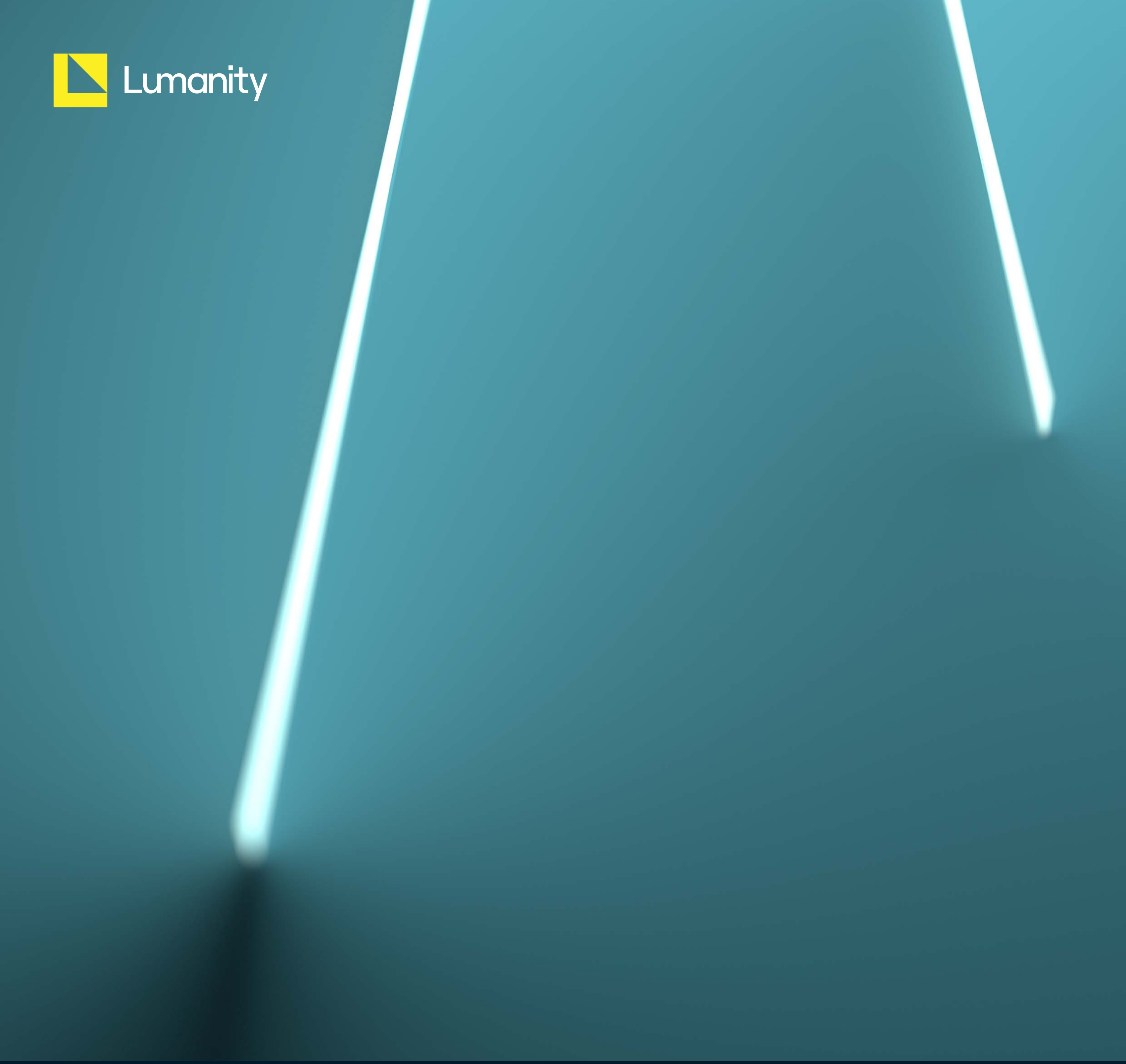

Playing Nicely With Friends

Portfolio co-positioning

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Peter has spent over 30 years in the pharmaceutical industry and has extensive brand strategy and cross-functional leadership experience. Peter's most recent industry role was at Pfizer, where he was responsible for their cardiovascular portfolio in Europe.

Here, Peter shares his views on the challenges and recommended process for successful portfolio co-positioning.

Portfolio co-positioning refers to the commercialization of one or more assets by the same company in the same therapy area.

It is worth highlighting that this is distinct from portfolio strategy, where the objective is usually to prioritize pipeline and/or inline assets across different therapy areas.

Getting portfolio co-positioning right means clarity of positioning for HCPs, payers and other stakeholders, optimization of portfolio performance, and often market leadership. Getting it wrong leads to internal turmoil, confusion for customers, wasted resources and missed opportunities.

