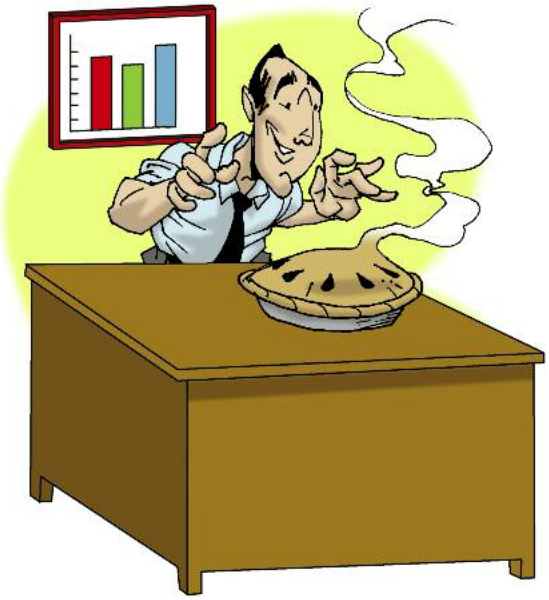

FINANCIAL DISCLOSURE COMPLIANCE is Still an Issue for Life-Sciences Firms

Only 29% of life-sciences companies are very confident that their financial disclosure policies are fully compliant with recently enacted state and federal regulations, according to survey results released by Cegedim Dendrite.

As companies continue to struggle with the identification of data sources and consistent standards for data sources, it becomes increasingly important to have a more holistic and consistent approach to aggregate spend and state reporting, says B

With the passing of healthcare reform legislation requiring federal-level disclosure and more states requiring specific reports, life-sciences companies continue to face an increasing number of complex requirements for reporting marketing, clinical, advertising, and sales promotions expenses. About 40% of respondents to Cegedim Dendrite's Trends in Aggregate Spend and Disclosure Reporting Compliance – 2010 survey are still using manual reporting practices. But more than half of these respondents plan to either outsource to a third-party or automate the process internally.

"As companies continue to struggle with the identification of data sources, consistent standards for data sources, single views of customers across data sources, and various other data anomalies, it becomes increasingly important to have a more holistic and consistent approach to aggregate spend and state reporting," says Bill Buzzeo, VP and general manager, compliance solutions and OneKey, for Cegedim Dendrite. OneKey is the company's healthcare professional database.

For more information, visit cegedimdendrite.com.

ONLINE COLLECTION OF ADVERSE EVENT REPORTS Lags Traditional Methods

The reporting of adverse events continues to be a critical activity for the pharmaceutical industry as the FDA increases its focus on postmarketing surveillance for adverse events. Yet when it comes to gray areas like the Internet, reporting practices vary across the industry.

A recent Best Practices study, Best Practices for Post-Marketing Surveillance of Adverse Events within the United States, found that 50% of the participating companies don't collect adverse events reports from Internet sources such as blogs or interactive Web events. Reporting sources for AE reports identified by 60% or more of study participants included call centers/disease management programs, company healthcare field professionals, marketing booth/face-to-face events, and consumers who may represent their firm.

About 80% of companies use physicians to review adverse event (AE) reports, and more than 50% also use pharmacists and nurses as reviewers. Some drug safety activities that appear common in the industry include outsourcing low-level work and forwarding all AE reports of other manufacturers.

Roughly 60% of respondents outsource low-level work such as data entry within their drug safety groups, according to the study.
For more information, visit best-in-class.com.

Lack of Clear Guidelines Continues to Hamstring SOCIAL MEDIA EFFORTS

Some brands are innovating online and building a foundation for digital growth once a clearer path is illuminated, but the industry as a whole disappoints as most brands offer obsolete technology, anemic content, and scant social media programs, says Scott Galloway.

Pfizer's erectile dysfunction drug Viagra and AstraZeneca's heartburn therapy Nexium have taken the top two slots on the new L2 Digital IQ Index for pharmaceutical brands, which measures the digital competence of 51 pharma brands across eight therapeutic categories and is designed to provide an actionable metric to optimize pharmaceutical digital return on investment.

The ranking, created by think tank L2 in partnership with leading media agency PHD Network, evaluates pharmaceutical brands' digital presence across four criteria: 40% based on platform, including site effectiveness and brand translation; 25% based on off-platform messaging, covering digital marketing efforts such as online and mobile advertising; 20% based on search engine optimization, or visibility on top search engines; and 15% based on social media, defined by presence on popular Web 2.0 platforms.

"Our analysis shows that, despite the challenges inherent in an ambiguous regulatory environment, some brands are innovating online and building a foundation for digital growth once a clearer path is illuminated," says L2 founder and New York University marketing professor Scott Galloway.

Standout performers on the Digital IQ Index include AstraZeneca and Pfizer, with four and three brands, respectively, in the top 20 on the index. According to data from the L2 index, the lack of a defined regulatory policy appears to have paralyzed social media efforts in particular. While 80% of pharmaceutical companies maintain a corporate presence on YouTube, Facebook, or Twitter, only 19% of brands participate on social media platforms.

