

## Diabetes Patient Market Study **JOINS** **NOP WORLD HEALTH PORTFOLIO**

Extending its line of therapeutic class research, NOP World Health has added Diabetes Patient Market Study to its portfolio of disease-state research. The staff of diabetes experts who support the study, which has been produced by NOP World Health's sister company, RoperASW since 1989, will be integrated into Market Measures/Cozint, one of the three healthcare research leaders that comprise NOP World Health.

The Diabetes Patient Market Study is the latest addition to Market Measures/Cozint's line of therapeutic class research, conducted with physicians, patients, and managed-care executives across more than 50 disease categories.

"RoperASW's Diabetes Patient Market Study has been the industry's gold standard for understanding every facet of diabetes — from patient attitudes and demographics to product usage and sources of care — for 13 years," says Elaine Riddell, CEO of NOP World Health. "By bringing it under the NOP World Health banner, we will supplement the RoperASW diabetes group with a full team of knowledge leaders across a diverse range of therapeutic categories, enabling us to expand the study into other major disease areas."

"Within the year, we will have Patient Market Studies available in both the asthma and the cholesterol-lowering classes — providing the same worldwide view of patient perceptions, treatment patterns and market trends that the industry has come to depend on in our diabetes report," she says. "Clients will benefit from an expanding suite of global patient studies that helps them strengthen their competitive positions, uncover new opportunities, and strengthen marketing and communication strategies in the categories most important to their businesses."

The 2002 U.S. Diabetes Patient Market Study — conducted from August through October 2001 — is based on a nationally representative sample of 2,000 diagnosed patients, and covers all types of diabetes. Results can be compared with findings from Diabetes Patient Market Studies in other major regions around the world — including Europe, Canada, Latin America, and the Asia Pacific — for a complete global perspective.

David Jacobson, Ph.D., VP and director of the Roper Global Diabetes Program, spoke to PharmaVOICE about some of the key findings in the study.

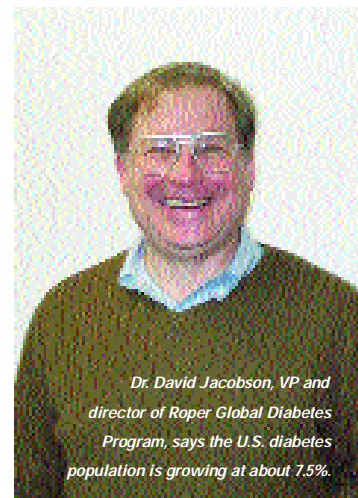
"The size of the diabetes population in the U.S. is 10.7 million and is growing at approximately 7.5% overall based on 2001 figures," says Dr. Jacobson, who pulled the study together. "One of the biggest findings was a dramatic change in therapy, with the

exclusive use of oral therapy rising to 54% in 2001 from 48% in 2000."

A troubling finding, Dr. Jacobson says, is the proportion of U.S. patients who are morbidly obese. "We found that 24% of U.S. diabetes patients are morbidly obese, and for comparison purposes, in our 2000 Western Europe study, we found that 9% of the diabetes population was morbidly obese," he explains. "This is a serious problem in the U.S., and it correlates, unfortunately, with a high prevalence of cardiovascular disease among diabetes patients."

Obesity is far more common with patients suffering from Type 2 diabetes, and patients with Type 1 diabetes are more likely to be underweight than Type 2 patients, Dr. Jacobson explains. But he adds that only 7% of the diagnosed diabetes population is Type 1.

Companies can choose to purchase the entire study package or individual sections.



*Dr. David Jacobson, VP and director of Roper Global Diabetes Program, says the U.S. diabetes population is growing at about 7.5%.*

## Growth in **DEVICES TO** **OUTPACE DRUGS** in CHF Market

The market for medical devices designed to address congestive heart failure (CHF) is growing at an explosive rate in all major healthcare markets, according to a study from Kalorama Information. The device sector is expanding at nearly three times the rate of the pharmaceutical sector, which is expanding at about 10%.

