

3 Ways for Life Sciences Companies to Reach Digital Nirvana



An analysis of recent digital health transactions uncovers practical ways for life sciences companies to achieve their digital transformation goals.

Nirvana for any life sciences company is the successful and sustainable commercialization of a new product or service. When biotechnology companies or pharmaceutical manufacturers attain that highest state of being, it creates new possibilities from superior patient outcomes to formulary benefit coverage by payers, to record revenue and profitability.

In the new healthcare economy, the path to enlightenment is “digital transformation,” according to the digital health, advanced analytics, and patient-engagement gurus. But what does digital transformation really mean, when overuse of the term has rendered it virtually meaningless?

Digital nirvana for healthcare organizations requires a holistic approach to digital transformation, where payers, providers, digital health, and life sciences organizations strategically align on a core goal to create more engaged patients. Because engaged patients are far more likely to be adherent – meaning taking their medications, for example – and we know that adherence is directly linked to improved outcomes and lower total cost of care.

To that end, Guidehouse researched the biggest digital health transactions in 2021 that involved life sciences companies. The findings revealed three practical applications of digital transformation:

1. Patient-Centric Design 2. Integrated Digital Solutions 3. Complementary Alliances

Before going into detail on each use case for digital transformation, let’s look at the common challenges that life sciences companies of all maturity levels and sizes face in today’s digital health ecosystem.

Digital Transformation Challenges for Life Sciences Companies

Established pharma companies and biotech startups alike are experiencing the following digital transformation challenges.

Personalized customer journey. Biotechnology companies and pharmaceutical manufacturers have extensive patient data and disease expertise. Yet, they lack the integrated patient and disease data capabilities to create personalized customer journeys that address individual needs. With the focus of the industry shifting more toward the patient, life sciences companies must rethink how to leverage their robust datasets to identify patient segments and design patient-centric processes to enable a more personalized consumer journey.

In-house digital health capabilities. Growing digital capabilities organically is time consuming for life sciences companies in a value-driven healthcare world that demands agility to thrive in its quickly changing and disruptive environment. For many, it’s faster and more economical to buy than it is to build.

These challenges
become more
specific, depending
on the company's
size and tenure in
the market

Identification of optimal digital solutions. Many life sciences companies are eager to partner and capitalize on a wide suite of digital health capabilities. But most do their homework on what type of digital health partnership (strategic collaboration, clinical co-development with research institutes, collaborating with regional affiliate organizations or patient advocacy groups, etc.), asset (AI, virtual reality, etc.) or disease focus they really need to optimize their market presence.

Flexible and scalable partnerships. Digital health partnership models are not one-size-fits-all for life sciences companies. Partnership models should be dynamic to meet the evolving needs of individual companies. These partnership opportunities can range from optimizing positioning through asset co-commercialization, offering a specialized solution for adherence enhancement, integrating data-driven approaches to patient segmentation, or adding efficiencies in capturing real-world evidence. The partnerships also require a sharp focus to have a tangible effect on patient equity by aligning existing services.

Efficient and focused collaboration. To build complementary digital health solutions, life sciences companies must collaborate with a partner. Collaboration sparks tactical and strategic discussions on how to efficiently and effectively use both firms' strengths to maximize clinical outcomes, stakeholder connection, and market performance.

Integrated technology infrastructure. Digital transformation requires pulling vast amounts of data from many different sources. Investing in a connected infrastructure consisting of sensors and IoT devices, application program interfaces (APIs), and similar technologies is necessary for data collection. However, many companies are hesitant to invest in integrated technology capabilities and for some that do, efforts can be siloed, defeating the purpose to improve efficiencies.

For large biotechnology and pharmaceutical companies, key drivers and challenges are:

- Understanding how to prioritize the key opportunities to engage with patients with established data and disease expertise.
- Facing extensive and established competitors in traditional asset landscapes.
- Competing against non-traditional players entering the functional area and disrupting traditional healthcare delivery and financing models.

For midsize and emerging biotechnology and pharmaceutical companies, key drivers and challenges are:

- Defining market presence and/or establishing market leadership with the existing portfolio or assets in the pipeline.
- Building internal integration and synergies between functional stakeholders to generate clinical evidence and drive patient uptake.
- Identifying and/or efficiently scaling capabilities.

