TRINITY

The 2020 Dichotomy:

An Analysis of the COVID-19 Launch Class and How Commercial Innovation Failed to Keep Pace with Scientific Progress

Introduction

Despite the challenges the COVID-19 pandemic created, 2020 was an exceptional year for the biopharma industry. The race to develop effective treatments and vaccines for COVID elevated the public's perception of biotechnology, and, for many, the industry provided a source of hope during the pandemic. As early-stage venture capitalist Bruce Booth observed in his review of 2020, investors' enthusiasm sent biotech indexes to all-time highs, boosted the performance of IPOs and accelerated venture capital funding.[1] The NASDAQ Biotech Index finished the year up by 25%, median performance over the offer price for biotechs post-IPO was 25-40% and venture capital funding hit an all-time high of $26B. Additionally, 53 FDA approvals in 2020 closely trailed the 2018 high watermark. Biopharma appeared to excel on many fronts in 2020 despite the challenges posed by the COVID pandemic.

However, the challenges of the pandemic revealed an interestingly uneven response on the commercial side, prompting the question: **did biopharma's commercial innovation keep pace with the industry's scientific progress?** Some launches showed spectacular success, while others fell far short of expectations. **What were the distinguishing factors that drove this dichotomy?**

In October of 2020, Trinity conducted a preliminary analysis to assess the impact of COVID on the performance of 17 new molecular entities (NMEs) approved by the FDA and launched in late 2019 and early 2020. The analysis offered several takeaways regarding what factors were driving successful launches during this time and what pitfalls or barriers impacted product performance. Companies in severe disease markets (i.e., oncology and rare diseases) with limited treatment alternatives saw success via early market shaping to drive patient demand. Brands outside of oncology and rare disease had a more difficult early 2020, with only one product exceeding analysts' worldwide forecast estimates for the first half of the year, and the rest attaining no more than 56% of consensus forecast. We identified digital engagement and direct-to-consumer (DTC) commercialization tactics as crucial tools to support ongoing marketing efforts and pre-launch education and market development strategies as key to a successful launch.

In the first quarter of 2021, Trinity repeated this analysis using complete 2020 worldwide revenue data for 38 products approved between September 2019 and October 2020. This deeper examination clarified how some products thrived during the COVID pandemic and how others fell short of analyst expectations (Table 1). For this "COVID launch class," encompassing products approved by the FDA immediately prior to COVID (September 2019 to February 2020) and during COVID (March 2020 to October 2020*), Trinity compared full-year worldwide revenue data to analyst forecasts from February 2020 (i.e., when revenue estimates were unadjusted for COVID's eventual impact on the global economy).

[1] *Bruce Booth (2021). The Biotech Paradox of 2020: A Year in Review.*

**Excluding products approved late in 2020 due to the challenges of interpreting two months or less of sales data*

Four key themes emerged from the COVID launch class

1. **A few significant overperformers stood out – notably limited to oncology and rare markets – but these were contrasted by many underperformers.** This performance dichotomy was driven by market size and maturity; drugs that struggled were often in mass markets (e.g., infectious disease, neurodegenerative, etc.) and/or those contending in mature markets (e.g., migraine, HIV, metabolic, etc.) where product switching and HCP clinical experience are critical for success but were hindered during COVID.

2. Some drugs that underperformed in the first half of 2020 given the challenges of COVID **were able to recover** (albeit through an elongated uptake curve) due to either creative digital/virtual strategies or re-opening of traditional channels like in-office representative visits. However, those that lagged the most struggled to regain ground.

3. **Scientific innovation was not matched by commercial innovation.** Many innovative products were launched (on top of the incredible efforts to develop COVID vaccines). However, **approaches to commercialization remained largely conventional**, with many brands struggling to make up for the lack of face-to-face interaction with stakeholders.

4. The **decade-long, growing trend of emerging biotechs launching their first commercial product on their own continued in 2020**; however, the commercial challenges that small companies face persisted, especially in competitive markets where large companies often outperform small companies.

