

November 2018



A Benchmarking Survey:

HEOR and RWE Sourcing and Procurement Challenges and Opportunities



Executive Summary

Healthcare is moving towards outcomes-based decision-making with increased focus on value. Health economics & outcomes research (HEOR) and real-world evidence (RWE) are increasingly used to guide these value-based decisions, improve patient outcomes, reduce costs, and achieve market access.

As a result, more companies are outsourcing research in HEOR and RWE to keep up with increased demand. Stakeholders are searching for solutions that streamline the sourcing process for buyers and suppliers of HEOR and RWE services that best match their needs and areas of specialty.

Healthcare stakeholders need fast access to HEOR and real-world data to make more informed healthcare decisions and help guide treatment approaches.

Little work has been done to benchmark the HEOR and RWE procurement environment and investigate the challenges in sourcing and contracting these types of projects.

This white paper summarizes an October 2018 survey jointly conducted by HealthEconomics.Com and Scientist.com to analyze the opportunities and challenges for >150 researchers and suppliers in HEOR and RWE sourcing and procurement.

Respondents highlighted key issues standing in the way of efficiently commercializing therapies and achieving market access, all of which can delay the ultimate goal of improving patient outcomes.

HEOR/RWE PROCUREMENT CHALLENGES INCLUDE:

- ✓ **Long contracting times**
- ✓ **Lack of RFI standardization**
- ✓ **Use of preferred suppliers**
- ✓ **Mismatches in supplier evaluation methods**
- ✓ **Difficulties in connecting suppliers and buyers**



Key Findings

1

More than **50%** of respondents found the average contracting time exceeds 2 months.



2

80% of suppliers find it difficult to navigate the procurement process.



3

73% agree that preferred supplier requirements limit contracting opportunities.



4

About **70%** agree that there are mismatches in Key Performance Indicators (KPIs) used by sourcing/procurement and HEOR/RWE.



5

Over **50%** of buyers agree it is challenging to find and compare potential suppliers.



6

1/2 of suppliers agree it is difficult to connect and differentiate their company to potential buyers.



ALLEVIATING THESE PAIN POINTS BY STREAMLINING THE HEOR AND RWE PROCUREMENT PROCESS WILL LEAD TO:

✓ **Faster market access**

✓ **Reduced time to contract**

✓ **Quicker time to insight**

✓ **Reduced costs**

Introduction

GROWTH OF OUTSOURCING IN HEOR AND RWE

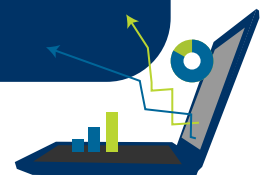
Healthcare is experiencing a new evidence-centric paradigm that is revolutionizing businesses and society, changing the way decisions are made in pursuit of “value”. The fields of HEOR and RWE are at the heart of this transformation because of the pivotal role they play in evidence development, treatment access, and reimbursement coverage.

ORGANIZATIONAL CHANGES AS A RESULT OF HEOR/RWE GROWTH:

- ◆ Formation of Centers of Excellence focused on RWE, value demonstration, and evidence communication
- ◆ Creation of RWE and patient-reported outcomes (PRO) data repositories
- ◆ Expansion of performance-based risk-sharing and outcomes-based contracts between biopharma and payers
- ◆ Supporting the continued demand for country- or customer-specific health technology assessment to aid decisions on reimbursement of pharmaceuticals or devices
- ◆ Procurement and Operations divisions dedicated to HEOR/RWE research and evidence assessment
- ◆ Growth in numbers of employees with skills in data analytics, health informatics, artificial intelligence (AI), and cognitive computing.

Value Demonstration

Evidence-gathering solutions are used to collect or communicate data in support of health economics, patient-reported outcomes, clinical endpoints, burden of illness, and healthcare delivery processes. It is commonly used to justify market access for pharmaceutical or medical device interventions.



IDC Futurescape estimates that by 2019 more than 50% of life science companies will transform their internal ecosystems to allow RWE data access and sharing among their organization.¹

With the increasing importance and number of HEOR and RWE initiatives, outsourcing has become a necessary solution to producing data, evidence, and insights. A survey conducted in 2017 by ISR Reports found that companies outsource an average of 75% of their HEOR work, a trend driven by limited internal resources, lack of time and fostering greater credibility by using trusted third-party partners.²

The Benchmarking Survey

WHO WAS SURVEYED?

