



Competitive Intelligence And Strategy in Today's ENVIRONMENT

CI and CS evolve to meet new business challenges.

As the industry experiences a myriad of new pressures, many of its tried-and-true business practices are shifting to meet new challenges, and the world of competitive intelligence (CI) is no exception. Some in the industry are predicting that not only will CI soon be defined differently, but its role and influence are also evolving.

The pervasiveness of online data and new tools that help collect information may open up many opportunities for competitive intelligence, but make no mistake, our experts say, these factors also complicate matters. The constant evaluation of the vast amount of competitive market information requires new, complex methods and planning, or companies may put themselves at risk of making poor decisions.

Our experts say to meet these changes, it is important to understand the difference between competitive intelligence and competitive strategy, to recognize the changes that need to be made, and to meet the new challenges. Below our experts in the field of CI discuss these points.

CI and CS Defined

In summary:

1. CI is information; CS is what you do with the data
2. The lines are blurring between CI and CS
3. Both CI and CS are crucial for effective planning

MARY ANN RUSZINSKO. DAIICHI SANKYO. CI is the action of defining, gathering, analyzing, and distributing intelligence about products, customers, competitors, and any aspect of the environment needed to support strategic decisions. Competitive strategy is taking that data and using it to build the strategic platform for a NME. Developing a CI strategy is more important in recent years because of the focus on personalized medicine.

JONATHAN GOLDMAN. MANNKIND. Simply put, CI informs CS. The information gathered through CI efforts should be used as input toward developing effective competitive and business strategy. The volatility of today's business environment should reinforce the

need to rely on a strong foundation of CI; when times are uncertain, executing on core and proven activities to support marketing and strategic planning efforts becomes more critical to ensuring long-term success.

MILLIE QUINTO CASON. ASTELLAS. CI is definitely evolving and changing, and the need for CI will increase especially within the next several years because our needs are evolving. The pharmaceutical industry is experiencing new and different challenges, including more generic launches of key products. CI methods are also becoming more structured and analytical. Previously, competitive intelligence was more ad hoc, gathering information about relevant market and competitive tactics that were happening immediately. Now, competitive intelligence is evolving into more of competitive strategy, integrating the implications of the information and insights to influence go-forward strategies or a particular brand or therapeutic franchise. We see this evolution into competitive strategy with the increased use of scenario planning, war gaming, and other events to influence strategy.

FRANK SAMA. GENZYME. In my opinion, CI needs to be done continuously; companies should be monitoring, analyzing, and reporting on events on a daily basis. Intelligence can have both short-term and long-term effects on the business. Competitive strategy is geared toward the longer term and certainly does not need to be revisited daily. Companies need to understand trends and start planning for potential events that could affect their business in the future. The two efforts complement each other; CI should be informing competitive strategy.

LEONARD FULD. FULD & COMPANY. Competitive intelligence and competitive strategy have evolved and are merging, becoming a complementary set, rather than a Darwinian story of one concept surviving over the other. Competitive strategy today cannot succeed without good intelligence and good intelligence holds little meaning without strategic context. When CI began it was mostly about finding a good source of information in a timely manner. Today, fresh, unique information is still critical, and that need will never go away — just ask folks working the trading desks on Wall Street. Top strategy consulting houses all include CI in their portfolio of services. And often, consultants and the practitioners within large corporations facilitate war games and other strategy events to allow the executives to thoroughly argue through critical decisions. These events blend strategy with competitive intelligence. They become one and the same: a way to inform management and move the strategic question ahead.

DAO VO. PHARMAVOXX. While it depends on

the organization, most CI groups are likely providing something in between competitive intelligence and competitive strategy. CI answers the question of what is happening in the market. It's the gathering and synthesis of data to answer specific key intelligence questions. Good CI groups go further by answering the question of so what. They gather the data, consider the sources, report the intelligence, and draw conclusions and implications from the intelligence that might identify threats, opportunities, or topics needing further monitoring. Competitive strategy takes this one step further by offering actionable recommendations. For example, if the identified threat is that a competitor will be launching a new messaging campaign highlighting a specific differentiating efficacy message, the recommendation would include a specific action plan to blunt the effect of that new positioning. Competitive strategy is an extension of competitive intelligence rather than different functions.

New Challenges Yield Changes in CI Process

In summary:

1. Focus shifts to longer-range view
2. CI should be shared across channels
3. Relationships become useful as CI sources

MARY ANN RUSZINKO. DAIICHI SANKYO. Today, marketers find themselves in an era of personalized medicine and biomarker differentiation. Both are key drivers that have generated a need to challenge traditional CI methodologies, especially in the areas of assay development and companion diagnostics. Today, the focus has shifted away from syndi-



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DAO VO / PharmaVoxx

cated studies and tracking studies to more primary CI and leveraging relationships. For example, at Daiichi Sankyo, we create long-term collaborative relationships with scientific leaders by engaging them across the product life cycle. This provides the opportunity to look earlier in the development pipeline to garner meaningful CI that can transform a target product profile into one that will fulfill the unmet need of a small patient population.

