Impact of COVID-19 on the Pharma industry and associated shifts in their outsourcing requirements

An Industry Survey

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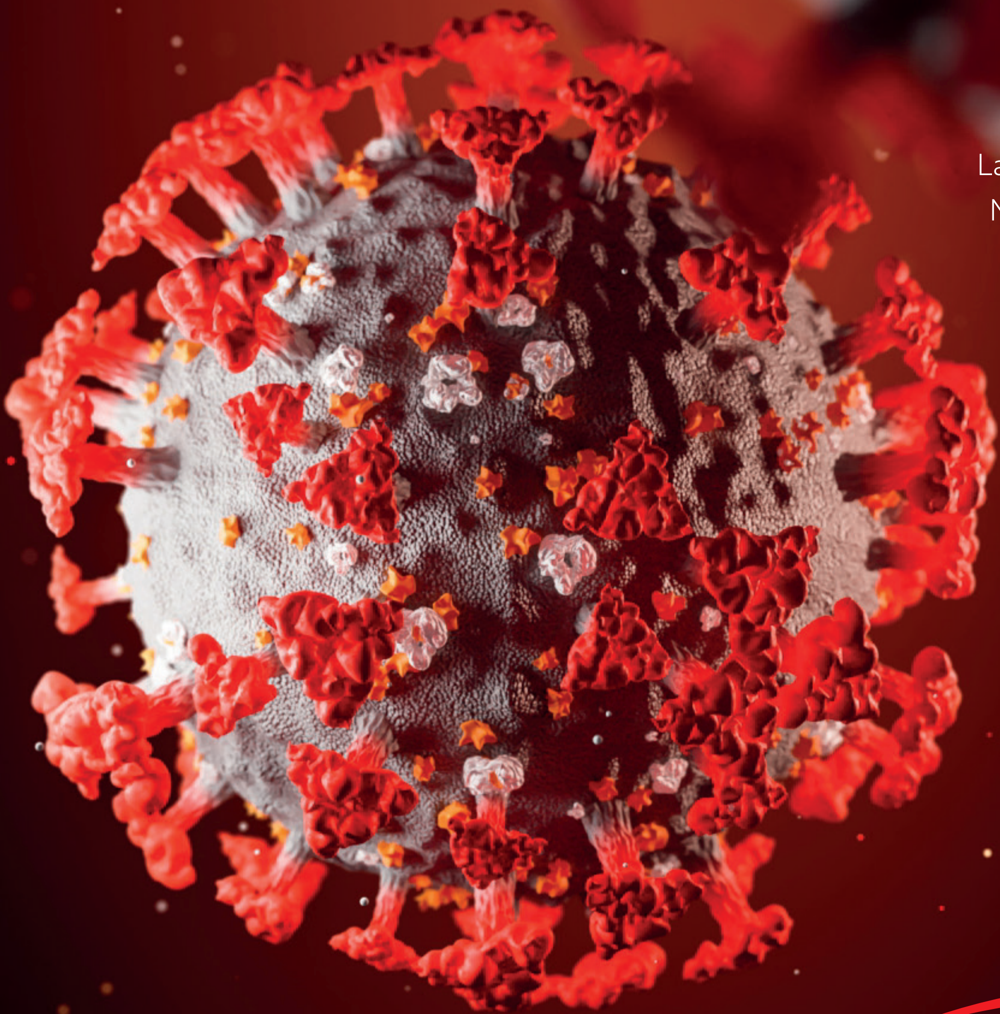

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Partnering to Advance Human Health


