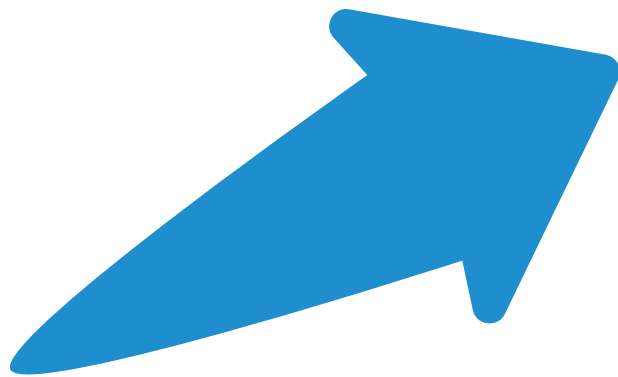




2012 US Pharma Insights

Results of an Industry Survey

November 2012



PERFORM

A White Paper on Current Trends & Challenges of the Pharmaceutical Industry

Executive Summary

Evolutions continue to spur innovation in 2012. This year, companies have watched the fabric of the pharma business model being reconfigured before their eyes. Facing numerous patent expirations, companies have delivered a prolific year for R&D innovations, but in many cases, revenue from current pipelines will not create enough value to supplant losses. As a result, companies are streamlining business models and maximizing interactions by leveraging a deeper focus on next generation technology and holistic operational changes centered on a higher level of efficiency.

With the ground shifting beneath their feet, how exactly are companies innovating beyond current challenges in the life sciences industry? Through the eyes of leading pharmaceutical, biotech and generic companies, what are the defined challenges of 2012? How does the industry and market evolution shape decision making regarding innovation, investment and budget?

Cegedim Relationship Management has undertaken its third annual survey of life sciences professionals in the United States to provide a real-time snapshot of this year's trends. Composed of the industry's most relevant voices, this thought leadership report highlights pivotal developments, current strategies and technology trends. By drawing analysis from three consecutive years of responses, the report discovers underlying patterns and richer insights to deliver a more complete image of industry perceptions.

This year reveals distinct concerns with the flux of the current commercial model and reinforces the support for digital solutions. Nearly three-fourths (74%) of respondents point to the changing commercial business model as the biggest issue keeping them up at night. As traditional channels of interaction experience irrevocable change, respondents are articulating how and where this market change is taking shape within their own companies.

Critically, the most selected business model/process change cited by respondents is an increased focus on market access strategies (64%). The third annual survey report provides critical insights into how companies are adapting strategies

to account for the tectonic market shifts and the widening availability of game-changing technology. Companies continue to voice the growing pains of change and are utilizing tablets, mobile platforms and social media more than ever before.

Key Findings

The formidable issues of concern remain constant from 2011 to 2012, especially the evolution of the current business model which holds fast as the primary concern.

- Based on a scale from one to five, nearly three-fourths (74%) of respondents ranked the changing commercial business model as their first, second or third priority of concern.
- Results for other customer groups were evenly divided among patients (19%), government (17%) and managed care organizations (16%).

The drivers of change are themselves evolving. Executive management and strategy/business planning/business development teams are proving to be the most evident drivers of technology and business model changes.

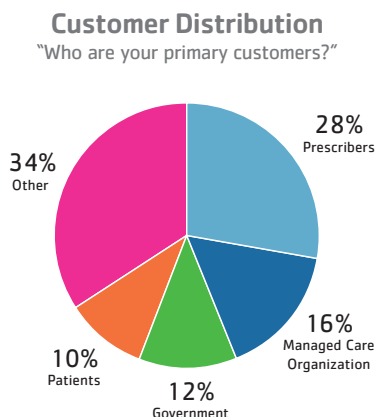
- Executive management (46%) is the primary driver of tech decisions, followed by business (sales and marketing) departments at 25% and IT at 18%.
- Over half of respondents (55%) cite strategy/business planning/business development to drive main business model and process changes.

The prioritized changes to the business model that these drivers are pushing towards have been clearly outlined by respondents.

- The leading category cited by 64% respondents is an increased focus on market access strategies, followed distantly by primary sales force realignment (38%) and increased focus on managed markets (35%).



