Cutting Edge INFORMATION

ePharma On the Go: There's an App for That

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ePHARMA TOPICS

Casey Ferrell is currently developing a series of benchmarking reports on ePharma topics ranging from social media and mobile technology to marketing integration and regulatory compliance.

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By Casey Ferrell

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This is the second in a series of white papers by Cutting Edge Information addressing the multifaceted, rapidly changing ePharma landscape. Digital media is transforming marketing departments at companies large and small across the globe, offering them unprecedented new ways of communicating with consumers. The highly regulated pharmaceutical industry is understandably cautious of joining the fray given the current regulatory vacuum, but while its participation lags behind other, less regulated industries, companies around the world are taking the inevitable first steps into the void.

Some have been met with success; others have provided lessons in what to avoid. Best practices are developing organically from the experience, expertise and enterprise of individuals and teams executing new, integrated communications strategies. These white papers address ePharma topics ranging from the regulatory and legal environment to benchmarking, from policy and procedure to the people who carry them out.

People use them at work and at home, in bed and in the car. They are used in the grocery store and the classroom, in the airport and the boardroom. Smartphones are seemingly everywhere, and statistics show the devices *will* be virtually everywhere in the near future. Pharma is smartly embracing mobile technology and investing in applications that maximize companies' reach and impact.

Usage Statistics Make Compelling Argument for Involvement

Nielsen reported in early 2011 that smartphones account for a third of all mobile phones. In the U.S. and predicted they would make up the majority of mobile phones by the end of 2011. The growth rate for smartphones is accelerating with remarkable speed. According to research, smartphone sales in 2010 were up more than 72% over the previous year. By 2015, smartphone sales are expected to outpace personal computers. These statistics make it clear that more and more people are buying smartphones. But what are they doing with them, and how can pharma capitalize on mobile technology?

A Google-sponsored study released in April found impressive statistics with regard to the marketing potential of smartphones. Among the findings about smartphone owners:

- 81% browse the Internet, 77% search, 68% use an app, and 48% watch videos on their smartphones.
- 93% of smartphone owners use their smartphones while at home.
- Nine out of 10 smartphone searches result in an action (purchasing, visiting a business, etc.).

Furthermore, smartphone owners use their devices in an instrumental way when making consumer decisions:

- 79% of smartphone consumers use their phones to help with shopping, from comparing prices and finding more product information to locating a retailer.
- 70% use their smartphones while in the store, reflecting varied purchase paths that often begin online or on their phones and bring consumers to the store.

The last finding is perhaps the most important. Smartphone owners are extremely likely to use their phone *while* making purchases, underscoring the role that these devices play in consumers' decision-making. A study by the online marketing firm Compete.com revealed tantalizing findings that about 75% of smartphone owners reported using their devices while waiting for appointments. In terms of marketing messages, smartphone users are most receptive to coupons, scannable quick response (QR) codes and offers that can be saved and perused at a later time. All of this research points to a golden opportunity for pharma to expand its mobile reach.

Commercial and Patient Adherence & Compliance Applications Abound

The majority of smartphone owners have downloaded and used mobile applications,

or apps. According to research, iPhone users have the most installed apps, with an average of 37 per device, while Android users have 22. These figures are significantly higher than those from just a year ago, and apps are poised to proliferate in lock step with the growth of smartphone usage.

Pharmaceutical companies are aware of the potential for mobile applications and have already built a robust array of offerings. More than 15,000 apps are available in the Health/Fitness and Medical categories for the iPhone alone. Research by the California HealthCare Foundation found that most healthcare-related apps are related to exercise, stress management, diet and medical reference. Close to three-quarters of apps are geared for consumer — or patient — use. The rest are aimed at physicians, pharmacists and other healthcare professionals. To wit, one company alone offers more than 600 medical apps for physicians, nurses, med students and institutions, focusing on delivering answers to clinical questions in more than 35 specialty areas. Apps for clinicians hold the potential to revolutionize the way in which healthcare is administered. There are digital imaging apps for ECGs and radiological procedures; there are apps that improve emergency room efficiency; and there are apps designed to improve patient-physician interaction, including some that facilitate remote consultations.

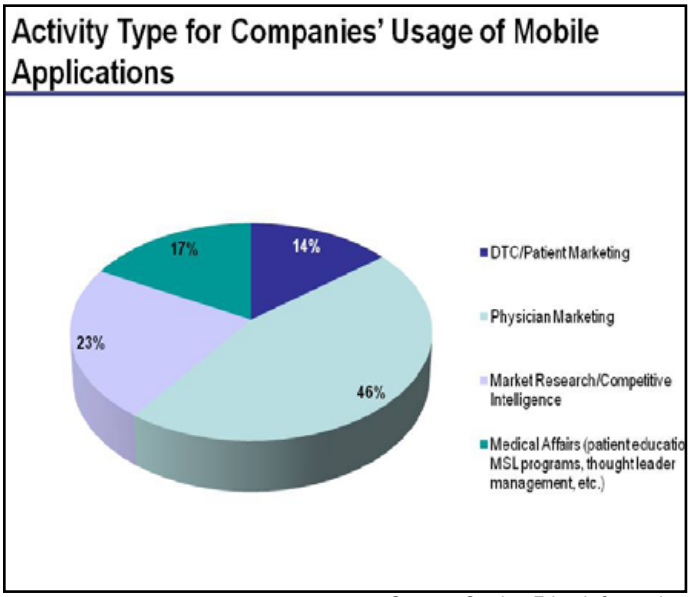
Among the patient-focused applications, they range from general reference to the highly specific, including hundreds of apps for certain common specialty areas such as diabetes, oncology, pain and cardiovascular disease. These apps help patients keep track of medications, document daily activity and adhere to treatment regimens. Diagnostic apps, wellness and fitness apps and apps for managing chronic conditions are all popular among the smartphone-using patient population.

