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Digital Disruption:
How Safe Is Pharma?

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Introduction

Digital disruption is coming for healthcare. And it is not putting pockets of digital changes and pilots here and there. A Digital Disruption is an event that forces a significant change in the power balance between two or more companies or industries.

The thing that happens in every disrupted industry is that you have the status quo and then along comes usually some sort of digital disruption. The disrupters are usually really good at using AI and building AI tools, and they use that to build this amazing customer experience and customers start taking notice. And the interesting thing about that the digital disrupter is that the founders hear about a customer problem and they use AI to build something to solve that problem.

In the meantime, they've literally eaten your lunch by solving a problem you haven't yet examined and finding customers you don't know how to reach. It's should not happen that someone can come in from outside and have such an advantage, but that's what happens in every case. And it all sounds so improbable until it happens to your industry too. Think about Netflix and Blockbusters, Barnes and Noble and Amazon (everyone and Amazon!), Uber and Taxis, AirBnB and Hotels – the list goes on and on.

Yet many in healthcare feel that it cannot happen to us. They feel collaborating with the potential disrupters (like google and amazon and apple) will somehow protect them and move them into the lead. But disrupters are good at getting to understand an industry with collaborations, and then moving in.

The classic example I used in an article I wrote many years ago was Dell. At the time it was a leader in its market when Asus (full name ASUSTeK Computer Inc) entered their life. Asus was a Taiwanese company that manufactured PC circuits, and they proposed producing the Dell motherboards for 20% less. Dell agreed. Later Asus suggested they do the same for assembly, then supply chain management, and so on until Asus controlled everything but the brand. Then Asus went into competition with Dell and offered a more affordable computer that was essentially identical given they made both. Without realizing it at the time, Dell had trained, funded and created this competitor and the result was disastrous, nearly putting the company out of business. Yes – they were rescued from Chapter 11, but it was a hard lesson, and one that pharma companies don't seem to have learned from.

Google has many pharma collaborations and now has hired 2 people from pharma and now is a pharma company with its own R&D labs in San Francisco creating medicines.

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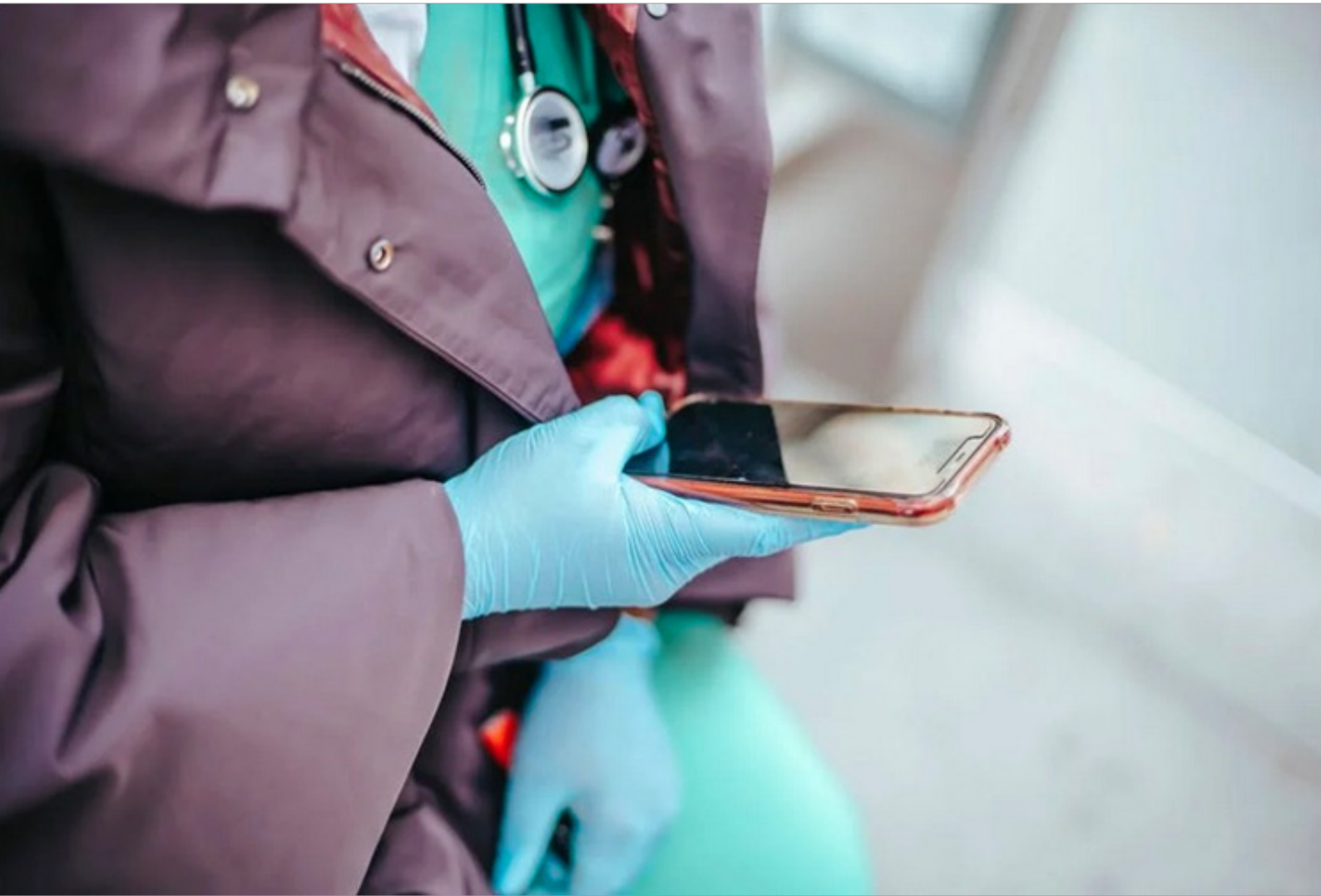
If you boil down disruption, it is creating a company around the customer and the customer experience. Let's look at a few well-known disrupters.

