

Milestones

■ 5TH BIRTHDAY

Compass Healthcare Communications goes "all in" celebrating its fifth birthday Monte Carlo style. Founded in 2003, Compass, Princeton, N.J., is an independent interactive and relationship marketing agency focused exclusively on the healthcare industry. By understanding the needs and challenges specialty healthcare marketers face, Compass has built a reputation of smart, strategic, and innovative interactive solutions.

■ GRAY'S ANATOMY'S 150TH ANNIVERSARY

Gray's Anatomy, which is published by Elsevier, celebrates 150 years as the world's leading anatomical reference. To celebrate the anniversary, the 40th edition of Gray's Anatomy: The Anatomical Basis of Clinical Practice provides enhanced and updated artwork throughout.

Also accompanying this edition is full-text online access to Gray's Anatomy. Readers can

reference the entire book from any computer, search the full contents, and download the thousands of high-quality color illustrations

■ 80 YEARS OF DIRECT MARKETING

Medical Marketing Service (MMS) will celebrate its 80th anniversary in 2009. Founded in 1929, MMS is a provider of healthcare professional lists and databases along with e-mail marketing and other direct marketing services.

MMS, the original American Medical Association (AMA) database licensee, is a provider of healthcare lists and direct marketing services, including Med-E-Mail physician broadcast e-mail service, for pharmaceutical marketing, continuing medical education (CME) promotion, recruitment (physician, allied health, executive), and other applications.

If your company or organization is celebrating a major anniversary, please send your information to: feedback@pharmavoice.com, subject line Milestones.

SPEED TO MARKET

First-Cycle Approvals Increase Revenue

Gaining a first-cycle approval for a new molecular entity (NME) is worth about \$640 million in incremental revenue on average, according to new analysis from Parexel Consulting, a business unit of Parexel International. According to the company, 60% of sales for newly approved drugs and biologics each year are derived from the top five-selling products. Therefore, first-cycle approval can potentially produce up to about \$2 billion in additional revenue for each of these top-selling products.

The estimate is based on the NMEs approved in 2007 and during the first half of 2008. The analysis tracks the differences in review times between the new drugs that obtained first-cycle approval and those that did not. Parexel Consulting has analyzed the average review time gap between approved NMEs that the FDA cleared in the first review cycle and those that took multiple review cycles to gain approval. The dollar value of the approval time gap is based on using five-year post-launch sales projections for recently approved NMEs from EvaluatePharma, which tracks and forecasts the performance of biopharmaceutical companies and their products from early-stage R&D through postmarketing.

SOURCE: PAREXEL CONSULTING, WALTHAM, MASS.

CONSUMER PERSPECTIVE

Consumers Wary of Therapeutic Switches

Almost three-quarters of prescription drug users would be very concerned if a drug they were prescribed was switched to another drug designed to treat the same condition without their doctor's knowledge, according to a survey released by the National Consumers League (NCL).

Even with their doctor's knowledge, one in five surveyed are concerned about the practice of dispensing an alternative to a prescribed medication that is not chemically or generically equivalent but is in the same therapeutic class and is used to treat the same condition.

The online survey of 1,387 adults 18 years of age and older who have filled a prescription in the past year was conducted by Harris Interactive for the NCL between Aug. 25 and Sept. 2 of this year.

Other survey highlights include:

- Of those who reported experiencing therapeutic substitution for themselves or a family member, **33%** say they (or their family member) did not have their doctor consulted before the substitution occurred, and two-thirds (**66%**) say they/their family members were not consulted about the switch.
- Almost half (**47%**) were dissatisfied (or their family was) with how the process occurred and report that this substitution did not result in lower out-of-pocket costs. Only a third (**34%**) felt that the substituted medication was just as effective as the original medication.
- **66%** of prescription users surveyed have never heard of the practice of therapeutic substitution; **10%** of prescription users report that they personally experienced



therapeutic substitution of their medication in the past two years; and **9%** say a family member experienced it.

- When respondents were given a description of therapeutic substitution, the vast majority of prescription users said they believe therapeutic substitution is occurring at least sometimes in the United States (**84%**), without informing the patient (**68%**), or the prescribing physician (**59%**).

- Prescription users are most likely to consider switching to a different medication if their physician felt that the two were interchangeable (**57%**).

- Only **19%** of prescription users say they would consider switching to a different medication meant to treat the same disease if their insurance company sent a letter recommending this change. But receiving such a letter would inspire **71%** of prescription users to have a conversation with their doctor about a less-expensive alternative drug.

- Almost a third (**31%**) of prescription users say they would consider switching medications if their pharmacist called to discuss an alternative medication.