Notable examples of portfolio co-positioning include AbbVie's multiple assets in various immunology indications, GSK's respiratory portfolio, Biogen in MS, and Novo Nordisk in diabetes.

Why does the need for portfolio co-positioning occur?

Companies target their discovery and development efforts on carefully selected therapy areas utilizing established knowledge, expertise, and intellectual property to optimize productivity.

Frequently the result is a succession of assets that must be commercialized in the same or similar therapy areas. This progressive innovation has very real benefits for the company and healthcare systems but often presents an accompanying challenge - having to simultaneously position two or more assets in the same area of the market.

On many occasions the solution is relatively straightforward because the assets are separated by different indications within a therapy area or disease; hence the parts of the market where they compete - "where to play"- are automatically distinct. For example, a company with a bronchodilator and a preventative therapy- two very different treatment approaches in asthma - is likely to be more concerned with how each asset competes in its own sector of the market and how to communicate the portfolio as a whole (which I will return to), rather than how to position each asset in relation to each other.

But things become a bit more complex when a company's two or more products - either in development or already launched- have the potential to compete in the same area of the market.

What are the main challenges when a company's products do overlap?

In a nutshell, the challenge when a company's products 'overlap' is to present a coherent and medically sensible positioning of each asset to the target customer - one which maximizes total portfolio contribution through avoiding internal competition, and put bluntly, 'shooting oneself in the foot'.

Achieving this is not always easy. Sometimes companies or teams can be attached to a particular product that has brought significant success, which can impact the objective assessment of wider portfolio possibilities. Frequently there isn't a joined-up view of the market opportunity, with individual product teams viewing the market in different ways. In extreme cases brand teams can even be in competition with each other. Profiles of new products making up a portfolio may have incomplete data. There may be differences in individual product profitability and duration of patent protection. The evolution of the market and competitor landscape may be uncertain.

What are the portfolio co-positioning options?

In some situations, the second product the company launches in the therapy area is unequivocally superior to an existing asset across all patient types and is therefore the natural "successor". In this situation, the successor becomes the investment priority and support behind the first asset usually transfers to it.

More commonly however, two or more assets provide different degrees of benefit for distinct patient segments or lines of therapy and optimizing portfolio contribution means positioning them relative to each other and deciding optimal resource allocation. Determining which asset is targeted to which patient segment requires a robust and objective process. At Lumanity, we use a best practice approach shown below, although the precise methodology will differ according to the specifics of the company's challenge.

Best practice approach to co-positioning

1. Agreeing market structure and patient segments

This is a critical first step in the process. It is vital that all asset teams have an objective and shared view of the market and how it will evolve. Defining and agreeing the market structure, and then characterizing and quantifying patient segments whose drivers of treatment choice or management is different, even if subtly, provides the basis for determining where each asset can best play. This first step may require primary and/or secondary market research to ensure a confident and shared view of how the market operates.

This can be complicated where a brand is already on the market- experience and available insight often bias perceptions of market structure and what drives it. It's important to take a step back in order to achieve a brand-agnostic evaluation of the whole market.

In our experience, this part can take time and it's vital that all teams are represented in the analysis.

2. Competitive assessment and scenario planning

In this step, the ability of each asset to meet treatment drivers - or customer needs- is assessed for each segment and compared with the competitive set, which may include biosimilars or generics of their own products. This provides an objective view of the relative medical benefit of each of the company's assets in each segment. We use a precise and rigorous framework to determine this, which navigates team bias; we will also apply scenario planning principles where there is uncertainty about asset or competitor profiles, regulatory outcomes or relevant environmental events.

Thinking about the future evolution of market dynamics is essential. Building strategy and asset development plans based only on the here and now may miss potentially market-disrupting strategies coming from future competitors.

3. Target segments by asset

In this stage, the decision is taken as to which asset will target which patient segment. This is significantly informed by the output of step 2 but also hinges on understanding the relative size of the opportunity in each patient segment set against the relative strategic priority and financial goals of each asset. Long-term objectives and profitability become particularly important when each asset can fulfil segment needs to the same degree. Assets can also avoid internal competition by targeting different HCP segments, but this has difficulties around imprecise distinction between segments, field force recognition of them and in particular the fact that many HCPs will use both assets and therefore need direction on patient selection anyway.