In every case, the difference was giving the customer an amazing experience. Taking out the hassle or frustration and almost like pressing an 'easy' button.

Think about banking. In the old days, you walked in the front door of a physical building, the teller was friendly and you joined a queue and did your banking. Nowadays, most banking is done online and you often (or maybe that is me) choose your bank based on how secure the app is and how easy it is to do everything you want that makes your life easier.

1. *Netflix>Blockbuster*
2. *Uber>Taxis*
3. *AirBnB>Hotels*
4. *Zipcar>Rental cars*
5. *Amazon>Barnes and Noble initially but soon everything*
6. *Apple > IBM*
7. *Tesla>Other car companies*

Now, what about healthcare?

If we consider the physician – patient side of healthcare, many mini-disrupters are here. The list could go on but some earlier ones are Forward (funded by Google) operates a wellness clinic for a monthly subscription fee which includes unlimited genetic and blood testing, weight loss planning, doctor visits and more.

But there are many others, Babylon, Push Doctor, HealthTap and others. These developments are interesting to me as in the early 2000s I was working with Dr Jules Eden and his team at e-Med (to design the online patient consultation tech implementation strategy), which was the first online medical service in the UK.

However, despite the many patient-centric arguments that he made, the GMC (General Medical Council) took away his license to practice medicine because of this. They argued you could not adequately diagnose a patient online and may prescribe things that should not be prescribed. Perhaps, but the same goes for in-person consultations as not everyone is honest with their physician in person either. What we were doing then, is now the current NHS Direct model!

Times have changed – thankfully – since then.

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But what about pharma?

But what about pharma?

Despite increased digital innovation, we are still running with the same model we have for decades -which is a far cry from digital disruption. Digital transformation is simply what should have happened decades ago. It is not that ground-breaking or disruptive, but just a better way to do what we always have done.

But as I pointed out earlier, real disruption is based around giving the customer an amazing experience by focusing on the customer.

Amazons 'customer first' model is something that pharma talk about but so far have not managed to achieve despite forays into the various 'beyond the pill' models. Wellness and chronic disease management programs have been a part of pharma's beyond the pill approach for many years, but they are not disrupters more than service streams. Pharma have flirted with wearables, ingestibles, implantables and more. This does help get pharma into understanding the health of their customers and we are evolving with a focus on better clinical outcomes and value, but we are far from disrupting yet.

I suspect part of the challenge is that we are still focused on medicines as being the centre of what we do. However, Amazon never focused on books. They focused on people/customers which moved them from books into pretty much everything. Pharma aim to do that, and despite a lot of digital transformation, every initiative are little more than better service streams.

