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MM&M **Haymarket Media, Inc.** 114 West 26th Street, NY NY 10002

Marc Iskowitz, Editor in Chief | marc.iskowitz@haymarketmedia.com
Larry Dobrow, Senior Editor | larry.dobrow@haymarketmedia.com
Jaimy Lee, News Editor | jaimy.lee@haymarketmedia.com
Andrew Lathrop, Art Director | andrew.lathrop@haymarketmedia.com
Deborah Weinstein, Senior Reporter | deborah.weinstein@haymarketmedia.com
Kevin McCaffrey, Web Editor | kevin.mccaffrey@haymarketmedia.com
Thomas Claire, Production Editor | thomas.claire@haymarketmedia.com
Cara Crew, Special Projects Producer | cara.crew@haymarketmedia.com
Doreen Gates, Advertising Manager | doreen.gates@haymarketmedia.com
Tamika Hart, Senior Account Executive | tamika.hart@haymarketmedia.com
Mark Siebel, Sales Representative | mark.siebel@haymarketmedia.com
Jeniffer Amparo, Sales Assistant | jeniffer.amparo@haymarketmedia.com

EVENTS, PRODUCTION AND CIRCULATION
Adele Durham, Events Director | adele.durham@haymarketmedia.com
Ada Figueroa, Production Director | ada.figueroa@haymarketmedia.com
Tracey Harilall, Circulation Marketing Manager | tracey.harilall@haymarketmedia.com

MM&M TRANSFORMING HEALTHCARE

DAY OF DISRUPTION

At most conferences in which pharma, healthcare and health-tech luminaries converge, the featured panelists spend a significant percentage of their time onstage fretting about the future. They wonder aloud if the pharma industry—historically reluctant and/or unable to embrace change—will be able to make the necessary adjustments to innovate alongside iteration-happy technologists. They tut-tut anyone who expresses the opinion that healthcare people, rather than tech entrepreneurs, should be the ones who alter the way they go about their business.

Presenters at *MM&M*'s first Transforming Healthcare Conference, billed as a "day of disruption," expressed no such sentiments. Rather than convey their worries about what's next, the presenters—culled from the highest levels of pharma, healthcare and start-up hierarchies—laid out the challenges in front of the business. And then they did something incredibly novel, at least within the context of an industry gathering: They proposed fixes, workarounds, balms and any number of other things that would fit comfortably under the heading "solutions." They charted a course for the future. They threw around words like "collaboration" and "flexibility" and "open-minded." They acknowledged that they might be wrong and/or fail but that the future of the business would be better served by trying and failing than by not trying at all.

In short, nobody walked away from Transforming Healthcare worrying that pharma and its would-be health-tech partners lack the will to work together or the stomach to innovate. Here's a recap for those who weren't able to attend.

"'Beyond the exam room' is going to be very critical for us to understand because that's where the digital health experience comes into play."

—Michele Polz, head of patient insights, global commercial strategy, Biogen

RAPID INNOVATION AND BIG PHARMA: NOT AN OXYMORON

Michele Polz, head of patient insights, global commercial strategy, Biogen

Polz kicked off her keynote presentation by acknowledging the obvious: that healthcare needs to change how it approaches the process of innovation. She noted, however, that the industry's traditional way of thinking will no longer suffice in the age of the empowered patient and called on healthcare entities to delve more deeply into the patient journey.

"Doing something better than somebody else is the art of engineering, but it's not going to change the game," Polz said. "Having a breakthrough by collecting ideas around that patient and understanding his experience better is what's going to change the game."

By way of analogy, Polz discussed the steps taken by World War II–era members of the British Air Force. Attempting to learn about the survivability of the country's aircraft, they examined each plane upon landing. Only later did somebody point out what should've been obvious from the outset: that they should have been focusing more on the planes that didn't make it back. Pharma and healthcare execs in charge of patient experience, then, "need to look at the conversations that aren't being had," Polz said.

She continued by quoting healthcare Twitter star e-Patient Dave (aka Dave deBronkart), who has repeatedly stressed that "the patient is the most underused resource in all of medicine." Then, for further effect, she performed a little math. Of the 8,760 hours in a year, the average patient spends maybe six with a physician. So why can't pharma attempt to glean more information about the way patients spend those other 8,754?

"'Beyond the exam room' is going to be very critical for us to understand because that's where the digital health experience comes into play," Polz said. Furthermore, she urged attendees to do a better job in figuring out how patients go about their daily business.

"We, as an industry, shouldn't think about insights from focus groups or HCPs but instead move toward an engagement," she argued. "How do you know what the patient

is thinking every day? You can't get that from observing them in the HCP environment of focus groups from behind glass walls. We need to have conversations, not just observations."

In that spirit, Polz shared her recipe ("it's one you can use, but you must use your own seasonings") for gleaning better patient insights. First, she advised marketers to build their communities before they need them. "I'm talking about the community inside your four walls," she explained. "Put the right people around the table … We have almost always included medical, legal and regulatory right from the start."

Next, Polz advised would-be patient engagers to be as transparent and authentic as possible. She referenced "Laura," a former colleague at Sanofi who served as online community manager and, as such, helped humanize the company's efforts in a way that few others have even attempted. "As healthcare companies, we need to tell [patients] how we can play and the things we can do," Polz noted. "If we can't tell them, we have to tell them why."

She also suggested that healthcare organizations marshal all resources to further expand audiences. As an example, Polz referenced an education program from her Sanofi days in which the company worked alongside partners who were Pinterest experts. "We gave them our imagery to use on Pinterest with the hope it would drive traffic back to our website," she recalled. "That's a little different. Don't just do things better than someone else—do it differently."

On the other hand, Polz stressed the importance of tapping the wisdom of colleagues ("when in doubt, ask the crowd"). Noting that some pharma companies remain quite siloed in their marketing execution, she said that smart marketers internally aggregate the organization's accumulated knowledge and learnings. "Look inside to see who's doing things you can learn from. That's been an eye-opener for me," she admitted.