NME Approvals Included* in the Performance Analysis

	Product	Company	Indication	Approval date	Launch date**
Rare Disease (N=13)	Scenesse	Clinuvel	Erythropoietic protoporphyria (EPP)	8-Oct-2019	Apr-2020
	Trikafta	Vertex	Cystic fibrosis (CF)	21-Oct-2019	Oct-2019
	Reblozyl	Acceleron / BMS	Beta thalassemia	8-Nov-2019	Nov-2019
	Adakveo	Novartis	Sickle cell disease	15-Nov-2019	Dec-2019
	Givlaari	Alnylam	Acute hepatic porphyria	20-Nov-2019	Dec-2019
	Oxbryta	GBT	Sickle cell disease	25-Nov-2019	Dec-2019
	Tepezza	Horizon	Thyroid eye disease	21-Jan-2020	Feb-2020
	Isturisa	Recordati	Cushing's disease	6-Mar-2020	May-2020
	Koselugo	AZ	Neurofibromatosis Type 1	10-Apr-2020	Apr-2020
	Uplizna	Horizon (Viela Bio)	Neuromyelitis optica spectrum disorder (NMOSD)	11-Jun-2020	Jun-2020
	Dojolvi	Ultragenyx	Long-chain fatty acid oxidation disorders	30-Jun-2020	Jul-2020
	Evrysdi	Genentech / Roche	Spinal muscular atrophy (SMA)	7-Aug-2020	Aug-2020
	Enspryng	Roche / Chugai	Neuromyelitis optica spectrum disorder (NMOSD)	14-Aug-2020	Aug-2020
Oncology (N=15)	Brukinsa	BeiGene	Mantle cell lymphoma	14-Nov-2019	Nov-2019
	Padcev	SeaGen / Astellas	Bladder cancer	18-Dec-2019	Dec-2019
	Enhertu	AZ / Daiichi	HER2+ metastatic breast cancer	20-Dec-2019	Jan-2020
	Ayvakit	Blueprint	GI stromal tumor	9-Jan-2020	Jan-2020
	Tazverik	Epizyme	Epithelioid sarcoma and follicular lymphoma	23-Jan-2020	Feb-2020
	Sarclisa	Sanofi	Multiple myeloma	2-Mar-2020	Mar-202
	Tukysa	Seagen	HER2+ metastatic breast cancer	17-Apr-2020	Apr-2020
	Pemazyre	Incyte	Cholangiocarcinoma	17-Apr-2020	Apr-2020
	Trodelvy	Gilead (Immunomedics)	Triple negative breast cancer (TNBC)	22-Apr-2020	Apr-2020
	Tabrecta	Novartis (Incyte)	Non-small cell lung cancer (NSCLC)	6-May-2020	May-2020
	Retevmo	Lilly (Loxo)	RET-specific cancer mutations (NSCLC, Thyroid)	8-May-2020	May-2020
	Qinlock	Deciphera	GI stromal tumor	15-May-2020	May-2020
	Tecartus	Gilead (Kite)	Mantle cell lymphoma	24-Jul-2020	Jul-2020
	Monjuvi	Morphosys / Incyte	Large B-cell lymphoma	31-Jul-2020	Aug-2020
	Blenrep	GSK	Multiple myeloma	5-Aug-2020	Aug-2020
Other (N=10)	Beovu	Novartis	Wet AMD	8-Oct-2020	Oct-2019
	Reyvow	Lilly	Acute migraine	11-Oct-2019	Jan-2020
	Caplyta	Intra-cellular	Schizophrenia	20-Dec-2019	Mar-2020
	Ubrelvy	AbbVie (Allergan)	Acute migraine	23-Dec-2019	Jan-2020
	Vyepti	Lundbeck	Chronic migraine	21-Feb-2020	Apr-2020
	Nexletol / Nexlizet†	Esperion	Hypercholesterolemia	21-Feb-2020 / 26-Feb-2020	Mar-2020 / Jun-2020
	Nurtec ODT	Biohaven	Acute migraine	27-Feb-2020	Mar-2020
	Zeposia	BMS	Multiple sclerosis (MS)	25-Mar-2020	Jun-2020
	Ongentys	Neurocrine / Ono	Parkinson's disease	24-Apr-2020	Sep-2020
	Rukobia	Viiv (GSK / Pfizer / Shionogi)	HIV	2-Jul-2020	Aug-2020

Table 1: 38 NMEs* approved between September 2019 and October 2020 were included in the analysis

*37 products approved during this timeframe were excluded from the analysis because they were diagnostics, had not launched in the US by October 2020, had not reported annual revenue for 2020 at the time of the analysis and/or did not have forecast estimates available from February 2020

**Launch date is defined as the date the drug became commercially available in the US

† Esperion's Nexletol and Nexlizet were evaluated in combination in the performance analysis given the lack of February 2020 forecasts for Nexlizet, the products' overlapping indications, and the fact that WW revenue was reported for both products combined – this paper refers to Nexletol and Nexlizet as one product.

Sources: FDA.gov, EvaluatePharma, company websites, press releases, investor presentations, and financial disclosures

1 The COVID launch class was dichotomous

From analyst expectations to the ability to meet those expectations to absolute revenue, the COVID launch class showed wider-than-normal degrees of variability. Worldwide revenue of drugs launched immediately prior to and during COVID spanned an expansive range, from Vertex's Trikafta hitting $3.9B in its first year on the market to ten products with <$15MM (Figure 1). The top five products in this COVID launch class by revenue represent 78% of the total 2020 worldwide revenue (across the 38 products we analyzed), and the top 10 represent 88%, further reinforcing the chasm between the highest- and lowest-earning products (however, it is important to note that these products had a variety of launch dates / time on market). As a group, the median 2020 revenue for these products was $39MM (with an average of nine months on the market). However, noteworthy differences were evident when key segments were examined: rare disease and oncology drugs finished with median annual revenues of $55MM and $42MM, respectively, but other products in broader or more mature markets finished with a median annual revenue of just $14MM (Table 2).

