



Life Sciences MNC Private Roundtable

Welcome!

Thank you for taking time out of your busy schedules to attend today

This is intended as a very informal, discussion-based friendly meeting of peers within the industry in Japan

We have prepared some short, thought-provoking material based on the following themes to help the discussion, but encourage you to talk through your challenges and solutions between you

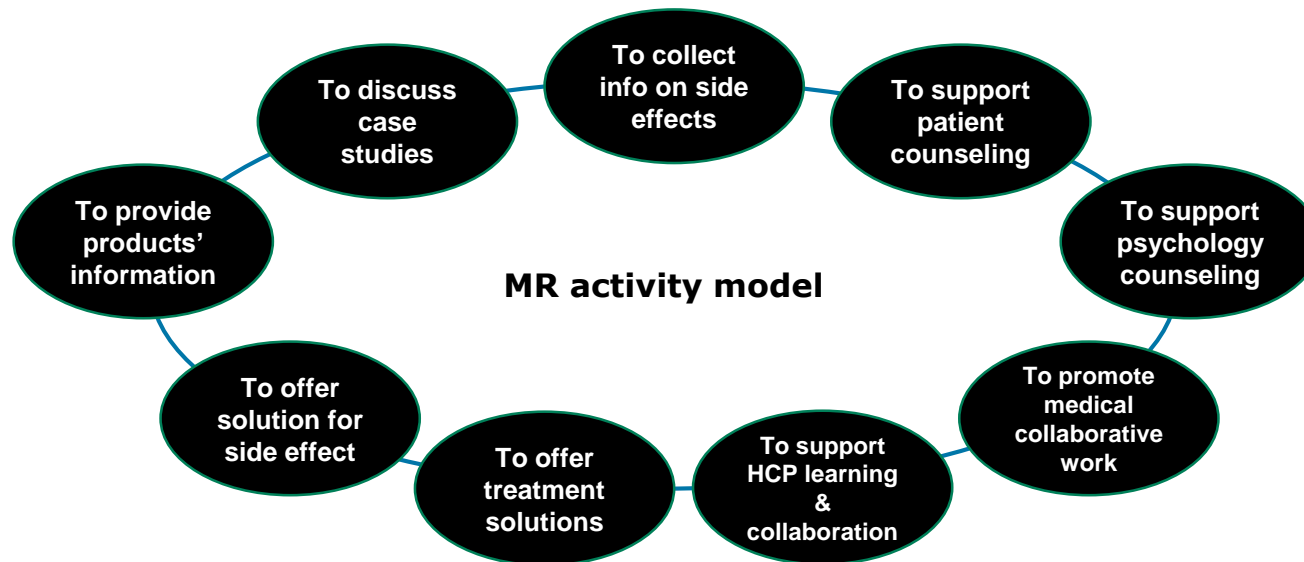
Strategic themes:

- Salesforce excellence & capability
- Digital tools
- Wholesaler management
- Data analytics & Real World Evidence
- Tax - Transfer Pricing
- Compliance management
- Other topics as desired