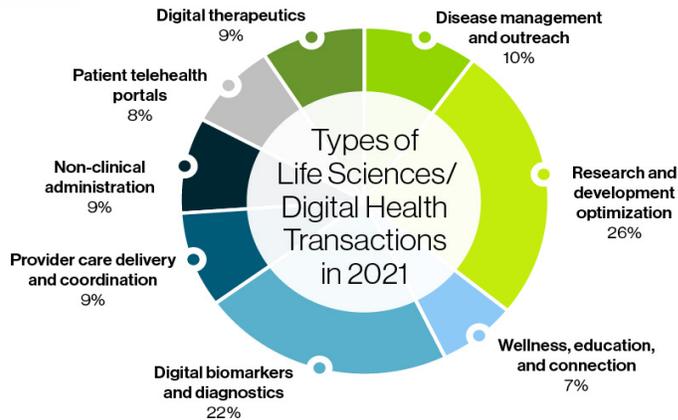
For startup and early-stage biotechnology and pharmaceutical companies, key drivers and challenges are:

- Raising stakeholder awareness and communicating value to healthcare professionals and patients to drive demand.
- Identifying the right partners to maximize clinical outcomes, scale capabilities, and launch rapidly.
- Engaging with stakeholders to validate the technology and accelerate the regulatory pathway.

Digital transformation is the key to solving all these challenges, whether common to all life sciences companies or unique to individual companies based on size and market tenure.

Breaking Down the Why and the How of Digital Transformation

Guidehouse analyzed 103 digital health arrangements in 2021 that involved life sciences companies. The transactions included strategic partnerships and mergers and acquisitions between life sciences and digital health companies. The deals fell into eight categories.



While this breakdown reveals *why* life sciences companies are partnering with digital health companies, there are three distinct commonalities around how these life sciences companies that partnered with, merged with, or acquired a digital health company implement practical applications to go digital.

1. Patient-centric designs. These life sciences companies often invested in patient-centric design processes and leveraged patient datasets to create a positive personalized patient experience. That experience included automation efficiencies and higher care quality. Patient-centric design is not a one-size-fits-all approach, and it will look different based on the scope from each company. Companies should prioritize studies focusing on gathering data of key patient needs, analyzing patient-journey friction points, and increasing transparency of diagnostic or therapeutic processes for patients.

For example, 60% of the digital health partnerships, mergers, and acquisitions focus on data-driven research optimization or digital diagnostic tools. Many of these tools use AI or machine learning to identify potential drug targets and recognize biomarkers to design the beginning of personalized healthcare using patient-specific data. AI or machine learning-coupled solutions also allow companies to leverage larger patient datasets and accelerate clinical trial designs.

2. Integrated digital solutions. Many life sciences companies integrated digital solutions across the patient care continuum to engage with different types of stakeholders and provide better access to patients across the continuum of care.

Life sciences companies with newly acquired digital capabilities are figuring out how to best position their assets to optimize their reimbursement opportunities. The integration of tangible, real-world evidence with enlarged patient-specific data from the digital point-of-care is essential to efficiently demonstrate value to both patients and payers across the entire product life cycle.

Integration of medical, product, development, regulatory, compliance, and other functions with commercial usages is critical and urgent for life sciences companies to develop viable clinical data to navigate steep regulatory hurdles, as well as to communicate benefits to healthcare professionals and patients.

In the meantime, to build a seamless patient experience, companies should enhance their suite of offerings by engaging in strategic partnerships, and by refining solutions and providing end-to-end support services.



3. Complementary alliances. A significant number of life sciences companies obtained their complementary digital health capabilities by choosing a partner that shares their vision and has a clear understanding of how to drive product outcomes by showcasing clinical value and real-world evidence.

Bigger and more well-established life sciences companies are growing their digital capabilities horizontally via partnerships, mergers, and acquisitions to span more of the patient journey and customer experience.

Smaller and younger life sciences companies are widening their footprints in global markets while expanding their digital platforms to include live connection to healthcare providers and digital diagnostic tools, especially in mental health.

Non-traditional players are growing their presence in the healthcare field. Innovative collaborations with new market entrants will enable life sciences companies to fill in remaining gaps for patients in evolving healthcare delivery models.

Taking the Mystery Out of Digital Transformation

Life sciences companies of all types, sizes, and maturity levels must see digital transformation for what it is: a tool to improve their clinical, financial, and operational performance. Like selecting any new tool, companies need to know what they want to fix, the type of tool that will do the job, and where to get the tool they need.

Guidehouse is helping life science companies make these critical decisions and successfully and sustainably commercialize their new products and services.

About Guidehouse

Guidehouse is a leading global provider of consulting services to the public sector and commercial markets, with broad capabilities in management, technology, and risk consulting. The company has more than 13,000 professionals in over 50 locations globally. Ranked the third largest healthcare management consulting firm in 2021 by Modern Healthcare, Guidehouse Health helps hospitals and health systems, government agencies, life sciences and retail companies, and payers solve their most complex issues, overcome unique market challenges, and deliver innovative services to their communities and customers. With 12 KLAS #1 rankings, the Guidehouse Health team includes public sector and provider administrators, clinicians, scientists, and other experts with decades of strategy, funding, policy, revenue cycle, digital and retail health, managed care, and managed services experience.