PHARMA TRAX

SALES, MARKETING, AND R&D TRENDS AFFECTING THE HEALTHCARE INDUSTRY

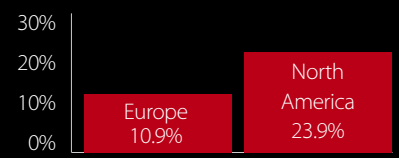
ELECTRONIC DELIVERY of CME GAINS POPULARITY

Face-to-face delivery remains the most common CME format, despite its relatively low rate of efficiency and information retention. But the Internet is quickly growing in relevance as a delivery mechanism, fostered especially by the fractured CME marketplace in Europe.

A recent benchmarking report from Best Practices, Educating the Market: Creating Value Through Support of Continuing Medical Education, finds that electronic CME (eCME) is delivering between 10% and 25% of global CME content, and CME leaders estimate that this percentage will double over the next three to five years. Already, some adopters are delivering as much as 75% of CME content through the Internet in the United States and 50% in Europe.

Some advantages of Web-based delivery are that it offers a platform that accommodates multiple learner preferences and provides shortcuts for targeting physicians who are broadly distributed across the spectrum of readiness for behavioral change as a result of CME. One factor driving higher eCME usage is that younger physicians entering the industry are more open to receiving electronic content, whereas older physicians are more resistant to the format.
For more information, visit best-in-class.com.

AVERAGE % OF CME DELIVERED VIA INTERNET



Source: Best Practices, Educating the Market: Creating Value Through Support of Continuing Medical Education. For more information, visit best-in-class.com.

Smaller, Refocused Salesforces COULD CREATE GREATER VALUE FOR PATIENTS


Anthony Farino

Science is leading the industry toward specialist therapies, and sales and marketing will have to adapt to this change.

The current role of the pharmaceutical industry's sales and marketing workforce will be replaced by a new model in the next 10 years as the industry shifts from a mass-market to a target-market approach.

According to the PricewaterhouseCoopers (PWC) report, Pharma 2020: Marketing the Future, the growth of specialized medicine and the changing healthcare landscape are creating new opportunities for pharma companies that won't rely on an army of sales representatives, billions of dollars in free drug samples, millions spent on TV advertising, and aggressive marketing to doctors and patients to ensure brand growth or commercial success.

According to Anthony Farino, PWC's U.S. pharmaceutical and life-sciences advisory services leader, the industry has traditionally relied on aggressive marketing to promote its products, with one recent study estimating that total real spending on pharmaceutical promotions in the United States rose to $29.9 billion in 2005 from $11.4 billion in 1996. Much of the spending went to the expansion of salesforces; between 1996 and 2005, the number of U.S. sales reps almost doubled to 100,000, although the number of practicing physicians rose by just 26% during the same period.
For more information, visit pwc.com.

PHARMA JOB CUTS ANNOUNCED AS OF OCTOBER 2008

COMPANY	ANNOUNCED JOB CUTS
Pfizer	10,000
AstraZeneca	7,600
Merck & Co.	7,200
Bayer	6,000
Schering-Plough	5,500
Johnson & Johnson	5,000
GlaxoSmithKline	5,000
Amgen	2,600
Novartis	2,500
Wyeth	1,200
Sanofi-Aventis	700
TOTAL	**53,300**

Source: PricewaterhouseCoopers, Pharma 2020: Marketing the Future. For more information, visit pwc.com.

Effective Partnerships KEY TO PRODUCING TARGETED TREATMENT SOLUTIONS

The number of major alliances between large biopharmaceutical companies and smaller biotech firms or academic institutes continues to grow despite the difficult economic environment. However, the latest biopartnering survey conducted by IBM Global Business Services and Silico Research shows that many large life-sciences companies have made only marginal improvements in their ability to find new partners, negotiate terms, and manage the alliances they established over the past two years.

The study suggests four steps such companies can take to enhance their appeal: capitalize on areas of existing expertise to attract new partners; "sweeten" an offer with non-financial incentives; adopt a project-oriented perspective; and develop the skills to engage in different kinds of partnerships.
For more information, visit ibm.com.

DEAL DRIVER

Small biotech companies and academic institutions focus on financial remuneration, development expertise, and alliance management skills when choosing a partner. The importance of each driver was rated on a scale of one to seven, with seven being the most important.

Source: IBM Global Business Services and Silico Research, Biopartnering 2008 Survey, December 2008. For more information, visit ibm.com.