The dominant customer group continues to be prescribers at 28%.



Respondents express their continued focus on leveraging effective mobile tools with insights into tablet usage and their favorite mobile operating systems.

- Eight out of ten (80%) report that they are currently using or will be using tablets in their organization.
- Field sales/account management (61%) account for the most active mobility team.
- Half of respondents (50%) selected Apple OS as their preferential mobile platform.

Social media has firmly established its value in the life sciences business model, making significant gains between 2011 and 2012.

- Virtually all respondents (96%) are active on LinkedIn and 70% of respondents are active on Facebook.
- Marketing (64%), PR (42%) and sales departments (38%) are the most active regarding social media usage.
- Although budgets remain small for social media, respondents illustrated notable gains in 2012.

Introduction

An entirely new set of metrics will determine growth for pharma. 2012 is marked by challenges such as healthcare reform, shifting product value, pricing, reimbursement, patent cliffs, generic competition and increasing regulatory requirements, making it more difficult to form realistic growth strategies. Off-patent medications now experience continued success due to widespread cost-cutting initiatives and the demands of a payer-led market. Companies must yet again reinvent themselves in light of the current life sciences revolution.

According to this year's report, market changes have propelled new strategies. Mobility campaigns and increased online presence represent well-formed trends in 2012. An overwhelming majority of surveyed companies (80%) report that they are currently using or will be using tablets in their organizations, especially for field-related operations. Further, almost all respondents (96%) have profiles on LinkedIn and most (70%) are on Facebook.

Results reveal that implementing tablet solutions provides a vital tactical advantage, particularly for sales forces. Additionally, the consistent uptake of social media may signal that respondents are stepping outside the archetype of a product provider and into the customer-centric role of an information resource and thought leader.

Moreover, revitalized market access strategies continue to be essential. This year finds companies aiming even higher to align products with moving targets by fully understanding stakeholders in a cost-constrained environment. In order to pinpoint and influence key opinion leaders (KOLs) of the healthcare industry and payer communities, companies must perpetually restructure tactics to better suit their evolving targets. Additionally, the impact of pharmaceutical and healthcare regulations, combined with intense global competition, now inspire companies with a more definite focus on process effectiveness at each level of their enterprise.

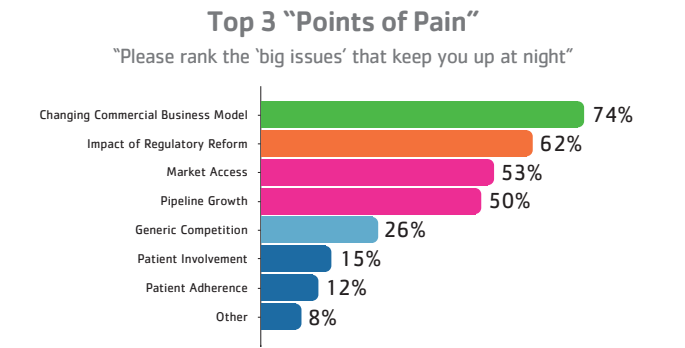
In order for companies to adapt to a host of industry transformations, ranging from commercial business model



changes to more stringent regulations and more robust market access strategies, it is essential for pharmaceutical companies to implement solutions that can help them do more with less. Continued growth in 2012 will require companies to stay alert and learn to accept that continuous strategy adaptations in the name of best practices are becoming the new industry norm of the life sciences.

The Shape of Change

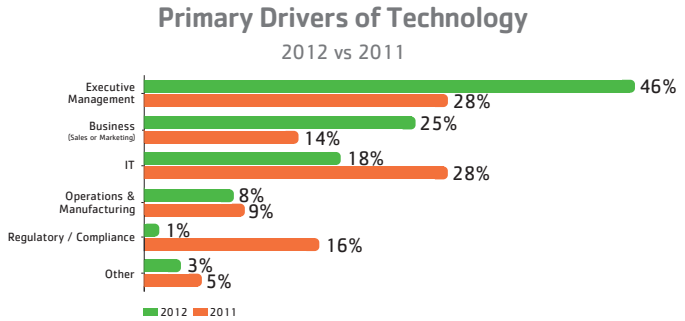
Change and concern are the catalysts for innovation. That being said, today’s leading companies are quick to express the pain points that are keeping them awake at night. Judging from the dynamic structural changes to the industry within the last year, the top three cited concerns are of little surprise.



