

Healthcare Trends and their Impact on Corporate Transactions

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Global Megatrends

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Q&A

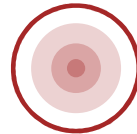
Megatrends, external environment and corporate strategies



What are the megatrends that impact society at large and that we need to pay attention to?



Demographic & social changes



Climate change & resource scarcity



Technological breakthroughs



Shift in global economic power



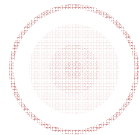
Rapid Urbanisation

- 1** Megatrends are transforming our world – and healthcare is no exception
- 2** Driven by these megatrends the strategies & value propositions of healthcare players are evolving
- 3** This leads to new type of deals and a shift in the way deals are evaluated in healthcare

Changes in demographics – growing and ageing populations will impact disease prevalence



Demographic & social changes



Climate change & resource scarcity



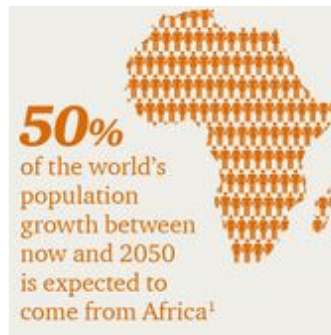
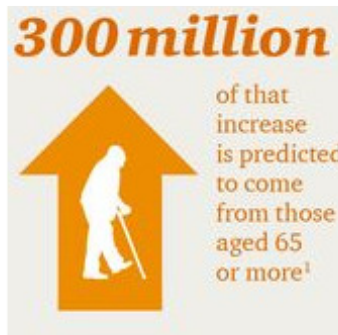
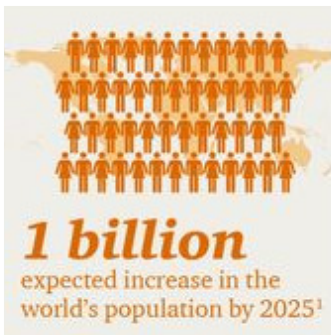
Technological breakthroughs



Shift in global economic power



Rapid Urbanisation

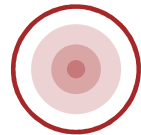


- A growing and ageing population will impact healthcare on many fronts: what, how and to whom we deliver care are the three major questions that will drive tomorrow's business

Global warming – evolving environmental conditions as a driver of (disease-related) natural selection



Demographic & social changes



Climate change & resource scarcity



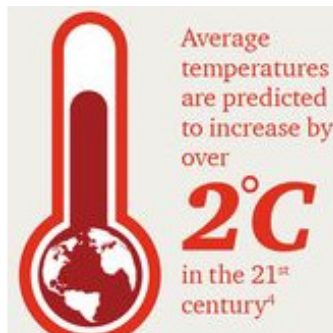
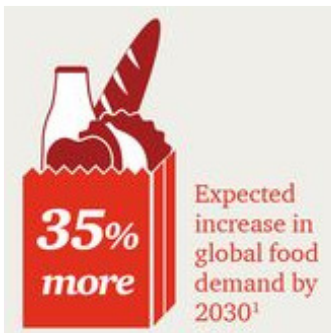
Technological breakthroughs



Shift in global economic power



Rapid Urbanisation



- Hygiene, malnutrition, access to clear water and global warming are a few examples of issues that will impact disease prevalence – and incidence

Technology breakthroughs – connected patients manage their health differently and change their expectations towards care



Demographic & social changes



Climate change & resource scarcity



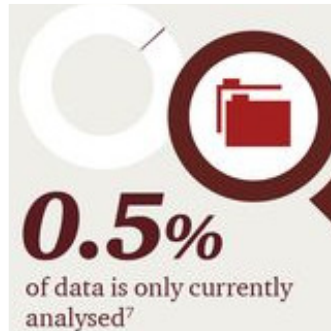
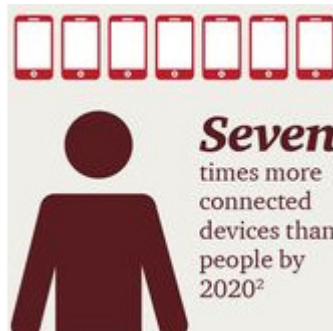
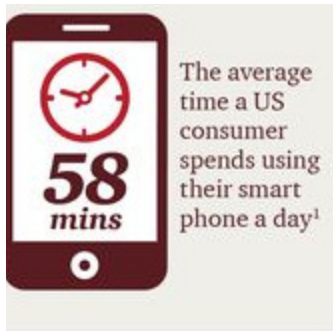
Technological breakthroughs



