



The **Bruckner** Group, Inc.

STRATEGY & RESEARCH FOR THE PHARMACEUTICAL INDUSTRY

Nature Biotechnology Article Provides Advice On Addressing The New Risks Pharma And Biotech Companies Face From Payers' Focus On the Healthcare Value of Biologicals

Wakefield, MA., February 13, 2008. The Bruckner Group is pleased to announce the publication in Nature Biotechnology of an expansive feature article in the February 2008 issue, written by Bruckner Group partners Michael Russo and David Balekdjian. The article, "***Weighing the Outcomes***," explores how the intensification of managed care and employer influence over patient access to biological drugs is presenting new risks for pharma and biotech companies, and provides advice on what companies can do about it. "***Weighing the Outcomes***" is a white paper on creating enterprise-wide change in pharma and biotech companies. To remain competitive, companies must centralize the development and commercialization of drugs with compelling healthcare value as a mission-critical organizational necessity.

The article advises that many pharma and biotech business models are broken. Most companies' development and commercialization processes are not compatible with payers' requirement that drugs deliver compelling healthcare value to receive broad market access. The article further presents advice to company executives on business model, functional process changes, and re-structuring needed to ensure consistent delivery of drugs with demonstrable healthcare value that meet the needs of patients, physicians and payers.

"It's a tremendous honor for The Bruckner Group to be asked by Nature Biotechnology to write a white paper on the subject their editors consider so centrally important," said David Balekdjian, Partner at The Bruckner Group. "For the last seven years, The Bruckner Group has brought new ideas and concrete solutions to pharma and biotech companies seeking to address healthcare value challenges and opportunities at the product and organizational levels. We have found that these market changes impact all key functional areas, including clinical development, marketing, managed markets, outcomes research, and sales. Our article is a snapshot of a forthcoming book we are presently writing, and puts forward actionable recommendations for executives at pharma and biotech companies," Balekdjian said.

The article includes the following:

- Three key questions that will help executives and companies determine if they are on a viable pathway to address the market shift towards healthcare value;
- A framework for how to develop new products that address unmet market needs while offering compelling healthcare value to all stakeholders and decision-makers;
- A viable approach to pricing new products that the market embraces while at the same time maximizes company revenues.

“Our message to pharma and biotech company executives is unambiguous—we are bullish, because the industry has shown a tremendous ability to adapt over the years,” Balekdjian said. “There are great market opportunities available, even with payers flexing their muscles like never before. Yet to realize these opportunities, companies need to centrally conceive and develop new products in a different way than they have been—through a rigorous healthcare value prism. Let me be clear—most pharma and biotech companies are not doing this, even though, in our experience, many perceive that they are,” Balekdjian indicated.

“Pharma and biotech companies that update their business models and processes accordingly will find they are consistently meeting the needs of payers and employers—their customers—while continuing to address the needs of physicians and patients, which most manufacturers already do very well,” Balekdjian said.

The article references companies including Merck, Novartis, CardioVascular BioTherapeutics, ImClone Systems, Bristol-Myers Squibb, Biogen Idec, Astellas, Humana, and Regence. The article discusses diseases including oncology, diabetes, cardiovascular, neurological, cytopenia, psoriasis, multiple sclerosis, and hepatitis C. Other companies not mentioned but relevant to this article include Johnson & Johnson, Pfizer, GlaxoSmithKline, Wyeth, Amgen, Eli Lilly, Schering-Plough, Baxter, Roche, and Genentech.

About The Bruckner Group: The Bruckner Group (www.brucknergroupp.com), the industry leader in healthcare value strategy, assists pharmaceutical and biotechnology company executives in developing business models, enterprise-wide processes, and individual product strategies that produce new drugs with high healthcare value, meeting the needs of payers, employers, physicians, and patients. In addition to healthcare value strategy, The Bruckner Group assists pharma and biotech executives on a broad range of strategy issues, including payer strategy, product development strategy, strategic marketing, pricing, and corporate development initiatives.