Based on a scale from one to five, respondents ranked their concerns from greatest to least. The dominant concern, ranked as first, second and third priority by three-quarters of the respondents, is the changing commercial business model (74%), followed directly by the impact of impending regulatory reforms (62%), market access (53%), pipeline growth (50%) and generic competition (26%).

Comparing results to those of 2011, trends have maintained consistent through the two years. This year’s question added the two fields of market access and patient adherence to broaden the scope of the responses, and over half selected market access as a primary concern. Intuitively, this highlights that companies are determined to go beyond the boundaries and challenges of global, regional and local markets in order to achieve a product portfolio with the highest overall adoption in diverse patient groups.

Yet, how are these concerns shaping the decision-making process? Concerning investments in new technology and business model changes, are decision makers still sourcing from the same place within the company?



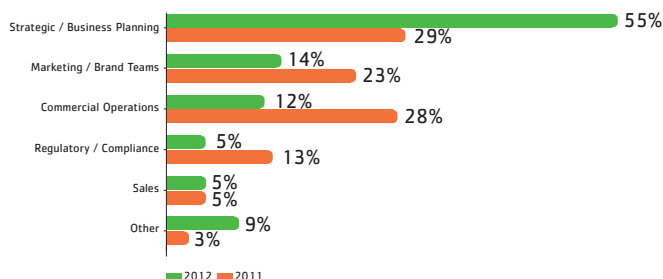
The comparison graph uncovers the changing origins of technology decisions. In 2011, IT and executive management matched pace in the decision-making process regarding tech investments (both at 28%). Possibly due to market shifts, executive management has taken the reins, now accounting for over double of IT’s share of the tech dialogue (46% vs. 18%). Additionally, business (sales and marketing) departments have increased their influence in this area, growing from 14% in 2011 to 25% in 2012. The influence of regulatory/compliance has declined from 16% in 2011 to 1% in 2012, most likely because in 2011 many life sciences regulatory/compliance teams made technology changes in anticipation of the enactment of the Patient Protection and Affordable Care Act (PPACA).

The most valuable takeaway from this trend is the importance of new technology. Executive management’s newly inspired control over their tech momentum demonstrates the overwhelming value of next generation solutions. Supporting the evident commercial gains from implementing new tools and solutions, business (sales and marketing) departments now account for a greater stake of the decision making process than IT. Whether it’s rich cloud technology or stand-alone mobility tools, the latest pharma-specific innovations are no longer an added benefit, understood and pressed only by IT departments, but a clearly defined financial opportunity driven by a top-down approach.

Who is leading the conversation in terms of changes made to the business model and processes? This year saw a sharp increase in the percentage of respondents who cited strategy/business planning/business development as the primary driver of business model/process change at respondent companies. In 2012, more than one-half (55%) cited strategy/business planning/business development as the primary driver compared to three out of ten (29%) in 2011. Additionally, the marketing/brand teams, commercial operations and regulatory/compliance saw a directional decline in the perception of being a leading driver of change.

Primary Driver of Business/Process Model Change

2012 vs. 2011

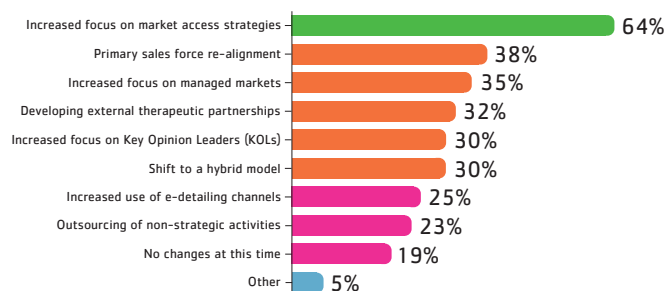


It is interesting to note that strategy/business planning/business development, as opposed to commercial operations (a leading category in 2011), has abruptly overshadowed all other categories. This may indicate an emerging trend of increased proactivity from a strategic standpoint. Rather than reacting solely to financial indicators to spur new processes and investment, such as new technology, companies are integrating business model change as a part of strategy, planning and development to instinctively stay ahead of the curve.