Finally, Polz recommended that healthcare entities keep iterating: "Test, learn, test. Repeat." Without qualifying in advance the markers of success, an organization risks merely accumulating data for the sake of accumulating data. "You have to set the right framework," she said. "If you're not failing, then you're not really trying."

"You can't assume people in leadership roles are going to keep changing healthcare."

—Matt Brown, CEO, Guidemark Health

INSPIRING THE FUTURE 40

Matt Brown, CEO, Guidemark Health (moderator)

Shwen Gwee, associate director, (global) digital customer engagement, Biogen

Melissa Mackey, associate director of social media strategies, digital medicines, Novartis

Amanda Sheldon, director, digital marketing and communications, Medtronic Diabetes

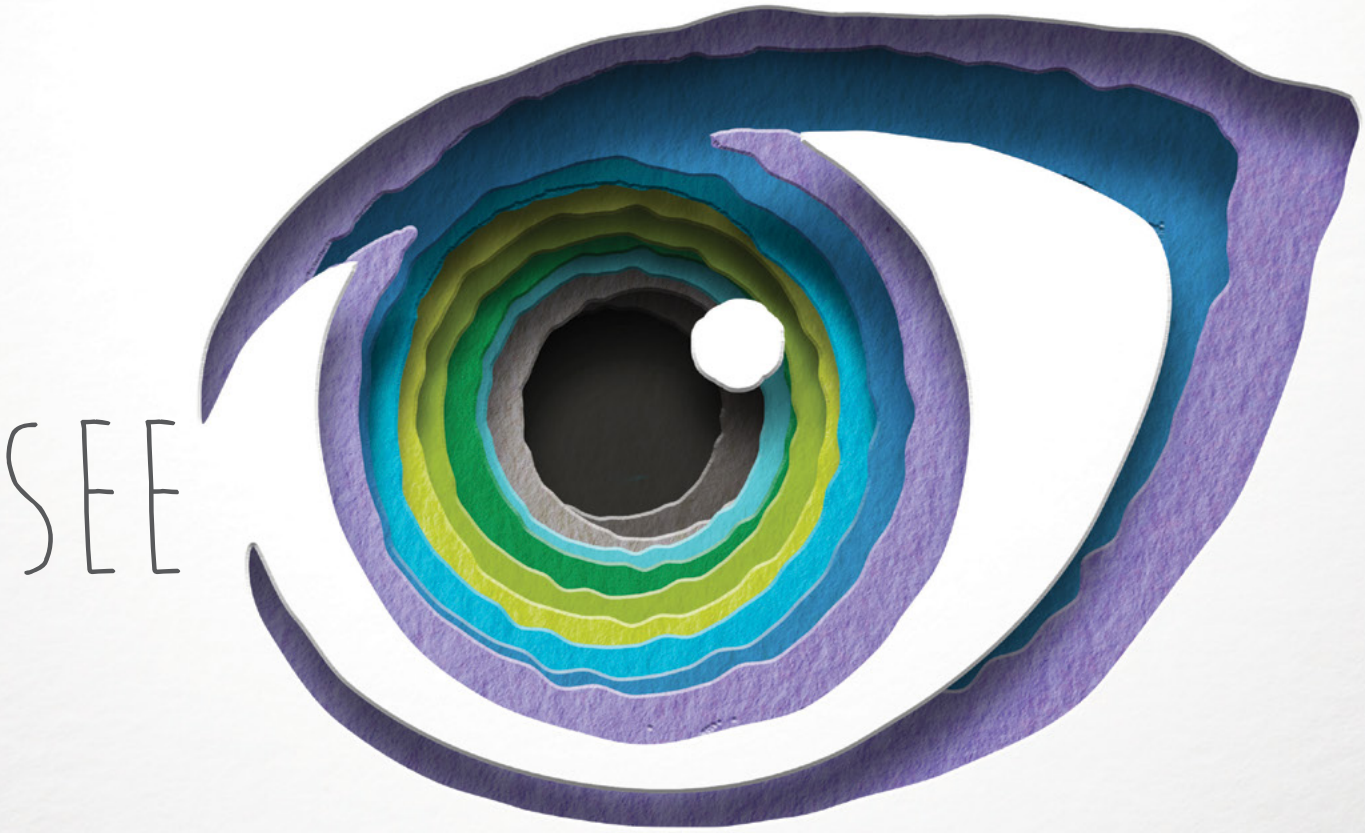
To begin the session about inspiring the talent that's already in-house, Brown shared his own tale of inspiration. During a conversation over beer and wings ("all good conversations happen over beer and wings"), Brown's mentor talked him into staying in healthcare at a time when his confidence was wavering. Left unspoken was the probability that any number of individuals in any number of attendees' organizations were recalling a similar crisis of professional faith at that very moment.

"You have to look broad and deep within organizations," Brown said. "You can't assume people in leadership roles are going to keep changing healthcare." On that note, Brown invited Gwee, Mackey and Sheldon to share their professional histories—and, in particular, their professional "eureka!" moments.

Gwee went first. Quipping that he thought of his current position as "the third iteration of my life," Gwee discussed wanting to be the next Jacques Cousteau, his stint in the military, his pursuit of a PhD in behavioral pharmacology and finally his move into healthcare, which came courtesy of a gig as a webmaster for a university psychology department.

Sheldon shared a similarly nontraditional path into the business. Initially an astrophysics major with a pre-med focus, she "internally combusted" and instead studied English literature. Upon graduating, she landed a job doing PR within technology before shifting to a role within life sciences and healthcare.