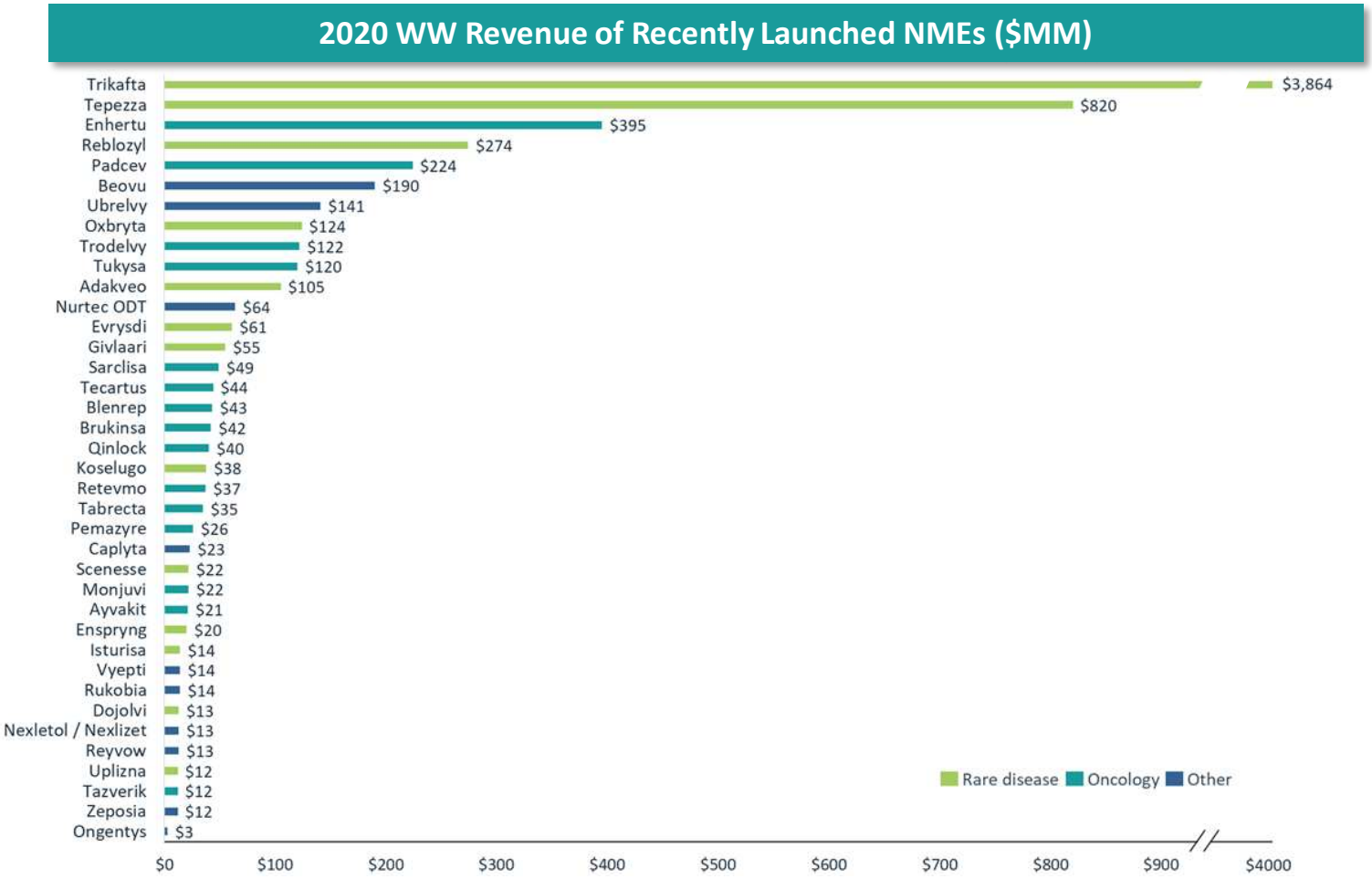

Figure 1: 2020 WW revenue of NMEs launched from September 2019 through October 2020 ($MM)
Note: Unless exchange rates were provided in company reports, the average exchange rate to USD for 2020 was utilized for products with revenue reported in currencies other than USD. *Source: Company-reported sales*

Median Forecast, Revenue and Performance across Rare, Oncology and Other

	Forecast ($MM)	Revenue ($MM)	Performance (%)
Rare	$42	$55	142%
Oncology	$39	$42	191%
Other	$46	$14	36%
All	**$42**	**$39**	**105%**

Table 2: Median forecast estimates, annual revenue, and performance metrics for products in rare diseases, oncology and other indications

Note: Median values for forecast, annual revenue, and performance were determined independently within each disease category (i.e., median for each metric does not necessarily correspond to the same product, so performance in this table cannot be calculated by dividing median revenue by median forecast).