The study — Congestive Heart Failure: World-wide Pharmaceutical and Medical Device Markets — predicts that the growing prevalence of this costly disease, estimated to be more than \$38 billion in the U.S. alone, and the remarkable technological breakthroughs in device technology will only accelerate this trend for the next few years.

"With the expanded use of devices, such as left ventricular assist devices, the available market will increase significantly," predicts Ken Kruhl, Ph.D., an analyst for Kalorama and author of the study. "This means more money to go around, and that attracts competition."

Despite less aggressive growth, though, pharmaceutical treatments still will account for the larger share of the CHF therapeutic market for the foreseeable future. Furthermore, the pharmaceutical market will continue to be dominated by the major pharmaceutical companies already serving this category. "There appears to be little interest in standard pharmaceuticals for CHF outside big pharma," Dr. Kruhl says.



### DIABETES PATIENT-MARKET STUDY PROVIDES INSIGHT TO:

- ▶ The size and growth of the overall market, as well as of key treatment segments, such as insulin, oral anti-diabetic agents (OAA), diet only and blood glucose self-monitoring
- ▶ Multi-year trending of market expansion and diabetes care patterns
- ▶ Detailed daily therapeutic and monitoring behavior, including types and volume of insulin used, brands of OAAs, and blood glucose monitoring frequency
- ▶ Manufacturer and brand competitive positions
- ▶ Product/brand switching behavior
- ▶ Patient attitudes toward the control and management of diabetes
- ▶ Sources of care and condition information
- ▶ The doctor/patient relationship — including the extent to which patients influence or initiate changes in care
- ▶ Diabetes prevalence and proportion of Type 1 and Type 2 patients
- ▶ The relationship between testing, mealtime, and insulin and/or OAA dosing
- ▶ Patient characteristics, including age when diagnosed, body mass index (BMI), concomitant conditions, sex, education, employment status, marital status, income, ethnicity, Internet usage, and insurance coverage

## Disease Managers Say Spending on Prescription Drugs **REDUCES IN-PATIENT COSTS**

Disease-management organizations, representing more than half of the people in the U.S. participating in disease-management programs, say increased spending on prescription drugs reduces hospital in-patient costs, according to the Tufts Center for the Study of Drug Development.



Kenneth I. Kaitin, director, Tufts Center.

According to the Tufts Center study, 42% of disease managers surveyed claimed that increased pharmaceutical spending leads to net-cost savings across cost components. Another 21% said increased drug spending leads to greater total healthcare costs, while 37% said increased drug spending has no effect on total healthcare spending.

Separately, 75% of those participating in the survey said increased drug use increases out-patient and physician costs while lowering in-patient costs.

The Tufts Center survey covered 19 of the 25 leading disease-management organizations in the U.S., representing 55% of the 1.5 million people covered by disease-management programs.

Mr. Kaitin notes that use of pharmaceuticals is likely to grow in the Medicare program, where many beneficiaries suffer from multiple, chronic diseases. Medicare accounts for about 17% of total U.S. healthcare spending and about 60% of total U.S. spending on chronic care.

The Tufts Center survey, the second in the past two years to focus on disease-management organizations, also found that fee-for-service contracts, the least risky contract type used by disease managers, account for more than two-thirds (68%) of payment plans, reflecting the industry's move away from capitated contracts.

Disease management, as practiced in the U.S., seeks to manage and improve the health status of a carefully defined patient population over the entire course of a disease. It often targets high-risk, high-cost patients with chronic conditions whose optimal treatment depends on appropriate medication use.