Now that companies have voiced who is driving technology, business model and process changes, exactly what changes are companies currently making? Based on recent market transitions, are areas of focus changing from last year's responses?

Prioritized Changes to Business Model Top 3 Priorities 2012

"What changes to the commercial business model is your company making?"



In considering changes to the business model at their respective companies, respondents ranked key categories on a scale from one to three, from greatest to least priority. Leading the responses, over six out of ten (64%) respondents selected increased focus on market access strategies as their first, second or third priority.

Cegedim Relationship Management's 2012 Pharma Insights report finds a reinvigorated focus in market access strategies as the most prominent change being currently implemented. Especially in this year's results, companies seem to be making significant steps to achieve the wider adoption of new and existing products through improved understanding of the changing healthcare market and effective communication of value to the broadest range of patient groups.

The following responses represent three to four out of ten as a first, second or third priority: primary sales force realignment (38%), increased focus on managed markets (35%), developing external therapeutic partnerships (32%), increased focus on key opinion leaders (30%) and shift to a hybrid model (30%). Accounting for one quarter of responses, respondents selected increased use of e-detailing channels (25%) and outsourcing of non-strategic activities (23%).

Prompted by an in-depth understanding of the industry's alteration, companies are shifting the control of the decision-making process to better suit current requirements. A more top-down and strategic view of changes to business model, processes and technology is the leading trend in respondent companies.



Mobility

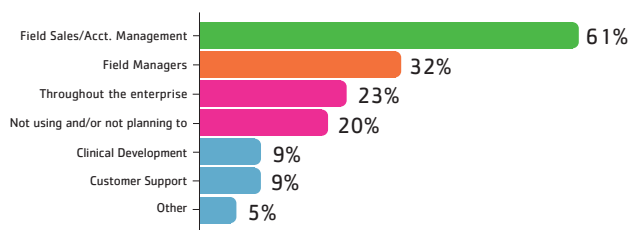
An effective sales force is everything. The hurdles have continued to grow on reps' pathways to targets. Doctors now permit sales rep visits to occupy even less of their schedules due to increased cost containment pressures from multiple sources. Therefore, capturing a healthcare practitioner's (HCP) attention goes well beyond the one-sided sales pitch and into the realm of valuable education.

Across the board, companies have strengthened their sales forces with next generation mobility tools to maximize their interactions with practitioners and stakeholders. An overwhelming majority of surveyed companies (80%) report that they are currently using or will be using tablets in their organization. Respondents support the established trend that tablets are no longer a convenience but an essential tool for greater effectiveness, collaboration and efficiency.

Field sales/account management (61%) and field managers (32%) account for the largest groups to leverage tablets within surveyed organizations. These figures reflect the exponential growth of the tablet-enabled solution market geared specifically towards pharma's customer-facing personnel. Today's leading mobile applications for tablets feature usability, seamless flexibility and are fully scalable to suit business models from large to small.

Tablet Usage

"What groups within your organization are using tablets, or planning to use them, within the next 12 months?"



It is important to note that a certain importance lies in the distribution of responses. Nearly one-fourth (23%) are employing tablets throughout each level of their enterprise. The breadth of tablet utility now extends far beyond its original purpose of solely supporting field activity. Tablets are

not only serving a platform to improve external interactions with clients, but are providing the collaborative power to consolidate the inner working of life sciences enterprises.

Tablet solution packages now function as the nexus for a company's activity. The most revolutionary providers of tablet-enabled solutions integrate the mobile tool with customer relationship management (CRM) platforms that centralize all commercial interactions. Tablet CRM features capabilities to support the most essential field operations and management, including primary care interactions, KAM, KOL management, as well as sales force realignment and rich analytics.

Furthermore, tablets provide an excellent vehicle for data capture. Creating a comprehensive source for sample and expenditure data is particularly valuable due to the onset of new and more stringent compliance regulations. Groundbreaking mobile interfaces enable companies to expertly control, track and maintain compliance with all sample management activities. Additionally, HCP expenditure data captured on tablets can be seamless input into innovative aggregate spend and disclosure compliance solutions. Overall, strategic companies are now leveraging intuitive mobility solutions to better analyze their sample operations and HCP expenditures with the end goal of achieving consistently smarter, more targeted activities in the future.