Methodology: We compared company-reported worldwide (WW) sales for NMEs approved and launched prior to or during COVID (from September 2019 up to October 2020) against February 2020 (pre-COVID) consensus WW forecast estimates for calendar year 2020. Percentages in the table show % of revenue achieved compared to estimated full-year forecast from February 2020; 100% effectively means meeting forecast.

Analyst expectations for recently launched products fell on opposing ends of the spectrum, as did the products' abilities to meet those expectations. While a few blockbusters are anticipated, the abundance of drugs among the COVID launch class whose sales are expected to peak below $1B in coming years – in some cases well below – may reflect challenges in identifying new, undertreated disease states with significant remaining commercial opportunity. With regard to meeting first-year expectations, 15 of the 38 products included in the analysis finished 2020 with revenues of at least 150% of 2020 consensus forecasts (Figure 2). Aside from AbbVie's migraine drug Ubrelvy, the remaining 14 products all treat rare diseases or cancer. In contrast, nine drugs achieved less than 50% of consensus forecast, seven of which entered established and highly competitive markets such as schizophrenia, Parkinson's, MS, and HIV. Interestingly, though the established and competitive markets outside of rare disease and oncology had the highest median expected forecast ($46MM), they had the lowest median revenue ($14MM) and performance (36%) in the COVID launch class.