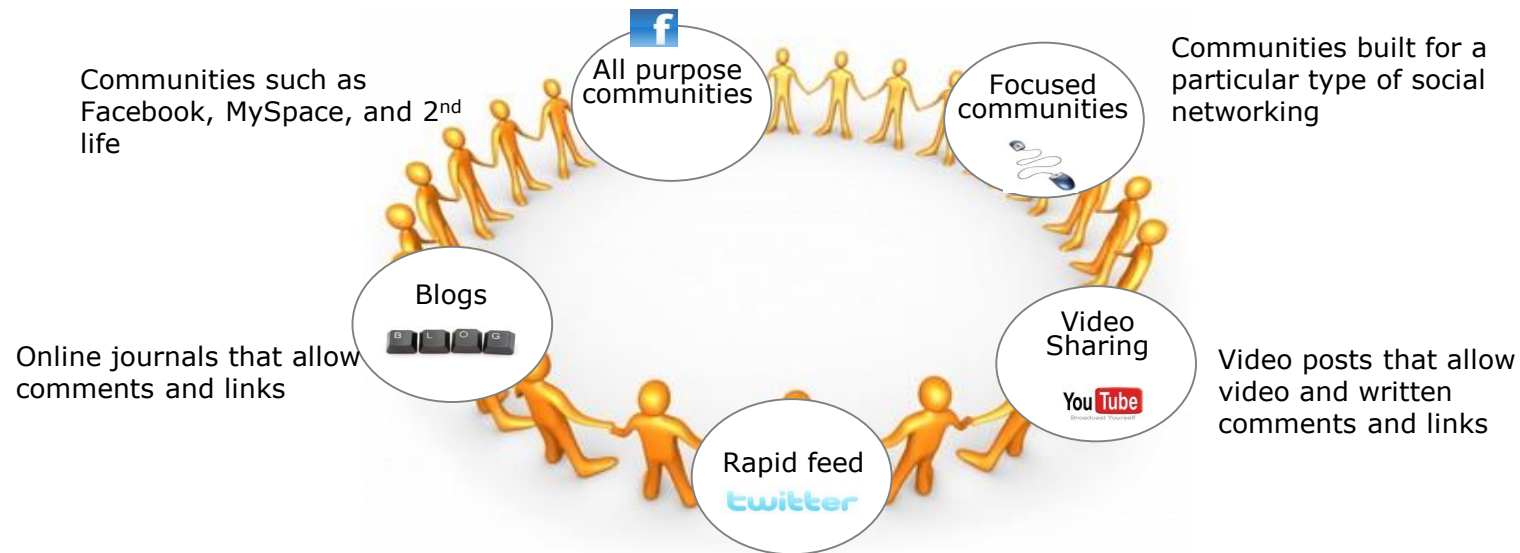
Salesforce excellence & capability

- Improving the effectiveness and performance of the salesforce in Japan is increasingly seen as the number one priority amongst many companies
- Doctors in Japan still prefer face-to-face contact resulting in MRs still spending significant time with HCPs
- In the future, MRs will need to understand the needs of their increasingly diverse customer base and
- MRs will be expected to use digital advances to change the conversation and position themselves as team members committed to helping physicians improve health outcomes



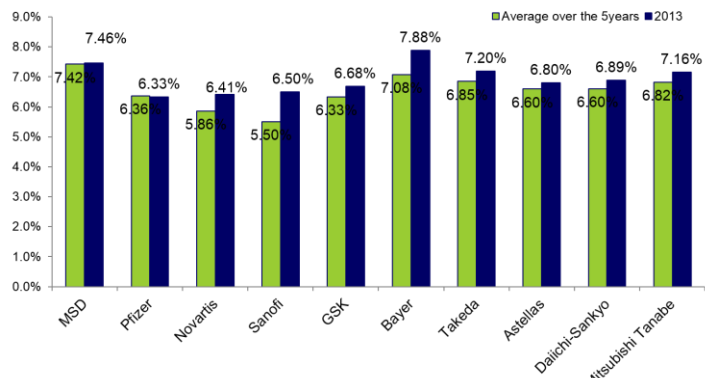
Digital tools

- Digital tools can cover the following: Apps, Wearables, Online communities, Cloud, Robotics, Advanced Analytics, Cognitive Computing.
- Digital tools are complementing and sometimes replacing MRs, as medical and healthcare professionals now have access to medical information that sales reps previously controlled
- Pharmaceuticals can no longer afford to treat digital on an ad-hoc basis but need to make digital a key element of the approach to patient and HCP engagement
- Due to regulatory restrictions on patient engagement in Japan, it is seen as lagging behind other countries. On the other hand, it has an active digital healthcare provider community, so integrating these two approaches will be critical.