Mackey, on the other hand, talked about her father, an Air Force higher-up. "Excellence in everything you do was embedded into me. I've always wanted to be strategic about decisions I make," she recalled. To that end, she pushed hard at an early job to integrate the compa-



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To Brown, these stories illustrate a distinction missed by many healthcare organizations: the one between performers and potentials. "We're moving so fast, oftentimes we focus on performers, the people who are lighting everything on fire, with the performance reviews that are off the charts," he explained. "But if you only focus on your performers, your potentials will leave—and eventually performers get maxed out."

To avoid such a fate, organizations need to resist the temptation to keep elevating top performers and risk burnout. Additionally, they must occasionally allow employees to step outside their main role. Brown, for instance, recalled how he once sent an employee who expressed an interest in being a maple syrup farmer on a trip to Vermont. "I wasn't able to do a lot for this person," he added with a laugh.

Sheldon said that just such an opportunity had been extended to her as well. "Everything we've done in social media actually started with $20,000 and a boss who believed in my passion," she explained. "I call it 'blood, sweat and tear equity.' If somebody really believes in something, give that person the opportunity to see it through, even if you don't see it immediately."

"You need to know where a product fits into a patient's life and make it fit seamlessly."

—Drew Miller, creative director, Frog Design

BEYOND THE PILL: THE PRODUCT IS A COMMODITY, THE EXPERIENCE IS YOUR DIFFERENTIATOR

Drew Miller, creative director, Frog Design

Miller used his time on the podium to advocate for better user experiences—or, more accurately, to illustrate how designing better user experiences can help differentiate commoditized products in hotly competitive markets. You know, like pharma.

"We have to reevaluate the old models of relationships with patients," Miller stressed at the outset of his presentation. "The old ones aren't working anymore. The rise in consumer expectations is causing [pharma companies] to have to change the way they set up their organizations."

Referencing a handful of companies in different businesses that he believes "get it"—Zappos for its relentless focus on service, Yelp for the radical transparency it fosters and Uber for its complete reinvention of an industry—Miller said that healthcare organizations must look before and beyond the moment of a treatment interaction if they are to differentiate themselves from the competition. "You need to know where a product fits into a patient's life and make it fit seamlessly. You need to smooth out problems and meet unmet needs," he said.

On behalf of its pharma and healthcare clients, Frog has attempted to delve into what Miller called "the broader ecosystem of actors"—caregivers, physicians, nurses, payers and the like—and attempt to discern how they're engaging with patients at any given moment. The best way to accomplish this? Via user interviews, user observations (in the user's own environment), participatory design and prototyping/testing. Miller emphasized the importance of the final component: "Someone in the office said, 'If we can't test every day, we're doing something too complicated.'"

As for the observation component, Miller noted that it may be time-consuming but remains essential. "We love to go into people's homes, because that's where they're most comfortable, and ask them to give us a tour," he explained. "Take chronically ill patients—you can see some of the ways they've adapted their lives … One time we noticed that [a patient] had large adapters on his doorknobs, due to rheumatoid arthritis. That gave huge insight into how packaging [for a product used by RA patients] needed to be designed."

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NAVIGATING PHARMA INTERNAL: SETTING UP A FRAMEWORK FOR RISK TO OCCUR AND FAILURE TO HAPPEN

Ingo Elfering, CIO, Indivior

As its title suggests, Elfering's presentation attempted to suss out the most fertile internal ground for pharma innovation and steer would-be mavericks away from the potential potholes. He kicked it off by noting that healthcare entities have a good reason to push the innovation envelope: "When you find good innovation, it will sell," he quipped, pointing to Amazon's Kindle e-reader and Zipcar's pay-as-you-go model.

At the same time, Elfering, formerly a higher-up at GlaxoSmithKline, acknowledged the numerous obstacles preventing healthcare organizations from innovating at the pace of consumer and technology firms. He noted that many pharma companies have set up internal innovation teams but that those teams are usually underfunded and underpopulated. "They usually don't have the support of the board or of other stakeholders," he explained.

The problem, Elfering believes, lies in the scattershot way these teams go about their business. "You start with a funnel of ideas to think about additional opportunities—'start small and have a few failures,' all that kind of stuff," he reported. "That's all great, but how many start-up companies have 15 different ideas at the same time? Not many. Why work 20 different opportunities and have 18 or 19 different failures?"

With all this in mind, he diagnosed pharma innovation teams with an acute case of "pilot-itis. We do too many pilots and we don't do them well." He also pooh-poohed the notion of "innovation by committee," during which "everybody touches a bit of it and nothing works."

The way around these problems, Elfering said, is to start with more modest goals. Rather than shoot for the stars, healthcare innovation teams might instead try a handful of small pilots with real customers. In doing so, those teams can create an ongoing dialogue about innovation with internal audiences; specific roles can be developed, with specific individuals claiming the responsibility for driving programs of this nature forward. This also allows every internal stakeholder to get used to the innovation mentality and shift mind-sets from risk avoidance to risk management.

"There are 10 types of innovation, but most of pharma is still stuck in discussions about product innovation," Elfering said.

He then unveiled what he dubbed "Ingo's garage rules—how to operate in an innovator role." Would-be innovators need to:

- go see and talk with the front-line people
- understand the data
- find the decision maker … and the derailer ("then you have to find out what to do with that person. Sometimes you befriend him, sometimes you neutralize him")
- start with 50% correct as a goal ("don't try to come in perfect")
- share intensely and overcommunicate
- connect in new ways across teams, geographies and industries ("the best way to get innovation going is by making connections between otherwise seemingly unrelated areas")
- focus on value to the customer ("they're the ones who define a job well done")
- resist decisions by committee ("no good proposal survives a committee of six people")
- concentrate on the user experience

"The best way to get innovation going is by making connections between otherwise seemingly unrelated areas."

