

Case Study

SCENARIO-BASED FORECASTING

How can a rapidly growing mid-tier pharmaceutical company evaluate and model the range of opportunities for its novel compound?

Situation

A rapidly growing mid-tier pharmaceutical company had a hot Phase II compound on its hands and it needed a robust forecast of the product's potential. The challenge was that the product's success would depend on variable market conditions and competitive dynamics that would be influenced by the developer's choice of indications. The company turned to Decision Resources, Inc., to conduct a comprehensive assessment of the potential current and future markets, and to build a scenario-based forecasting model that would allow the brand team to model the impact of a range of possible market and competitor events.

Challenge

The key challenges for the Decision Resources consulting team included:

1. Evaluating the market dynamics, physician practices, and competitive situation at the time of the product's launch.
2. Identifying a set of key events that would, in turn, describe a set of specific market scenarios at the time of launch.
3. Building a broad range of forecasts that could act as the core of the scenario evaluations.
4. Customizing Decision Resources' scenario-based modeling tool to best incorporate and enable a range of "what if?" forecasts.

Approach

Drawing on its range of powerful market evaluation and modeling techniques, the Decision Resources team rapidly created and delivered a valuable and intuitive solution:

Step 1 Since this project dealt with a range of indications and had a global scope, the Decision Resources team's first task was to gather the right set of internal experts. Drawing from the consulting staff and the groups that research and write Decision Resources' Pharmacor and DecisionBase products, a team with extensive therapeutic, epidemiological, research, and modeling skills was formed. Their initial activity was to map the market conditions as they currently exist and to map the directions the client might take to build its research plan.

Step 2 To develop the best possible insight into the market sizes and the product's potential across several indications, the Decision Resources team launched a comprehensive primary and secondary research effort. The main goal of the research was to develop the

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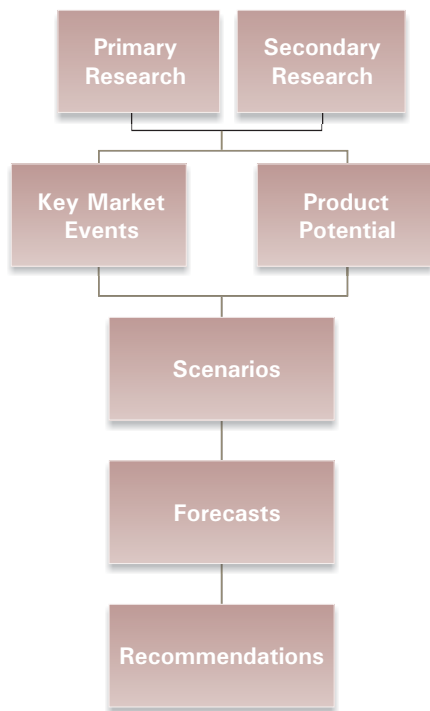
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required epidemiological data, project product share and, most importantly, to identify a core set of events that would shape the market and influence patient care. To develop keen insight into the novel product's potential, the team interviewed over 30 opinion leaders and expert practitioners to understand the strengths, weaknesses, opportunities, and hurdles the product represented or would face.

Step 3 Based on the results of the research, the team quickly identified a core set of events, including actions by competitors, customers, regulators, or reimbursers, that might dramatically impact the potential of the client's product. By combining these events into scenarios, the team was able to build plausible descriptions of the future environment. Through a set of discussions with the client, the Decision Resources team further revised the list of events and defined a broad set of forecasts that would be developed to power up the model.

Step 4 Utilizing the scenarios as guides, and building on Decision Resources' extensive market-proven forecasting capabilities, the team developed the range of event-based forecasts required to run the modeling tool. The key inputs included epidemiology, competition, new product launches, generic introduction, compliance, formulations, and pricing.

Step 5 As a final step, the team developed a custom version of Decision Resources' scenario-based forecasting model and worked with the client team to set up a valuable and intuitive interface that would enable the team to use the tool for future "what if?" analysis.



Outcome

Based on the comprehensive research and leading-edge analysis conducted by the Decision Resources team, the client was able to develop a defensible recommendation to senior management as to its product's potential, inform the clinical/marketing plan with specific investment options, and develop an early warning system of market activity based on the key events and scenarios

The Decision Resources Difference

By combining the broad and unique capabilities of the company, the Decision Resources consulting team was able to develop defensible insight into future market conditions and build a tool that allowed the client to evaluate and test the impact of this evolving market on the potential launch of a novel drug candidate.