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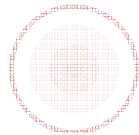


- Increased connectivity and growth of data generation will drive a shift in power amongst the stakeholders along the continuum of care, closer collaborations of healthcare stakeholders, new business models, and market access strategies

Shift in economic power – tomorrow’s payers might favour a different agenda than today’s



Demographic & social changes



Climate change & resource scarcity



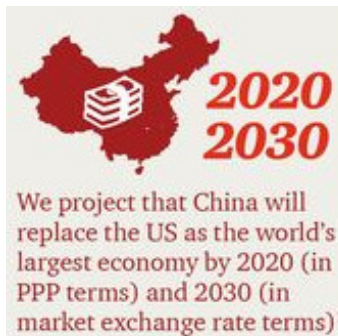
Technological breakthroughs



Shift in global economic power



Rapid Urbanisation

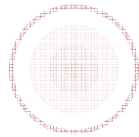


- Shift in economic power will lead to a global reshape of the system, from the competitive landscape to reimbursement schemes and R&D focus. Tomorrow's 'customers' may have a very different view on pharma

Rapid urbanization – an exploding number of megacities and the related challenges will impact healthcare



Demographic & social changes



Climate change & resource scarcity



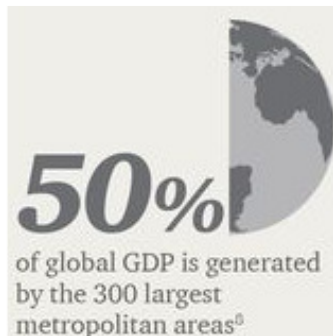
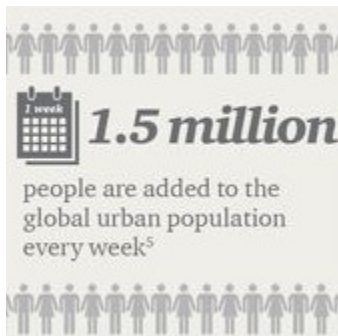
Technological breakthroughs



Shift in global economic power



Rapid Urbanisation

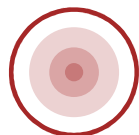


- Urbanisation will significantly change our living standards and will lead to new health challenges related to sanitation, overcrowding, violence, environment, diets, physical inactivity and the risks of epidemics