—Ingo Elfering, CIO, Indivior

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"INTELLIGENT CONNECTIONS" DISCUSSION: BRIDGING THE CHASM BETWEEN HEALTHCARE START-UPS AND PHARMA MARKETERS

SHARKS:

Michael Coffey, marketing manager of strategy and innovation, North America, Roche

Vanessa Rath Menton, assistant director of oncology marketing, Astellas Pharmaceuticals

Brandon Seeyle, marketing product manager, Medivation

Amanda Sheldon, director, digital marketing and communications, Medtronic Diabetes

START-UPS:

Charles "Chuck" Gershman, founder, president and COO, Kuveda

Yishai Knobel, co-founder and CEO, HelpAround

David Weingard, CEO, Fit4D

Mani Foroohar, MD, co-founder, Cellanyx Diagnostics

The ostensible purpose of the day's Shark Tank session was to give a quartet of start-up CEOs the opportunity to hawk their wares in front of a panel of pharma innovators. But in a way, the true purpose was even broader: to highlight the need for a better connection between pharma and the start-up community. Not surprisingly, then, the session proved one of the day's liveliest.

Weingard was the first to give his three-minute pitch—and endure the judges' probing during the three-minute Q&A that followed. He easily parried a question about whether his Web-based diabetes-coaching program can accommodate enough patients ("we can scale to 400 patients for one diabetes educator. We're not replacing the primary healthcare provider … We've figured out how to optimize the mix") and another about barriers to adherence ("we've empowered our educators to use our platform efficiently. The patient who isn't adherent will get much more time and attention").

Next up was Gershman, pushing his company, Kuveda's cancer-decision support platform. He answered questions about the company's growth strategy ("to market to practicing oncologists and have them upsell to the institutions they work with") and the importance of the payer audience within the realm of cancer treatment ("we have relationships with payers … to be honest, this is our first conversation with pharma").

Knobel followed, starting his pitch with a story about autodelivering e-guidance to a type-1 diabetes patient before she entered an Austin bar on a hot Friday night (in the story, the patient ended up in the hospital with hypoglycemia; Knobel argued that the result might've been different if the patient had subscribed to his company's HelpAround "mobile safety net"). He was quick with detailed information about his business model (a free app, with the patient paying for premium features) and warding off the "creepy factor" of a program that tracks users' whereabouts ("we ask for permission: 'Would you like to get tips based on your calendar?'").

Last up was Foroohar, who explained how diagnostics for prostate-cancer testing lag those for other types of cancer—and said that his company's tool can predict with better accuracy which tumors are most aggressive. He gave the judges the answers they sought on winning over potential customers for a product that won't officially be on the market until 2016 or 2017 ("we've talked about the serious people behind it … we've published our most recent data in ASCO") and about whether the product might ultimately prove relevant in other cancers ("it's a conversation we'll have … breast and colon cancers and carcinoma are possibilities").

At the end of the day, the sharks announced their winner: Fit4D. Weingard came away from the day with invitations from Coffey and Sheldon to explore potential beyond-the-pill collaborations.

"We're not replacing the primary care provider … We've figured out how to optimize the mix."

—David Weingard, CEO, Fit4D

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CONSUMER EXPECTATIONS IN A REGULATED MARKET: THE WEARABLE EXPERIENCE

Nirav "Rav" Sheth, director of market development, medical, MC10

Sheth jumped into his presentation by talking about a patient with epilepsy—and specifically, that patient's experience keeping a diary of his experiences. While that diary might be an accurate reflection of the patient's experience, it was written by hand. As such, good luck transferring the entirety of its contents from one physician to the next.

Sheth argued that a similar fate awaited many of today's wearables, which he quipped "will end up in the drawer" of most users. The problem, he believes, is that wearables can only gauge so much. He used himself as an example: "Let's say I'm swapping out my snowblower for my lawnmower, which requires a lot of exertion. If I have a wearable, all I get credit for is walking to the shed and back."

His solution? Wearable patches. Describing his company's product as a "flexible computer," Sheth revealed tech specs (Bluetooth, sensors for body temperature, ECG and EEG/EMG) and partners (Medtronic, Walgreens, L'Oréal) alike. "We've tried to create something that's very wearable but also clinically validated," he added.

In a larger sense, however, Sheth's presentation was about principles of human-centric design and how makers of wearables have largely ignored them. The problem, he noted, is that electronics are "rigid and boxy," which make them a tough match for "soft and curvy" humans. He also pointed to the understated (in his mind) challenge of creating a wearable that can "hold up to the rigors of daily life."

"Are you going to sweat on [the wearable]? You are—which affects the type of adhesive you're going to use," he explained. "Ultimately, you can't make a device that fits everybody."

That said, Sheth hopes his company's wares—*er*, wearables—will truly help individuals suffering from movement disorders. "Patients with these conditions live with them for a long time and in many cases there's no cure," he continued, pointing to epilepsy and Parkinson's sufferers as examples of the types of patients who could be helped. "These are folks who want to know what's going on with their lives."

His firm already has a partnership with UCB to test MC10's devices among people with neurological disorders.

As for his company's other challenges going forward, Sheth noted that lining up partners—assembling what he jokingly called a "coalition of the willing"—had proved harder than expected. "Nobody has figured out telemedicine yet," he said. "There are companies willing to make that leap—to say, 'We're going to do something, dammit!'—but we need to keep expanding that community."

"There are companies willing to make that leap ... but we need to keep expanding that community."

—Nirav "Rav" Sheth, director of market development, medical, MC10

THE PATIENT VIEW ON TRANSFORMATION: EMPATHY, EDUCATION AND EMPOWERMENT

Marc Iskowitz, editor in chief, *MM&M* (moderator)

MarlaJan Defusco, Lupus Health Activist and author, "Luck Fupus" blog

Jill McNair, director of education, outreach and community support, CISCRP

Dr. Navarra Rodriguez, chief medical informatics officer, AdvantageCare Physicians

Lita Sands, former global head, digital transformation, Novartis

Marc Sirockman, executive VP and general manager, Artcraft Health

The notion of patient-centricity was referenced more than a few times during the Transforming Healthcare sessions. But only in this segment was the patient point of view placed front and center.