Wholesaler Management

- Japan is unique – pharmacy space is limited, leading to more frequent deliveries with the associated higher distribution costs
- The wholesaler market has undergone significant consolidation and efficiency improvements in last 20 years, but more is required
- Overall market changes and pressures (bi-annual price reviews, generics, regionalization) mean significant pressure on pharmaceutical companies to re-evaluate rebate models, reduce wholesaler costs and drive more value within the distribution chain
- The effect of campaigns tend to be short-lived or non-existent, with return on investments not optimized
- Wholesaler strategy (including terms and rebates) needs to be redefined and improved, with visibility of returns on investment, and overall a need to transform internal processes and capabilities

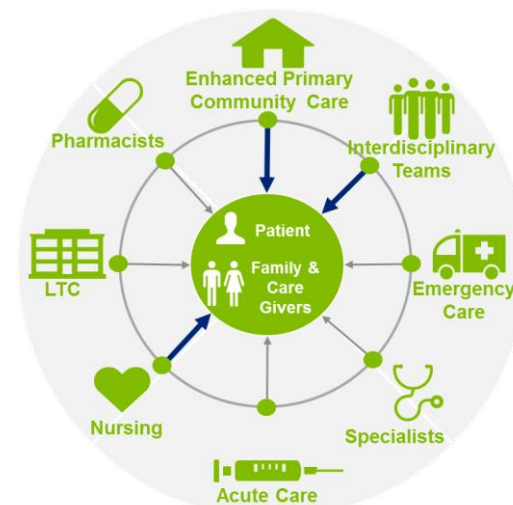
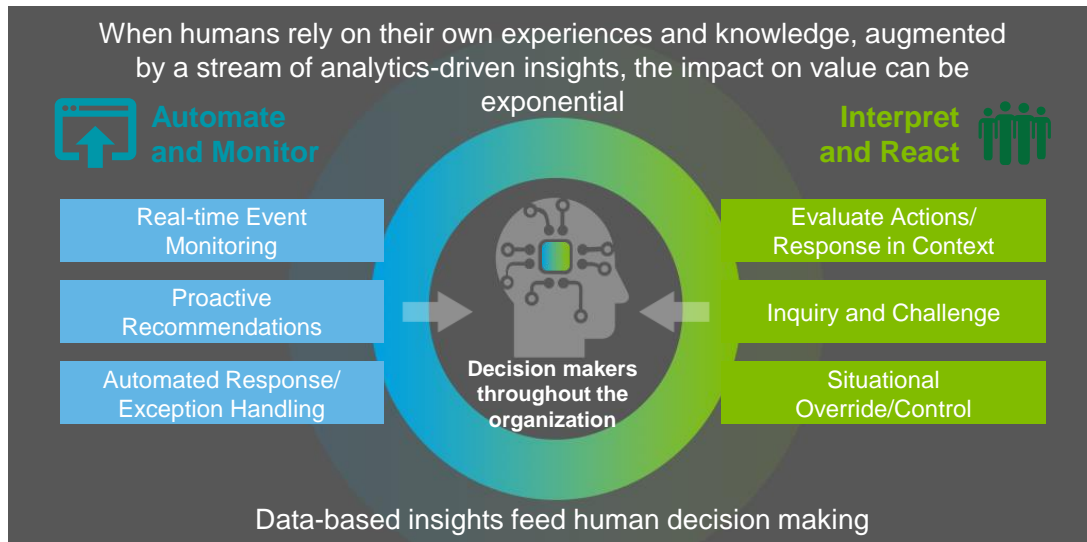


Pharma companies' wholesaler margin rates. 2013 data.