"Since prescription drugs account for less than 10% of total current U.S. healthcare spending, while in-patient care accounts for 32%, the increased use of appropriate pharmaceutical therapies may help moderate or even reduce growth in the costliest component of the U.S. healthcare system," says

## Longitudinal Prescription Data Gives Users **KEY INSIGHTS** Into **PRODUCT USE**

A comprehensive new source of longitudinal prescription data, available from IMS Health, provides insights into U.S. physician prescribing dynamics and patient group profiles over time. Revealing detailed information about physicians' switching behaviors, new therapy starts, first-line and second-line therapy decisions, and many other details, IMS' longitudinal data help pharmaceutical companies build more effective strategies for reaching target physicians.

"Longitudinal data are an important competitive edge for drug companies, helping them understand not only what is happening with their drugs, but also why it's happening," says Gary Noon, president, IMS U.S. "IMS will leverage these data to create exciting, innovative new solutions that help our clients address their most critical marketing and sales challenges."

The data provide some perspective on prescriptions that previously was unknown.

"The vast majority of new prescriptions for most products are simply new refills," says Bill Henderson, marketing group director at IMS. "For example, if there are 100 new prescriptions in the proton pump inhibitor (PPI) market, 50 may be a prescription refill. But the other 50 may be very significant. In the PPI market there is a lot of switching, so data could be useful to know which of those prescriptions were switched from one product to another."

"Pharmaceutical companies or physicians using the data also will be able to find out details about concomitant therapy," Mr. Henderson continues. "It's important for doctors or drug companies to know whether patients are on other medications, such as therapies for high-blood pressure and high cholesterol. Some companies are coming up with products that are dual therapy and using the data available they can see how many patients are on two drugs that could be replaced

with a single treatment. The data enable companies to really get beneath the surface and see what's happening on the prescription-side of the business."

In addition to fueling new solutions, longitudinal data are expected to be integrated into many of the company's leading marketing effectiveness and sales-management solutions, as well as new Web-based applications and custom consulting projects. The IMS longitudinal data source is based on millions of de-identified prescription and physician records received from retail pharmacy and pharmacy benefit manager channels. By the end of 2002,

IMS expects its longitudinal data to cover more than 40% of the U.S. pharmaceutical market.

"Our primary goal is to make this strategic new information immediately useful to all of our customers, regardless of their size," Mr. Henderson says. "By infusing longitudinal data into our existing solutions and consulting offerings, we're able to offer this valuable information in a format familiar to sales managers, product managers, and market researchers for instant impact."

Several major pharmaceutical firms began receiving IMS longitudinal data in late 2001, and today the information is available to clients through IMS Global Consulting.

In upcoming months, the data will be integrated into an easy-to-use, Web-based query tool for marketing effectiveness applications and into popular IMS sales optimization services such as IMS EarlyView, which delivers actionable, prescriber-level insights directly to pharmaceutical field representatives' laptops.

Separately, IMS Health has announced an alliance with subsidiary firm Cognizant Technology Solutions — a provider of custom software development, integration and application management services — to help pharmaceutical companies better leverage their technology and data investments to support sales, marketing, and clinical activities.

The alliance combines IMS' pharmaceutical industry consulting expertise with Cognizant's technical strengths and manpower to deliver client-tailored technology solutions.

The IMS information management consulting team helps pharmaceutical companies refine and improve their sales and marketing IT infrastructures, ensuring a strategic alignment between their business goals and their information systems and processes. Through the Cognizant alliance, IMS can offer a more complete range of tailored consulting and technology solutions.

Among the solutions are diagnostic assessments, data warehousing, integration of internal client and sales management systems with IMS services, and implementation of complete software packages such as SAP, Oracle, and Siebel.

## **PHARMACEUTICAL SALES:** Double-Digit Growth for Sixth Consecutive Year

NDCHealth, a health information services company, has unveiled its 2001 year-in-review data for the pharmaceutical industry — PharmaTrends 2001, which offers a comprehensive view of sales and purchasing trends.