Digital disruption requires you to be fully customer focused instead of just your sales reps or customer communication teams. And this requires a cultural shift within the company. A shift about how you prioritize, how you understand the customer, and how you build a new solution. In many ways we need everyone in the business to develop an entrepreneurial mindset. If you look at amazon, or any company, in the beginning it was one or a handful or founders and no one else. They did everything from planning strategy, writing code, selling, customer support and paying the bills and back-office admin. When Jeff Bezos started, it was just him doing all that. I was fortunate to encounter him briefly in Tokyo in 1995 although I am a little embarrassed by the reason. A close friend of mine had bought amazon.co.jp – the Japanese version of .com thinking it was a safe bet he could make some money from it. It was. Jeff Bezos flew to Tokyo to meet him, have lunch, and purchase it from him. But at that time – Amazon was pretty much just Jeff Bezos at that time.

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When you look at many of the really successful companies like Amazon, that were not started with venture capital, the founders do everything in the beginning. And they are very focused on the end customer and adapt their offering to suit the customer – because they must as that is how they survive – and then thrive.

The founders have the customers' needs first and foremost and they translate that into code. However as companies grow they hire more people like a sales team, and engineering team, and others and then the bigger they grow, the more siloed teams of specialists you find. And despite everything pharma try to do around customer-centricity, we still have really have siloed teams in pharma. It makes sense but the unintended consequence is isolating much of the company away from the customer. In the early days the founder met the customer, and then translated the customer needs into code. But these days, those writing code do not meet the customers – especially if the company is a VC backed venture or a large company like a pharma company. We end up with only certain job types interacting with the customer. Really, even when you grow big – or maybe especially as you grow big, I feel it is important to always act like a start-up and maintain that closeness to the customer. We need to move from customer aware to customer obsessed.

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It is a big change from how things are done now. Perhaps smaller teams are needed, and maybe they need a mission that includes something to gauge whether or not they are serving their end customer effectively. And that can be measured. In fact, we all use Agile for tech builds, maybe Agile as an approach should be used in all areas of companies. Mini sprints in all we do to keep everything personal to the customer. Although Amazon have over a million employees now, they still have that drive to focus on the customer. That led them from books into all kinds of retail, music, film, groceries and now is leading them well into healthcare. Amazon aim to be the most customer centric company there is – and they are succeeding. Everyone in the company is taught to live and breathe the customer. And no one person or team has ownership of that.

One company mentioned in a presentation I attended was Domino's pizza. I already knew about some very cool AI things Domino's have done. This was from an interview I did with an AI company about their very, very cool software to help increase sales from websites and Domino's pizza was using them very successfully. But, that is just the tip of the iceberg. Domino's pizza has been going all in on AI. And they start with the customer. Since doing that and using AI and their customer focus, their stock price has gone through the roof and they are outperforming many tech companies and have done for some time since they started this approach. They have transformed from a pizza company into an AI tech company. But the focus was not tech, the focus was the customer, but in focusing on the customer, tech provided the way to deliver. And not just tech – they are heavily investing in AI. They have essentially become a tech company. They have disrupted the pizza market and they were a big legacy company so if they can do it, pharma can do it.

To disrupt ourselves, we need to become a data-driven industry and focus firstly on our customers' needs rather than medical breakthroughs. We need to throw out how we do things now, and start with a clean slate from the customers viewpoint.

--I would love pharma to throw out the book and start again. But, I am a realist, and I know that is not going to happen until forced by a tech company that suddenly changes the game (probably Amazon).--

But what pharma could do in the meantime is create small teams with a customer centric mission. Like Dominos.

When they started their AI and tech journey, their leader said 'Many of our customers tell us they are busy parents and commute to work and when they get home they have no idea what to do for dinner.

We need to become the preferred way for busy parents to easily feed their kids when they have had a long day at the office in the same time as it takes to stop at a red light? How?' That was the challenge. And they solved it.

With AI, and voice integrations and saving our preferences from your voice, so all you need to say is 'reorder'. They also have the pizza tracker so hat they could know if they make it home before the pizza! Dominos is a big company but they started their innovation with small teams focusing exclusively on the customer.

