Pharmaceutical Regulatory Affairs: Open Access

Sharma, Pharmaceut Reg Affairs 2014, 4:1
DOI: 10.4172/2167-7689.1000e147

Editorial

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The Pharmaceutical Industry: A Call for Change

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The pharmaceutical is one of the most regulated industries across the globe. Its success story lies in ensuring essential drugs at affordable prices to therapeutic naive population. Until recently, pharma investments in R&D and innovation resulted in patent-protected, high-margin revenue streams. The business was lucrative since physicians prescribed these new expensive drugs; patients accepted the prescription and payers footed the bill. Lean practices were not essential in the business, which helped to increase the value of the global pharmaceutical market. By 2020, it is estimated that the expected growth will be worth nearly $ 1.6 trillion.

Source: Business Monitor International

Foot Note: The growth markets include, in descending order of size China, Brazil, Russia, India, Mexico, Turkey, Poland, Venezuela, Argentina, Indonesia, South Africa, Thailand, Romania, Egypt, Ukraine, Pakistan and Vietnam. EU-big 5 is France, Germany, Italy, Spain and United Kingdom.

However, over the last decade, the exclusive domain of pharmaceutical sector has entered an era where it is being confronted by a variety of complex issues affecting the operational efficiency and profitability. Thus, every big and small pharmaceutical firm is seeking an advantage to maximize its value in terms of R & D efforts, quality products, cheaper medicines and public trust instead of volume.

Growing Emerging Markets

Today, China, South Korea, Brazil, India, Russia, Turkey, Mexico and Indonesia have more than half of the people as middle class consumers and these markets are playing a major role in driving the growth of the global pharmaceuticals market. The market for pharmaceutical products will grow on an average by 4.5% annually, through 2016; growth in emerging market will increase by almost 12% [1]. Governments are also stepping up for growth, across the region. Simultaneously, companies are eager to capture the region's comparative advantage in talent, costs, patient pool and disease demographics.

Technology Development and Changing Government Policies

While competitive and technological developments are reshaping the business strategies of pharmaceutical and biotechnology companies. Technological growth not only changes the way we live and work but also enables great leaps in productivity, interactivity, connectivity and transparency. It utilizes the data analytics to identify the best-targeted and most cost-effective therapy and uses the social media to engage with customers. For example, the makers of Clarityn created an application which provides users with detailed information about local pollen count and where to find nearby medication to help ease seasonal allergy symptoms [2]. The changing government policies have impact on pharma industry. For example, in 2010, Portugal introduced mandatory price cuts which reduced the prices of generic medicines by 30 per cent and branded drug prices by six per cent [3].

Patient Behavior and Empowerment

Many pharmaceutical companies use the demographic and health information to decide on the type of population best suited for their products. Such data at times may not provide exact picture of consumer behavior and attitude. Patients want their medication experience to be personalized and meaningful. If their expectations are met, they're more likely to follow the course of treatment for longer. In the West, patients will seek quality products and services that are environmentally friendly and are produced according to fair trade practices. Patients in emerging economies look for affordability and utility. Overall, they want real value for their money. By using patients as a channel of communication, industry can reach out to a larger population effectively. Pharmaceutical companies hence needed to change the nature of their engagement with patients and should look into their behavior and motivation and learn how to create loyal customers.

The Patent Cliff

Expiry of patent drugs on one side and growing competition of low-cost generics on other side causes loss of billions in revenues to pharmaceutical companies. In November 2011, the four major drugs viz; Lipitor, Caduet, Combivir and Solodyn lost patent protection. Combined, these four drugs accounted for more than $7 billion in sales, which affected these companies in a big way [4]. In today's competitive world, there should be constant new discovery and development of promising agents to address unmet medical needs; thus, bringing profits to the pharmaceutical industry. Similarly, industry requires managing the transition of many of their brand drugs to the generic market, and their own efforts to adapt to the changing global business climate.

Conclusion

In today's technological world, manufacturer should consider this new healthcare setting as an opportunity. It has become vital for industry professionals to increase their preparedness and be ready to develop strategic action plans. Companies to offer high-quality products at reasonable prices require efficient technical team, marketing and sales models. In general, pharmaceutical companies need efficient production and sales initiatives to drive their sales and earnings. Similarly, other stakeholders, including consumers, doctors and regulatory authorities, need to be proactive so that patients can enjoy consistently safer and more effective healthcare systems.

Disclaimer

All opinions expressed herewith are those of the authors and do not reflect the views of their organization.

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Received January 19, 2015; **Accepted** January 20, 2015; **Published** January 23, 2015

Citation: Sharma H (2015) The Pharmaceutical Industry: A Call for Change. Pharmaceut Reg Affairs 4: e147. doi:10.4172/2167-7689.1000e147

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