

Biotech during a pandemic: addressing challenges along the pharma value chain

Evolving personal work patterns are demonstrating people's amazing adaptability in the face of the pandemic: people are becoming much more comfortable and efficient at using virtual meetings, European Biotech leaders reveal to Egon Zehnder in a recent digital gathering.

- That said, there is a risk of “over consuming” executive time, particularly during a period of uncertainty, with one chairman saying he felt like he was sometimes treated like, “a coffee machine, where people walk across and press the button, knowing that in principle I am available, and think less about the need to use my time wisely”.
- Equally, some leaders are adapting more effectively to the new environment, finding it more natural to reach out and make calls to ensure everyone is in a good place, compared with others who remain more focused on face-to-face interactions.
- There is a general sense that while some aspects of life will return to normal once the pandemic is under control, in many ways there is no prospect of a return to the past. Many sectors such as air travel, business real estate, catering, security, to name but a few, will need to recalibrate permanently.

One group stepped back and reviewed their current sense of the different elements of the value chain in the industry, and how they had been hit. The impact on the value chain varies significantly between companies and across different elements of the value chain. Overall there is a sense that CEOs are very aware of the issues, but the markets are slow to price these factors into valuations:

- Supply chain is widely seen to be largely robust, although sourcing could be an issue, particularly biologics from China.
- There is significant concern about the impact of the pandemic on clinical development and the speed of enrolment of subjects.
 - Despite creativity and all sorts of measures designed to mitigate some of the impact, COVID-19 is nonetheless having a significant impact. Some trials have been closed down due to poor patient availability for scheduled assessments.
 - The market appears not yet to have realised the scale of delays in clinical development, given there is no patient enrolment in certain areas.
- Downstream commercialisation is being conducted from home but returns on sales reps salaries are “impossible”.
 - Many markets are trying to return to normal: in some markets, sales reps are not a priority versus patients – e.g. in “rules-based” Germany, or in the UK where there is a patient backlog – and are finding it difficult to gain access; in other markets, such as Italy, physicians seem to be quite bored in an environment where they are still accessing fewer patients, and are quite open to engaging with reps. The Nordic markets appear to have suffered very little change throughout.
 - One leader cites monitoring difficulties regarding an autoimmune disease product being launched in the US. “The patients are still getting injections, but we can’t monitor the build-up of antibodies, as they are reluctant to come into the clinic just for monitoring, as opposed to treatment.” Another observes that it makes a significant difference whether the procedure triggers extra payments for the doctor: in those areas companies find it easier.
 - Where a high level of physician education is needed for complex medicines, companies are wrestling with how to handle this effectively without being able to speak to customers directly.

- Nonetheless, physicians are adapting to making themselves remotely accessible far more quickly than was previously anticipated, and some suggest that the quality of interaction between company reps and physicians may increase significantly as a result of fewer, longer interactions, particularly in the morning or the early evening outside patient consultation times.
- Even post COVID-19, speakers suggest that if ten visits are made to a site in a year, in future seven of them would be virtual and only three face-to-face, suggesting significant increases in efficiency and effectiveness.
- Some wonder how regulations will be altered to include Zoom-based interactions, and potentially increase the quality of the outcomes through a more evidence-based approach.

One group expresses concern about a certain naivety within government and business circles about how to address the pandemic effectively:

- It may take quite a lot longer to get to the 60% – 70% immunity needed to disrupt the virus's circulation in the community than many anticipate.
 - Anti-VAX sentiment in many markets may significantly limit uptake.
 - Manufacturing scale-up lead time – to produce the amounts of vaccine required for a global pandemic – is often not well understood.
 - Some people will not see their first dose of vaccine until mid-2022, at best.
- It is clear that some countries who are concerned and signing advance purchase agreements are targeting a limited number of doses, suggesting an initial focus on government officials, medical professionals and strategic industries.
- We can anticipate huge pressures on supply facilities as effective approaches to managing the virus emerge
 - a significant black-market potential for an effective vaccine or potent therapeutic treatment
 - extreme levels of security surveillance required at all points of the supply chain
 - pressures already evident in the competition for vaccine doses between different countries, given the potential to impact national economic output and competitive position.

- One factor to watch is how far the virus acts like H1N1 and starts to attenuate: in that case initial cases were very severe and overwhelmed health facilities, but over time the patient risk reduced significantly.
- Overall participants seem to feel that the virus has forced up the level of statistical literacy in public discussions versus many previous issues (including Brexit in the UK), which feels positive in terms of making the right arguments to manage the pandemic effectively going forward.

Financing

- Some distinguish between the ability of those who have started their financing discussions (and have already met the principals in different VCs) to continue discussions – which on the whole has worked well – versus those who have not yet initiated such relationships. In the latter case, it seems to be quite hard to open doors virtually in an effective way.
 - One person comments that investors are conserving some cash for their existing portfolio, given uncertainty about how things will pan out, and the need to make sure that factors unrelated to the essential strength of their business investments do not undermine their sustainability.
- Investors are adapting, though. For example, whereas previously it would have been essential to have organized a physical site visit for some investors to progress, now video cameras are being used to provide investors with a virtual sense for the physical location.
- Everyone commented on the greater efficiency of business development being done virtually, reducing the enormous amount of time spent on planes to distant locations for short meetings, and concentrating interactions back-to-back in a way that leads to a more intense but better-focused set of activities.
- UK banks are cited as a problem, where it is still incredibly difficult to set up a UK bank account for a foreign company.

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Covid-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

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