Performance of Recently Launched NMEs Against February 2020 Consensus Forecast

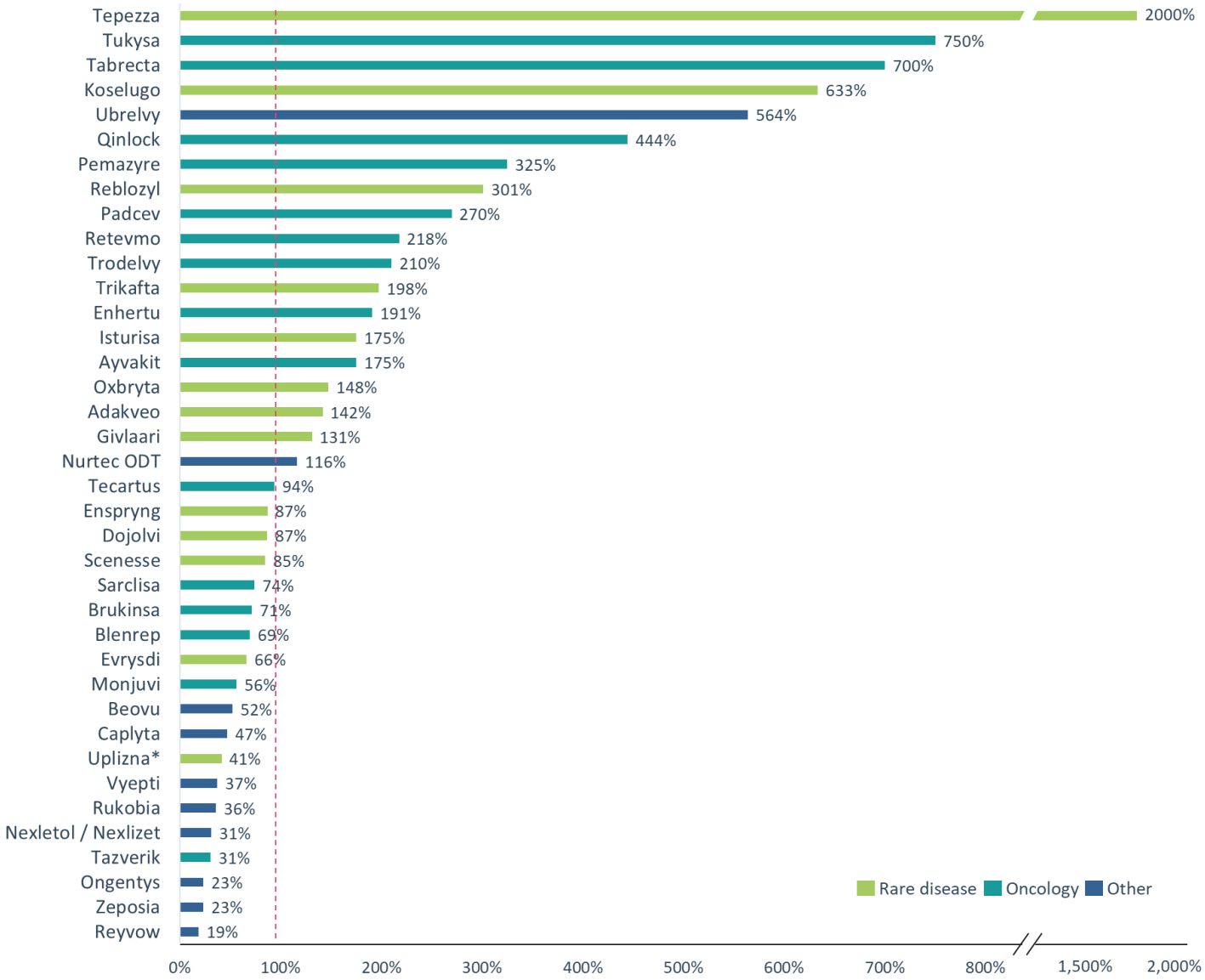

Figure 2: Performance of NMEs launched in late 2019 through October 2020 compared to February 2020 consensus forecast estimates

*Consensus forecasts from March 2020 were utilized for Uplizna, given estimates from February 2020 were unavailable
Source: Company-reported sales, EvaluatePharma

Compared with products in rare disease and oncology, those in other, broader markets were less likely to meet forecasts. Many of the products in the "other" category targeted conditions that already have an array of treatment options, such as Novartis' Beovu for wet AMD and Intra-Cellular's Caplyta for schizophrenia, both of which fell well short of expectations for 2020. Additionally, the greater success of rare and oncology drugs as a group may reflect relatively higher unmet need or medical urgency prompting patients to seek care, the early work done by market shaping efforts that likely began before the pandemic or greater flexibility in adapting the work of medical science liaisons (MSLs) to pandemic conditions compared with traditional sales representatives.

The comparatively higher ratio of MSLs to sales reps typically employed for rare and oncology drugs likely positively contributed to these products' performances. Because medical education efforts are critical to developing the necessary levels of disease awareness to drive adoption of new treatments for underserved conditions, launches where medical education plays a key role in starting new patients (i.e., rare disease and oncology) may have been better insulated from the constraints on in-person access to physicians that thwarted some traditional promotional campaigns.

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However, it is important to consider that although oncology and rare disease drugs were often able to meet or exceed consensus forecasts, those forecasts reflect generally modest expectations in absolute terms, exemplified by median forecasts of $42MM for rare disease and $39MM for oncology products (Table 2). Incyte's Pemazyre, for example, treats the rare bile duct cancer cholangiocarcinoma and is expected to attain peak sales of less than $150MM annually. By attaining $26MM in 2020, the drug more than tripled its 2020 consensus estimate of only $8MM. Of the 28 rare disease and oncology drugs included in this analysis, less than half – only 12 – are expected to attain blockbuster status.

Products entering more mature, established markets, such as HIV, MS and schizophrenia, faced significant commercialization challenges in 2020. Of the 10 drugs in this category, only one beat its consensus forecast, and seven achieved less than 50% of consensus estimates. BMS and Neurocrine each acknowledged the challenges of commercializing a new therapy during the pandemic and delayed the launches of MS drug Zeposia and Parkinson's agent Ongentys, respectively; it is therefore not surprising to see both of these agents failing to achieve forecast estimates that were predicated on earlier launch timing. However, timing doesn't explain the underperformance of other mass-market products.

For drugs outside of rare disease and oncology – and especially niche oncology – the obstacles to reaching a target audience may have been greater. In contrast to smaller disease states where promotional efforts may be heavily concentrated on centers of excellence and a relatively small set of key opinion leaders, promotional efforts for new migraine drugs, antipsychotics, infectious disease agents, etc. more likely depended on in-person promotion to a large number of high-prescribing, community-based physicians. Drugs entering mass-markets likely relied heavily on driving medication switches (which depends on patients being in the office for more routine care) or HCP trialing behavior (which is encouraged by in-person rep visits), both of which decreased during the pandemic. Reaching key audiences to drive medication switches proved challenging for representatives as offices closed and both representatives and HCPs moved to digital methods of engagement. According to recent interviews with CCOs conducted by Trinity, for most companies and reps, this was new and uncharted territory lacking clear metrics for success, and representatives' ability to adapt varied considerably.[2]

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COVID-19 impeded traditional approaches to mass-market penetration

[2] *TGaS (2021). Preparing for a Post-COVID World: Chief Commercial Officers' Perspectives on the Future of Commercial Teams. (In preparation as of Q2 2021)*

2 Some drugs with sluggish starts recovered later in 2020 – however, slow starts typically led to slow finishes

Given the disruptions to healthcare delivery that often reduced the pool of new patients presenting to physicians, the restrictions on office access for sales representatives and the challenges of pivoting to digital promotion efforts, we were not surprised to find in our October 2020 analysis that several drugs saw disappointing revenues during the first half of the year. It is worth noting that the drugs that had the most success in the first half of the year benefited from either the company's prior established position in the disease space (Vertex's Trikafta for cystic fibrosis) or a highly effective market preparation campaign that largely took place ahead of COVID (Horizon's Tepezza for thyroid eye disease), blunting the impact of the pandemic for the rollout of these agents.