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ECONOMY PRESENTS CHALLENGES, OPPORTUNITIES for Life-Sciences Suppliers

Pharmaceutical, biotechnology, academic, and government laboratories continue to react to the deepening recession with budget freezes and staff reductions. Although some help is on the way in the form of about $21.5 billion in federal research and development (R&D) funding signed into law in February 2009, this stimulus isn't expected to become available until late in fiscal 2009. Also, the funding will mainly affect academic labs and will first be applied to grants that have already been approved.

During this tumultuous time in the industry, the opportunity for life-sciences suppliers to thrive rather than merely survive will be predicated on a detailed understanding of how labs will allocate 2009 funds. The BioInformatics report, Prospering in a Down Market: Strategies for Life Science Suppliers, compares and contrasts fiscal 2008 actual and fiscal 2009 projected budgets, revealing anticipated trends and changes.

Respondents provided BioInformatics with insight as to how their labs are adapting to the economic crisis. For example, 65% of those surveyed say their organization has already implemented a hiring freeze, and 63% are delaying or canceling nonessential purchases for their labs. The report also found that operational budgets for fiscal 2009 are expected to decrease 6.3% for industrial labs and 1% for academic labs.

One of the report's key findings is that scientists are significantly more price-sensitive than in previous years; as a result, in some product categories they would be willing to incur the hassles of switching to a lower-cost supplier if the price were discounted by only 10% to 12%. This is in contrast to earlier studies, where scientists were unwilling to consider switching vendors in these same categories for anything less than a 25% discount.
For more information, visit gene2drug.com.

Companies STRIVE TO TAILOR THOUGHT-LEADER RELATIONSHIPS to Fit New Guidelines

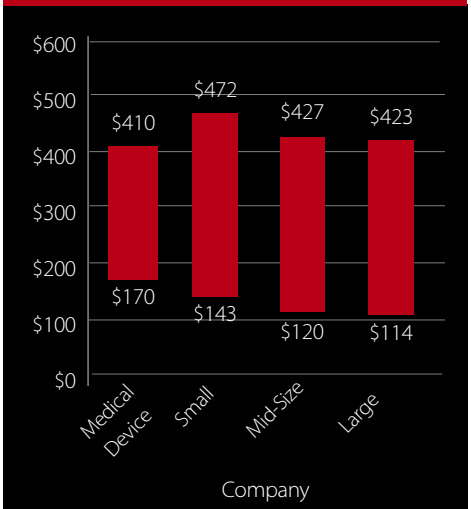
As key opinion leader (KOL) pools shrink due to academic institutions' restrictions on pharmaceutical industry relationships, thought leader compensation has taken center stage in a company's ability to work with experts in their fields. In an environment where transparency is ever-increasing, pharma's thought-leader management executives are under intense pressure to disclose their companies' payments to physicians.

New state reporting laws and changes to organizations' policies prompted by guidelines such as those offered by PhRMA and ACCME have forced executives to rethink their thought leader compensation strategies. For example, one of the companies responding to the 2009 Cutting Edge Information study, Thought Leader Fair-Market Value: Compensation Benchmarks and Procedures, said it is reviewing the PhRMA guidelines to understand how the changes will affect its thought leader management group and plans to implement a new policy that directs both its thought leader management team and the company as a whole as its employees approach external medical professionals.

According to the Cutting Edge report, a codified fee schedule with an underpinning database is the final goal for a majority of the respondent companies. When fair-market value became an issue, many companies began determining criteria with anecdotes or their staff's experience and what historical payments they had on hand to begin forming a more solid process. Companies began to keep track of payments, compare them with industry benchmarks and nuance payments based upon thought leader attributes, and incorporate experience in retaining KOLs. As the data and recordkeeping become more sophisticated, many companies instituted fee schedules with ranges of hourly rates and payments to facilitate fair-market value determination. The ideal situation allows companies to look up rates and honoraria by therapeutic area, expertise and level of influence and cross-section this with the activity being performed.

Of the drug manufacturers responding to the study, small companies were found to pay the highest maximum hourly rate, $472, to thought leaders. Unlike many large and mid-sized companies, small companies do not have the budget to offer large additional fees to their thought leaders, so they must rely on higher hourly rates to entice the best talent. Mid-sized and large companies pay an almost identical range of hourly rates to thought leaders, according to the study. The report also found that the biggest draw for top-level thought leaders is commonly the science behind a company's products.
For more information, visit cuttingedgeinfo.com.

HOURLY PAYMENT RATE RANGES ACROSS ALL THERAPEUTIC AREAS AND THOUGHT LEADER CATEGORIES BY COMPANY SIZE



Source: Cutting Edge Information, Thought Leader Fair-Market Value: Compensation Benchmarks and Procedures.
For more information, visit cuttingedgeinfo.com.