Global megatrends influence healthcare megatrends



Demographic & social changes



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Rapid Urbanisation



Increased focus on socio-economic benefit



Patient centricity



Convergence in healthcare



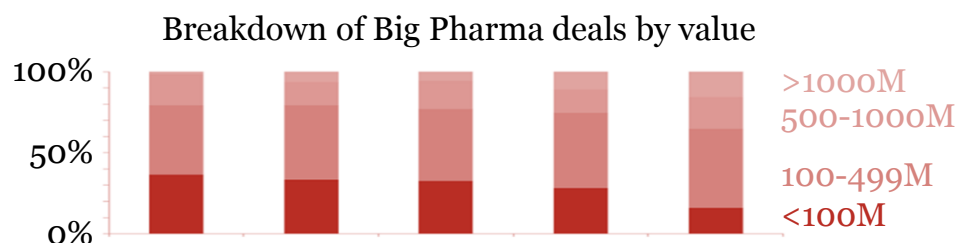
Digitalization



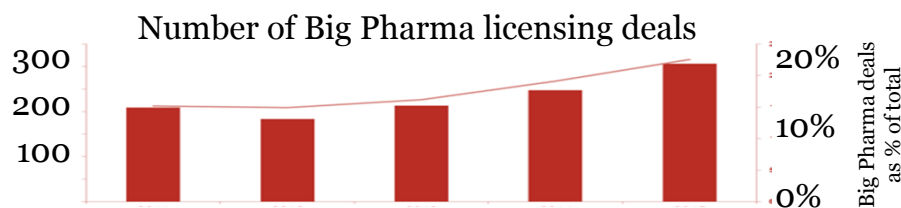
Relative importance of markets and TAs

Let's now look at some of the impacts of the Healthcare Megatrends on deals

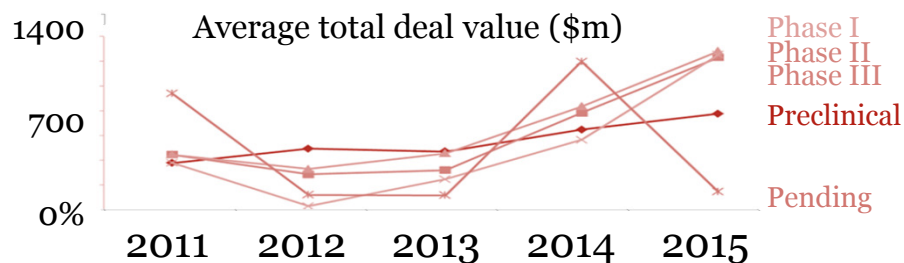
Weak R&D and complex capabilities required to fully capture a molecule's value have led big pharma to become more important in healthcare deals



- Deals are becoming more costly, ...



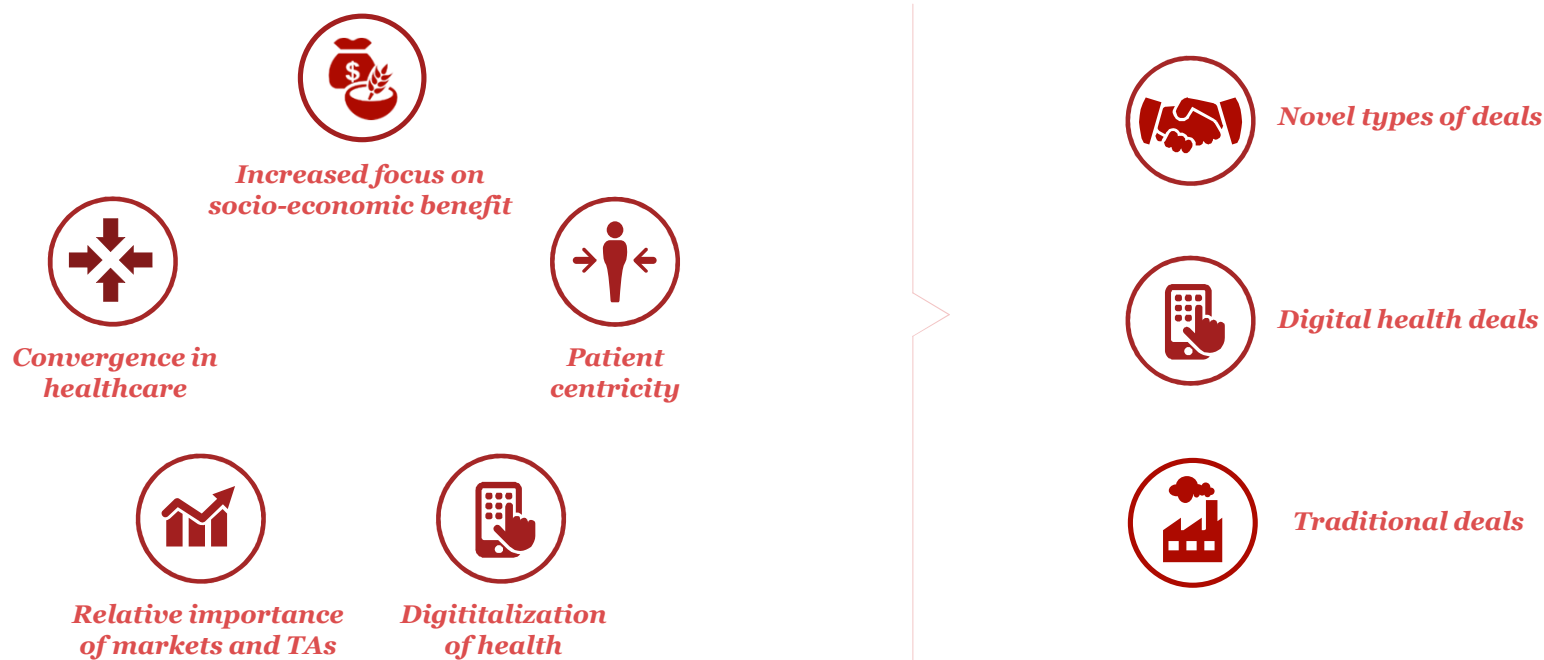
... whereby big pharma plays an increasingly important role...