"Right now, there are millions of unregulated conversations taking place online regarding prescription drugs, from which the voice of pharmaceutical companies is mostly absent," says PHD Network CEO Scott Hagedorn.
For more information, visit l2thinktank.com.

TOP 10 PHARMACEUTICAL BRANDS RANKED BY DIGITAL IQ SCORE

RANK	BRAND	PARENT	COMMENTS
1	Viagra	Pfizer	Site tech and interactivity are industry standouts; brand leverages iconic name in search and online buzz
2	Nexium	AstraZeneca	This social media maven offers best-in-class lifestyle support tools, including online access to dieticians
3	Chantix	Pfizer	Connects digitally with consumers both on and off site with e-mail, short messaging service, and dominant presence on health portals
4	Ortho Tri-Cyclen Lo	Ortho-McNeil-Janssen	Top in competitive women's health category; brand boasts interactive tools and desktop reminders
5	Crestor	AstraZeneca	Strong on-site tech integration and activity on portals and blogs elevates top brand in disappointing cardio category
6 (tie)	Gardasil	Merck	Rallies community online with pioneering Facebook page and strength in search
6 (tie)	YAZ	Bayer	YAZXpress site offers interactive community content; brand also connects with users in mobile and e-mail
8 (tie)	Symbicort	AstraZeneca	Interactive video journey customizes site for best-in-category user experience
8 (tie)	NuvaRing	Merck	Brand boasts innovative Web advertising and strength in search
10	Lunesta	Sepracor	YouTube channel coupled with strong off-platform efforts keeps brand awake online

Source: L2 and PHD Media, Digital IQ Index Pharma. For more information, visit l2thinktank.com.

Health Advice Givers Prefer SOCIAL NETWORKING SITES

Pharmaceutical companies looking to connect with Americans most likely to seek and share health advice online should look to Facebook and other social networking tools favored by so-called influencers, who have strong relationships with friends and who are looking for ways to improve the quality of their lives by sharing advice and recommendations. According to a recent social media segmentation study by MicroMass Communications, people who actually maintain the best health spend more time on informational sites like MSNBC and CoolSavings, while those who devote the least attention to their health favor entertainment sites such as YouTube.

"This research gives marketers new insights into

Social media is still unexplored territory for most pharmaceutical, biotech, and medical device marketers, says Alyson Connor.

social media users and where and how to effectively engage with them," observes Alyson Connor, VP and group director of strategic services at MicroMass.

MicroMass looked into the reasons people use social media and found that most people fall into one of four segments with their own keys to the kinds of messages they would find relevant and resonant.

For more information, visit micromass.com.

Pfizer is Expected to Reign Supreme AFTER PATENT CLIFF

Abbott's rheumatoid arthritis treatment Humira is projected to replace the cholesterol-lowering medicine Lipitor as the world's biggest-selling drug in 2016. But analysts expect Pfizer will remain the biggest seller of pharmaceuticals following the 'patent cliff' of the next few years, when host of blockbuster medicines lose patent protection.

According to the World Preview 2016 report published by EvaluatePharma, Genentech's cancer treatment Avastin had been widely expected to emerge as the biggest blockbuster drug following Lipitor's loss of patent next year. But because of recent clinical setbacks experienced by Avastin, Humira is now forecast to be the top drug with sales of $10.1 billion in 2016, according to the EvaluatePharma report.

The report predicts Pfizer, through a strategy of mergers and acquisitions, including last year's $68 billion Wyeth merger, will cling to the top spot in prescription sales, although Merck's $41 billion merger with Schering-Plough will place it close behind Pfizer in sales.

"The next seven years will see huge growth in sales of complex biologics, driven in part by the premium price they can command and the industry's productivity in getting these compounds to market," says EvaluatePharma CEO Jonathan de Pass. "We will also see generics players such as Teva achieving impressive growth because of a continued sales erosion of blockbuster products coming off patent."

For more information, visit evaluatepharma.com.

HEALTHCARE REFORM Gives a Little and Takes a Little

Manufacturers of traditional medical devices and pharmaceutical products will see a downside from the recently enacted U.S. healthcare reform law, while other parts of the industry, particularly those areas that can save healthcare costs, stand to benefit, predicts Kalorama Information.