It began with Iskowitz's asking audience members to guess the results of a recent study in which patients were asked whether they believe pharma is "excellent" or "good" at being transparent. The audience, it turns out, undershot the actual result: that only 25% of patients rank pharma companies highly in terms of transparency. Put another way, that means three out of four patients believe the business is failing them in this important regard. This may well have dire consequences for organizations that believe, perhaps wrongly, that they're truly patient-centric.

"As a patient I've realized that the word 'patient' itself is really broad," said Defusco. "I feel like pharma companies and doctors I see don't want to put me first. They're not coming to me and asking what my needs are, or even

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doing something as simple as telling me about coupons for my prescriptions." While Defusco acknowledged her own complicity in the communication/transparency failures, she said she still feels underserved by the business. "Shame on me for not researching everything, but I'm a patient. I'm supposed to have pharma companies and physicians telling me where to go."

Needless to say, the physicians and healthcare communicators on the panel reacted strongly to Defusco's comments—less in a "that isn't fair/accurate" sense than in a "we're working on this and we have a ways to go" one. "I feel what patients are going through … Healthcare is changing. It's difficult for the physician to navigate through the system, too," said Rodriguez.

McNair, whose organization helps educate patients about clinical trial awareness and literacy, agreed: "Patients are demanding a seat at the table, so we're trying to help them own the process of drug development in small ways—like by getting them a seat on advisory boards from the get-go." At the same time, McNair noticed the challenges posed by alerting patients to the results of clinical trials and following up with them as they make their way through the development process. "We need to get [patients] more ownership in the process. That's when they're going to start feeling better about [pharmaceutical] companies," she continued. "How about thank-you ceremonies for people participating in research?"

Iskowitz next queried the crowd about the percentage of patients who, per other recent research, want an equal say in care decisions with their HCPs. The answer: a whopping 81%. The question, then, becomes what pharma can do to become a better resource for information-craving patients.

Sands believes that the industry needs to do a better job of tapping into and interacting with patient communities. "It's not about the technology. You have to bring in the human element," she explained. "[Patients] don't know what good looks like. A community can help bring out that aspect."

Rodriguez, on the other hand, questions the perception that physicians aren't too thrilled by the rise of the super-informed, community-minded patient. "I prefer if they arrive [at my office] with broad information," she explained. "Patient wants and needs often aren't the same, so the role of the physician is to bridge that and come to a treatment plan. Having an educated patient makes that so much easier."

The final question Iskowitz put to the crowd concerned stakeholder groups—namely, which one out of patients, physicians, specialists, insurers, legislators, regulators and government payers is most supportive of greater engagement between industry and patients? The answer, per yet another study, was patients, 16% of whom said they're very supportive of closer contact and greater direct information exchange with biopharma companies.

"Patients are looking for that information and they may not be getting it in the right place," Sirockman said. "If we get it to them, they'll take action." Defusco agreed wholeheartedly: "The number one rule about innovation is to talk to the person on the front line. Come to us! If you want to have an efficient product or experience, come to us and ask what we need."

"Having an educated patient makes [the role of the physician] so much easier."

—Dr. Navarra Rodriguez, chief medical informatics officer, AdvantageCare Physicians

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BATTLE OF THE BIG IDEAS: BIG IDEAS FOR THE NEXT 10 YEARS

Lisa Stockman, president, global public relations and medical communications, inVentiv Health (moderator)

Ayman Chit, senior director, health economics modeling and market access, North America, Sanofi Pasteur

Andrew DiSimone, director of digital, StartUp Health

Peter Frishauf, director, Context Matters and founder, past CEO and chairman, Medscape

Paul Magill, senior advisor, McKinsey & Company Health

Melissa Manice, CEO and co-founder, Cohero-Health

Joe Shields, global director, digital strategy, AstraZeneca

The "Big Ideas" session, not surprisingly, featured some of the day's most out-of-the-box thinking—and certainly some of its sharpest exchanges. As part of it, six tech-smart execs attempted to sell the audience on their answers to the following question: What will be the most significant trend impacting the transformation of healthcare over the next decade?

Shields went first, leading his discussion of three-dimensional printing with a reference to *The Matrix*—the scene in which one of the freedom fighters had instructions on flying a helicopter uploaded into her brain within 15 seconds. "I thought, 'That's pretty cool, but that will never happen,'" Shields quipped. And then he watched a host of YouTube videos to prep him for the task of remodeling his children's bathroom, and thought, "We want to be back to where we used to be before we sat our fat butts behind computers. We want to make things."

That's why Shields made a case for three-dimensional printing, which will help the business extend medical treatment and improve performance. He pointed to a pain-free needle created by students at Rice University using a 3-D printer and said that this was just the beginning. "Imagine kidney patients awaiting transplants," he added. "[3-D printers] are consumer devices. They're cheap. One person had a brain tumor removed—then he printed it out and sent it to his oncologists to bolster treatment."

Next up was Manice, who preached the democratization-of-health-information gospel. Noting the shrinking digital divide, which will allow patients to remotely monitor and self-manage their diseases, Manice believes that big data will lead us toward a "new era of personal medicines."

She pointed to the current climate in pulmonary disease as an example. For the most effective treatment of asthma or COPD, plans must be custom-tailored to the patient's specific needs—and tweaked on a regular basis. "Past experience of asthma isn't always predictive," she noted. To that end, Manice said the hospital of the future might not be a hospital at all. "A patient can monitor his or her vitals. Technology has become the connective tissue."

Quipping that patients are "just consumers who are horizontal for a time," Frishauf spoke about the convergence of consumer and patient empowerment. He believes, in fact, that the current tidal wave of change within healthcare is being driven by newly empowered individuals. Frishauf noted how Wikipedia has evolved into the most trusted source of online information and pointed to Project Medicine's efforts to make sure Wikipedia articles about medicine and health are both thorough and accurate.