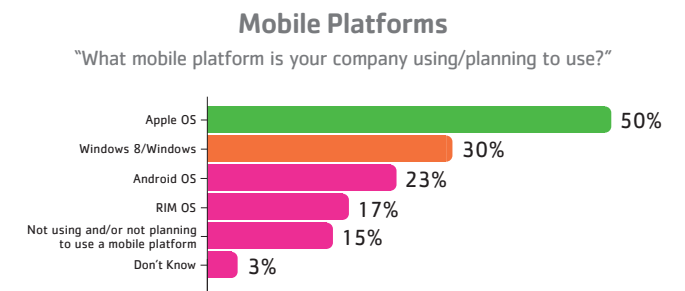
Considering the wide functionalities of today's mobile CRM solutions, sales forces are able to achieve new levels of performance in an increasingly competitive market. The latest solutions center on improved usability and human-centered design to dramatically boost end user adoption and sustainability. By creating greater information synergies between customer-facing teams and managers, top mobile CRM systems have proven to foster collaboration in real-time.

Essentially, effective mobility initiatives strengthen companies with the ability to more dynamically and strategically build relationships via fully integrated content management functionalities, KAM strategies, key messages and customer assignment. Moreover, mobility enables companies to keep reps on task more effectively through functionalities that



remain consistent independent of WiFi reception, and support actionable execution of strategy.

Since tablets represent an essential toolkit for the majority of respondents, how many plan to implement or currently operate a mobile platform? Which vendor holds the place of most relevant mobile platform for the life sciences commercial model?



According to those surveyed, eight out of ten (82%) cite that their company is using or planning to use a mobile platform. Regarding the market leaders in mobile OS, one-half (50%) report that they are using/planning to use Apple OS; followed by Windows at 30%, Android at 23% and RIM at 17%.

This year’s trends find the union between mobile technology and the life sciences business model to be indivisible. Respondents confirm that the hands of their sales force are fused to their tablets, with Apple providing the most viable mobile platform for their current requirements. Based on the materializing pattern, tablets and mobile platform providers will continue to improve their range of functionalities, making successful operations without next-generation mobility solutions nearly impossible.

Social Trending

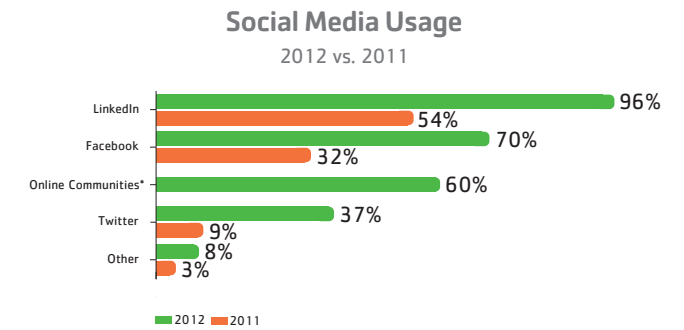
Social media now accounts for a formidable aspect of a company’s presence. Companies have been propelled to interact differently – both internally and externally. Respondents express the promising social trends of embracing the emerging channel, which can provide a new opportunity to improve patient engagement, deploy thought leadership campaigns and deepen overall customer-facing communications.

The survey reveals social media usage to be on a clear, robust upswing. Those surveyed were asked to rank their frequency of social activity on the leading channels. Virtually all respondents (96%) use LinkedIn to a certain frequency, ranging from multiple times per day to a few times per month. The subsequent most frequently used channels are Facebook (70%) and online communities (60%).

2012 Social Media Usage

“How frequently do you use the following social media?”

	Multiple Times/Day	Once/Day	3-4 Times/Week	Once/Week	A Few Times/Month	Once/Month or Less	Never	Total Percentage of Users
LinkedIn	18%	15%	22%	22%	15%	5%	3%	96%
Facebook	10%	18%	9%	11%	13%	9%	28%	70%
Online Communities	6%	11%	6%	10%	12%	15%	36%	60%
Twitter	6%	5%	3%	5%	8%	9%	59%	37%
Other	4%	0%	0%	1%	2%	1%	25%	8%



Usage of all social media has increased significantly between 2011 and 2012. The survey results show usage of LinkedIn up 43%, Facebook up 38%, and Twitter up 28%.