Age-Related Macular Degeneration Market EXPANDS WITH NEW VEGF THERAPY LAUNCHES

Following the introduction of antivascular endothelial growth factor (VEGF) therapies, the age-related macular degeneration (AMD) market has seen the emergence of new sales and patient share leaders and an unusual competitive dynamic among agents from the same company.

According to a recent Pharmacor report from Decision Resources, the launch and strong initial uptake of ranibizumab, sold by Genentech and Novartis Ophthalmics as Lucentis, has driven market growth and raised the entry barriers for new VEGF inhibitors. However, the outcome of an ongoing trial comparing ranibizumab with its strongest competitor — the off-label use of bevacizumab (Genentech/Roche/Chugai Pharmaceutical's Avastin) — will likely dramatically influence market dynamics, treatment choices, and reimbursement policies.

The report, Age-Related Macular Degeneration, projects robust annual 17% growth in the AMD market through 2012, primarily driven by expanding use of Lucentis in Europe. Off-label use of Avastin is expected to steal share from Lucentis from 2012 through 2017 in the United States, France, Germany, Italy, Spain, the United Kingdom, and Japan.

Near-term opportunity in wet AMD exists in the development of therapies that offer efficacy at least similar to that of Lucentis, along with advantages in dosing. However, because retinal specialists tend to administer Lucentis on an as-needed basis — less frequently than its approved monthly dosing — emerging therapies such as Regeneron/Bayer's aflibercept face high barriers in providing convincing evidence for dosing improvements over Lucentis. Experts had considered aflibercept the most promising emerging therapy for wet AMD, but recent clinical data have cast doubt on the agent's ability to demonstrate significant efficacy and/or dosing improvements over Lucentis. As a result, Decision Resources predicts aflibercept will garner about 10% patient share in AMD in 2017, but its sales will fall short of blockbuster status because of strong competition from Lucentis and Avastin.

According to the report, the successful launch of therapies for dry AMD, which accounts for up to 95% of all cases of the disease, would address a critical unmet need and would revolutionize both the marketplace and management of AMD. However, such an event is not expected to occur between now and 2017.

"Overall growth of the AMD market for prescription therapies is driven by agents for the wet form of the disease, in particular, vascular endothelial growth factor inhibitors," says Decision Resources Analyst Irene Koulinska, M.D., Sc.D. "We estimate that sales of this drug class will grow at a rate of 2% annually between 2007 and 2017, primarily reflecting the patient share dynamics between the approved agent from this class, Lucentis, and its less-expensive, off-label alternative, Avastin."

For more information, visit decisionresources.com.

NEW INNOVATIONS Drive Growth in Wound Care Market

Mary Ann Crandall

We expect no retraction in wound care; in fact, we expect rapid innovation and brisk sales.

The market for wound care therapies is constantly changing. The trend toward cost-effective skin ulcer treatment remains embedded in management programs that emphasize prevention and early intervention. At the same time, new wound care products and devices are entering the market with lightning speed, all striving for the best clinical outcomes.

The current economic downturn has shown no sign of damping the market for wound treatment, with the skin-ulcer segment in particular showing rapid expansion as new products and devices enter the market. The fourth edition of the Kalorama Information report, Wound Care Markets, Volume I: Skin Ulcers, estimates the market was valued at $5 billion in 2008 and projects annual growth of 8% through 2013 despite the current recession.

The skin-ulcer market is varied in terms of both product offerings and product maturity. While well-established categories such as anti-infectives, skin-ulcer management, and pressure-relief devices still generate the majority of sales, newer segments such as biological dressings and negative pressure wound therapy are the ones driving growth and are expected to continue to do so through 2013. For example, the negative pressure wound therapy segment saw a 26% jump in revenue to $1 billion between 2003 and 2008 and is expected to increase 12% to $1.9 billion by 2013.

Groundbreaking advances using tissue engineering, growth factors, animal-fetal-cell research, stem-cell research, and gene therapy may offer new hope to patients suffering from acute and chronic skin ulcers. These new therapies will result in shorter healing times and subsequent cost savings, and will increasingly focus on special populations, especially diabetics and the obese.

"Better wound management reduces hospital stays and the risk of infection, which means lower costs," says Mary Ann Crandall, wound care analyst for Kalorama.

For more information, visit kaloramainformation.com.