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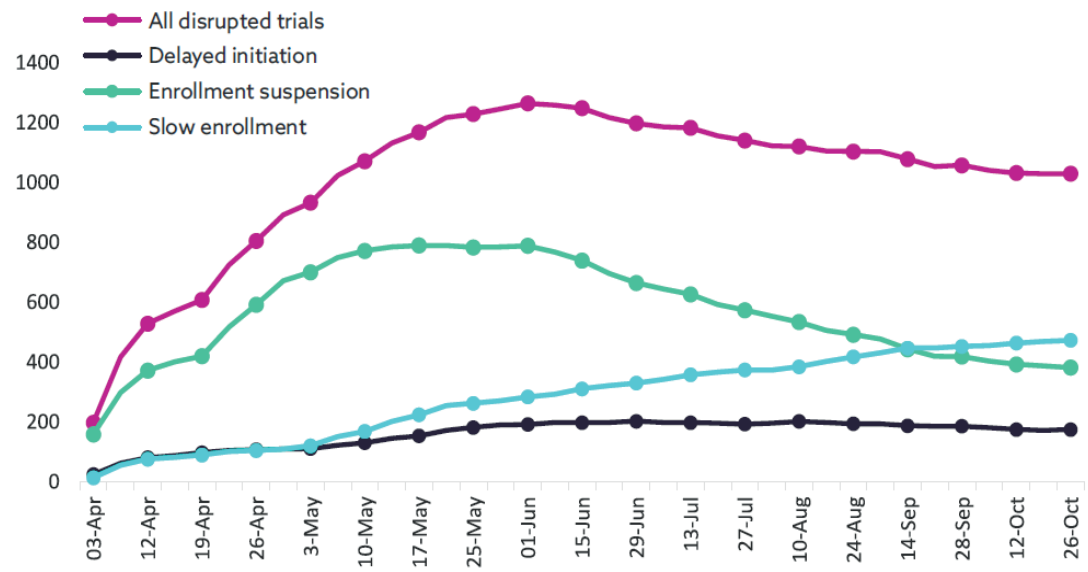
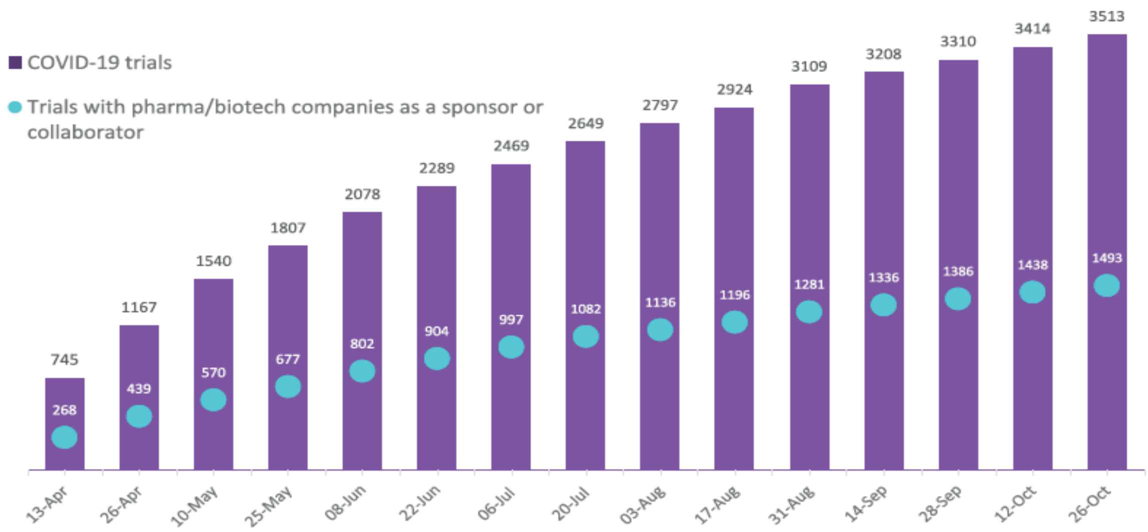
Trials disrupted due to COVID-19



Source: GlobalData Analysis; Client & Subject Matter Expert Interviews; Press Articles; Company Announcements; Verdict Media