More than **150 stakeholders** involved in HEOR and RWE procurement across the value chain, including:



Health economics & outcomes research



Scientific communications



Sourcing and procurement



Real world evidence



Patient reported outcomes



Clinical operations



Medical affairs



Biostatistics



Business development & marketing



Market access



Epidemiology



Pricing & reimbursement



Data analytics & health informatics

Recruitment

Respondents were recruited from the HealthEconomics.Com global CONNECTED COMMUNITY™, using email, website promotion, and social media. Data were collected in October 2018.

Did You Know?



Since 1994, HealthEconomics.Com is the world's most comprehensive and credible CONNECTED COMMUNITY™ that serves as the global link to the health economics & outcomes research, real-world evidence, and pharma market access stakeholder communities.



Founded in 2007, Scientist.com is the world's leading scientific services marketplace. It saves time and money and provides access to innovation while maintaining compliance with an organization's procurement policies. Scientist.com operates private marketplaces for most of the world's major pharmaceutical companies and the US NIH.

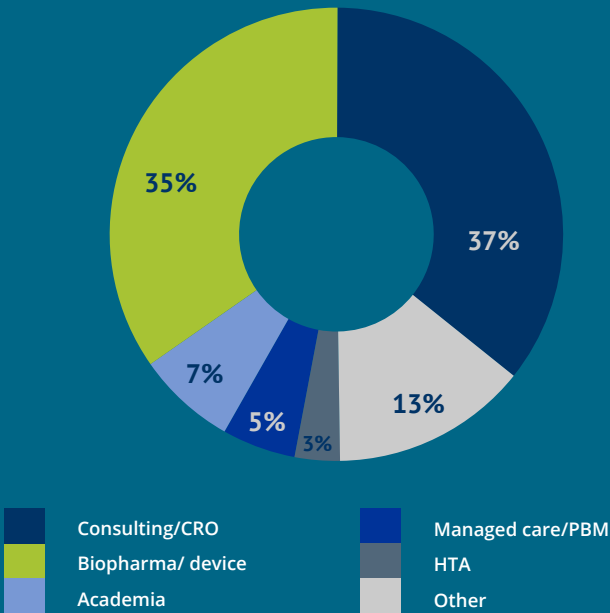
COMPANIES*

- GlaxoSmithKline plc
- Genentech
- IQVIA
- Boehringer Ingelheim
- Aetna
- PAREXEL
- AstraZeneca
- ANALYTICA LASER
- HealthCore
- Biogen
- Amgen
- The Leapfrog Group
- CSL Behring
- Sanofi
- Pharmerit International
- eMAX Health
- Bioventus
- Evidence Partners
- Thomas Jefferson University
- Anthem
- Tufts Medical Center
- RTI Health Solutions

*Views provided represent the respondent, not the company.