SKIN ULCERS REVENUE AND GROWTH RATE BY SEGMENT, 2003-2013 ($ IN MILLIONS)

Year	Anti-infectives	Skin Ulcer Management	Moist Dressings	Negative Pressure Wound Therapy	Biological Dressings	Pressure Relief Devices	Miscellaneous Treatments	Total	% Growth
2003	$555.8	$182.8	$229.9	$340.7	$319.0	$1,159.4	$151.8	$2,939.4	—
2004	707.5	193.5	246.4	537.7	362.9	1,226.4	187.4	3,460.8	17.7%
2005	778.5	204.9	261.9	705.8	406.8	1,298.8	217.2	3,873.9	11.9%
2006	836.4	216.9	278.6	831.5	452.7	1,372.2	237.0	4,225.3	9.1%
2007	936.3	229.1	296.4	958.4	499.5	1,445.9	257.4	4,623.0	9.4%
2008	1,001.2	241.2	315.4	1,080.1	550.5	1,562.8	278.1	5,029.3	8.8%
2009	1,065.3	253.4	335.0	1,214.3	604.9	1,630.8	300.2	5,403.9	7.4%
2010	1,133.6	265.8	355.2	1,362.3	663.2	1,734.3	323.2	5,837.6	8.0%
2011	1,204.5	277.9	376.8	1,528.9	727.7	1,842.2	348.7	6,306.7	8.0%
2012	1,285.6	290.5	400.0	1,717.2	795.7	1,954.8	377.0	6,820.8	8.2%
2013	1,370.2	302.9	424.8	1,922.3	880.0	2,075.8	410.2	7,386.2	8.3%

Source: Kalorama Information, Wound Care Markets, Volume I: Skin Ulcers.
For more information, visit kaloramainformation.com.

One in Three Medicare Part D Enrollees SELECT ADVANTAGE DRUG PLANS FOR 2009

According to analysis from Avalere Health, more than 9 million people, or 34% of all Medicare Part D enrollees, currently receive their prescription drug benefit through Medicare Advantage plans with prescription drug coverage (MA-PD plans).

Using recently released 2009 Medicare Part D open enrollment data from the Center for Medicare and Medicaid Services and Avalere's own proprietary DataFrame database, company researchers found that enrollment in all types of MA-PD plans grew for 2009, picking up about 730,000 people relative to mid-2008 levels, while total enrollment in stand-alone prescription drug plans (PDPs) increased by about 140,000 individuals over the same period.

"MA plans have increased in popularity for 2009, undoubtedly as seniors sought low up-front premiums and great predictability in out-of-pocket spending," says Avalere VP Bonnie Washington. "By signing up for managed care, many beneficiaries were willing to forgo physician choice for lower cost — a sign that the economy played a stronger role in plan selection this year."

CVS/Caremark and Coventry Healthcare were among the biggest gainers of beneficiaries in the PDP market, with both companies benefiting from enrollment of low-income beneficiaries through Part D's low-income subsidy (LIS) provision. United Healthcare solidified its market leader status by claiming the top two most popular PDPs, partly through its ability to serve automatically assigned LIS beneficiaries in more states for 2009. By contrast, Humana, which raised its PDP premiums by 60% to 63%, lost 31% of its PDP enrollment relative to mid-2008 levels.

"Economic forces are reshaping Medicare," Ms. Washington says. "Many beneficiaries appeared to vote with their feet by moving to drug plans with cheaper premiums, as there was a strong correlation between premiums and plan selection. The government was also protected by automatic switching of many low-income beneficiaries to the less-expensive plans. Medicare beneficiaries are typically on a fixed income and will likely be looking for these kinds of savings going forward as well."

For more information, visit avalerehealth.net.

MARKET FOR PHARMA IT SERVICES in Australia Continues to Thrive

The market for pharmaceuticals and life-sci-

ences information technology (IT) in Australia is booming along with the country's thriving market for pharmaceuticals. According to research by Frost & Sullivan, the Australian pharma and life-sciences IT sector is expected to post a compound annual growth rate of around 14.3% from 2007 through 2014, reaching annual revenue of $825.1 million by the end of the seven-year period.

The cost-effective drug discovery solutions through in-silico research are driving SME life-sciences companies to increase IT spending on enterprise compliances and quality management systems. At the same time, pharma companies are continuing to invest in customer relationship management (CRM) solutions to address the needs of their end clients such as physicians and patients in a way that both serves the client and maximizes sales. Most large pharma firms have enterprise resource planning (ERP) systems to support supply-chain management, CRM, manufacturing, and R&D processes, yet these systems are often disconnected from each another. The extensive reach of the operations of multinational corporations, in terms of both geography and specialty, requires more efficient management systems to maximize knowledge sharing among departments and locations.

For more information, visit frost.com.