Figure 2
COVID-19 Trials



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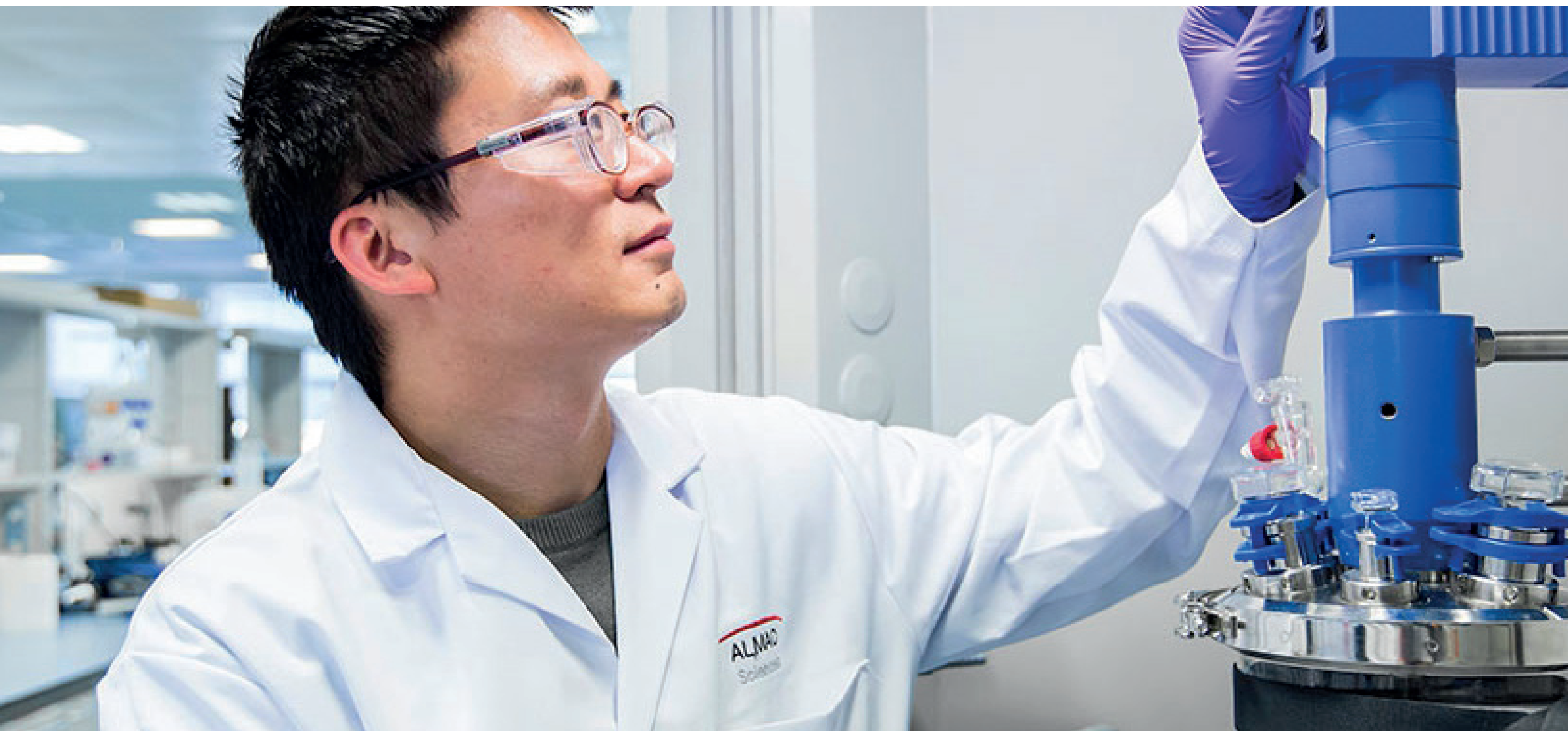


1.0 Introduction

Each year, Almac Group conducts a large-scale survey with industry professionals and prospects that aims to understand key trends in the outsourced pharmaceutical services industry. This year the survey was conducted against the unique backdrop of the COVID-19 pandemic.

This industry survey will look at some of the key predicted short-term impacts of the pandemic on the industry and how outsourced pharmaceutical providers can adapt, pivot and be effective both during and post-COVID-19.

2.0 Background

The COVID-19 virus pandemic has now spread to 191 countries, with more than 43.4 million confirmed cases, and has resulted in over one million deaths worldwide. This milestone comes just 9 months after the first death was reported on 11th January 2020 in Wuhan, China[1].