> *"It is too soon to determine with a high degree of specificity what kind of ROI these apps hold for pharmaceutical companies, but the rush to market them has proven enough to spark significant investment."*

The sheer number and variety of mobile apps speak volumes about the potential for mobile technology to shape healthcare, pharmaceuticals and the rest of the life science industry.

Where is the Opportunity for Pharma?

Pharma is in the process of deciding which part of the mobile app fray it wants to join. Among the commercialization and patient adherence and compliance uses for mobile apps, three primary options exist: develop applications for clinicians, patients or both. It appears from market research that pharma is attempting the third option, opting to invest in both kinds of applications. The investment, however, does not reflect the traditional marketing model, but instead reflects a changing business model often referred to as Pharma 3.0. If Pharma 1.0 was the blockbuster business model and Pharma 2.0 is the current model of diversified



Source: Cutting Edge Information

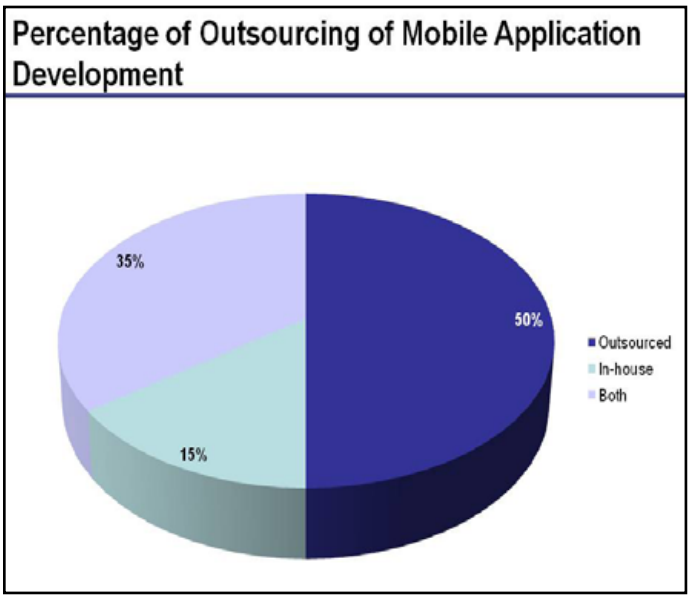
Physician-directed mobile marketing outpaces DTC by a ratio of more than three to one.

drug portfolios that include generics, over the counter medications and animal health products, then Pharma 3.0 represents a greater emphasis on health outcomes. The health outcomes model is not the sole domain of pharma; other industries have laid their claim to the burgeoning industry niche, including payers, health education companies, even grocery store chains and holistic medicine providers. The race is on for staking out a share of the mobile health app market. The way in which pharma will carve out market share, though, will not be through apps that market drugs directly to consumers or physicians. Instead of the DTC model of marketing drugs, apps will reflect the growing importance of offering health solutions.

While it is ostensibly too soon to determine with a high degree of specificity what kind of ROI these apps hold for pharmaceutical companies, the rush to market them has proven enough to spark significant investment. Our own research reveals the move to mobile is happening at a staggering clip. Just under 70% of surveyed brands have some kind of mobile initiative, and the share of the marketing media mix that mobile occupies has tripled in the last three years, from around 5% to nearly 15% of bandwitdth. According to research by Ernst and Young, one in every two health outcomes initiatives launched by pharmaceutical companies is in the mobile space, with 41% of new initiatives designed specifically for smartphone apps.

These numbers speak only to the commercial side of pharma; there is similar interest in the ability of mobile apps to improve efficiency in sales (e.g., improved eDetailing) and clinical development (e.g., synchronized, real-time data sharing). Some of these opportunities will be discussed by Cutting Edge Information in future white papers and syndicated studies. Suffice it to say, however, that while much of the high-profile mobile technology is aimed at physician- and consumer-based applications, the industry is only beginning to tap into the potential of mobile media.

With investment in mobile apps rapidly growing, the question of regulatory compliance grows ever more important. However, there is a large gray area between regulatory jurisdictions, with the FCC and FDA at either end. The FDA released a guidance in 2011 that helps distinguish between an everyday app and what the agency considers "mobile medical apps," but as pharma is well aware, the FDA is struggling to keep up with the rapidly changing digital media landscape.



Companies are beginning to build in-house IT capabilities to develop and launch mobile applications.

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