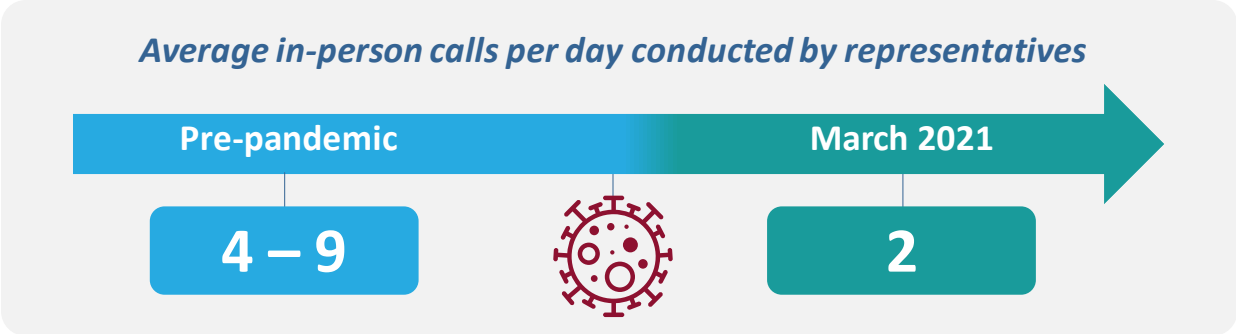
However, some agents did appear to rebound in the second half of the year. Biohaven's acute migraine treatment Nurtec ODT began 2020 with $11MM in sales at the end of the second quarter (only 49% of half-year forecast estimates); by the end of 2020, the drug's uptake had accelerated to finish the year at $64MM, exceeding consensus forecasts by 16%. As discussed in our October 2020 analysis, the company pivoted quickly from expecting to deploy a traditional sales force in late February to engaging in digital outreach during the early months of the pandemic. This may have contributed to the drug's comparatively stronger second half of 2020; however, the cost of reaching those forecast expectations was not insignificant (discussed in more detail in a later section). Alnylam's Givlaari, Novartis' Adakveo and Global Blood Therapeutics' Oxbryta similarly improved upon mid-year performance in the second half of the year once more patients returned to physicians' offices and sales reps began to resume more normal call patterns.

Turning around a difficult start, however, was a daunting challenge. Of the seven drugs that had reached less than 75% of half-year consensus forecast at mid-year (discussed in detail in Trinity's October 2020 analysis), only Nurtec ODT met or exceeded consensus forecast expectations by the end of the year, and five of the six (Eli Lilly's Reyvow, Lundbeck's Vyepti, Intra-Cellular's Caplyta, Esperion's Nexletol/Nexlizet and Epizyme's Tazverik) ended 2020 with revenues below 50% of consensus forecast for the full year. For many of these drugs, the sluggish uptake may have been exacerbated by a pre-existing trend toward a payer environment that depresses early access and uptake of newly launched products. Additionally, physicians who were interacting with patients through telehealth channels may have been less eager to try new agents than they would have been if they were seeing patients in person, favoring known products in established markets.

3 Innovative drugs were only occasionally matched by innovative commercialization

The list of newly launched products is rife with novel mechanisms of action, drugs approved as the first treatment option for rare diseases and treatments for niche oncology indications. Throughout the list of approvals, we see significant advances for rare diseases such as neuromyelitis optica spectrum disorder and Cushing's disease, oncology indications such as metastatic cholangiocarcinoma, and the first launch in a new class of drugs to treat HIV. However, there are relatively few entrants to established drug classes.

Products that were most dependent on deploying a traditional sales force to engage in face-to-face contact with HCPs may have suffered the greatest launch setbacks during COVID. Research conducted by Trinity's benchmarking division illustrates the difficulty sales representatives have encountered in reaching HCPs; as of March 2021, representatives were conducting an average of two in-person calls per day, a decline from pre-pandemic levels ranging from four to nine, depending on specialty. Companies whose go-to-market strategies relied heavily on in-person sales efforts may have unsurprisingly found themselves needing to close a significant gap.