The onset of the pandemic threw many industries across the world into disarray. The initial impact on the healthcare market was (and, in the longer term, still is) somewhat uncertain. The initiation of trials for vaccines and therapeutic options for COVID-19 drove an increase in R&D activity. At the same time, however, it had a major disrupting influence on the clinical trial model in general. Due to lockdown orders, many patients in ongoing studies were unable to travel regularly to clinical sites for routine visits. In some areas, trial sites were overburdened with COVID-19 patients. Disruptions to clinical trials increased throughout April and peaked in June before beginning to level off - meaning that there are currently around 1,000 disrupted trials, whereas this figure was 200 at the beginning of April[2].

During this initial period, delays from pipeline and ongoing studies were expected to have an impact on the pharmaceutical industry at a global level. Some industry players were expected to be hit harder than others. For example, there was an assumption that small biotechs or firms with a single asset might face significant cash flow and financing problems. Companies with a strong presence in China were also expected to see a drop in revenue due to economic inactivity in the region. Some CROs also appeared to feel the impact as they revised their guidance down for the year[4].

However, despite the pandemic causing near-term challenges across the sector, industry demand for innovative and effective therapies continues to drive longer-term growth; and clinical investigation for new and existing COVID-19 therapies is continuing to expand. The figure below shows that as of the 26th October 2020 there were 3,513 COVID-19 trials ongoing[5].

The exact impact on the healthcare market remains to be seen, as the pandemic puts additional pressure on healthcare budgets, and price negotiations become more challenging.

'As the pandemic really started to take hold, we were hearing anecdotal feedback from our customers that trials and R&D programs were being delayed so we immediately sought more quantitative data on this.' Kevin Reid

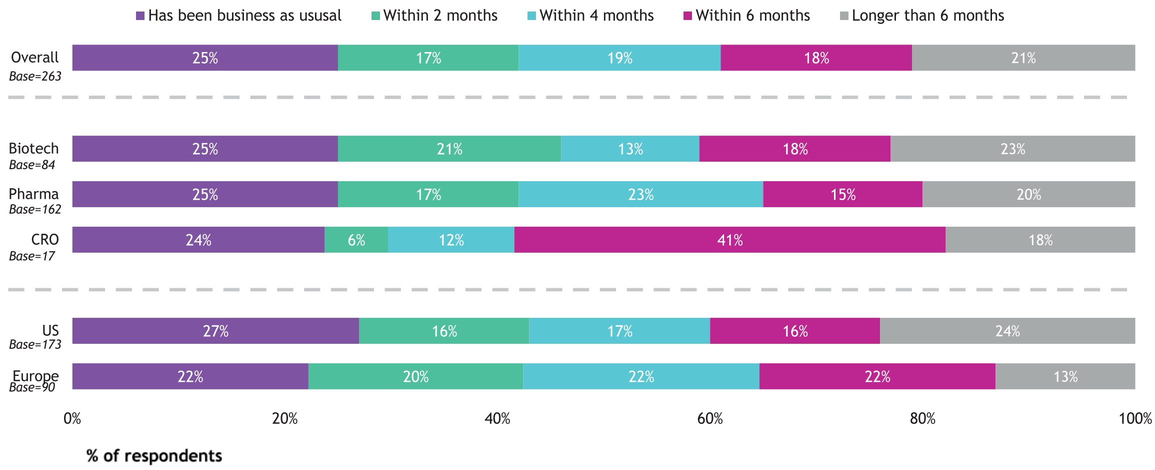
Figure 3

How long before your firm returns to the pre-COVID level of activity for conducting/ restarting ongoing clinical trials?

Source: Almac Group Brand Tracking Research

Figure 4

How long before your firm returns to the pre-COVID level of activity for starting new clinical trials?



Source: Almac Group Brand Tracking Research

3.0 Understanding the impact of COVID-19 on the changing needs of customers

Against this rapidly changing background, Almac sought to further understand the impact of the pandemic on pharmaceutical and biotech companies globally and how outsourced pharmaceutical providers could be the most effective both during this period and in a post-COVID environment.