MILLIE QUINTO CASON. ASTELLAS. Because of technology advances, the quality of the data has improved and it can be easily validated, but at the same time the markets are becom-

EXPERTS ▶



MILLIE QUINTO CASON.

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Pharma is Leaving Good Intel on the Table

Today more than ever pharma firms are encountering a market with new entrants from a wide variety of sectors, including overseas generics, medical devices, and novel alternative solutions. According to a recent survey conducted by Fuld & Company, the ethics pendulum has swung far to one side, leaving those pharma companies that deny nearly all primary information collection vulnerable to competitive surprises and blind spots.

“The pharmaceutical industry has become very insular and gun-shy at times about doing competitive strategy and intelligence,” says Leonard Fuld, chairman of Fuld & Company. “I know of at least one or two instances where a pharmaceutical company has forbidden the collection of primary, first-hand information collection. These firms only allow secondary information collection. This both limits management’s view of its market and its competition.”

In a recent update of Fuld’s information collection ethics survey, 19 CI collection scenarios were reviewed, including over-hearing airport conversations, calls from suppliers, and attending and collecting information from trade shows. Industries other than healthcare deemed 10 of the 19 cases as normal to aggressive behavior. In contrast, healthcare respondents stated that 17 out of the 19 cases ranged from aggressive to unethical with one categorized as illegal by most healthcare respondents.

ing more and more competitive. The focus is more forward-looking versus the former here-and-now attitude. More sophisticated CI groups focus less on what is happening in the market today and more on what investments are being made, where the market is going, and how the market is evolving as we go forward. In that way, competitive intelligence is evolving a bit into competitive strategy. Competitive intelligence looks at the competitor’s products from the competitor company, physician, patient, and payer point of view. Competitive strategy goes a step beyond competitive intelligence. Competitive strategy focuses on all of the players in the market, think

Other steps to viable CI collection include:

- » **Key Opinion Leaders.** The tried-and-true tradition of working with KOLs remains important but can also produce a very one-dimensional viewpoint. This is because they may only interpret science behind the drug’s mechanism of action and not the messaging and counter-messaging among rivals, a very large part of what makes a particular drug successful. But KOLs are still an effective way to both collect strategic insights on the market and help disseminate messages on a new compound or treatment regimen.
- » **Social Networks and Direct From Consumer.** Big pharma as well as biotech companies have all learned to use social networking as a messaging tool but they are falling short on appreciating the sometimes unruly but highly informative information channel such networks offer. Think of them as direct-from-consumer (DFC) messaging to the pharma company. We have seen complaints, advocacy for off-label use, and just plain chatter that if taken seriously can help a company alter its messaging to the market just enough to gain necessary share.

Over the last decade the entire pharmaceutical industry has suffered a reputational slide. The practical result from a competitive strategy and CI standpoint is that most firms have become gun-shy from collecting sometimes even very safe information.

Porter’s Five Forces. We begin to look at direct competitors, substitutes, bargaining power of suppliers and buyers, etc. Competitive strategy starts to take into account some of these other forces or other dynamics that are happening in the market and gives executives a better perspective of the implications for the market and how the market will look three, five, and 10 years from now.

FRANK SAMA. GENZYME. The demand for CI is still very high, and the scope of our research has widened. We need to look beyond our immediate competitors to the larger, external environment to assess what will affect our busi-



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MILLIE QUINTO CASON / Astellas Pharma US



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JONATHAN GOLDMAN / MannKind

ness going forward. The development of new technologies and changes in the regulatory environment are examples of events that can disrupt the status quo. I have also noticed an increasing need for intelligence from emerging markets, including Asia and South America. A number of new CI consultancies based out of or with operations in India have also come to my attention. They employ highly trained and highly skilled staffs who create quantitative deliverables such as data analytics, portfolio analyses, and forecasting at reasonable prices.

DAO VO. PHARMAVOXX. With regard to methodology, level of analysis and delivery of information continue to evolve as CI groups struggle to find ways to engage a broader and more senior-level audience. As a result, focus has shifted away from advancing data gathering methodology and has turned to deepening the analytical component of CI. Consequently, the challenge now becomes innovating the delivery of strategic insights so that it not only reaches but also influences a more senior audience and affects higher-level decisions. This can't be done with the standard format of intelligence re-

ports, newsfeeds, and other mechanism that CI groups currently use to disseminate information at a more tactical level. The most effective CI groups have increased their visibility to functional groups outside the traditional product management teams. This includes offering CI support to functional areas not previously considered as core CI users. Regulatory, business development, and health outcomes research are just a few functional areas that are being introduced to the insights that CI professionals can add to their processes. The ability to reach both a wider audience and a more senior-level audience is critical to CI functions if they are to survive major cost-reducing measures.