"In terms of whether reform will be good or bad for the industry, the answer is: it depends," says Kalorama Publisher Bruce Carlson. "Some parts of the

KEY SOCIAL MEDIA PERSONALITIES

TYPE	BEHAVIOR & ATTITUDES	FAVORITE TOOLS	HOW TO CONNECT
Power Socialites (34% of respondents)	-Use social media for self-promotion -Seek advertised medicines and think expensive medicines are best -Not particularly healthy, but friends seek their advice on health	Facebook (47% of all FB users are Power Socialites) Match.com Fandango CNET.com	Provide a stage for voicing their views and expanding their visibility (e.g., websites, Twitter and Facebook feeds)
Sincere Influentials (27% of respondents)	-Use social media for nurturing relationships and improving quality of life -Most likely to research treatment options and challenge their doctors -Most likely to share information with peers	Facebook Evite.com Craigslist CareerBuilder	Help them gather and share information with peers (e.g., cause-related initiatives and 'mom-blogger' programs)
Solo Escapists (20% of respondents)	-Use social media for entertainment and diversion -More introverted and solitary than other groups -Least likely to care for their health or to be impressed by healthcare advertising and brands	YouTube Download.com EA.com	Invite them to play (e.g., online scavenger hunts and geocaching adventures)
Independent Achievers (19% of respondents)	-Use social media to simplify daily activities -Healthiest of all groups, but least likely to be asked for health advice -Regularly visit and trust doctors, but self-treat when possible	MSNBC MapQuest USAToday.com CoolSavings	Help them find solutions faster and easier (e.g., intuitive mobile applications, online concierge services)

Source: MicroMass Communications, Study of Social Media Behavior and Implications for Healthcare Marketers, May 2010. For more information, visit micromass.com.

PROJECTED TOP 10 BESTSELLING PRODUCTS BY 2016

RANK	BRAND	GENERIC NAME	COMPANY	SALES 2009 ($ MIL)	PROJECTED SALES 2016 ($ MIL)	% CHANGE
1	Humira	adalimumab	Abbott/Eisai	5,566	10,101	+9%
2	Avastin	bevacizumab	Roche	5,744	8,909	+6%
3	Enbrel	etanercept	Amgen/Pfizer (Wyeth)/ Takeda	6,469	7,309	+2%
4	Rituxan	rituximab	Roche/Biogen Idec	5,620	6,788	+3%
5	Crestor	rosuvastatin calcium	AstraZeneca/Shionogi/ Chiesi	4,830	6,276	+4%
6	Herceptin	trastuzumab	Roche	4,862	6,167	+3%
7	Remicade	infliximab	J&J/Merck (Schering-Plough)/Mitsubishi Tanabe	5,922	5,727	0%
8	Lantus	insulin glargine	Sanofi-Aventis	4,293	5,292	+3%
9	Seretide/ Advair	fluticasone propionate & salmeterol xinafoate	GlaxoSmithKline/Almirall/Others	7,994	5,185	-6%
10	Prolia	denosumab	Amgen/Daiichi Sankyo/GlaxoSmithKline	0 (not yet approved)	5,159	

Source: EvaluatePharma, World Preview 2016. For more information, visit evaluatepharma.com

industry will see a gain from all the new customers with insurance coverage, but for some healthcare stakeholders, those new customers come with a reimbursement cut or a tax."

Kalorama's recent white paper, Healthcare Reform: Winners and Losers, notes that pharmaceutical companies likely have already worked the expected negative impact of the new healthcare legislation into their business planning, including reduced Medicare drug reimbursement rates. Medicare Part D coverage will be expanded to include smoking cessation drugs, barbiturates and benzodiazepines, but additional revenue from this coverage will be far offset by price reductions and other cuts.

Reimbursement rates under the Medicaid and Medicare Part D plans for approved medicines will be reduced, decreasing the effective sales price of medications used by these plan members. The Medicaid drug rebate percentage for brand name drugs will increase to 23.1%, with some exceptions, while the rebate for other drugs will increase to 13% of the average manufacturer price.

In addition, the law requires pharmaceutical manufacturers and importers to pay an annual fee to the Supplementary Medical Insurance Trust Fund, with each company's contribution calculated based upon its market share. The total industry fee rises from $2.5 billion in 2011 to $4.1 billion in 2018 and $2.8 billion thereafter, with each company's contribution calculated based upon its market share.

Medical device manufacturers will be most significantly impacted by a new 2.9% excise tax on medical device sales that takes effect in 2013 and applies to a wide range of products. Device manufacturers are expected to raise prices to their customers to compensate for the resulting higher costs.

The white paper also predicts that at least two industry sectors will prosper from the new law. Biotech companies will benefit from tax credits on biologic projects, and diagnostic companies are well-positioned to gain from the expected increase in doctors' visits.

Biotech companies will benefit from two provisions in the law specifically designed to stimulate biotech research. Effective immediately, the Approval Pathway for Biosimilar Biological Products permits biologics to maintain 12 years of market exclusivity after FDA approval. The legislation also grants these companies access to information about competitors attempting to create follow-on biologics and allows the FDA to approve generic versions of biologic drugs.

While there are no provisions in the new law that specifically apply to diagnostics companies, this industry segment will benefit from certain broad provisions that have far reaching implications.

These include an expanded population of insured persons, a prohibition against insurers charging copayments or deductibles for preventive care and medical screenings on new insurance plans, and, by 2018, a requirement that all existing health plans cover preventive care and checkups without copayment.

For more information, visit kaloramainformation.com. ✦

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