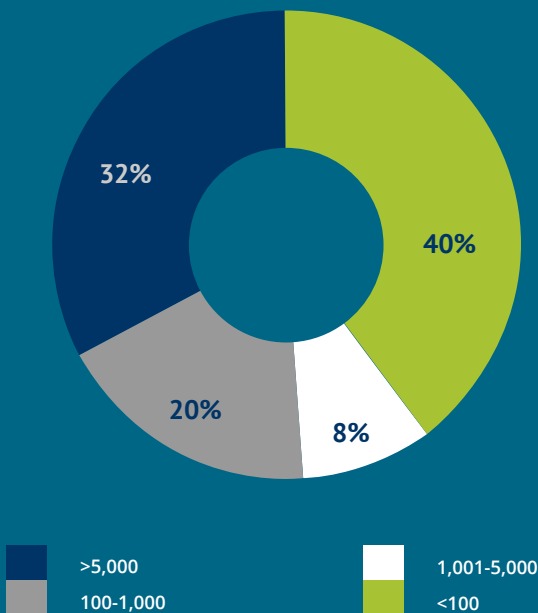
Respondent Demographics

Company Type

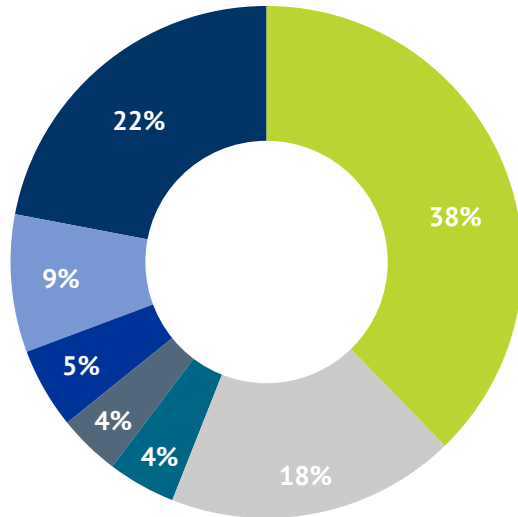


Survey respondents were recruited from most healthcare companies*, many of whom are key influencers in the industry from biopharma (e.g. AstraZeneca, GSK, Amgen), research consultancies (e.g. IQVIA, RTI, Parexel), private payers (e.g. Aetna, Anthem), and academia (e.g. University of Pennsylvania, Tufts Medical).

Company Size, Number of Employees



Primary Job Function



*Other: Data Analytics, Academia, Biostatistics, Safety, Patient Engagement



The Result

Outsourcing

30% + **41%**
contract almost all (76-100%) of their work outsource more than one-half of their work

Heavy outsourcing in HEOR and RWE confirms that it is a key area to develop solutions to deliver faster, more insightful science and speed up market access.

71% outsource more than half their work

Challenges in HEOR & RWE

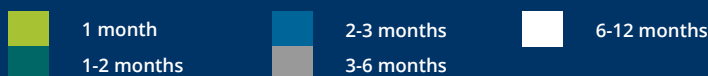
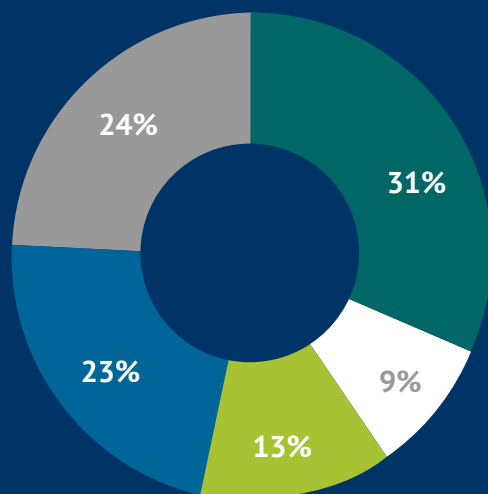


This survey identified a number of stumbling blocks in sourcing and procurement for HEOR and RWE, including long contracting processes, lack of standardization, preferred supplier requirements, mismatched evaluation methods, and connecting buyers and suppliers.

LENGTH OF TIME FOR THE CONTRACTING PROCESS

A common point of frustration identified in the survey was the length of time from proposal to execution of the contract. Slow contracting impedes getting the project “into the field”, delays knowledge insights, impedes market access, and hinders decision-making by the provider and payer. All of these ultimately affect how quickly the intervention gets to the patient.

Average Procurement Time from Proposal to Executed Contract



56%
experienced
average
contracting
times >2
months

9%
found that it
exceeded 6
months.



[It] takes too long to get a project up and running, thus compressing timelines for doing the actual project work

- HEOR Senior Director, pharmaceutical company

[Procurement] takes a very long time, making results less meaningful

- Medical Affairs professional, consulting company

HEOR procurement can be intricate due to the lack of standardized requirements and regulations.

– Clinical Leader editorial³

Our procurement processes are not consistent between global and local departments as well as when we contract with different types of organizations.

– Senior Data Scientist, pharmaceutical company

[The procurement] process differs between each Buyer - it's impossible to streamline at our end.

– Senior Manager of Health Economic, consulting company

[A main challenge is] limiting to preferred vendors based on price and not unique service offerings

– Vice President, consulting company

[Having] preferred suppliers limits competition, increases costs, and reduces quality"

– Director, Health Economics and Payer Evidence, pharmaceutical company

8/10

suppliers agree that it is difficult to navigate through the buyer's procurement process



LACK OF STANDARDIZATION AND COMPLEX COMPLIANCE REQUIREMENTS

The survey found that 80% of HEOR and RWE professionals agreed that buyer requirements are not standardized, and 67% agreed that compliance requirements hinder successful contracting.

PREFERRED SUPPLIERS

Preferred HEOR and RWE suppliers are commonly used by buyer organizations to streamline their procurement process.