The report provides insight into drug-purchasing patterns, including the impact of September 11-related terrorist threats. It delivers historical analyses of 2001 sales against those of previous years and profiles the industry's leading products and companies,

### **DISEASE MANAGERS ON HEALTHCARE COSTS**

- ▶ **42%** of disease managers say increased pharmaceutical spending leads to net-cost savings across cost components
- ▶ **37%** say increased drug spending has no effect on total healthcare spending
- ▶ **21%** of disease managers say increased spending leads to greater total healthcare costs

as well as launches, drug approvals, patent expirations and research and development. The report also covers merger and acquisitions over the year, and explores managed care.

"PharmaTrends 2001 presents comprehensive sales data important to decision-making in the pharmaceutical manufacturing and investment communities," comments Walter M. Hoff, president and CEO of NDCHealth. "We're pleased to deliver PharmaTrends 2001 as a valuable and timely information resource. We think PharmaTrends will help to drive the rapid dissemination of knowledge to the industry at large. We intend for PharmaTrends to be the premier source for leading-edge data on prescription sales, purchasing trends, and other industry-shaping events."

In its research into the impact of September 11, the study finds some increase in anti-anxiety medications and sleep aids in the month following the attacks, leveling out thereafter. Use of antibiotics rose in October, with use of Cipro peaking during that month before declining sharply.

Among the key market events, according to the report, were that 2001 saw a sixth consecutive year of double-digit growth, with total pharmaceutical sales reaching \$207.9 billion, a 17.9% increase over 2000 sales of \$176.4 billion. Other significant findings were that promotion spending slowed — rising just 5.9% to \$12.5 billion in 2001 compared with a rise of 19.2% to \$11.8 billion in 2000 — Medicare remained at a standstill, Prozac went generic, dropping sharply from fourth place in terms of total sales to 10th place. Pfizer's Lipitor, meanwhile, snagged the No. 1 product spot from AstraZeneca's Prilosec.

Of the newly launched products for 2001, Glaxo-SmithKline's Advair recorded the highest year-to-date sales of \$589 million.

New drug approvals declined, with 24 new molecular entities being approved in 2001 compared with 27 in 2000, and 42 other NDAs in 2001 versus 71 in 2000. Generic drug approvals also declined, to 234 in 2001 from 244 in 2000.

## E-Marketing Efforts INCREASE PRESCRIPTIONS

Case studies show that e-marketing efforts lead to increased new prescriptions for the promoted brand, according to Lathian Systems Inc., a provider of technology-based sales and marketing solutions for the life-science industry.

Each of four Lathian clients' results showed significant increases in new prescriptions for physicians

completing at least one virtual detail. Each client had implemented its e-detailing campaign using the MyDrugRep eDetailing Solution from Lathian.

A meta-analysis of the four case studies showed variation in the resulting new prescription increases because of varying competitive landscapes for each product. However, all four cases showed a significant increase in new prescriptions. The analysis also showed that physicians completing multiple virtual details increased their new prescriptions at an accelerating rate.

These new case studies support earlier Lathian findings of physician enthusiasm about the virtual detail experience and physician intention to increase new prescriptions of the promoted products after education from a virtual detail.

On average, Lathian has found that as many as 50% of physicians completing a virtual detail intend to increase their new prescriptions. And more than 80% of physicians completing a virtual detail found the online experience to be "very good" or "excellent."

One case study by Lathian revealed results for Naftin, a Merz Pharmaceuticals product. In 2001, Merz re-aligned its salesforce to focus primarily on dermatology and podiatry and chose the MyDrugRep eDetailing Solution to reach a defined group of target physicians who had high-potential, low current market share, and who could not be adequately covered via the full-time sales representative force.

Incorporating the MyDrugRep eDetailing Solution, Merz realized increased new prescriptions of 51% for physicians completing two Virtual Details over a control group who had not completed a virtual detail.

This study was performed by an analytics group at the Wharton School of Business at the University of Pennsylvania and was analyzed at a 95% confidence level using a population of 180.

