

# Interview with Michael Brogan, President, IMS Brogan, Canada

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29.05.2013

Tags:


[government relations](#), [IMS](#), [investment](#),

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*Mike Brogan, before taking up the mantle of President at IMS was VP of Business Integration at IMS for a year. Today, he talks about the difficulties he has come up against since becoming President, especially in government relations and investment.*

*He also offers insights on the future of marketing in Canada as well as IMS expansion as a consulting player in the pharmaceutical industry.*

**Around the world, IMS is a privileged witness to the pharmaceutical sector. What have been the key trends of the Canadian pharmaceutical industry affecting the market in recent years?**



Similar to most places in the world, navigating the patent cliff has been one of the key themes. There has also been a distinct government focus on bending the curve in terms of healthcare expenditure, particularly on the drug component within healthcare. Governments have made moves to take maximum advantage of the patent cliff. One of the primary mechanisms has been generic price regulation. Drug plans carry a lot of weight in the Canadian market, between drug purchasing power and the legislative pen of government. In 2006, when this process was initiated in Ontario, the allowable price for a generic was at 70 percent of the brand price, which is a high level compared to the rest of the world. This decreased to 50 percent in 2007, and subsequently to 25 percent. Now, the Pan-Canadian Purchasing Alliance has mandated 18 percent for some large molecules, and thus this process is very much in motion. In many respects, because Canada is driven so much by provincial purchasing and regulation, the country acts like ten different markets rather than one. Provinces are moving in the same direction but at different paces.

Additionally, market growth has decreased noticeably in recent years. In mid-2010, Lipitor went generic at the same time that Ontario dropped from 50 to 25 percent on pricing. Market growth decreased from 5-6% annually to only about 1.5% in 2010. 2011 experienced negative growth, 2012 leveled out zero percent growth, and 2013 will be negative due to more patent cliff effect. Generic repricing has been the biggest element, but that has been enabled by the fact that there is a lot of brand volume moving into the generic category due to the patent cliff.

**Do you see partnerships between branded and generic companies providing better incentives in terms of dealing with this patent cliff in the future?**

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Brand companies are investing in generic divisions and that takes many different forms. It might include cooperating with traditional generic companies, or to be a white-label supplier to store brands or to maintain their own generic label. It wasn't so long ago that brand and generic companies were entirely distinct from each other; however that line has become more blurred in recent years.

**How would you rate the government's ability to create a good business environment that is attractive for investment and encourages innovation?**

There are many strategies in place that are very positive around incenting R&D within Canada, which is a big advantage for companies in that space. Many innovators will appreciate R&D incentives, but also express concern over adoption of the product of that R&D in the Canadian market.

In terms of purchases, the environment is more challenged. Looking at purchases of newly launched chemical entities, the value of what is being sold is lower than it was in the past. However, it is difficult to precisely measure the driver of that decline. Partly it is driven by the fact that many of the products coming to market today are more specialized, treating rare diseases or niche therapies, so they may not be comparable to what was launched five or six years ago. However lower sales of newly launched entities is also driven by an increasingly restrictive market access environment.

Most manufacturers will say that they wish for a more open formulary environment. This is happening due to the advent of PLAs, which provides an environment by which formularies are willing to put a product onto their list and provide access to publicly insured patients. Pharmaceutical companies may not be getting the price they wish for, but this is clearly a preferable situation to not having a product on the formulary at all. It is better for patients and clinicians as well. A public listing has a good halo effect on the private side of the market, which is split evenly with the public market.

**How does IMS Brogan adapt to the realities of the Canadian market, and how are the products you offer here different from what is happening in developing markets?**

There are similarities and differences of course between what we are doing in Canada vs emerging markets like China. In some countries there is a major effort to develop the fundamental metrics that we have built out in Canada many years ago. In Canada we are focusing on increased visibility to specialty categories such as oncology, but also we see a need for to help pharmaceutical companies and payers work together to evaluate the value of a drug product, not just in terms of comparative drug utilization, but also with a view to overall healthcare utilization, and outcomes. Payers, due to the constraints of budgets, are challenged to really make healthcare sustainable. This is a challenge across so many of the mature markets. Their need is really to have real-world evidence on the value of drug products. It must be evident. IMS Brogan, in that sense, actively puts together the different silos that exist within healthcare. Manufacturers need analytics showing the impact of appropriate use of medicines vs other healthcare components. That type of information, of which there is currently not enough, enables pharmaceutical companies and payers to collaboratively evaluate the value of a drug.

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**One of the key objectives for IMS is to make investments in the specialty market, particularly areas like oncology and diabetes. What are the fastest growing therapeutic areas in Canada, and is IMS positioned for those top therapies?**

In terms of data collection, we are fortunate in Canada to have very rich sources of distribution data, dispense data, claims data and also primary research. Given such breadth of sources, we tend to capture specialty markets very well. Oncology is an area where need is certainly growing and we are investing.