JONATHAN GOLDMAN. MANNKIND. People can debate which CI techniques are most reliable and productive, but what matters most is that companies have to communicate that CI is everyone's responsibility. When business managers gain potentially valuable information through the course of their daily activities, it should be shared promptly — along with a degree of confidence in the information — with their colleagues who are responsible for

strategy or their CI professionals. Similarly, within the organization it is everyone's responsibility to remain diligent about sharing potentially sensitive company information across channels within the organization.

Meeting New CI/CS Challenges

In summary:

1. Prove value proposition
2. Address mind-blowing variables
3. Take payers into consideration

MARY ANN RUSZINKO. DAIICHI SANKYO. On-going innovation is the key to our industry's success and to helping patients. Innovation has shifted from the large R&D pharma model to unique environments, such as incubators. As patents expire and generic medications come onto the market as lower-cost alternatives to branded drugs, the health of the pharmaceutical industry will rest on its ability to bring innovative products to market. One of our top priorities is to ensure that our new products offer patients and society incremental and quantifiable benefits over existing therapies.

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“ Unrestricted access to value-based medicine is where our future lies. This is an important trend to understand in developing a CI strategy. ”

MARY ANN RUSZINKO / Daiichi Sankyo

We are making significant effort as an industry and, certainly within Daiichi Sankyo, to be able to articulate that new value proposition for our products to ensure informed decisions. Unrestricted access to value-based medicine is where our future lies. This is an important trend to understand in developing a CI strategy. These incubators may hold key scientific advancements that would help differentiate and develop a NME. Leveraging CI early on in the drug development process is a benefit to our company and people worldwide.

MILLIE QUINTO CASON. ASTELLAS. In terms of the industry, the biggest challenge is understanding the many variables in the market right now. From the dynamics of healthcare reform to the consolidation of pharma players to the growing importance of payers, there are a multitude of factors that play into how the market is going to evolve. The biggest challenge is having a thorough understanding of all of the different scenarios that could potentially play out and identifying the variables and how they will impact those scenarios. The next challenge is then planning for all the scenarios, because never before have so many variables been in play.

JONATHAN GOLDMAN. MANNKIND. Perhaps the most important challenge to achieving strategic business goals is to ensure awareness of both U.S. and global regulatory requirements and trends. This necessitates a significant and intense effort on the part of the organization's regulatory professionals and management to stay informed and responsive to agencies around the world.

FRANK SAMA. GENZYME. There is no shortage

of news and intelligence sources available today. News travels faster than ever. Companies need skilled people who can sort through the noise, distill the relevant information, understand the implications, and effectively report back.

LEONARD FULD. FULD & COMPANY. This is a very sophisticated industry from a strategy and intelligence standpoint. Yet, there is room for improvement. Too often, I find lots of silos within these companies that impede fresh, clear strategic decisions. The industry must stay close to its market, which includes investment meetings, watching the blogosphere, and not just talking to itself at scientific congresses — although, once again these are critical information-exchange forums and will remain so. They must observe the payer community very, very closely. This is one piece of the competitive map that I believe has changed the most and will continue to influence the pharmaceutical markets for years to come. One formulary ruling one way or the other can change the fate of a drug. Most important, pharmaceutical and biotech firms must create strategic discussion forums inside their own companies where they can rationally argue — not just at an executive or board level — the critical issues facing them to gain competitive insights that will help them to win in the marketplace. PV



“ A competitive strategy cannot succeed without good intelligence, and intelligence holds little meaning without strategic context. ”

LEONARD FULD / Fuld & Company

SOUND BITES FROM THE FIELD ▶

CI experts offer up best practice tips for identifying competitive influences in today's uber-competitive environment.



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“The biopharmaceutical industry is fiercely competitive. Decision-makers must establish and defend positions within fewer attractive segments amid intense market saturation. This challenges competitive intelligence firms to migrate from merely gathering information toward using innovative, hybrid methodologies. These approaches bring new clarity to decision-making because they are anchored by analytical techniques that synthesize information, raise thematic elements and focal points, and match them to an evidence base.

Just as an MRI allows physicians to predict potential events, evidence-based intelligence provides options to accelerate advantages or blunt threats. The business goal is to maximize asset value, manage life cycles, and optimize resource allocation to achieve optimal returns.”



DAVID FISHMAN is President of Snowfish LLC, a marketing firm focused on the pharmaceutical, biotechnology, and medical device industries. For more

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“Identifying competitive influencers relies on careful assessment and understanding of the relative importance of multiple factors to each audience. The value of therapy in terms of quality of adjusted life year (QALY) is important to payers. Clinicians are likely interested in patient-centered features, such as administration frequency and side-effects profile.”

A photograph of three healthcare professionals in a clinical setting. A male doctor in a white coat and stethoscope is on the left, looking at a document. A female doctor in a white coat and stethoscope is in the center, looking at the document. A female professional in a dark blazer and white shirt is on the right, holding a pen and looking at the document. The background is a blurred clinical setting.

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