... throughout the value chain, from preclinical to Phase III.

Source: Datamonitor

Megatrends influence healthcare drifts which lead to evolving business models and impacts on deals



Alliances outside of core pharma open up new offerings and promote innovation



Novel types of deals



Digital health deals



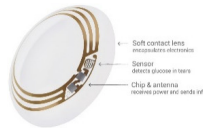
Traditional deals

verily & gsk = GALVANI
BIOELECTRONICS

What is the concept of bioelectronic medicine?
A chip implanted inside treating disease by changing the electric pulses in nerves to and from specific organs.



verily & NOVARTIS = Google
Smart Contact Lenses



- Bioelectronics, Medtech applications and health data enable new solutions and services that enhance healthcare delivery, patient compliance and patient engagement

SANOFI & ms international federation = vsMS
AN INITIATIVE TO SHED LIGHT ON THE REALITIES OF MS

COVIDIEN & Zephyr =



Source: Verily, GSK, Galvani, Novartis, Sanofi, MS, Covidien, Zephyr

Digital health is Healthcare's fastest growing segment – listening to patient needs and evolving lifestyles



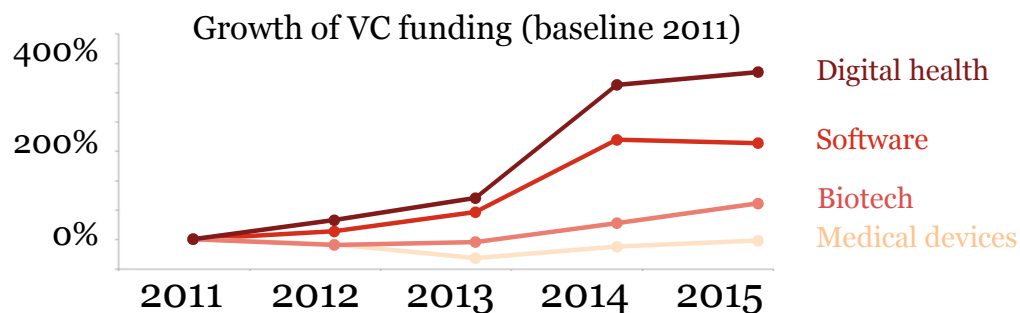
Novel types of deals



Digital health deals



Traditional deals



- Health data enhances healthcare in many ways including through:
 - Patient stratification
 - Patient engagement
 - Convergence & continuum of care
 - Monitoring, etc.



Source: Datamonitor, Mindmaze, JawboneIBM Watson, Siemens, 3M

Traditional pharma – leveraging healthcare drifts and needs to maximize commercial value of current and future molecules



Novel types of deals



Digital health deals



Traditional deals



Increase diabetes presence in India
MyStar Extra blood glucose monitor



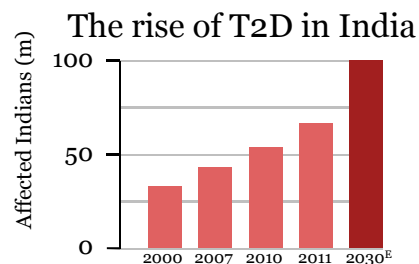
Patient stratification
Alternative pricing models
Inform R&D



Zika vaccine



- Personalized healthcare evolves beyond the traditional CDx, enabling:
 - Better R&D portfolio decisions
 - Socially viable pricing schemes
 - Patient engagement, etc.
- The relative importance of TAs will change



Source: Sanofi, Apollo Sugar, Nature, Roche FMI, GSK, NIH

The future is bright for BD & Licensing

- *Increasing activity*
- *Beyond the pill*
- *Additional and more differentiated capabilities are required*

Thank you.

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