In contrast, relatively few companies pursued truly innovative approaches to commercialization. Ubrelvy, one of two mass-market overperformers, was one of the rare standouts in terms of commercial agility and innovation, as AbbVie leveraged telehealth and digital patient engagement combined with DTC advertising to catalyze its launch when sales representatives were shut out of prescribers' offices. Successful examples of this kind of rapid adaptation are relatively scarce; despite some experimentation among pharmaceutical and biotech companies with digital outreach and telehealth, for many, approaches to commercialization did not appear to make great leaps forward in either innovation or standardization. Instead, companies mainly seem to have explored digital outreach as a bridge to delayed rollouts of in-person promotional campaigns rather than embed it as a foundational strategy in commercialization readiness.

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Prior to the pandemic, some companies were already expanding digital engagement, while for other companies, the pandemic accelerated this exploration. In the migraine market, both AbbVie and Biohaven focused significant efforts on DTC promotion and facilitated digital outreach by representatives for their newly launched acute migraine drugs Ubrelvy and Nurtec ODT, particularly at the outset of the pandemic when healthcare facilities were most difficult to access. They also responded to patients' reduced in-person access to physicians by partnering with telehealth platforms to enable remote prescribing – an option that was not always possible for drugs in other classes. Both companies finished 2020 strong. In AbbVie's case, Ubrelvy ended 2020 well ahead of consensus forecasts and continued their strong performance in the second half of the year, while in Biohaven's case, the company trailed consensus forecasts at mid-year but regained ground in the second half of 2020, finishing slightly above consensus.

For both drugs, the benefits of focusing on DTC, telehealth and digital promotion in the early months of the pandemic were not recognized immediately. Biohaven's digital and DTC promotional efforts during the period when sales representatives were forced to work remotely did not propel the drug to early success, though the company remained confident that these efforts allowed the drug to gain early traction under difficult circumstances and ultimately resulted in Nurtec ODT surpassing 2020 expectations. That traction, however, came at a high price: Biohaven spent $462MM on SG&A in 2020 to secure $64MM in revenue in its launch year ($107MM was reported for advertising costs). Ubrelvy may have fared better; the drug ultimately blew past consensus estimates of $25MM, finishing 2020 at $141MM in worldwide revenue after a stronger performance in the second half of the year than the first. In both cases, the increase in sales in the second half of the year overlaps with widespread lifting of COVID restrictions, particularly in the late summer and early fall months when cases in the US were at relatively low levels.

It is possible that digital marketing helped create demand that was later fulfilled when patients returned to physicians' offices, but an alternate hypothesis is that even a limited deployment of sales representatives to physicians' offices (once restrictions were relaxed) was critical to driving adoption of new therapies in mature, well-developed markets like migraine. Striving for a mix of in-person and effective yet thoughtful digital interactions – the latter in situations where face-to-face contact may not be possible – will be increasingly important as COVID restrictions gradually ease.

4 First-time launches were increasingly common in 2020 – but not uniformly successful

Of the 38 products included in this analysis, 11 were commercialized by companies launching drugs for the first time in 2020 (Table 3), continuing an ongoing trend over the last decade of small biotechs "going it alone." As noted in a recent McKinsey & Co. article, the proportion of first-time launches among newly approved drugs has more than tripled over the past decade.[3]

All of the first-time launches entered 2020 with revenue expectations of less than $100MM for their first year on the market. Among these, Global Blood Therapeutics' Oxbryta posted the highest 2020 revenue at $124MM, surpassing consensus estimates of $84MM. In total, five drugs in this group exceeded 2020 forecasts, while six fell short. Overall performance relative to expectations for first launch companies is comparable to that observed for experienced launch companies in this analysis, suggesting the challenges of launching a product into a fluid and unpredictable market landscape amid COVID affects companies across the launch experience spectrum similarly.

Performance of Recently Launched NMEs Against February 2020 Consensus Forecast - First Launch Companies

Product	Company	Indication	Launch Date	2020 Consensus Forecast ($MM)	2020 Revenue ($MM)
Qinlock	Deciphera	GI stromal tumor	May-2020	$9	$40
Trodelvy	Gilead (Immunomedics)	TNBC	Apr-2020	$58	$122
Ayvakit	Blueprint	GI stromal tumor	Jan-2020	$12	$21
Oxbryta	Global Blood Therapeutics	Sickle cell disease	Dec-2019	$84	$124
Nurtec ODT	Biohaven	Acute migraine	Mar-2020	$55	$64
Scenesse	Clinuvel	Erythropoietic protoporphyria (EPP)	Apr-2020	$26	$22
Monjuvi	Morphosys / Incyte	Large B-cell lymphoma	Aug-2020	$39	$22
Caplyta	Intra-cellular	Schizophrenia	Mar-2020	$49	$23
Uplizna	Horizon (Viela Bio)	Neuromyelitis optica spectrum disorder (NMOSD)	Jun-2020	$29	$12
Nexletol / Nexlizet	Esperion	Hypercholesterolemia	Mar-2020 / Jun-2020	$42	$13
Tazverik	Epizyme	Epithelioid sarcoma and follicular lymphoma	Feb-2020	$39	$12