**What has been the main advice you have given to your clients in 2013?**

The world has changed. Pharma has had to adapt in several ways. In addition to physicians, marketers need to look at payers as customers. Beyond that, they need to find ways to interact with patients or patient groups in a more direct way. I would add also that the changed landscape has to be reflected in the way Pharma launches and markets its products. Canada does not launch drugs the way it used to. In the past, a national strategy worked well but today, resourcing across the country need to be more flexible, suited to the opportunity within each province or region, particularly since Canada sometimes operates like ten different markets because of reimbursement decisions. The model has to adapt to this reality, which is more complex of course, but those who adapt can maximize their resource allocation and investment returns.

The influence of the payer is clear; reimbursement is the number one issue for Pharma today in Canada. Payers have needs that are overlapping but not entirely the same as physicians. Those needs, such as health economics, must be addressed. You really have to bring real world evidence to bear on top of really great clinical trial evidence, and be able to give the payer confidence about your projections and the true value of the drug.

I think that Pharma and Payers have a lot they can agree on when they both put patients at the center. Pharmaceutical companies recognize and have responded to the fact that we have moved to a much more patient-centric world too. Payers have taken steps to bring patients into the room when it comes to decision-making as well and I think that is certainly to be applauded.

**IMS has recently expanded its activities, and is not just a source of information and services, but also provides more targeted and specialized consulting services towards the pharmaceutical sector. Is this a trend that will be happening with IMS Brogan as well?**

This has been a multi-year effort for IMS Brogan. IMS Brogan's specialty is analytics with very solid empirical evidence, due to great access to data. Clients often come to IMS for analytics, because they receive the very best empirical evidence available. This has been a journey for IMS, and as the world has changed, the pharmaceutical industry is working in a more constrained environment. Resources and returns on investment for everything are monitored more closely than ever before. In response to those needs, we are working with clients to find newer and smarter ways of using resources to the best effect. Analytics absolutely has to guide that. The shoot-from-the-hip approach does not work anymore.

**Consulting is a very competitive business, with many established consultancies that are also very strong with branches dedicated to the healthcare sector. Are there any competitive**

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## **advantages that set IMS Brogan apart from the competition?**

Firstly, it is the empirically-based analytics that IMS provides. The breadth of services that IMS offers is also very compelling. IMS has been building out its data assets that run the gamut from shipments to Rx all the way to longitudinal de-identified patient level utilization. The company is now working on ever better outcomes measurement and utilization. All of that is under one banner. IMS is also building out the technology that supports users. The company recognizes that data has the greatest value when it reaches the right person at the right time in a manner that they can use to draw conclusions. For example, IMS has gone full tilt into the mobile applications world, and any client can find their data on an IMS Brogan dashboard application. Field representatives can be more productive and make better decisions when they have user-friendly information on a mobile device. It is more summarized, actionable and ready-to-use. The mobile part of that is extremely valuable, which clients across the pharmaceutical industry really appreciate. Everyone recognizes that silos within healthcare information are unfortunate because it does not reveal the full picture. We are buying into our own story there. The reporting technology that we have built represents a breakthrough in integration of information, across all sources.

## **In a competitive industry, companies struggle to find and retain the best labor force. What is the situation in terms of attracting and developing the brightest minds at IMS Brogan?**

IMS Brogan is very fortunate in being able to attract the best and brightest out there. One of the draws tends to be the access to that empirical information. Being really driven by analytics to have as much accessible information as IMS Brogan does puts you in a really fortunate situation. Health economists never have enough information, and there is virtually nowhere you can be without having more information than IMS. The company is also putting more and more focus on "learning culture". This provides access to more and more internal training and knowledge sharing

## **Was the acquisition transition hard for the people at IMS Health and Brogan?**

There were cultural differences between a small Canadian company and a big multinational, but overall the transition went smoothly. There were many complexities to the product and technical integration, however we came through it. Thanks to that, we have been able to broaden our scope and bring together a diverse range of talent with unparalleled visibility into the marketplace.

## **What is your vision for IMS Brogan in terms of the Canadian healthcare sector to grow in the next 3-5 years?**

IMS Brogan wants to play a larger role within healthcare to enable optimal decisions by stakeholders throughout the healthcare sector.

## **What attracted you to this business, and keeps you motivated?**

I can honestly tell you that I have never had a dull day. I have been doing this intensively for 15 years, working every day on pharmaceutical data within the healthcare sector. I am fond of saying that IMS is at the crossroads of information technology and healthcare, both of which are undergoing

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such dramatic change simultaneously, that you can learn something new every day and it is impossible to ever be bored. You could not be in a more dynamic spot.

I am particularly excited to play a role in bringing more connected, integrated healthcare information to the market. It is time to break down the silos within healthcare information and enable a greater focus on value and outcomes. With that objective in mind, we have brought to market Canada's first commercially available EMR data set and are working to integrate this to form a holistic picture of the healthcare continuum. That type of data is a huge personal interest for me.

**What is your final message to the readers of *Pharmaceutical Executive*, on behalf of IMS Brogan?**

While Canada does not have the simplest pharmaceutical market to enter or operate in, as the seventh biggest worldwide, it is still a very valuable place to do business. With the right advice, these waters become very navigable.

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