"Early in 2001 we launched a new positioning platform along with a first-in-class line extension for Naftin and we needed to ensure delivery of our message to our physician targets," says Terry J. Conrad, president and CEO of Merz Pharmaceuticals US. "Our eDetailing campaign quickly and effectively delivered our information to our targets and was especially helpful in extending our reach to high potential targets."

"The Merz experience is another example of e-detailing proving itself for increasing market share; this time to an audience with significant competition," says V. Brewster Jones, chairman and CEO of Lathian. "Innovative companies like Merz continue to find ways to incorporate e-marketing into their promotional mix to achieve significant increases in new prescriptions."

## U.S. LAGS IN HEALTH INDEX Despite Spending The Most Per Capita

U.S. healthcare expenditure, both per capita (\$4,180) and as a proportion of gross domestic product (13.1%), is the world's highest. But the country still only came 17th in a global health index. According to the survey by business intelligence providers World Markets Research Centre, the U.S. scores are worse than most other industrialized countries for every health indicator used in the index, except the incidence of tuberculosis.

In other words, the average American has worse access to a doctor and is more likely to die young than their Belgian counterpart, despite spending nearly twice as much on healthcare every year. The U.S.'s ranking in the index suggests that expenditure is not being targeted in the most efficient manner to improve the population's health, indicating that the U.S. healthcare system encourages inefficient expenditure.

The provision of care is essentially profit-driven. Since there is more money to be made from using the costliest drugs, equipment and in-patient care, this is the focus of the system. Money is poured into the most expensive forms of curative care to the detriment of preventative measures. The U.S.'s wealth has allowed a culture to appear that views the attainment of good health as a commodity that can be bought, if enough money is thrown at it. With many Americans living sedentary and unhealthy lifestyles — causing a dramatic rise in the incidence of obesity and diabetes, for example — U.S. healthcare expenditure is focused on the symptoms and not the cause.

Prescription drugs constitute the fastest-growing portion of the U.S. healthcare spend. But there is no sign of agreement in Washington, D.C., on how this will be funded in the long term, and it is bringing minimal improvements to the population's average health status. As long as this culture prevails and the system remains balanced as it is, it will continue to act as a black hole into which spiraling levels of expenditure disappear, with little prospect of achieving European Union standards of health.



"Legislators are starting to face up to the fact that cost-saving measures may be necessary to curtail expenditure," says WMRC U.S. healthcare analyst Henry Dummett. "With the Bush Administration and Congress debating how to make the prescrip-

tion drugs bill more affordable and 45 state governments struggling to fund their Medicaid programs due to spiraling costs, it would be in the long-term interests of the American people for legislators to look at where the money is spent and why."



## Pharmaceutical Companies **NEED NEW MODEL TO SUSTAIN GROWTH**, Study Finds

Pharmaceutical R&D and sales productivity are declining, according to research from Datamonitor, a market analysis company. The pharma industry's preferred strategy to maintain growth has been to invest more in current business practices, most dramatically via mergers and acquisitions.

However, Datamonitor's analysis of the relationship between company size and productivity shows that there are no significant economies of scale in sales activities — the revenue a pharmaceutical company generates is directly proportionate to its selling and general and administrative spend. And, ethical revenue is linear to the number of sales representatives.

The study — Networked Pharma: Innovative Strategies to Overcome Industry Margin Deterioration — finds that there is no, or negligible, scale economy in R&D investment, since the quality of a company's pipeline is proportionate to its R&D spend.



"Increasing investment in these critical operations is generating proportionally lower returns," says Jennifer Coe, strategy director at Datamonitor. "Higher revenue may be achieved but not greater profitability. The implications of this are clear: company size is not

an advantage in creating value for shareholders."

A new strategical approach will need to emerge to ensure continued success. To this end, Datamonitor Healthcare presents a networked pharmaceutical business model: a flexible, rapid, and radical alternative strategy to merger and acquisition or organic growth, in which capabilities and scope increase without extensive ownership of physical resources, intensive post-M&A restructuring, or corporate bureaucracy.