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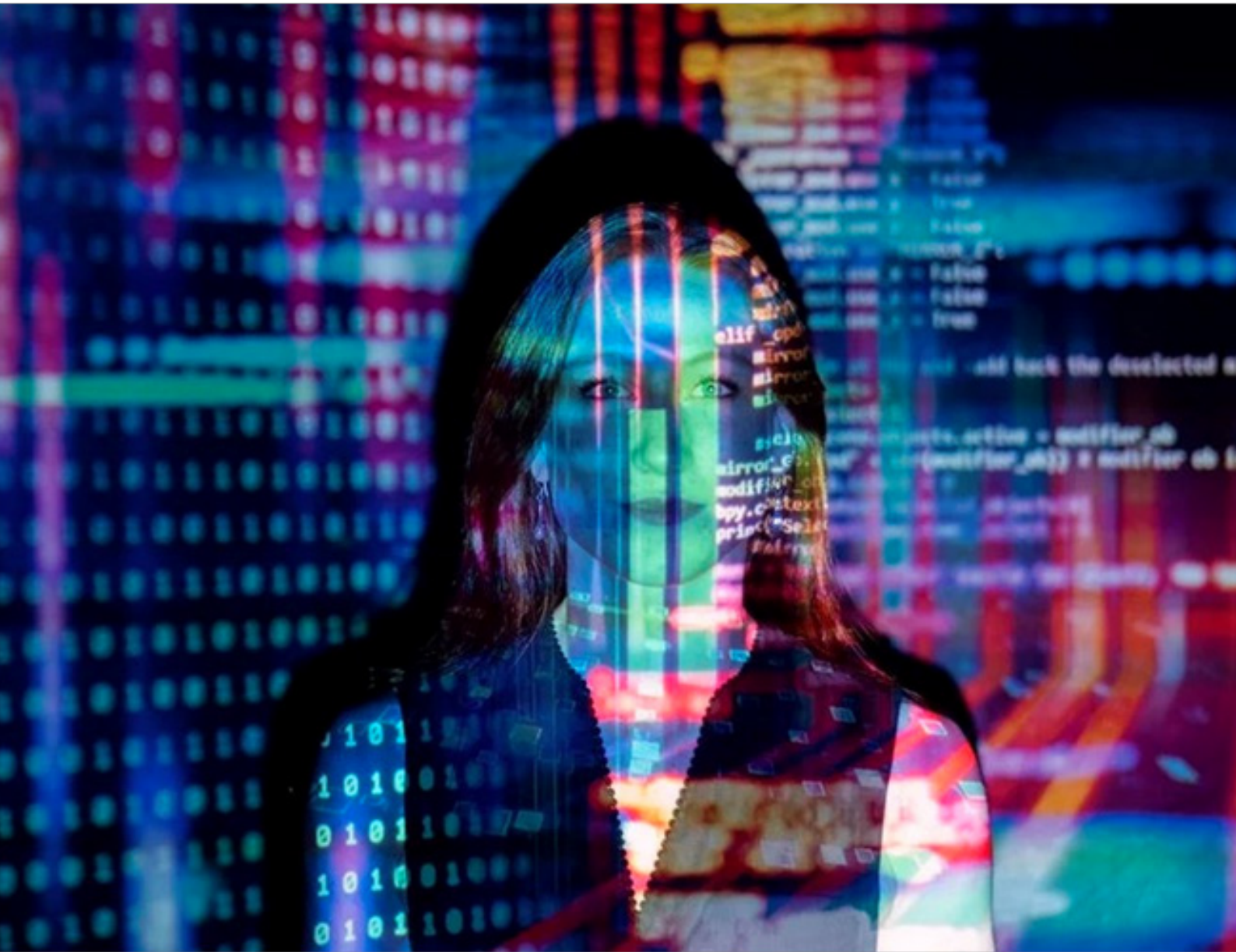
How do we do that?

How do we do that?

Questions. We need to start by asking the right strategic questions and really really understand our customers first and foremost. Then you needs to use data and AI to design the optimal customer experience – the 'easy' button if you will. With all the data points we now have access to, as well as the power of AI to analyse it, we are in a better position than ever before to really disrupt.

Digital first will get you some great little wins, but this is not going to be enough for pharma in the long term. As an industry, we need to take our blinders off and start to think laterally by really looking at people and their needs. We need to understand far more what would offer real value.

