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Will the second COVID-19 wave overwhelm the pharma companies?

It's been more than a year that we are surviving under the constant threat of COVID-19. The same is the case with business organisations. Business is not at its usual. With first giving respite around November-December 2020, and healthcare and pharma business trying to make and cover the grounds, but only for the second wave to reckon back this with more power and brutality. The second wave has created severe havoc on the lives of the people, with deaths per million population in India crossing the 180 mark and bringing the entire healthcare system to collapse.



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Dr Sandeep Narula,
 Associate Professor,
 Assistant Dean, School
 of Pharmaceutical,
 IIMR University,
 Jaipur

With experts predicting the third wave of the pandemic, how will the businesses, economy and social life cope up? Are we really prepared for the new social and business ecosystem? Will the government help businesses combat the huge losses? Will the employment issues can be addressed? Especially with respect to the pharma business, how the pharma companies will make their transitions from the existing business model to the new digital business model. Is the top leadership (barring big MNC pharma giants) really equipped for future digital challenges?

As per BloombergQuint opinion survey of 2018, the digital literacy of India was only 1.67 per cent, if I extrapolate further by the same growth rate then also by December 2020, it will barely touch 2 per cent. As per Hootsuite January 2021 stats, individual internet users are 20.1 per cent, 32.3 per cent of the population on Social media, with YouTube leading from the front followed by Facebook, WhatsApp and Instagram.

As per Gartner, healthcare, companies are experiencing 'unprecedented levels of disruption', among the major reasons for disruption mentioned are internal organisation changes and cost pressure followed by regulation, compliance. It is estimated by Gartner, that only 20 per cent of the "fit" healthcare organizations are going to thrive and the remaining will be left behind. It is already a proven fact that the companies which are currently operating on digital platforms, their CAGR is 12 -15 per cent higher than the traditional business organizations.

Accepting 'change'

The biggest challenge with the pharmaceutical companies is not of Digital Transformation, but of 'Transformation'. Today the major challenge pharmaceutical companies are facing is from their own domain companies, but from the tech-driven domain companies like Apple, Microsoft, Google, Amazon and many others. As these tech-driven companies already have a readymade ecosystem with strong customer data (Demographic and Psychographic) and details that includes Healthcare professionals (HCPs) and Patients, hence it is very easy for them to offer the desired solutions. The recent rise of companies like Fitbit, GoogleFit, MIFit, Apple Health, Samsung Health apps in the wellness domain is a clear example that pharma is set to lose its share to these tech-driven companies. These tech-driven companies have already made a paradigm shift from "illness" to "Wellness". The pharmaceutical companies to date are focusing on illness and treating a sick person as their customer, but these tech-driven companies don't talk about any disease but they are focusing on 'fitness', 'staying fit and healthy' and by this definition, the entire universe is now their customer. Now, this is known as Transformation, where, from a small percentage or a fraction of the population, you start targeting a bigger mass or may universe, then this scale is known as transformation. And when you want to reach/address this scale, this magnitude of customers, then your traditional business model will not work and for this, then you need a model which allows you to reach lakhs and crores of the customers with ease and convenience and this scale is offered by digital platforms.

As on date, the pharmaceutical companies barring few big pharma companies, the so-called digital transformation is beyond their realm. To go for Digital Transformation the companies need to invest heavily on IT, starting cloud computing, as investing in cloud computing will offer them a competitive advantage, as it is this investment only which will offer them suitable platforms to operationalise their business strategies. Needless to say, here, in place of the traditional IT manager, companies need to hire a CIO or CTO.

No recourse to digitalisation

One thing is certain that for pharmaceutical companies, the pre-COVID period, in terms of HCP physical coverage and interaction, is not going to come back. The pharma companies have to adopt the digital route to reach HCPs as HCPs are finding digital platform a better option, as Digital is the perfect route for recovery and growth.

As on date, the pharmaceutical companies barring few big pharma companies, the so-called digital transformation is beyond their realm. To go for Digital Transformation the companies need to invest heavily on Information Technology (IT), starting cloud computing, as investing in cloud computing will offer them a competitive advantage, as it is this investment only which will offer them suitable platforms to operationalise their business strategies. Needless to say, here, in place of the traditional IT manager, companies need to hire a chief information officer (CIO) or chief technology officer (CTO). Keeping in view the volumes of data, the digital adoption and application offer, pharmaceutical companies not only need to hire chief data officer (CDO) but also they need to change their operating model too keeping the disruptions occurring frequently at the marketplace. Hence, it is certain that minor or fringe changes or changes occurring at the edges, are not going to yield the desired response and it will yield the investment below the cost of capital.

Also, today HCPs, they are not looking

for product promotion, but they are looking beyond the products. The HCPs, they are not using one channel of promotion, rather there are multiple channels through which they are getting exposure to their product/services. So, pharmaceutical companies instead of going for Multichannel marketing, they need to design the concept of Omnichannel marketing and this itself is a big challenge for the Indian pharmaceutical companies.

Today's HCPs they are more used to Omnichannel marketing and this experience they are already getting in their daily routine product/services which is offered by the companies like Amazon and Netflix. Pharmaceutical companies need to design and think for their product promotion in this manner or on these lines and they have created an ecosystem through which they can offer their product/services to HCPs. In other words, they have created an EXPERIENCE in such a manner that the HCP is fully engrossed or immersed in the company brand promotion ecosystem. And to create this ecosystem/experience, pharmaceutical companies need to hire a Chief Experience Officer (CEO).

Apart from above three challenges, the fourth challenge which the pharmaceutical companies will have to face is the emergence of 'Substitution power of pharmacist'. Due to the pandemic, the supply chain of majority of the pharmaceutical business organisation was/is interrupted due to the shortage of active pharmaceutical ingredients (APIs) and raw material. During this period, even the HCPs also have given the consent and acceptance of the substitution. Today this prescription substitution is more than 40 per cent, as this is a paradigm shift in the pharmaceutical business selling. Pharmaceutical companies have to think about these pharmacists also as their customer, and they have to offer 'desired' customer services to these pharmacist as well. Also, these local pharmacists have stepped up their services in the local community and are now offering various form of extended services like blood pressure monitoring, blood testing and even Video Calling services to the HCPs apart from free home deliveries of medicines.

In days to come, if pharmaceutical companies need to grow and sustain then they have embrace the above mentioned challenges and have to think of digital adoption first and then transformation which will eventually give them scale and magnitude both. **BS**