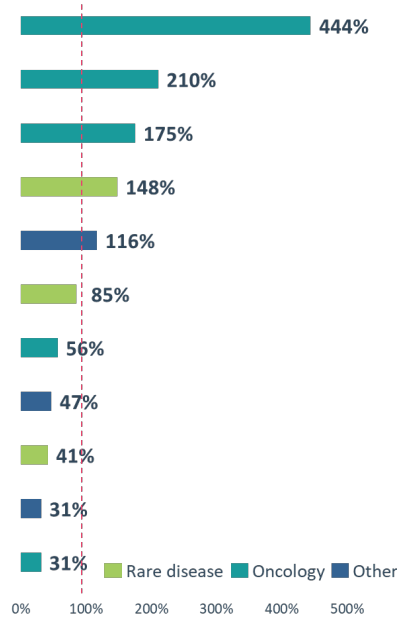


Table 3: Performance data for 11 first-launch companies
Note: While Trodelvy and Uplizna are now marketed by Gilead and Horizon, respectively, given recent acquisitions, the drugs were initially launch by Immunomedics and Viela, respectively, and marked each company's first launch, warranting inclusion in the list. Monjuvi is being co-commercialized in the US by Morphosys and Incyte with Morphosys spearheading the effort, warranting inclusion given it's the company's first launched product.
Source: Company-reported revenue, EvaluatePharma

[3]*Harputlugil, Hayton, Merrill and Salazar (McKinsey 2021). First-time launchers in the pharmaceutical industry.*

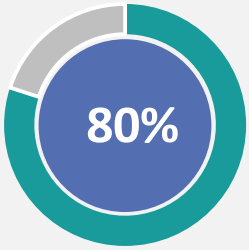
However, indication-specific market dynamics must also be considered. Eight of the 11 drugs in this subset of first launch companies target rare or oncology indications, and of the products from first launch companies that met or exceeded forecast expectations, 80% of them were rare or oncology drugs (Biohaven's Nurtec ODT being the exception). Though based on a small sample size, these indicators point to the hypothesis that first launch companies tend to target rare disease and oncology indications, possibly due to the ability to launch a drug with a smaller commercial footprint in these spaces and because the level of unmet need may make a strong performance more attainable than in more competitive markets.

In the subset of first launch companies…

8 of 11

launched in rare or oncology indications

Of the first launch drugs that met or exceeded forecast…



target rare or oncology indications

In the few areas where the performance of large and small companies could be directly compared, big pharma outperformed smaller companies launching new drugs in two out of three cases. Although Biohaven's Nurtec ODT finished 2020 with a strong launch that exceeded consensus forecasts, Abbvie's Ubrelvy – a drug in the same class (i.e., oral CGRP receptor antagonists) – exceeded expectations to a greater extent and captured much larger revenue in absolute terms at $141MM versus Nurtec ODT's $64MM, suggesting that smaller companies may still be at a competitive disadvantage in gaining market share in contested markets. Similarly, although both NMOSD drugs that launched in 2020 fell short of consensus forecasts, Roche/Chugai's Enspryng finished with higher (though still modest) revenues than Horizon/Viela's Uplizna ($20MM vs. $12MM, respectively). However, contrary to this trend but consistent with analyst expectations, Global Blood Therapeutics' Oxbryta finished 2020 slightly ahead of Novartis' Adakveo at $124MM compared with Adakveo's $105MM, although both drugs outperformed consensus forecasts.

Conclusion

2020 was a remarkable year for biopharma. Biotech and pharma companies found themselves pressed to find new ways to continue to bring critical, novel therapeutics to patients. While scientific innovation reached new heights, commercial innovation lagged behind; the magnitude of impact and permanence of many novel commercial strategies implemented during COVID are still to be determined. However, fundamentals of the industry remained relevant to the launches during this period: thoughtful, well-planned launch preparation (via strategic market development across stakeholders) was critical to success and likely helped insulate launches against the consequences of the COVID pandemic.

Certain challenges for biopharma in 2020 will likely continue well into 2021; as of April, vaccination efforts are accelerating while new viral variants pose the risk of yet another wave that could continue to limit access to physicians' offices for patients and representatives alike. Although the COVID pandemic exposed the limitations and challenges of the traditional, in-person selling model, companies have not yet mastered or optimized commercial innovations such as virtual detailing and targeted digital engagement strategies. The need to reap greater returns from novel commercialization efforts will not abate even after the pandemic, as the dynamic between biopharma, physicians and patients has been changed forever. The pandemic may have been a driver for commercial innovation, but further sustainable advances will be needed to keep pace with the industry's scientific progress.

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