Venture Capital investment in healthcare AI is larger than any other sector, disruption is bound to happen. We also now have Google already being a pharma company and developing drugs. We have Amazon looking at the customer to disrupt the entire healthcare value chain – and do not think that they do not pharma in their sights!

Pharma must change how we approach our businesses and completely evolve our models if we want to not be disrupted and create strong real value. Otherwise, I suspect in not too many years, Silicon Valley will rush big pharma.

Let me know your thoughts.

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ABOUT THE AUTHOR

Dr Andrée Bates

Dr. Andrée Bates is a pharmaceutical industry veteran with 30 years in the industry and 20 years working specifically in pharma AI. She brings blended expertise in Artificial Intelligence (AI), Pharmaceuticals, and Strategy. Dr. Bates has led Artificial Intelligence powered projects for numerous top-tier pharmaceutical companies in diverse areas such as clinical trials and R&D, market access, regulatory, medical affairs, and sales and marketing. These have all resulted in measurable growth in revenue, profit, and market share for her clients. Having worked in the pharmaceutical industry since 1993, and AI in Pharma since 2003, she has a detailed understanding of the pharmaceutical environment and how AI can be leveraged compliantly and effectively. She has authored many articles in peer-reviewed journals and industry reports. She has also been a guest lecturer on Healthcare Innovation and AI in multiple university MBA programs: INSEAD Business School (Fontainebleau), the Erivan K Haub School of Business at St Joseph's University (Pennsylvania), Fordham University (New York) Global Healthcare Innovation Management postgraduate program, and Bayes Business School (Formerly Cass Business School – The University of London), and she lectures on AI for Boards at Henley Business School at the University of Reading, as well being a guest speaker in numerous internal pharmaceutical company meetings and international conferences in UK, USA, Latin America, Canada, France, Germany, Spain, Hungry, Poland, Japan, China, Singapore, and Australia.

About Eularis

Eularis exist to help biopharma and healthcare commercial teams who want to weave FutureTech like Artificial Intelligence (AI) and Machine Learning (ML) and Virtual Reality (VR) and Augmented Reality (AR) and Internet of Things (IOT) to solve their challenges and deliver unprecedented measurable results.

The Eularis team of experts have extensive qualifications combined with many years of real-world experience in both biopharma and AI companies. The mix of qualifications (MD, PhD, MBA, M. Sc., M Engineer.) along with prior experience in executive-level positions in top 20 pharmaceutical companies ensures our clients have the right strategic and tactical questions solved and planned with cutting edge technology and AI. You have access to Pharma AI Futurists, Pharma Board level team, and AI Strategists, and Data Scientists and Big Data Engineers and Developers to ensure you are playing at the top of your game.

Every project is unique and begin by developing a deep understanding of your strategic needs and your data. Then, we plan the right approach to meet your strategic needs and transform your performance.

Learn more
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TRY ONE OF OUR CORE SERVICES

AI STRATEGIC BLUEPRINT

1

Give us your most difficult challenges to solve with AI and FutureTech!

The problem of poor AI impact comes down to a lack of strategy and pre-strategy. We know AI is impressive, and we see the results all around us. So why do many pharma AI project never pass the pilot stage? There is a plethora of evidence as to why not having a strategic AI blueprint before you begin is problematic and leads to project failure. We create strategic AI blueprints to ensure all AI projects meet the company's strategic objectives and move the needle for maximum impact.

AI DEPLOYMENT BLUEPRINT

2

Ensuring the key foundational elements required for success in your AI FutureTech projects are in place.

In the pharma environment, we face unique challenges. Knowing where you want to go is one thing, but the trap many then fall into is ensuring that the key foundational elements are in place (e.g., finding the right data, getting through internal legal and compliance, buy vs build, tech planning SOW, choosing the optimal AI vendor etc.) so that you can execute quickly. Our deployment blueprint accelerates your ability to industrialise the opportunity effectively by taking care of all these foundation pieces enabling you to easily commercialize the most effective solutions rapidly and seamlessly.

AI MODEL IMPLEMENTATION & TECH BUILD

3

End-to-end solutions focused AI and tech implementation

Tech implementation from end-to-end including tech project planning, implementing security procedures, data discovery, data staging, data preparation, data AI modelling (with ML, NLP, Generative AI etc) model evaluation, UI/UX creation, integration services, software integration and cloud services, perform testing and quality controls and launch.

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