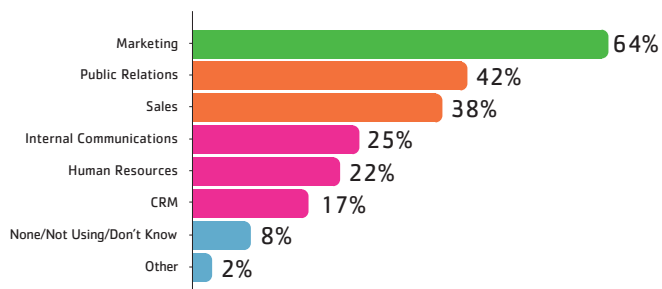


So, now that usage is up, how are companies using social media within their respective companies? Are companies' social media campaigns strictly limited to customer-facing operations?

The most common usages for social media at respondent companies are marketing, public relations and sales. Almost two-thirds of the respondents (64%) indicated that social media is being used for marketing at their companies. Four out of ten report that social media is being used for public relations (42%) and sales (38%). Less common uses for social media include internal communications (24%), human resources (22%) and customer relationship management (17%).

Social Media Usage

"For what initiatives is your company using social media as a tool?"

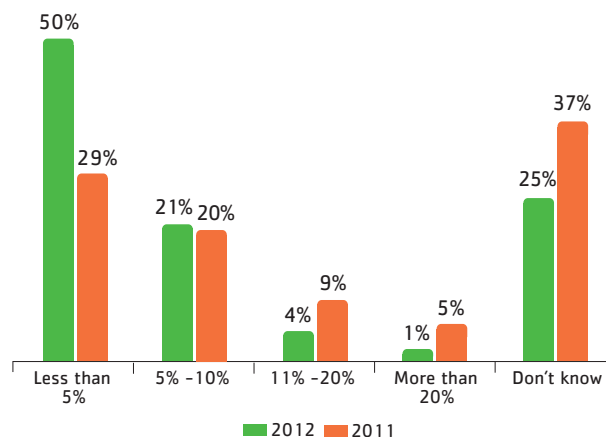


Evidently, customer-facing operations, including marketing, sales and public relations, make up the most common uses of social media. Yet, the survey reveals that many facets of companies' business structure are leveraging the power of social media, including internal communications, human resources and customer relationship management. The diverse utility of social channels demonstrates their added value of continuously expanding capabilities for many respondent companies.

Now that scope and function of social networks have been outlined, how does that translate into respondents' budgets?

Social Media Spend

2012 vs. 2011



Admittedly, not very much. But while social media expenditures are still relatively low, more companies are allocating dollars for it in 2012 than in 2011. The number of respondents who reported a 5% or less expenditure increased substantially from 29% in 2011 to 50% in 2012. The number of respondents who were unaware of their media spend declined from 37% in 2011 to 25% in 2012.

Although the current budgets do not reflect devoted social media spending, its importance should be highlighted due to the incredibly newness of the communication channel. Judging by the speed at which the internet came to revolve around social media, the budgets for social media may soon represent a majority percentage of a company's total digital marketing expenditure.

Conclusion



Fostering growth throughout the life sciences' current cycle will require due diligence combined with an increasingly agile business strategy. Companies have laid the groundwork with new innovations and are looking to derive key benefits from mobility initiatives, social media channels and renewed market access strategies.

Yet, the defining difference between companies who persevere and those who prosper is the continued support of next generation technology solutions designed for the nuances of the life sciences business model.

Respondents highlight that tablets are already ingrained in their companies, but fully leveraging all avenues of this optimal mobile technology will provide the seamless connection between sales forces and today's evolving business objectives and targets. Tablet-enabled CRM platforms are specifically designed to increase sales efficacy and feature the latest in cloud technology.

