

Interview: Anne-Christine Marie - Partner in charge of the Pharma and Life sciences Division, PwC France



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26.05.2016

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PwC France's pharma and life sciences industry leader speaks out about the consultancy's positioning as partner of choice for advisory services in the pharmaceutical industry with more than 75 percent of the local market now registered as clients. She also reflects upon the likely repercussions of digital disruption on the sector and predicts that multi-stakeholder collaboration will form the basis upon which new healthcare provision models are identified and designed.

In 2013, PwC France merged its Pharmaceutical and Healthcare divisions into a single entity. Could you begin by explaining the rationale behind this structural shift?

Three years ago, we resolved to merge our pharmaceuticals and healthcare divisions, into the health industries division. It was important to take into account a growing reality that pharma and healthcare are increasingly intertwined and have become part of the very same value chain and landscape of interactions. Cognizant of the way in which pharma companies are no longer just purveyors of pills, but proactive collaborators in the realization of positive health outcomes, we consolidated our operations. The result is that nowadays a single department handles the different strands of health services catering to specific actors in public and private health provision: state agencies, government, enterprise and academia.

Health services have always formed a significant part of PwC's offering. In the past, we had been able to differentiate between two very different categories of healthcare client. On the one hand, there were the pharma companies with their entrepreneurial business logic, global vision and international reach and project scope. On the other hand, there were our public sector clients. More often than not, these constituted state institutions and public companies with a strong national focus. Our dealings with them would sometimes involve going through the Ministry of Health and various public agencies. These distinctions are no longer relevant in today's much more integrated context. What we had formerly identified as separate markets has, over time, evolved into one and the same. Today's healthcare providers are very much customers of the pharma industry. Pharmaceutical manufacturers are increasingly active in health system reform and policy makers are increasingly framing the drug development process. It is therefore natural to treat them as part of the same whole.

What are the actual benefits to be derived from this internal reorganization?

Our clients have very well received the remodeling of our service delivery structures. Pharmaceutical manufacturers are seeking help stepping outside of the box and going beyond their traditional core functions. There is a great willingness to embrace smarter solutions and forge a more sustainable healthcare ecosystem, which entails not merely repeating the processes of the last 50 years. They can see that we understand that the healthcare provision of the future will be characterized by enhanced collaboration by formerly quite disparate actors.

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The patent cliff in 2008 forced the pharma industry to reevaluate their operating practices because they were, all of a sudden, losing some 30 percent of their revenues. Business-as-usual and continuation of the status quo were simply not options. Meanwhile, payers and providers have also grown to appreciate that something has to be done in the face of escalating drug development costs. Aging populations and game-changing, but expensive state-of-the medicines are pushing public health budgets to the limit and beyond.

The new époque of healthcare will therefore be about identifying and rolling out more sustainable mechanisms to achieve the public health outcomes that populations have grown to expect. It will be about greater interaction between private and public actors as new medicines are subjected to evermore-complex market access processes.

Accordingly, within PwC we have been assembling multifunctional teams that combine the technical and scientific expertise of the pharma world with in-depth familiarity with local regulatory

systems and processes. This way we ensure that we are well positioned to be able to guide our clients through the product approval, market access and launch phases. By combining our functions in this manner we can deliver a more superior and holistic service that is much more in tune with present day customer needs.

Another eye-catching development has been the bolstering of your in-house strategic capabilities. What has been the intention there?

PwC acquired Booz & Company on March 31, 2014 and created a new advisory practice under the brand of Strategy&, enabling PwC to form a new kind of consulting firm, offering Strategy-through-Execution services under one roof.

Gathering this new extended team of strategy specialists, we published the study, *Beyond 2020: Building Strategic Coherence in the New Health Economy*, where we predict how the pharma and healthcare markets will develop. We look for trends that could disrupt the sector and, with the help of experts in the pharma and life sciences community, develop strategies to help our clients better anticipate and prepare for the future.

Our *Beyond 2020* study is based on the foundation of the *Pharma2020* series developed through the C-Level interviews that we conduct with stakeholders in pharmaceutical and biotech companies, public and private payers, industry regulators, patient associations, healthcare professionals, and transparency organizations. We essentially create strategies and reports for each aspect of the value chain from R&D growth, supply chain, marketing, and business models.

As a result, we are now able to assist companies in experimenting with trailblazing products they never imagined would be possible to launch in the market. After speaking with regulators and providers in the industry we realized a real underlying desire for these types of new products and lines. The pharmaceutical industry as a whole is now intently focused on creating new process systems and models and we in PwC are committed to be at the forefront of these new developments. Our ramping up of our strategic capabilities enables us to carry out this function to a maximal degree.

Tell us more about the findings of your *Pharma 2020* study

Co-opting a full range of stakeholders we have been hosting roundtable events to share best practices, key issues, and trends within the industry and to have an overall understanding of the issues at hand and develop solutions to solving issues for the future. One of the main goals of our *Pharma 2020* study is to have more cooperation within the R&D and marketing departments of

pharmaceutical companies. We work with our partners to help them understand the importance of creating a brand image and knowledge of the market for the product before it is even entered into clinical trials and the importance of working one-on-one with both the R&D and marketing teams before the product is even ready to launch.