Data Analytics & Real World Evidence

- With large volumes of patient data readily available, healthcare organizations are using RWE to supplement clinical trials to show efficacy of therapies and patient outcomes
- Pharma-driven patient engagement programs provide a rich source of patient data to provide insights on patient adherence to therapies
- Pharma data strategies are providing deeper market insights to enable a more informed salesforce in their interactions in the field



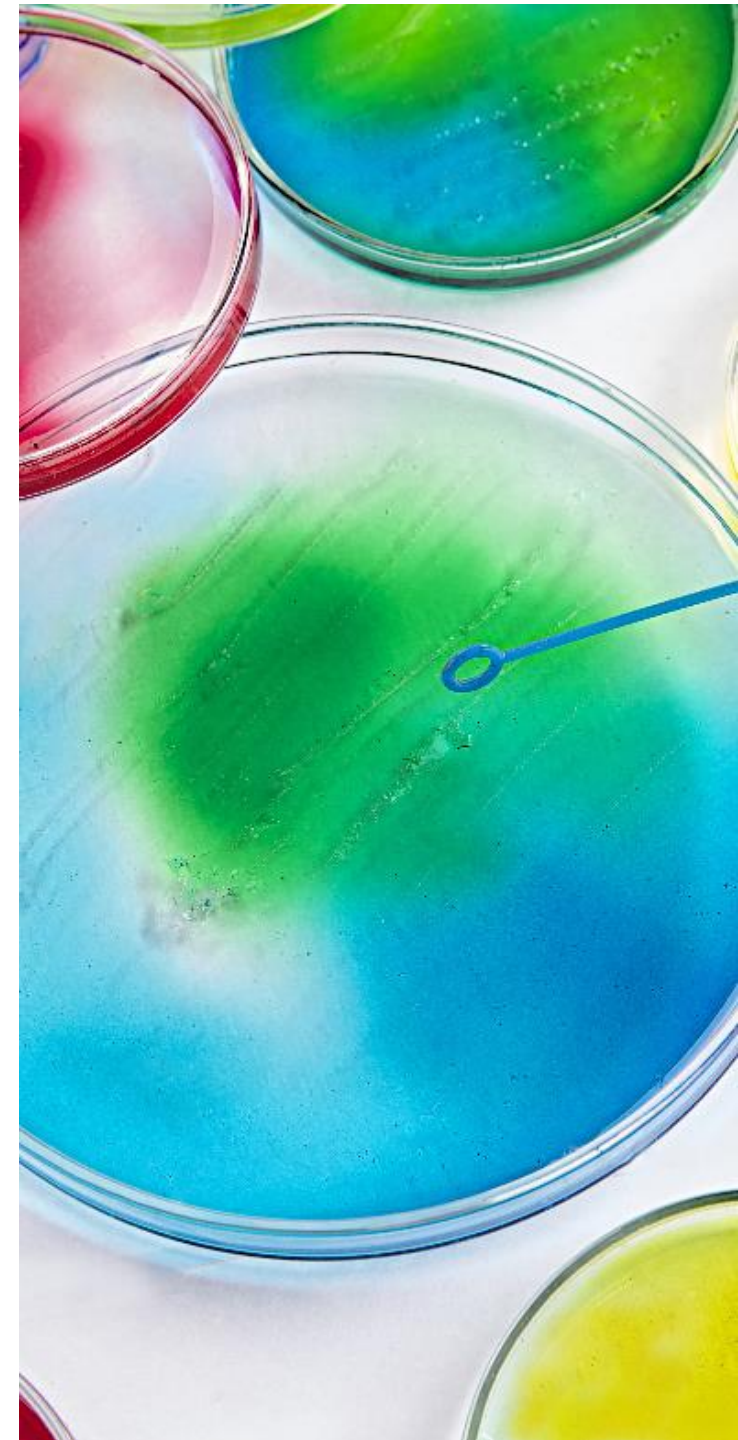
Insights through Integrated Patient Data



Compliance management

- Compliance landscape and associated requirements are broad and significant – covering drug development, product quality, clinical trial management, drug applications, market access, post-marketing surveillance, PV, expense compliance etc.
- Global standards for compliance are constantly being raised and result in the need for an enterprise-wide view of compliance
- Meeting the needs of compliance is often hampered by lack of integrated systems and data to manage and report on compliance adherence
- Companies still fear the impact of compliance on sales and are reluctant to consciously reduce targets – from the top-management down, compliance impacts are still not readily accepted, particularly in Japan
- Regulations have been evolving over the years and currently regulators have adopted more data driven approach based on patient outcomes