In addition, the leading mobile CRM providers deliver the most flexible system architecture to enable companies to adapt with market shifts via superior configuration. Through the ability to adapt or disable functionalities, rapidly deploy business strategies and consistently meet all regulatory compliance requirements, companies can remain prepared for all the sharp turns in the road ahead.

With evident social media momentum, now is the time for companies to capitalize on their social image and to improve their understanding of targets. Not only do social networks govern the structure of the internet, discerning payers now conduct research well beyond the takeaways at the doctor's office. Social networks provide pharma with the unique opportunity to take hold of the conversation concerning their companies and, most importantly, better connect with the patient community.

Also, by leveraging the same social channels, companies must align with HCP data providers that integrate the target's valuable digital profile in order to maximize targeting and segmentation strategies.

Respondents express increased drive concerning market access strategies. Moving forward with this trend, companies must empower both KAM and KOL teams with solutions that feature custom interfaces and functionalities. For KAM, solutions must feature the ability to define unique account strategies and to better understand networks of influence. Intuitive KOL solutions pivot on interfaces to manage expansive networks of opinion leaders and functionalities to maintain compliance as well as track activity and reimbursement. Further, companies must make customer data management a high priority in order to increase the effectiveness of all marketing activities.

Analysts foretell that pharma will never be put back in its original package. Therefore, the life sciences community must discover new pathways to best practices. Many trusted channels, including pipeline growth to capture new value, will remain true despite the transition, yet controlling cost and embracing the market of next generation solutions will help provide the improved margins required to navigate compounding industry obstacles.

Life sciences companies have grown accustomed to a state of fluidity. Shifting policies, varying perceptions and patent cliffs will always remain beyond the limits of a company's control. But this year's report showcases that the latest host of next generation tools will enable companies to regain control over every aspect within the realm of possibility.



Cegedim Relationship Management, the leading global provider of pharmaceutical Customer Relationship Management (CRM) solutions, provides the most comprehensively packaged offering, enabling Life Sciences companies to achieve rewarding and lasting relationships with their customers as well as meet their present and future business objectives and requirements. Solutions include:

- Customer Relationship Management
- Customer Data Management
- Regulatory Compliance
- Analytics
- Support Services
- Marketing Services

Contact Cegedim Relationship Management today for more information.

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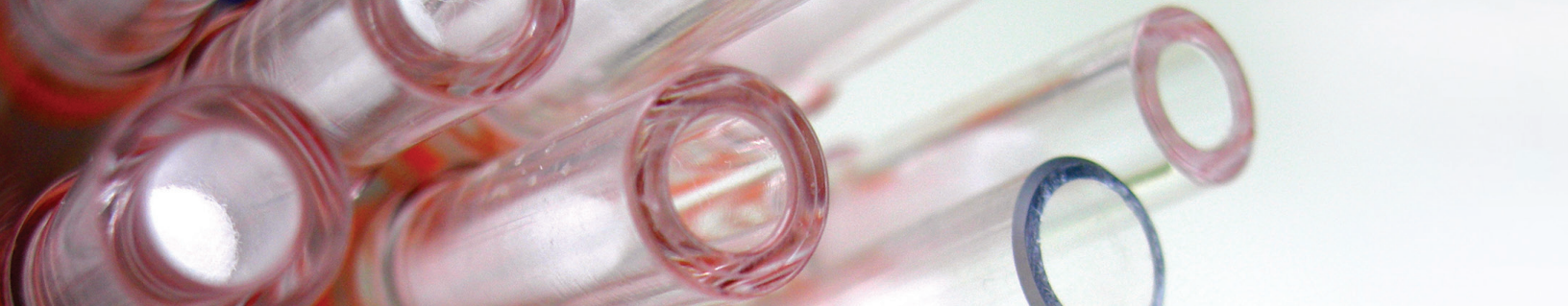
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Methodology

The study was conducted via the Internet. Selected respondents completed a questionnaire on-line and submitted their responses to Cegedim Relationship Management in August 2012.