In specialized fields like HEOR and RWE, limiting procurement to preferred suppliers makes expert-based contract work particularly difficult. Potential solutions that streamline the ability for a buyer to reinforce desired skills or capabilities and the ability to compare across suppliers would address some of these challenges.



68%

of buyers often or always use preferred suppliers

73%

of respondents (both suppliers and buyers) agree that these requirements limit contracting opportunities.

RESPONSIBILITY FOR HEOR AND RWE SUPPLIER SELECTION AND BUDGETING

Almost two-thirds of organizations had a dedicated department for sourcing/procurement, but this department specialized in HEOR/RWE in only 20% of organizations.



2/3 said HEOR/RWE departments have responsibility for selecting the supplier and determining study budgets. Just **5%** said Sourcing/Procurement owns this business function.

As organizations grapple with increased HEOR/RWE study volume and complexity, challenges can arise with the business goal to seek standardized procurement solutions. These standardized procurement solutions may result in HEOR/RWE departments having less ability to compare suppliers as well as less input into how suppliers are chosen.



ALIGNING KPIs WITH HEOR/RWE TO DRIVE SUCCESS

Key performance indicators are essential to project success. However, because of the unique nature of HEOR and RWE, KPIs may differ from those used in clinical research or commercialization.

70% agreed there are mismatches between KPIs used by sourcing/procurement vs. those used by HEOR/RWE.

Aligning KPIs with HEOR/RWE strategic objectives would result in:

- ✓ Better visibility to senior management
- ✓ Improved vendor selection
- ✓ More successful market access

[In the current procurement process, there is] little ability to compare, evaluate, choose vendors.

– Value and Access Manager, pharmaceutical company

Processes for many HEOR/RWE projects differ from parameters outsourcing groups utilize in procuring services.

– SVP, CRO

[A key challenge is] rigidity in evaluation philosophies that are centered upon one dimension of the issue using accounting or general financial metrics

– Senior Global Manager, medical devices company



CONNECTING SUPPLIERS AND BUYERS

The survey confirmed that buyers and suppliers find it challenging to make the right connections for key projects. Researchers find it difficult to access suppliers that meet project needs while suppliers need more avenues to show their advanced and unique expertise.

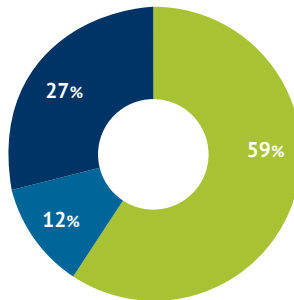
Clearly, solutions that help match buyers and suppliers quickly, fairly, and effectively are needed in HEOR/RWE.

Buyer's lack of information about suppliers means they make decisions incorrectly without having spoken to us.

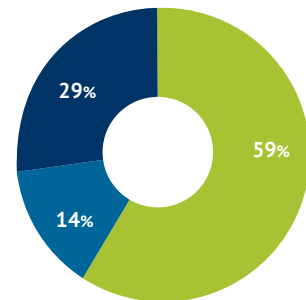
– Partner, consulting company

Buyers say....

Challenging to find good suppliers to meet my company requirements



Challenging to compare potential suppliers for a project

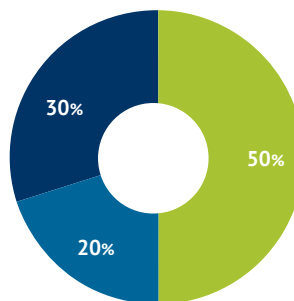


■ Agree
 ■ Disagree
 ■ Neither

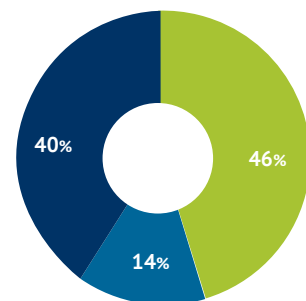
Over one-half of buyers agreed that it is challenging to find and compare suppliers that meet their needs.

Suppliers say....

It is difficult to connect with potential buyers

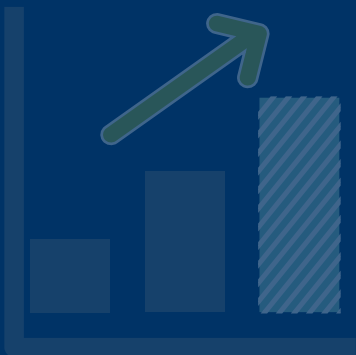


It is difficult to differentiate my company to potential buyers



■ Agree
 ■ Disagree
 ■ Neither

Half of suppliers agreed that it is difficult to connect and differentiate their company to potential buyers



Suppliers clearly need ways to show that they have specific expertise that goes beyond clinical research capabilities.

