflection across the entire development cycle, from discovery through delivery. From informing asset strategies and program objectives by tapping extended knowledge bases, to customizing a marketing program based on honest feedback from the patient community, creating new connections across the industry generates opportunities for innovation that were never previously accessible.

It won’t be easy. D.G. Cramp and Ewart Carson argue that a systems-thinking approach requires stakeholders to understand how the dynamics of a situation emerge from the process of interactions among many individual agents. “On the one hand, there is the complexity of the problem space confronting the decision-making team, especially in dynamic decisions. … On the other hand, there is the complexity of the structure addressing that problem space — the decision-making team itself; with various team members often misunderstanding the complexity of the situation they are addressing to degrees.”10

Only when stakeholders take the time to consider these challenges from the holistic perspective of the group will they break through the decision-making paralysis that prevents these initiatives from flourishing.

The industry is rapidly evolving, and the giants who have long grown accustomed to driving trends and profiting from old business models will struggle to compete. The question now is who among them will have the agility, foresight and leadership to reinvent themselves for a new healthcare economy built on a collaborative systems-thinking methodology.
ABOUT THIS REPORT
Quintiles launched its industry surveys and reports in 2010 to offer perspective and insight into key topics that are relevant to our customers. Quintiles continues to commission regular surveys in an effort to better understand the dramatic changes that occur within the drug development landscape. The Collaboration Mandate report is based on a survey of biopharmaceutical executives, managed care executives and providers in the US, and payer organization executives in France, Germany, Italy, Spain and the United Kingdom. Market Probe conducted the survey on behalf of Quintiles and was responsible for all survey design, data analysis and data reporting. Data for the survey were collected online between 30 April and 30 May, 2013. Survey sample respondents included: 102 biopharmaceutical executives at the vice president level and above; 68 managed care executives in the US at the director level and above; 75 executives (director or above) from European payer organizations; and 53 executives from US provider organizations.

ABOUT QUINTILES
Quintiles (NYSE: Q) is the world’s largest provider of biopharmaceutical development and commercial outsourcing services with a network of more than 27,000 employees conducting business in approximately 100 countries. We have helped develop or commercialize all of the top 50 best-selling drugs on the market. Quintiles applies the breadth and depth of our service offerings along with extensive therapeutic, scientific and analytics expertise to help our customers navigate an increasingly complex healthcare environment as they seek to improve efficiency and effectiveness in the delivery of better healthcare outcomes. To learn more about Quintiles, please visit www.quintiles.com.

FOR MEDIA INQUIRIES:
Mari Mansfield, Media Relations, Quintiles
+1 919 998 2639
mari.mansfield@quintiles.com

FOR ALL OTHER INQUIRIES:
Adam Istan, Corporate Communications, Quintiles
+1 708 948 7070
adam.istas@quintiles.com
FOOTNOTES