"In America, medicine used to be a system driven from the top down by academics—mostly men, mostly physicians. Now we have more NPs and PAs than first-line clinicians. A lot of that is due to pressure from consumers and patients," he explained.

Magill introduced his theory about the transformation of commercial models within healthcare with an anecdote about IBM, labeled a "dinosaur" on the cover of *Fortune* back in 1993. His point? It's possible for even the biggest companies to shake themselves up and effect massive change in their commercial approaches.

Magill said that the "digital citizen" will spur similar transformation of commercial models in healthcare. "She swims in a sea of information. She's good at deciding what she wants to tune in and tune out … She has high expectations—which are driven by her experience in all sectors, not just healthcare." For healthcare organizations, that means a shift in focus, from one-way promotion to two-way engagement. "We're going to have to elevate insights and analytics," he noted.

Chit, on the other hand, pointed to the increasing role played by economists, now being hired in greater numbers than ever before by biopharma companies. They're need-

"We're going to have to elevate insights and analytics."

—Paul Magill, senior advisor, McKinsey & Company

ed, he believes, because the economics of the healthcare system are a mess. "This is a sector that needs resuscitation right now," he said. "Healthcare is probably mankind's greatest achievement over the last 100 years. We've doubled life expectancy in that time … [but] the system is not working right now."

If it costs $2.1 billion to bring a drug to market, Chit continued, the question of who ultimately pays for that drug needs to be answered, and soon. "You're between a rock and a hard place: Development costs are soaring and payers don't want to pay," he explained. "Economists have already been employed [by healthcare organizations]. It's time to unleash these creative minds and have them get to work on the model."

DiSimone—who ultimately won the competition, by virtue of audience vote—concluded the session with his thoughts on the eventual ubiquity of the individual genetic profile. This, he argues, will transform healthcare into a new era of precision. "Never will there be a time when somebody is blindfolded by a diagnosis that is life-altering," he said. "If you do have a preexisting condition, you may be able to turn a death sentence into a long-term chronic illness."

DiSimone believes that the industry as a whole—including patients—is ready "to get rid of the one-size-fits-all approach to medicine." He also gave a shout-out to the conference attendees, who he said care enough about the future of healthcare that they're personally toiling to fix it. "There are thousands of entrepreneurs who are passionate about it," he said. "They're the ones who are going to make the future happen."

PRECISION MEDICINE: BEYOND THE PRESIDENT'S STATE OF THE UNION

Dan Renick, co-president and chief commercial officer, Precision For Medicine

Renick began his presentation by thanking President Obama, whose mention of precision medicine during January's State of the Union speech helped Precision For Medicine in its attempt to "reach a large TV audience" earlier this year. "He followed up with a budget ask of $215 million—which is not a lot, but it will generate interest. We'll keep funding the State of the Union as long as we can," Renick joked.

Nonetheless, Renick's state of the union for precision medicine proposed a host of changes for healthcare organizations hoping to adjust to—and benefit from—the new era the business is about to enter. He started by describing the current atmosphere, noting that one-size-fits-all medicine will soon go the way of the dodo; that new drug-development paradigms are leading to more targeted/individualized therapies; and that the impact on the commercialization, valuation and payment models for biopharma products will be significant.

Renick illustrated the challenges that lie ahead by noting an exchange he recently had with his teenage daughter. "She said, 'Drugs are so expensive!' " he recalled, to big laughs from the audience. "I said, 'You're a fairly bright kid, but I don't know if you're in a position to make that statement.' We were in the car, so she had no choice but to hear the rest of this talk."

The $85,000 figure for a hep.-C treatment regimen—one that cures patients, mind you—is a large one indeed. At the same time, Renick pointed out that the value doesn't end with the patient him- or herself. "It extends to HCV-negative individuals through incidence reduction. You're helping people who no longer have to potentially encounter that down the road," he explained. After all, if we treat a mere 5% of the HCV-positive population, that would free up scarce livers for patients who need transplants. There are currently 15,000 people on the waiting list for livers, he noted.

But given the debate that the transformation that hep.-C drugs fueled, Renick asked, what happens if the industry develops a cure for diabetes? "Highly effective therapies for large-prevalence diseases may be the wave of the future," he said, noting what could happen if the treatment costs aren't borne by the parties who benefit. "The pressure will build to limit access to patients in need."

"Highly effective therapies for large-prevalence diseases may be the wave of the future …"

—Dan Renick, co-president and chief commercial officer, Precision For Medicine

INTERGENERATIONAL LEADERSHIP SUMMIT: CEOs, PARTNERS AND LEADERS OF ESTABLISHED AND NEW HEALTH-TECH FIRMS COMPARE NOTES

Marc Iskowitz, editor in chief, *MM&M* (moderator)

Meg Columbia-Walsh, 2014 luminary at Healthcare Business Woman's Association, partner, global lead of digital innovation and marketing excellence, Ernst & Young

Melissa Manice, CEO and co-founder, CoheroHealth

Josh Stein, CEO and co-founder, AdhereTech

Benjamin Wolin, CEO and co-founder, Everyday Health

The on-stage summit meeting of leaders new and (comparatively) old sought to answer a handful of questions regarding the way health-tech start-ups and traditional healthcare entities go about their business. Like: Has it become easier for entrepreneurs to collaborate with traditional industry monoliths? And: Within the constraints of a highly regulated industry, is it possible to be simultaneously innovative and conservative?

Columbia-Walsh, who joked that she was the "old" on the panel, said the key to overcoming pharma's supposed resistance to change is framing the proposed changes in a manner that can be easily processed. "If you're going to put something into [pharma's] system, you have to figure out for them how it's going to benefit them," she explained. "It takes time—they're slow—and it takes putting [the changes] in a way that they can understand—showing them that if they take money away from something else, it will benefit them."

