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STRATEGY & RESEARCH FOR THE PHARMACEUTICAL INDUSTRY

Exubera market performance predicted to disappoint Pfizer stakeholders, according to Business Week article by healthcare experts at The Bruckner Group

Wakefield, MA. February 15, 2006. At launch, Exubera lacks the necessary profile for success in today's evidence-based, payer-dominated market, according to "***Irrational Exubera-nce for Pfizer***," an article published today in Business Week online. Drawing upon the 2006 Bruckner Group (BGI) Payer Study, BGI's Outcomes-Based Access (OBA) Index, and BGI's outcomes-based access database, BGI Partners Michael J. Russo and David Balekdjian have identified a significant discrepancy between Exubera's clinical and marketing profile, and analysts' revenue expectations. The authors believe Exubera is not compatible with an environment in which convenience and innovation take a back seat to healthcare value considerations, even though innovation is clearly needed to improve the standard of care for diabetes patients.

Less than five years ago, before managed care payers adopted OBA as the paradigm for formulary decision-making, Exubera would likely have surpassed blockbuster status. Today, payers are neither able nor willing to pay for expensive new drugs failing to offer compelling healthcare value. To receive preferential formulary coverage (critical to maximizing product revenues), new drugs must deliver improved patient health outcomes and be priced at a level that produces overall treatment cost savings to payers relative to the standard of care—for example, by resulting in fewer surgeries or interventions, emergency room visits, and doctor appointments. Attempts by pharma and biotech manufacturers to circumvent adverse payer coverage decisions through masterful use of physician and DTC marketing are increasingly unsuccessful.

"***Irrational Exubera-nce for Pfizer***" describes how payers make coverage decisions under OBA, and specifically presents an OBA analysis for Exubera as a case study. The authors conclude that payers are likely to find that Exubera lacks the proof required to justify a significant premium to injected insulin. Exubera reimbursement is likely to be plagued by higher co-pays and stringent utilization restrictions.

Here is a link to the article:

http://www.businessweek.com/technology/content/feb2006/tc20060215_664687.htm

About the Authors and The Bruckner Group (BGI):

Michael J. Russo and David Balekdjian are Partners at The Bruckner Group. BGI is the leading expert in value-based strategies, helping pharmaceutical and biotechnology companies design and implement strategic plans and marketing programs that prove the outcomes-based healthcare value and justify the prices of their products and services.