- **68%** of prescription users would oppose insurance companies offering incentives to physicians for switching patients to lower-cost alternatives

- **73%** of prescription users would oppose insurance companies offering incentives to pharmacists to switch patients to lower cost alternatives.

SOURCE: THE NATIONAL CONSUMERS LEAGUE (NCL), WASHINGTON, D.C.

INTERNET ACTIVITY

Most Visited Brand Sites

Purplepill.com, AstraZeneca's Website for its heartburn treatment Nexium, generated the most site traffic in second-quarter 2008 with more than 1 million unique visitors, up 55% from one year ago, according to comScore.

Also showing substantial growth versus last year was diabetes drug **Actos**, ranking second with 855,000 unique visitors.

Insomnia medication **Ambien CR** ranked third with 756,000 unique visitors.

TOP 10 PHARMACEUTICAL BRAND WEBSITES

BY UNIQUE VISITORS (NOTE: NO. OF VISITS IN THOUSANDS)

Website	2Q 2008 No. visits	% Chg. from 2Q 2007
Nexium (purplepill.com)	1,021	55%
Actos (actos.com)	855	2.4%
Ambien CR (ambienr.com)	756	(61%)
Gardasil (gardasil.com)	722	(21%)
Lexapro (lexapro.com)	549	3%
Veramyst (veramyst.com)	538	N/A
Januvia (januvia.com)	507	329%
Lyrica (lyrica.com)	501	36%
Topamax (topamax.com)	498	38%
Seroquel (seroquel.com)	447	24%

Some highlights from the study include:

- **Takeda Pharmaceuticals** substantially increased marketing for Actos beginning in the third quarter of 2007, helping build actos.com into the second most visited site in the category in second-quarter 2008 versus a year ago.
- **Merck's diabetes treatment** Januvia increased marketing activity beginning in the second half of last year, resulting in an almost 330% increase in visitors to januvia.com.
- **Pfizer has ramped up marketing and public relations** efforts for Lyrica since the third quarter of 2007, when the product received FDA approval to be marketed for the treatment of fibromyalgia. The site, lyrica.com, has seen a 36% increase in unique visitors.
- **With a number of migraine treatments** nearing patent expirations, the makers of migraine treatment Topamax launched a heavy online display ad campaign to bolster awareness, resulting in a 38% increase in second-quarter 2008 versus a year ago.
- **Merck's highly publicized HPV vaccine Gardasil** was approved by the FDA in the second quarter of 2006. Although the number of site visitors has declined 21% during the past year since the company's initial marketing and public-relations push, the site still ranks among the top five most visited sites with 722,000 visitors.

SOURCE: COMSCORE INC.

R&D SPENDING

Investment Opportunities

Corporations continue to invest aggressively in R&D, spending a total of \$492 billion on research and development in 2007, a 10% rise over the previous year and well over the compound growth rate of 6.7% since 1999, according to a Booz & Company study.

The study finds that the average global multinational corporation spends just 45% of its total corporate R&D dollars in its home country, while the majority is invested in other countries in its global footprint to capitalize on specialized R&D skills, proximity to new markets, and insights into local customers. Companies that invested more than 60% of their R&D spending outside their home countries over the past three years appeared to enjoy superior performance in total shareholder return, operating margin, market cap growth, and return on assets. Key findings include:

■ **For many countries**, the flow of innovation monies goes two ways. The analysis of the 184-company subset found that even though those companies based in the United States perform \$80.1 billion worth of R&D in other countries, the companies with headquarters elsewhere poured \$42.6 billion into U.S. R&D.

■ **The United States received** the largest amount of R&D dollars from foreign companies for product development activities. As a result of these inflows, the United States is the largest country in terms of where corporate R&D is conducted, by a factor of 2.7 times over the second-largest, Japan. But China and India were the top net "importers" of R&D spending, receiving \$24.7 billion and \$13 billion, respectively, from the 184 companies in the analysis.

■ **Labor arbitrage is fading** as a reason to move R&D offshore. Lower engineering labor rates explain only a third of moves to site R&D facilities overseas, as labor costs soar in many low-cost countries.



■ **India and China-based companies** are still small R&D players but they are growing fast. Though tiny players on the worldwide R&D stage, accounting for just 1% of Innovation 1000 total spending, companies with headquarters in India and China increased their absolute R&D spending by 22%, outpacing the worldwide compound annual growth rate of 5.6%.

■ **Two-thirds of R&D spending** was concentrated in just three industries in 2007: computing and electronics (29%), health (22%), and automotive (16%). In health, about 30% of R&D spend is devoted to research, and 70% to product development, and for the latter, about two-thirds is spent in emerging markets to recruit clinical-trial participants cost-effectively. The research side has been slower to establish a presence in emerging markets; in 2007 close to 95% of R&D went to drug discovery in the United States, Europe, and Japan.