There wasn't much generational discord. Wolin described his start-up-to-success journey in detail, noting a shift in pharma receptivity along the way. "Pharma is more open to these ideas," he said. "As a start-up, we went to pharma and were like, 'You probably should market on the Internet because you like using the Internet yourself.' That got us through a certain phase—test budgets, experiments. What allowed us to scale was proving the efficacy of marketing programs done with us. You want to be a great partner to pharma, prove that [a program] works."

Stein reported a fairly similar experience, at least in terms of openness. However, he credited non-pharma companies for the shift. "There was a general increase in the comfort in using technology and new tools. Uber is only five years old—but something like that drives everyone to be more comfortable with the new," he noted.

Opinions were slightly more divided when it came to collaborations between start-ups and pharma companies. Asked by Iskowitz whether collaborating with pharma remains the "bugaboo" for budding health-tech entrepreneurs, Manice said, in effect, that it's unfair to lump all collaborations under the same umbrella. Her company's focus on a single area, the respiratory market, rendered it far easier to have productive conversations. Stein agreed, if with a small caveat: "We don't see dealing with pharma as any kind of a negative. We built this technology to work with them. It's a treat. What can I say? There are differences within company cultures."

As for whether pharma companies are truly pursuing what Iskowitz called an "innovation agenda," Columbia-Walsh said they were—sort of. "If we stick to just the top 10 companies, there's more diversity [of thinking] in the room," she explained. "But I think there's some confusion now between the concepts of innovation and digital. Does [innovation] have a separate department? Where does it sit? If we have a business-development team, should they be in the innovation department?"

Wolin immediately picked up Columbia-Walsh's train of thought. "There's a ton of pilots going on … but there's also a huge difference between what's a pilot and what's a possible business," he said. "There are lots of digital centers of excellence—but how much of that is baked into the biggest drugs in the world?"

Along those lines, Wolin cited some numbers. "I see a lot of progress, but if you take a step back and look at the overall marketing mix … pharma spends $20 billion a year in the United States and $19 billion is on television and the sales force. Last decade's plan is still what's being used."

"You want to be a great partner to pharma, prove that [a program] works."

—Benjamin Wolin, CEO and co-founder, Everyday Health

WHAT IS A BUSINESS MODEL AND HOW DO YOU SELL IT?

Jack Barrette, CEO, WEGO Health

Larry Brooks, director, business innovation: digital health, Boehringer Ingelheim

Tom Kottler, CEO and co-founder, HealthPrize Technologies

The titular question of "what is a business model?" was not one that an audience of execs and entrepreneurs well versed in running companies would have had any difficulty answering. But when that question migrated over into the new world of healthcare—what exactly constitutes a circa-2015 business model in the post-ACA landscape?—well, the discussion proved more lively than it otherwise might've been.

Asked by Kottler about the strategies he (and his Boehringer Ingelheim colleague, presumably) would recommend using when attempting to pitch him a new business model or concept, Brooks said, in so many words, to just get it out there. "Essentially what we do in our organization is take the place of procurement in that process," Brooks explained. "There's no bidding process. We don't RFP out business innovation and digital health projects for this reason: If we identify something, we have our own due-diligence process."

Barrette noted that WEGO acts in a similar manner under the same circumstances. "I'll be honest: We will not respond to RFPs. It's not an ego thing. We've tried it," he said. "Whenever we wedge ourselves onto a spreadsheet or an existing model, it just doesn't work. Innovation gets lost."

Referring to his company's own experience, Kottler nodded knowingly. While he believes the will to innovate is strong, he said that the industry "doesn't see as much of it in actuality" as anyone would like. "Selling innovative products is difficult. Selling an innovative business model is impossible," he reported, citing the difficulty of finding internal champions within big healthcare organizations. "[Pharma] companies have to find a different way to digest it … we've never won a piece of business without one or two people willing to go to bat in a big way for innovation."

And that doesn't even touch on issues surrounding financial risks and rewards, Kottler added. "Lots of people ask us, 'Will you risk-share with us?' We say we'll take all the risk, as long as the reward gets built in. There's a lot of talk about different business models, but when you get to the people who have to sign the contract, there's a lot less willingness to accept innovation. That's where some innovation tends to get lost: 'I'd love to do that, but there's no way I'm going to get that approved, so why bother trying?'"

"When you get to the people who have to sign the contract, there's a lot less willingness to accept innovation."

—Tom Kottler, CEO and co-founder, HealthPrize Technologies

BRAINSTORMING SESSIONS AND RECAPS:

Session 1: Are we cut out to be healthcare service providers?

Session 2: Where do wearables fit into pharma's overall business strategy?

Session 3: Is adherence a driver of value?

Following a set of three 25-minute deep-dive sessions, during which small groups worked to address each of the above questions, attendees reconvened in the main conference room for a presentation that included a brief overview of the main points and was intended to culminate in a 140-character action item—something for each participant to take away as a call to action for fostering true transformation in their organizations.

First up was Rob Peters, SVP of strategy for MicroMass, who moderated on the topic "Are we cut out to be healthcare service providers?"—a nod to the transformation the industry is going through from a manufacturer of chemical or biologic cures to a provider of healthcare services that enable better health outcomes.

The rather-pragmatic windup—that pharma must do this in order to survive—was not entirely surprising considering the number of service providers among the mix of people in the room. But the group shifted to thinking about what it takes to assume that role while offering value as well as the concept of going beyond the pill.

DAY OF DISRUPTION

The solution, as reported by Peters? Better collaboration among members of innovation groups can be fostered by bringing healthcare and service providers together. For that to happen, the operational model needs to change and there needs to be shifts in value metrics and adoption of more of a real-world value model.

The FDA and regulators need to be more open-minded as well, a situation for which Peters also had a recommendation: Marketers should be more proactive. "If you're going to open things up and transform, you need to look at what's not being done right now," he said. "Taking those approaches to the FDA and saying, 'This is what needs to be done,' rather than asking, 'Can we do this?' is really the way to make them see a different path forward."