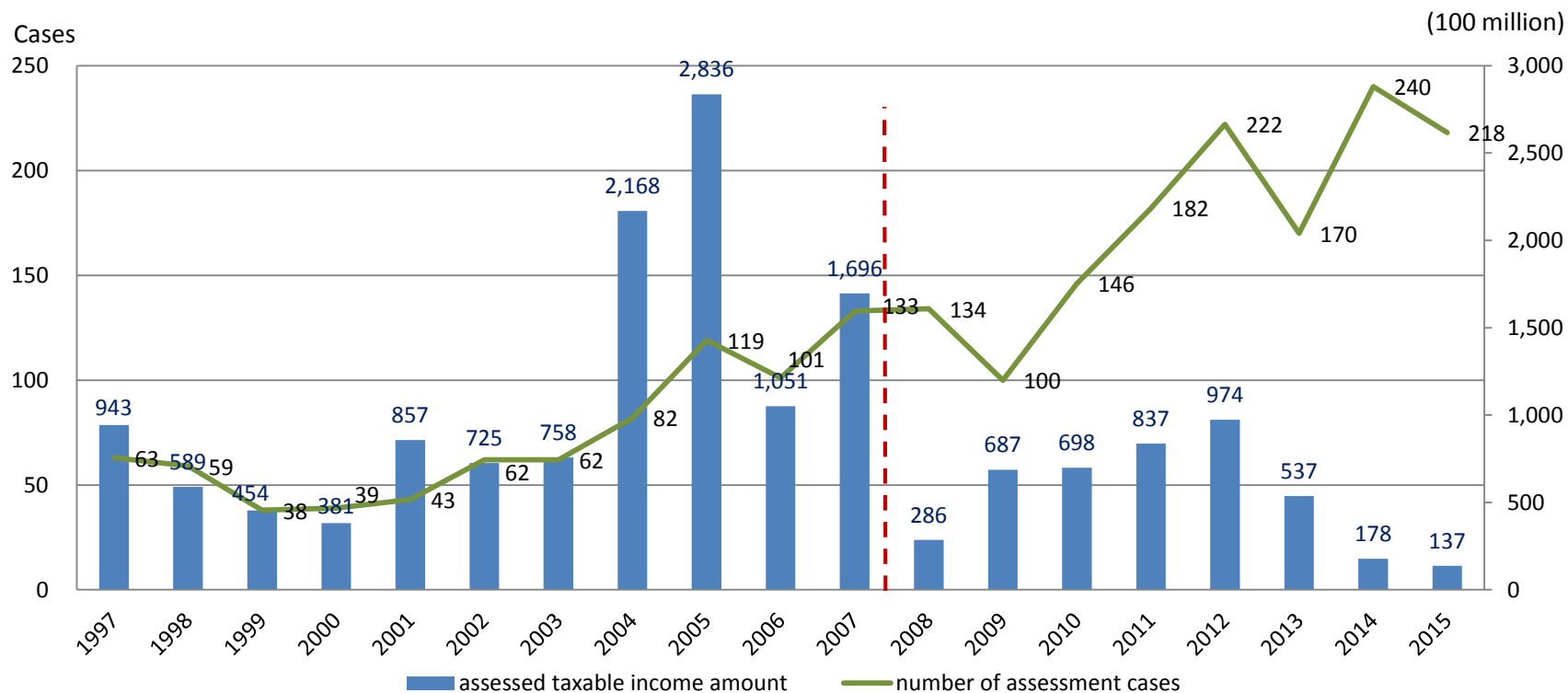
Compliance is a business hurdle, like access and pricing and talent; and mastering the skill of navigating compliance better than anyone else is a competitive advantage



Tax (Transfer Pricing)

- New BEPS initiated TP documentation requirements
- APAs – Unilateral vs Bilateral
- Value Chain Analysis (qualitative & quantitative)
- Revisit intercompany service transactions (i.e. R&D)

Trends in TP assessments by NTA



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