Researchers need ways to evaluate the attributes of a comprehensive, validated group of suppliers.

Increased diversity in both supplier and buyer pools would benefit procurement and sourcing in HEOR and RWE.

Hurdles and Needs in HEOR/RWE Sourcing and Procurement

HURDLES

- 1 Long contracting time
- 2 Lack of standardization
- 3 Complex compliance requirements
- 4 Use of preferred suppliers
- 5 Responsibility for selecting suppliers and budgeting spread across departments
- 6 Mismatched evaluation methods and KPIs
- 7 Difficulty creating connections between suppliers and buyers



NEEDS

- 1 A standardized system that reduces compliance requirements and contracting time while containing costs
- 2 Flexibility in selecting suppliers with the best skills for the project
- 3 Direct HEOR/RWE involvement to select and budget ideal suppliers
- 4 Standardized KPIs that accurately reflect the HEOR/RWE field
- 5 A new way to connect a diverse range of buyers and suppliers while differentiating supplier skillsets



Solving the HEOR and RWE Sourcing Challenge



As HEOR and RWE becomes increasingly vital, complex, and multi-dimensional, it is imperative to find solutions to address outsourcing and procurement to speed up delivery of commercially relevant data.

More than 80% of HEOR/RWE respondents were interested in a service that would help match researchers with suppliers, leading to reduced contracting times, faster time to insight, and more efficient market access.

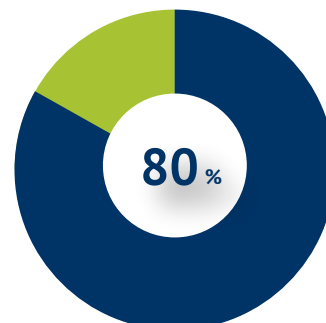
As shared by a respondent to the Benchmarking Survey:

“[One of our biggest needs is] simplification and streamlining process for scientist and vendor from the pharma business side. We are our own worst enemy”

– Director, Global HEOR, pharmaceutical company

80% HEOR/RWE PROFESSIONALS WANT:

- ✓ Reduced contracting times
- ✓ Faster time to insight
- ✓ More efficient market access



Value, Evidence & Access Marketplace

HealthEconomics.Com and Scientist.com, two trusted life science brands, have partnered to connect researchers and suppliers in HEOR & RWE with the aim to streamline research sourcing, trim costs, and bolster global access to suppliers.⁴

Combining Scientist.com's strength as the pharma industry's largest online marketplace for outsourced research with HealthEconomics.Com's comprehensive Connected Community™, the Value, Evidence & Access Marketplace is an online solution that accelerates the sourcing and procurement process for researchers and suppliers of HEOR, RWE, and market access services.

By streamlining the process for buyers and sellers, the Marketplace will deliver reduced time to contract, quicker time to insight and faster market access.

Explore the public Value, Evidence & Access Marketplace for your next project. Learn more here: www.Scientist.com/HealthEconomics

Benefit	Buyers	Suppliers
QUICKER TIME TO INSIGHT		
Researchers can select suppliers more quickly by using standardized RFIs	✓	✓
Suppliers can respond to more requests using standardized RFIs	✓	✓
REDUCED TIME TO CONTRACT		
Standardized legal structure saves time	✓	✓
Streamlined buyer/supplier set-up process	✓	✓
FASTER MARKET ACCESS		
More efficient sourcing for evidence development	✓	✓
Easy-to-use access to a global curated supplier network	✓	✓
REDUCED COSTS		
More efficient sourcing and comparison of suppliers	✓	✓
Reduced legal and procurement times save drug development and commercialization costs	✓	✓

Conclusion

Sourcing and procurement for HEOR/RWE is a complex process to navigate for both researchers and suppliers. In areas with such a high degree of outsourcing, more attention must be paid to the barriers to effective procurement from both the supplier and buyer side.

Solution

The Value, Evidence & Access Marketplace will accelerate the sourcing process to effectively connect buyers and suppliers while delivering reduced time to contract, quicker time to insight, reduced costs, and faster market access.

Sign up as a Buyer/Researcher

<https://scientist.com/HealthEconomics>

Sign up as a Seller

<https://backoffice.scientist.com>

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