Offering digital platforms for products and medicines in the pharmaceutical industry is the next logical and necessary step that pharma companies need to take in order to move forward before they mature too quickly.

PwC is simultaneously working to bring the technology and digital revolution to the pharmaceutical industry. We are working with our clients to help them bring the latest technology to market, from 3D printing to machines that will offer real-time services in reminding patients to take their medicines to digital contact lenses that can be adjusted based on the needs of clients. Offering digital platforms for products and medicines in the pharmaceutical industry is the next logical and necessary step that pharma companies need to take in order to move forward before they mature too quickly.

How has PwC's role changed with the emergence of pharmacoeconomics as a justification of pricing structures?

We are currently collaborating with pharma companies on topics such as pharmacoeconomics so as to be able to better assess what the optimum pricing models should be for industry and state alike. Embracement of HTA, pharmacoeconomics and outcome-based reimbursement calculations are some of a number of new developments that are steadily transforming the face of the healthcare industry. Then there are also many other emerging trends to consider from the entry of new players (like the GAFAs) to the consequences of disruptive technology.

At PwC we have been placing a lot of focus on the marketing and sales tactics that can be used to reach the ultimate consumer while simultaneously factoring into consideration industrial tactics that can reduce costs and drive efficiency. We have regular relationships with SNITEM, the medical device association in France and LEEM, the association dedicated to pharmaceuticals companies in France, to help companies understand the regulations and procedures of their organizations that they are working with.

The four lines of services that we offer are assurance, consulting, transaction services, and tax and legal services. We are also working to offer non-auditing assurance services. PwC offers services to help with company image and branding. These days, many companies choose to work with

subcontractors and contract much of their work out. For pharmaceutical companies, this is often the manufacturing portion of their business to contract manufacturers and sometimes part of the research and development cycle to biotechs. Our goal is to help companies uphold their brand image and help them regulate their partnerships to prevent any problems from arising from these third party agreements.

Companies like IMS Health operate exclusively with the healthcare sector and accordingly know the business inside out. Given PwC's coverage of much broader range of industries, how do you ensure that you can operate to an equivalent degree of specialism?

We also know this business inside out. Ten years ago, we were more focused on auditing and tax; but today the advisory practice accounts for a full 50 percent of our business. Our differentiating factor is that we are multi-competent. If pharma companies have an issue in supply chain or R&D, this could consequently affect tax, finance, or marketing. These are all areas where we possess genuine expertise. We have the infrastructure, scope and reach to analyze the implications of these cross-sectional, transversal aspects that can nevertheless have a major impact on the bottom line of our clients.

How important are the mid-cap pharma companies as clients?

They are an important part of our client base as many are protagonists in much of the M&A activities taking place across the sector. Mid-caps with headquarters in France have now reached a point in their lifecycles where they are compelled to change their management structures and forge new alliances. Meanwhile they are working to transform their organizations internally in terms of accelerating and reviewing digital and technological impact; and also externally in terms of, for example, digital patient engagement. Because of digitalization companies will have more and more interaction with the final consumer or patient through, for example, marketing campaigns. We have also implemented new types of services relating start-ups for small-cap companies, which help accelerate and sustain the process through to becoming mid-cap.

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We recently published a report on the pharmaceutical market in the Netherlands, where there are more pharmaceutical related mergers and acquisition and related IPOs than in other European countries. How can this be the case when France possesses the largest number of biotech companies outside of North America?

France maintains a very favorable environment that fosters research and innovation. France, however presides over one of the highest tax ranges for small to medium size biotech companies. There is thus much uncertainty for many pharmaceutical companies in the taxes levied on innovative new drugs. For small to medium size companies, this business context may foster innovation through the research grants and funds that are available, but may simultaneously hinder it through high taxes; ultimately preventing the rise of new pharmaceutical giants or new mid-size companies. These discrepancies will need to be properly ironed out if the country is to achieve true competitiveness on this front.

Banking and consultancy jobs are no longer the 'in vogue' professions that they once were. In this context, how do attract top talent to your division and the right kind of caliber of human resources that understands both healthcare and the digital agenda?

We are trying very hard to assemble a workforce of the future: a workforce that thinks outside of the box and can generate innovational thinking. Consequently, we are changing the way in which we conduct recruitment. It's not just a question of snapping up the brightest graduate's people, but rather of putting together a mix of experienced and junior talent that is multifunctional. We know that we are competing with technology companies like Google for staff, but we are also working with Google and other digital companies. We are changing the tools and the education of the team in order to foster a more collaborative spirit. For example, PwC France opened this year the Delta Room, an intelligent collaboration workspace in its Paris offices. Using the Minority Report interface, Mezzanine, this room facilitates interactive ideation sessions between clients and PwC teams, and accelerating decision making.

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Talent management is not easy for any company at any time and it is especially important right now with the pharmaceuticals, healthcare and life sciences sectors all in the midst of profound transformation.

What final thoughts would you like to share with our readers worldwide?

We are now experiencing the beginning of a digital revolution in the health industries domain. We need to understand the future of data analytics and how it can apply to the industry. We believe that data analytics will have a huge impact on every aspect of the pharmaceutical industry, including revenue growth, and the industry is finding new approaches to leverage data and drive strategic decisions. PwC is dedicated to providing the industry and the healthcare sector with the

best strategies on how to enter down this new digital pathway.

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