■ **The top 10 global R&D spenders** in 2007 were, in descending order: Toyota, General Motors, Pfizer, Nokia, Johnson & Johnson, Ford, Microsoft, Roche Holding AG, Samsung Electronics, and GlaxoSmithKline.

■ **R&D spending growth accelerated** in eight of 10 industries examined, with health and consumer showing slower growth rates this year. The software and Internet industry had the highest level of R&D spending as a percentage of sales (13.6%), followed by healthcare (13.4%), and computers and electronics (7.0%).

SOURCE: BOOZ & COMPANY, NEW YORK

EMERGING MARKETS

Russia is Expected to Become Top Market

The Russian pharmaceutical market is expected to grow more than 30% (in U.S. dollar terms) in 2008 compared with 2007, according to DSM Group. The overall market volume is expected to reach about \$18.4 billion, considerably higher than the \$14.3 billion experienced in 2007.

These projected results for 2008 would mean that Russia would join the top 10 pharma markets in the world.

The Russian pharma market comprises three segments:

- While growth rates in the previous year amounted to 15% to 20%, in the first half of 2008 the commercial pharmaceutical market surged by 30% year-on-year to \$4.55 billion. Increased drug prices were the main contributor to the increase.
- In first-half 2008, the parapharmaceutical market

grew by 32%. Pharmacy sales reached \$1.75 billion, with the share of nonmedicinal product mix in pharmacy sales rising to 28%.

- Market volume in the state-owned drug segment for first-half 2008 reached \$2.51 billion, 43% higher than in first-half 2007. The reason for the growth was increased government financing of the federal reimbursement program.

SOURCE: DSM GROUP, MOSCOW

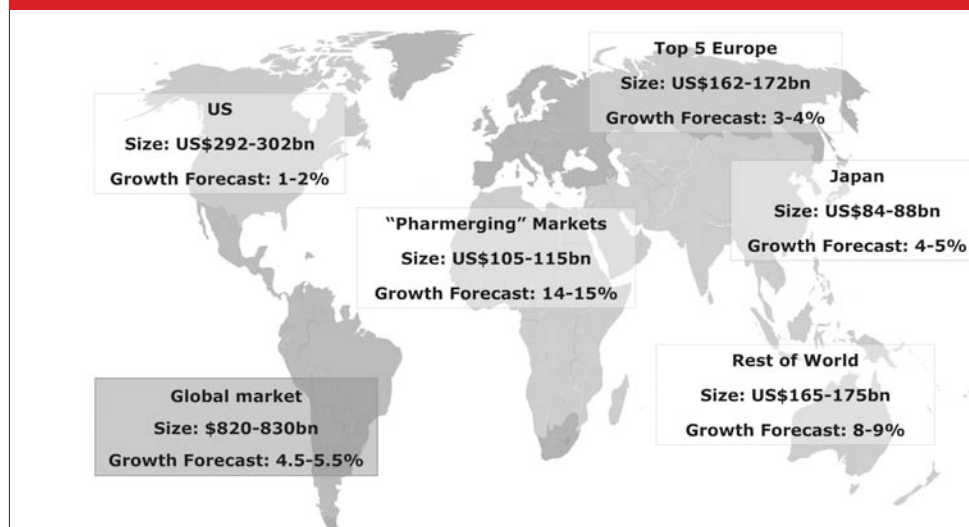


A Global Perspective

In March 2009, PharmaVOICE will be taking on the world — so to speak. This special issue will track and address the myriad factors influencing the global life-sciences industry. We will also track global business models and explore best practices of managing on a global scale.

We want to know what's on your global agenda and what global forces you believe will have the greatest impact on your business. The deadline for submissions is Dec. 20, 2008. To submit your hot topics, please e-mail tgrom@pharmavoice.com, subject: Global Perspective.

"PHARMERGING" MARKETS MAINTAIN DOUBLE-DIGIT GROWTH



Source: IMS Health, Norwalk, Conn., Market Prognosis, September 2008. For more information, visit imshealth.com. Note: Pharmerging" markets include: China, Brazil, India, South Korea, Mexico, Turkey, and Russia.



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Podcasts

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- **Critical Care Opportunities in a Global Arena**
Featured Podcast Thought Leader: Clive Meanwell, M.D., Ph.D., Chairman and CEO, The Medicines Company

Videos

Log onto pharmavoice.com/videos

- **Five-Part Series on Marketing Excellence**
A five-part series on marketing excellence draws on landmark IMS research on more than 3,000 new product launches and the analysis of 50 in-line brands spanning 10 chronic retail markets launched this month. Each video offers insights from an IMS expert on best practices for a different aspect of launch and brand management.



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