At one end of the networked spectrum, companies outsource tactically, buying-in capacity when required. At the opposite extreme is strategic outsourcing in which all of the sponsor's deliverables, not just overheads, are contracted out.

This new breed of networked pharma company will be able to grow by downsizing, keeping in-house only the intellectual capital that is critical to its competitive advantage and outsourcing the rest in the form of temporary and long-term, domestic and international, strategic alliances with peers and vendors.

"The future of the pharmaceutical industry will be about health networks not health companies," Ms. Coe says. "In 2015, networking will be the industry's preferred competitive strategy, with peers working together to gain market share."

Networked pharmaceutical companies will simultaneously enjoy the benefits of being big and of being small, exploiting productivity improvements by: reducing the risk and the time taken to achieve productivity improvements; increasing the range and flexibility of productivity solutions; negating M&A integration costs that partly erode one-off productivity gains; and eliminating the need to coordinate vast global operations and employees.

## **WIRELESS TECHNOLOGY** Poised for Adoption

Despite struggling with tight budgets and cost-containment initiatives that present barriers to investing in new information technology, the healthcare industry is poised to adopt wireless devices and applications in large numbers, according to a study by Technology Assessment Associates.

A rapidly increasing number of healthcare professionals now believe that wireless technology will provide improved data accuracy, reduce errors, and result in an overall improvement in patient care. Pro-

pelled by the perceived value of wireless as a way to increase service levels while controlling operating costs, Technology Assessment's study finds the number of wireless devices in healthcare will triple by 2005.

"We are past the proof-of-concept phase," says George Perros, managing director, Technology Assessment. "The early-adopters have weighed in, and the results clearly indicate that wireless technology in healthcare is efficient, reliable, and patient-friendly and caregiver-friendly."

Physician acceptance, once thought to be an impediment to wireless growth in this sector, is being mitigated by a wave of new physicians, many of whom used wireless devices in medical school.

Wireless-enabled handheld usage by U.S. physicians will climb to 55% by 2005, up from the current 18%.

**WIRELESS-ENABLED HANDHELD USAGE BY U.S. PHYSICIANS WILL CLIMB TO 55% BY 2005, UP FROM THE CURRENT 18%. THE NUMBER OF WIRELESS DEVICES IN HEALTHCARE WILL TRIPLE BY 2005.**

## Follow up

**DATAMONITOR PLC.**, with headquarters in London and an office in New York, is a business information company specializing in industry analysis. For more information, visit [datamonitor.com](http://datamonitor.com).

**IMS HEALTH**, Fairfield, Conn., is a leading provider of information solutions to the pharmaceutical and healthcare industries. For more information, visit [imshealth.com](http://imshealth.com).

**KALORAMA INFORMATION LLC**, a division of MarketResearch.com based in New York, supplies market research to the lifesciences industry. For more information, visit [marketresearch.com](http://marketresearch.com).

**LATHIAN SYSTEMS INC.**, Princeton, N.J., and Newport Beach, Calif., is a leading provider of technology-based sales and marketing solutions. For more information, visit [lathian.com](http://lathian.com).

**NDCHALTH**, Atlanta, is a leading provider of health-information services to pharmacy, hospital, physician, pharmaceutical, and payer businesses. For more information, visit [ndchealth.com](http://ndchealth.com).

**ROPERASW**, New York, is a research firm and part of the NOP World Health disease studies. NOP World Health, a supplier of primary research to the global healthcare community is the health-focused unit of NOP World. For more information, visit [roperasw.com](http://roperasw.com). **TECHNOLOGY ASSESSMENT ASSOCIATES**, Amherst, N.H., is a marketing and technology strategy company. For more information, visit [tech-assessment.com](http://tech-assessment.com).

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