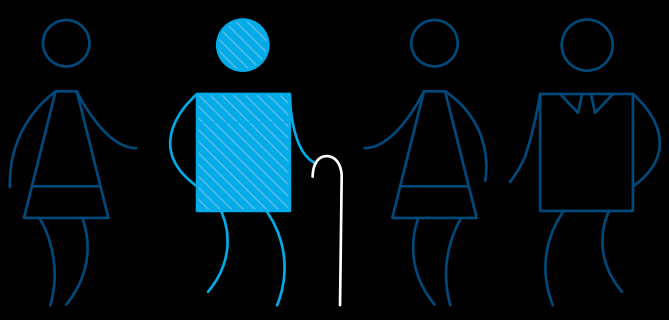
The pharma market access and pricing environment in Europe is rapidly changing

Payers are responding to:

Aging populations



By **2030** 25% of the European Union's (EU) population will be aged **65 and over**, up from **19% in 2015**.

Chronic diseases

From **2018** and **2040** the incidence of **cancer** is predicted to increase by 23%.

From **2017** and **2045** the number of people with **diabetes** (aged 20-79) is projected to increase by 16%.

*Constrained health care budgets are impacting pharma spending**

GDP spent on the **health care** has increased from **9.52%** in **2010** to 9.74% in 2016

GDP spent on the **pharmaceuticals** has decreased from **1.50%** in **2010** to 1.36% in 2016

Increasing pressure to fund drugs for rare diseases

From 2007 to 2017:

- the **EMA** has given 1544 orphan drug designations
- the **FDA** has given 2707 orphan drug designations.

Worldwide, it is estimated that **orphan drug sales** will total $216 billion by **2022**, up from **$125 billion** in **2017**.

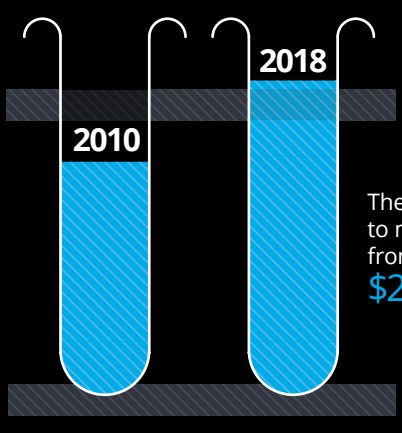
Governments in Europe have tightened policy towards reimbursement and pricing

2:1 ratio of **unfavorable** to **favorable** policies.

Note:* 16 European countries were included in this analysis; Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and The UK.

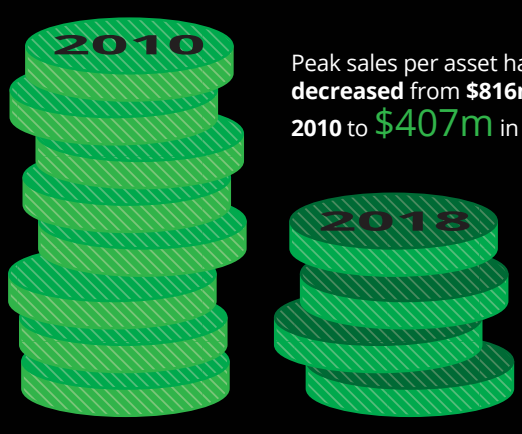
Pharma are responding to:

*Increasing R&D costs***



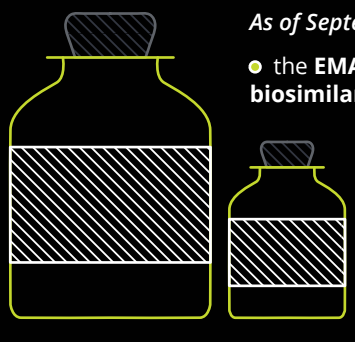
The cost of bringing an asset to market has **increased** from **$1.18bn** in **2010** to $2.16bn in **2018**.

*Falling peak sales per asset***



Peak sales per asset have **decreased** from **$816m** in **2010** to $407m in **2018**.

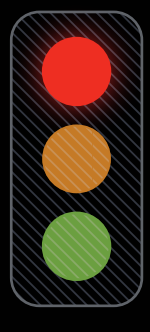
Increasing number of biosimilars entering the European market



As of September 2018:

- the **EMA** has **authorised** 46 **biosimilar** products.
- the **FDA** has **authorised** 12 **biosimilar** products.

Delays in patient access following market authorisation



The average **length of time** from **market authorisation** to the completion of **post-authorisation processes** has increased from **233 days** between **2007** and **2009**, to 318 days between **2014** and **2016**.

Pharma should enhance their core capabilities:

- **Earlier launch planning focused on dialogue:** Understand payer needs earlier in the R&D process through earlier dialogue with payers, providers, physicians and patients
- **Innovative contracting:** Design contracting and service solutions that meet the genuine needs of the system, payer and patient, and support its sustainability
- **Real-world value dossier creation:** Use RWE to develop a true understanding of system challenges, physician and patient experiences and the benefits of your products and services
- **Build trust and understanding:** Be a collaborative partner in your therapy areas and build trust
- **Build the skills and expertise needed for the future:** Consider the skills gap you have between technical and communicative expertise

Note:** Information taken from Deloitte's annual report, *Measuring the return from pharmaceutical innovation 2018*. Figures presented are for the original cohort of 12 large market capitalisation biopharma companies.