4. Brand positioning

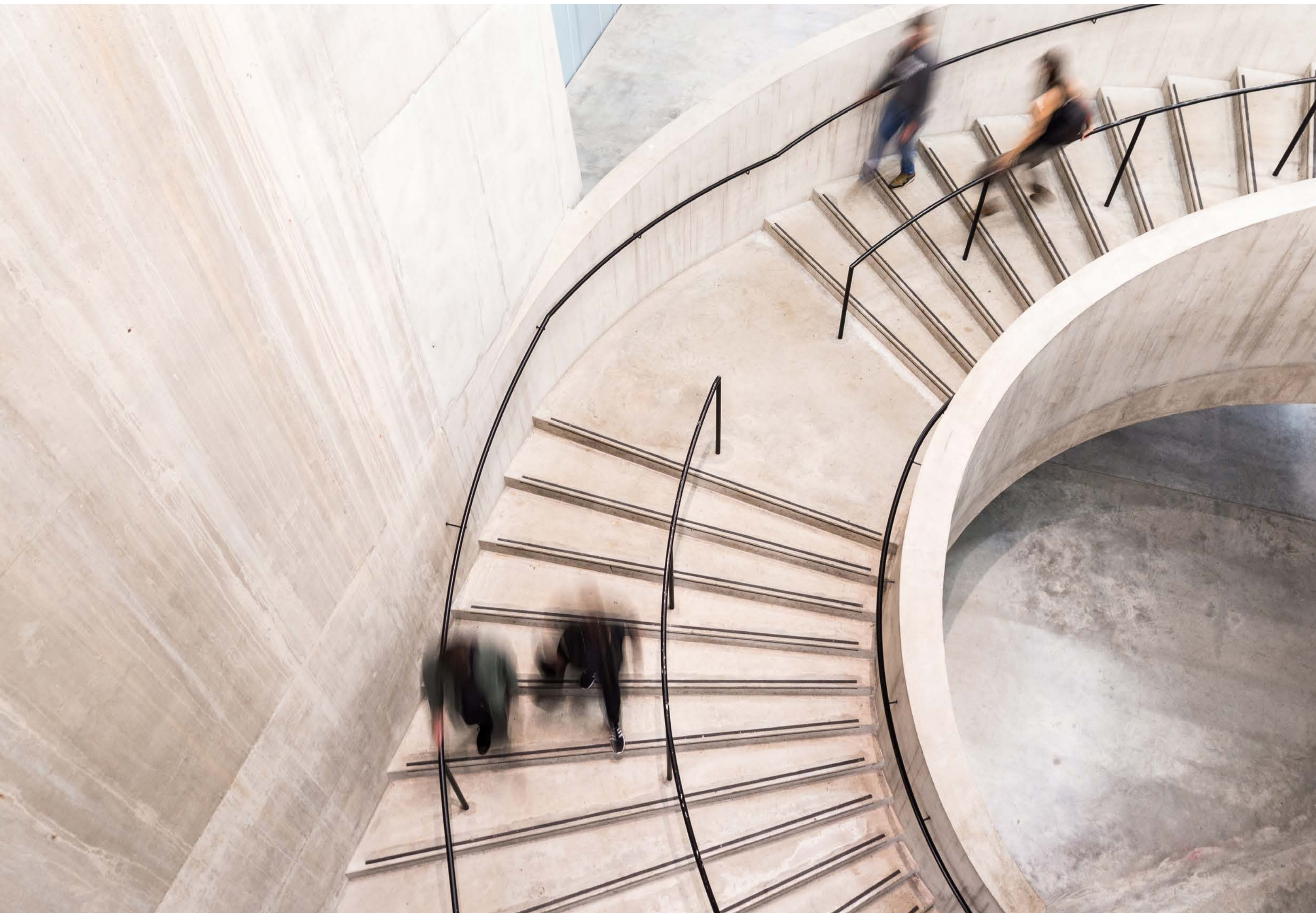
Here, the positioning for each asset is developed based on its attributes and the needs of the segments it will target. Such positioning statements may be segment-specific or more commonly rolled up to an overall asset positioning- but in either case, the positioning of each asset must be clear, unambiguous and distinct, leaving the customer in no doubt as to where each asset should be used.

5. Portfolio proposition

Finally, time to put on the roof of the house and develop a compelling proposition for the portfolio based on the sum of its parts and any additional value-adding elements such as professional and patient services, research commitment and others. All these elements done well can serve to further differentiate the total portfolio and company. Internal structure, processes and KPIs that ensure ongoing alignment of portfolio assets should also be reviewed at this point.

How can Lumanity help?

At Lumanity, we have conducted many projects to determine portfolio co-positioning and have accumulated significant learnings that ensure a smooth process, cross-functional engagement and a clear outcome for each asset team. Although the work can be challenging, it is undoubtedly worth the time and energy to achieve internal collaboration, maximize portfolio revenue and deliver the greatest value across the widest range of patients.