The survey conducted by Almac's Market Insights team aims to provide the data necessary to remain fully forward-looking as an organisation. The objectives of this study were to understand key trends in our industry, the preferences of clients and to integrate that feedback into future decisions and investments, with the aim of ultimately providing the highest level of service - and the right service areas - to our clients.

Regarding the survey itself, Almac has been conducting this research program for 4 years, partnering with its third-party provider to help access the participants. Participants are chosen based on their relevance in terms of company type and job title - resulting in a good mix of countries, company size and company type (both pharmaceutical and biotech). The latest survey was conducted in June, at the height of the pandemic.

What did this year's results reveal?

In terms of how COVID-19 was affecting R&D activity at this time, the results revealed a modest impact. For 31% of respondents there had been no impact to ongoing clinical trial activity and it was 'business as usual'. 38% of respondents believed it would take between 2 and 4 months before their company would return to pre-COVID levels of ongoing clinical trial activity, while the remainder believed it would be 6 months or longer[3].

Company location did not alter respondent feedback with respondents both in the US and EU providing similar results to the overall global average. In terms of company type, there was little difference between pharma companies and biotechs while CROs reported that they perceived the resumption of normal activity may take slightly longer – 47% saying 6 months or longer vs. 31% on average.

In terms of starting new clinical trials, the impact was relatively similar. 25% of respondents said there had been no impact when it came to initiating new trial starts while 36% believed it would take between 2 and 4 months before their company would return to pre-COVID levels. Again, there was little difference by company location but, in terms of company type, CROs were much more conservative in their views - 59% saying a return to pre-COVID levels of new trial starts would take 6 months or longer vs. 39% on average[4].

It is clear from these results that, at the time of surveying, there was a level of uncertainty around the impact of COVID-19 on clinical trial activity. An analysis from GlobalData5 from May to October 2020 shows a steady resumption in disrupted clinical trials and as of 26th October 2020, 784 clinical trials that had been disrupted, were back on track.

'This survey is an ongoing and inbuilt process at Almac Group and we find it hugely beneficial. In previous years we have identified how customer needs have evolved in terms of having partners that are easy to work with and specifically what they felt that meant. As a direct result of this feedback, Almac Group worked diligently to change some internal procedures and policies to improve the overall experience for our customers.' Kevin Reid

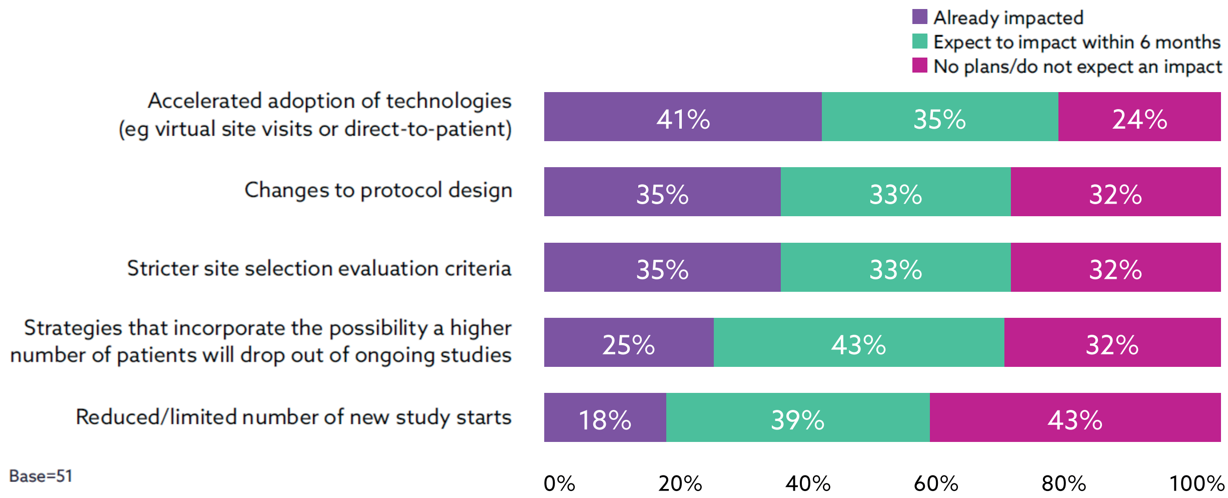
Figure 5

Resumed Clinical Trials by Status

Source: GlobalData, Pharma Intelligence Center (Accessed October 2020)

Figure 6

For each of the following, how do you envisage COVID-19 will impact your clinical development model moving forward?