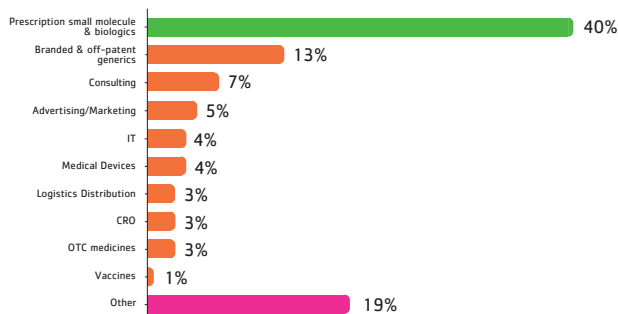
Responses were analyzed by GreyHome Marketing and Research Consulting. Percentages are subject to a 6.709 point margin of error and were tested for significance at the 90% confidence level using Decision Analyst's STATS tool, Version 2.0.

Significant differences between attributes are indicated in almost all instances by changes in color on the bar charts presented in this report. Bars of the same color in the charts are not statistically different from each other. This is done to help the reader recognize statistical cohorts in the charts. Occasionally, an attribute could belong to two different cohort groups. This occurs when the percentage is at a transition point between two groups. When this occurs, the attribute is placed in the group where it most logically fits.

Demographics

Four out of ten respondents (40%) describe their company's Principal Line of Business as Prescription Small Molecule and Biologics

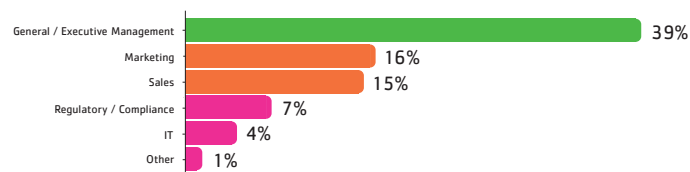
What Is Your Company's Principal Line of Business?



Four out of ten respondents (39%) cite their job function as General/Executive Management, while three out of ten (31%) are in Marketing or Sales.

Job Function

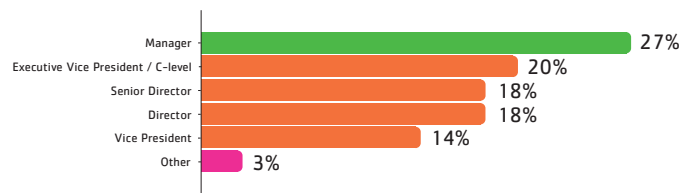
"What is your job function?"



Three out of ten respondents (29%) are in managerial positions.

Position

"What position do you hold?"



Recommended Reading

Russia 2012: The Pharmaceutical Market & New Legislation – Building for Growth in a Fast Changing Marketplace – September 2012

http://crm.cegedim.com/page/Documents/2012_Russia_Pharma/index.html

Emerging Markets Today and Tomorrow: Insights on Healthcare, Pharmaceuticals and Future Trends in the BRIC Landscape – April 2012

http://crm.cegedim.com/Docs_Whitepaper/Industry/Emerging-Markets-Whitepaper-2012.pdf

2012 US Trends in Aggregate Spend and Disclosure Reporting – March 2012

http://crm.cegedim.com/Docs_Whitepaper/Compliance/Aggregate_Spend_Trends_Disclosure_Reporting_Whitepaper_2012.pdf

2011 European Trends in Aggregate Spend, Transparency and Disclosure – February 2012

http://crm.cegedim.com/Docs_Reports/Compliance/2011_European_Trends_Compliance_Report.pdf

2011 US Pharma Insights – A White Paper on Current Trends & Challenges of the Pharmaceutical Industry – October 2011

http://crm.cegedim.com/Docs_Whitepaper/Industry/Pharma_Insights_Survey_Whitepaper_2011.pdf

2011 EU Market Access Survey White Paper – June 2011

http://crm.cegedim.com/Docs_Whitepaper/Data/EU_Market_Access_Survey_Rpt_June_2011.pdf

2011 European Trends & Challenges in Customer Data Management within the Life Sciences Industry– June 2011

http://crm.cegedim.com/Docs_Whitepaper/Data/EU_Cust_Data_Mgmt_Survey_Rpt_June_2011.pdf

2010 US Pharma Insights – A White Paper on Current Trends & Challenges of the Pharmaceutical Industry – June 2010

http://crm.cegedim.com/Docs_Whitepaper/Industry/Pharma_Insights_Survey_Whitepaper_June_2010.pdf

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