Critical steps for establishing portfolio strategy

01 Market Structure

Understanding of the market structure and identification of the full range of patient segments

02 Patient Segments

Characterization of each patient segment including needs, treatments received, patient volume, visit frequency, etc.

03 Strategic Priorities

Agree strategic and financial priorities across the portfolio

04 Competitive Assesement

Assess all assets versus current and future competitors in each patient segment

05 Target Segments

Determination of target segments and assessment of volume opportunity for each asset

06 Overlap Resolution

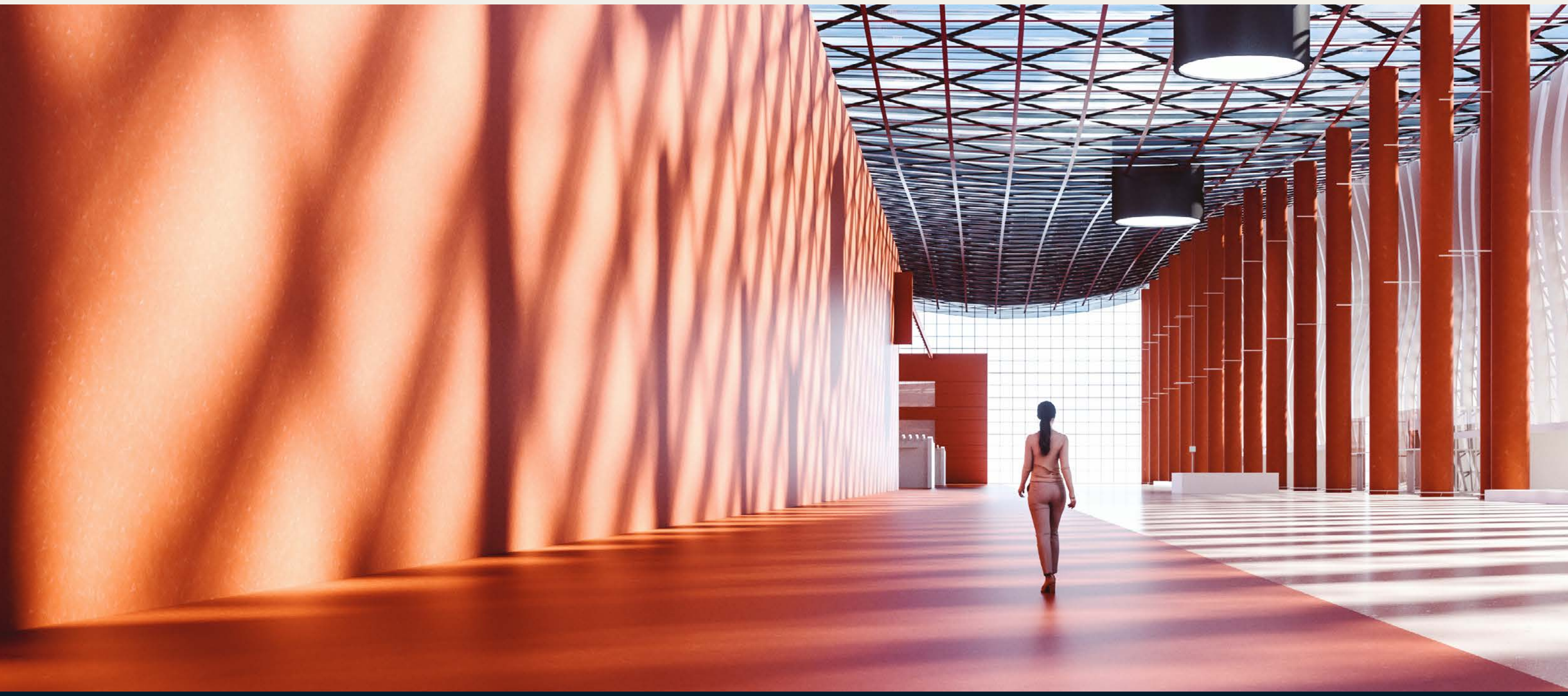
Review segments targeted by more than one brand resolution through, e.g. HCP segmentation, strategic priority, margin, etc.

07 Brand Positioning

Develop positioning statements and refine brand narrative / key messages for each brand

08 Portfolio Proposition

Develop the overall portfolio proposition based on individual brand positioning



Lumanity applies incisive thinking and decisive action to cut through complex situations and deliver transformative outcomes to accelerate and optimize access to medical advances. With deep experience in medical, commercial, and regulatory affairs, Lumanity transforms data and information into real-world insights and evidence that powers successful commercialization and empowers patients, providers, payers, and regulators to take timely and decisive action.

Contact us to learn more about how Lumanity can support your unique challenge.

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