Second to present was Neil Matheson, global CEO of Huntsworth Health, and his breakout question ("Is adherence a driver of value?") was answered in the affirmative. Matheson then filled in the "why" and the "how."

First is that improving patient outcomes is clearly a driver of value, given that poor adherence is a major factor in compromised outcomes. He also noted the role cost plays in adherence, recalling that the government of Northern Ireland found, 18 months ago, that it was losing about £100 million per year to non-compliance. It was able to reduce that number with the help of mobile health-support programs.

The example highlights how past programs have proved successful but have only chipped away at the overarching problem. Most of these efforts have only been about cost and economics as a driver. But it's a new world, in that current thinking lends more credence to behavioral science as key to changing behavior.

Matheson asked, however, "Where does [education] happen? ... Is it at the pharmacy? I always sign that thing to decline education when I pick up a prescription. Does it happen through self-discovered information online? All of this requires a huge amount of ongoing discussion."

One member of his group pointed out that Weight Watchers, which has played the behavior-change game for decades, came up with a slogan worth repeating: Keep it simple and do it with a buddy. Having a friend/coach to reinforce good behavior is essential to any program.

Matheson's final takeaway? Individual companies shouldn't necessarily run adherence programs. "I was at the American Lung Association meeting the other day, wandering around reception looking at patient information stuff. My God, it looks like it comes from the 1960s. It's awful," he recalled, adding that regulation and industry lawyers sometimes prevent marketers from doing what's right.

The final presenter in the brainstorm recap was Nirav "Rav" Sheth, director of market development, medical, MC10, whose group tackled the question of whether and how wearables fit into pharma's overall business strategy. Following a spirited discussion, the short answer was that they indeed fit in—but that the devil's in the details.

The first generation of devices weren't clinically validated, he noted, and didn't provide insight in the world of pharma. As for current barriers, Sheth said, "We didn't hear a lot about government getting in the way or technology not being available. Discussions were more about, 'Yeah, data is out there, but how can we access it? Can we share it across silos?'"

Sheth asked what success looks like. "If you're measured by getting data into a database, that doesn't encourage you to innovate or do change," he explained. "We're not there yet. We're closer today but not as close as we will be two years from now."

At the same time, he mentioned that someone in his group had an Apple Watch. "We got to see it and heard the consumer version of, "You know, the technology isn't exactly what I wanted it to be, but I'm hooked."

"Yeah, data is out there, but how can we access it? Can we share it across silos?"

—Nirav "Rav" Sheth, director of market development, medical, MC10

PHARMA'S DIGITAL DISCONNECT: WHAT'S SLOWING MARKETING INNOVATION AND HOW ORGANIZATIONS CAN PUSH FORWARD

Monique Levy, VP, research, Manhattan Research

In the final session of the conference, Levy—like many who had taken to the podium earlier in the day, one of the 40 honorees—pulled together many of the threads from the speakers who had preceded her. Joking that many in attendance might be feeling somewhat "frazzled" in the wake of the changes roiling healthcare, Levy painted a picture of an industry embracing technology in fits and starts.

"There's lots of momentum, lots of great energy," she said. "Then you hear about a company that just did a YouTube campaign that did really well with just 1% of the TV budget—and the team can't get any more. You'd hear about digital acceleration teams with huge momentum and their big initiatives, but then their budget would be cut by 60%."

This and other anecdotal evidence prompted Levy and her Manhattan Research colleagues to take a closer look at how pharma and healthcare organizations are structured. They hoped to answer a question that had long vexed would-be innovators within these organizations: Is there an ideal structure to foster innovation?

They set about constructing a digital maturity scale for companies in the business. On the low end, according to Levy: entities that regard digital as "something they think they have to do because people are online … Maybe you've got good measurement, but you're very isolated." On the high end: entities for which digital "starts to mean a company-wide approach to meeting performance goals and delivering customer experience and becomes a process for optimizing and driving revenue."

Of the 18 large and mid-size pharma companies Levy examined, half had a dedicated innovation team. Those teams were usually staffed with up to three full-time employees; some said they enjoyed exceptional organizational support while others said they felt "uneasy" and weren't sure exactly where they sat within the company hierarchy.

"The ones doing well had a direct line to the C-suite and felt really connected to them. They had a direct mandate from the C-suite," Levy noted. Individuals on less successful teams, on the other hand, told Manhattan Research that "they were in a period of transition and chaos. In some cases, they said that IT had taken the lead for innovation."

So what, then, are the factors slowing digital progress? One of them refers back to the "transition and chaos" described by frustrated members of underperforming innovation groups. "One exec said to me: 'No more reorgs—please, put that in your report,'" Levy recalled. Indeed, 86% of these groups had restructured within the past 12 months while 78% said their company wasn't organized for digital success.

Other factors include disparate realities, a misalignment of digital groups and brands and the pairing of low investment and high expectations ("money doesn't follow the mandate," Levy quoted one respondent as saying).

"One person said to me, 'I'm not sure paid search works,'" she continued. "It was heart-stopping. You show them the data and it still doesn't get through. I used to be a psychologist—there's obviously something deeper going on with all of this."

Levy sees a way forward for pharma companies hoping to innovate in the digital space, one that involves better C-level involvement, strategic coordination with brand teams and digital proficiency among traditional marketers. At the same time, she believes that for the industry to truly embrace innovation, many time-tested approaches will have to be adjusted.

"For many pharma companies, the way to move ahead is to go to sales," Levy said. "But you hear, 'If I go in and tell the head of sales that reps aren't working, I'm going to lose my job.' For pharma to move forward, [companies] have to change how teams are incented and the timelines that they're on."

"For pharma to move forward, [companies] have to change how teams are incented and the timelines that they're on."

—Monique Levy, VP, research, Manhattan Research