DOUBLE-DIGIT GROWTH ANTICIPATED for Pharma in Middle East

Massive growth is being forecast for the pharmaceutical and biotechnology markets of Middle Eastern states, driven by moves to liberalize national economies, the introduction of mass health insurance, and the determination of the region's governments to become self-sufficient in pharmaceuticals production. These factors are leading to huge investments taking place in both the private and public health sectors, with major benefits to the pharmaceutical industry.

According to an Urch Publishing report, Major Pharmaceutical Markets of the Middle East (2nd Ed): An overview of Egypt, Israel, Jordan, Lebanon, Saudi Arabia & UAE, the pharmaceutical market in the Middle East is likely to grow by between 10% and 15% annually over the next three years, outstripping more mature markets.

The region's growing population, dominated mainly by the expatriate community in most of the Gulf Corporation Council (GCC) countries, has given rise to a rapidly growing market for healthcare and its associated industries, which is estimated at $75 billion in the Middle East alone.

However, the biggest threat to pharmaceutical market growth is the heavy reliance on the fluctuating price of oil, which dictates the strength of these countries' economies and, in turn, is reflected in healthcare provision and the pharmaceutical market.

For more information, visit urchpublishing.com.

DPP IV INHIBITORS IN ADVANCED DEVELOPMENT FOR TYPE 2 DIABETES

DRUG	DEVELOPER	STATUS
Alogliptin benzoate	Takeda	NDA filed
Saxagliptin (Onglyza)	Bristol-Myers Squibb/ AstraZeneca	NDA filed
Alogliptin + pioglitazone	Takeda	NDA filed
Linagliptin (Ondero)	Boehringer Ingelheim	Phase III
Saxagliptin + metformin	Bristol-Myers Squibb/ AstraZeneca	Phase III
Dutogliptin (PHX-1149)	Phenomix	Phase III

Source: Insight Pharma Reports, Protease Inhibitors: Innovation Drives Drug Pipeline. For more information, visit insightpharmareports.com.

Antithrombotics, Antidiabetics REPRESENT NEXT WAVE OF PROTEASE INHIBITORS

Proteases constitute one of the largest potential drug target enzyme families, with 647 human gene products incorporating protease sequences and mutated proteases having been identified.

The therapeutic promise of protease inhibitors has been most clearly demonstrated by angiotensin-converting enzyme (ACE) and HIV drugs.

According to Insight Pharma Reports' Protease Inhibitors: Innovation Drives Drug Pipeline, these developments indicate that more protease inhibitors will reach the market in the near future, with an estimated 20 protease inhibitors and three fixed-dose combinations in advanced development expected to be submitted for FDA approval between late 2008 and 2013.

The most substantive development comes from the availability of new classes of oral antithrombotic agents that could supplant warfarin.

The availability of better-tolerated oral, anti-hepatitis C agents is further away, but results to date suggest that they will provide a major medical advance.

The report anticipates a further breakthrough could come in the use of protease inhibitors to treat Alzheimer's disease, although success with the latter target could prove more problematic.

Protease inhibitors should also provide a new treatment option for osteoporosis and may subsequently do so for inflammatory disorders, while it is evident that there will soon be a number of DPP-IV inhibitors available for the treatment of Type 2 diabetes.

For more information, visit insightpharmareports.com.

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President and
Chief Operating Officer
MattsonJack

William Serad
Chief Methodologist
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Neal Muhilly
Senior Vice President
MattsonJack

Evidence-Based Promotional Investment:
Optimizing Your Promotional Mix in Challenging Economic Times

Learn how to quantify the impact of various "what if" promotional scenarios, both for you and your key competitors and how to determine the ROI across all promotional activities within the context of your competitive environment.

Personal selling has come under increased scrutiny as the largest item in promotional budgets for pharmaceutical companies. Sales representatives can be very efficient in launching new products but they are an expensive way to manage or grow more mature brands. Controversy also endures regarding the role and return on investment (ROI) of direct-to-consumer advertising and speaker programs. Other components of the professional marketing mix, such as e-promotion and journal advertising, produce excellent marketing return on investment but they may have relatively low levels of actual revenue impact. Whether for maximizing the launch of a new product or optimizing promotion for a brand, evidence-based marketing is the critical issue. The reality is that your product does not exist in a vacuum, and in order to react to the dynamics of your competitive environment, you need to know how changes in your competitors' promotional activities will affect you.

KEY TAKE-AWAYS:

- Optimize the level, mix and timing of your promotional mix
- Determine the most effective counter-strategies to competitive promotional campaigns
- Maximize the launch of a new product

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