Source: Almac Group Brand Tracking Research

How was this being achieved during a period of significant disruption for hospitals and sites?

Even before the outbreak of the pandemic, much had been written about the possibility of conducting clinical trials in a more patient-centric and remote fashion. The rapidly changing circumstances naturally increased the need for new tools to allow this to happen, as well as accelerating the propensity to adopt these approaches.

Data from our survey6 showed that as of June 2020, 41% of respondents said that accelerated adoption of technology to allow virtual interactions with patients had already impacted their clinical development model and it was clear that other modifications, such as protocol design modifications and stricter site evaluation criteria, were also being made to try and allow continuation of clinical trials within the changing environment.

'It was inevitable that all these changes would impact drug developer needs and expectations when it came to choosing their partners and service providers. When we asked respondents how they wanted their outsourced service providers to support them, we weren't surprised to see a number of shifts compared to last year'. Kevin Reid

This year, 'flexibility' ranked as the second-highest priority from service providers, both in terms of service options and in relation to speed. By contrast, in 2019, the second most important key area was project management and customer experience. Technology and innovation featured in 2019 as the fourth and fifth most requested areas of support from service providers. In 2020, we also saw these aspects ranked fourth and fifth but with a focus very much on using these technologies to improve speed to market and to support more virtual interactions and services.

'Almac Group had already implemented many new virtual tools with others under development when the pandemic hit. Our transition to home-based working was made much easier as a result of our new advanced global conferencing software, both in terms of internal communication and, more importantly, being able to maintain constant and valuable contact with our customers.

We also embraced other virtual platforms. For example, we recorded virtual tours of our facilities both for auditing and information purposes - customer visits to our sites were very frequent before the pandemic and we knew it was essential for us to continue to support them and find a mechanism for audits to take place, thus enabling the continuation of the crucial lifesaving work we provide to our clients.' Kevin Reid

4.0 Understanding the impact of COVID-19 on outsourced-client relationships and interactions

Results from the survey revealed that despite the pandemic, face-to-face interactions (whether in person or virtual) were still the most preferred method of interacting with outsourced service providers, with 39% of respondents rating this as a 'very credible' channel - consistent with data from previous years.

Other channels that featured highly in terms of credibility were webinars, industry events (again, virtual or face-to-face), company websites and thought leadership articles.

It is clear from this data that decision-makers still want to continue to communicate directly with their vendors. It also reveals that they are keen to continue to interact with us in environments where we can share learnings and knowledge on key industry topics and trends.

In terms of making a final decision on an outsourcing partnership, the impact of credibility cannot be overlooked.

'When decision-makers are surveyed about their top motivators for choosing an outsourcing partner, trust in the company always leads. This year, we observed a further 6% increase in trust/previous relationship as a factor in key partnership decisions and vendor selections. That tells us that in the absence of physical face-to-face interactions, our peers at pharma and biotech companies are 'going with what they know,' and relying on trusted relationships and brands to fulfil their needs.' Kevin Reid

5.0 Conclusion

No matter the crisis, people are always going to need their life-sustaining and life-saving medications. Whilst the need doesn't change when there is a global event, it's not uncommon to see the industry adapt in the short-term when saddled with unforeseen challenges and pressures.

However, the COVID-19 pandemic has impacted the healthcare market in so many ways that it is difficult to imagine that things will ever be the same as they were. Companies have been forced to quickly adopt their methods to facilitate more virtual and patient-centric trials (something that has been debated within the industry for years) and development and approval timelines for therapeutics have been accelerated at a rate never thought possible. Relationships and partnerships between drug developers and outsourced service providers have successfully continued despite the inability to meet face-to-face.

For those of us who study changing trends in the industry, the question we find ourselves asking is: what from "crisis mode" will endure as a new part of a company's operations and, consequently, how will this affect their outsourcing needs in the longer term.

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Sources

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