SPECIAL REPORT

Medical Communications Trends: Outsourcing Implications and Transformation

Contents

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Introduction

The need for a biopharmaceutical company to articulate a product's value to physicians, payers and patients is more complex than ever. More products are launching that require increasingly nuanced education, such as those within precision medicine, ultra-orphan products and advanced modalities like cell and gene therapies.

Competition is also increasing across major disease areas, and payers are placing increased requirements on demonstrating clinical and economic value to support reimbursement decisions. Additionally, there are now more channels and locations to communicate information, making it easier for content to become fragmented across channels, and there is a need for more global, cross-functional coordination to articulate a cohesive value proposition.

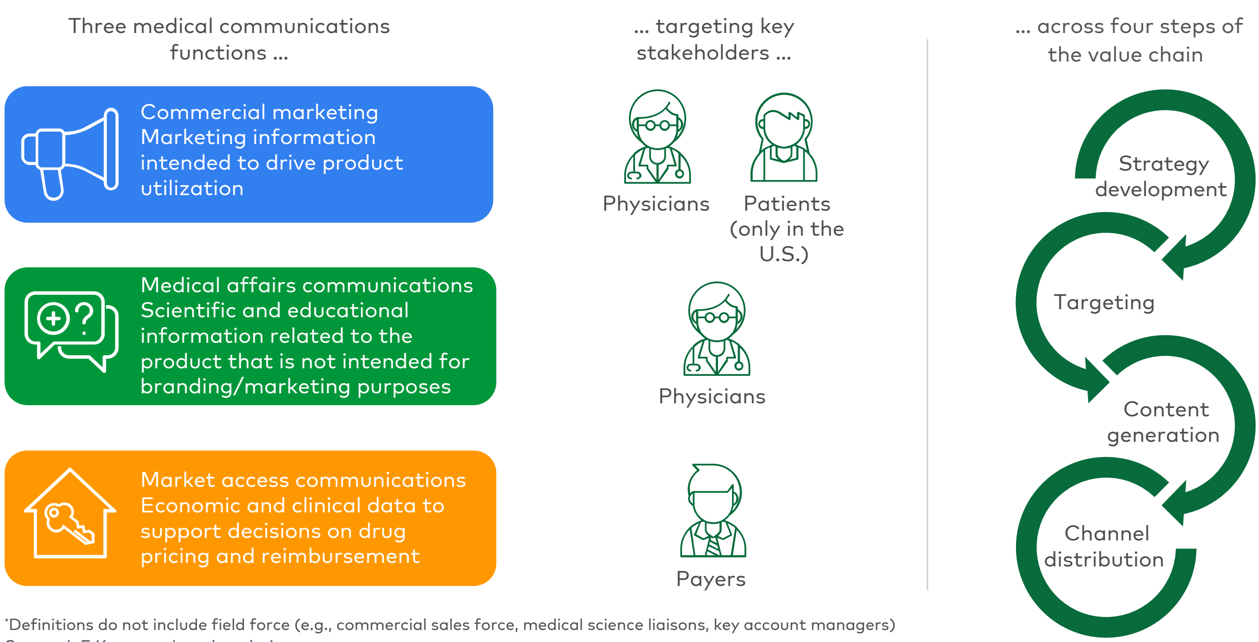
The importance of medical communications within an evolving market

To help effectively construct and deploy medical communications across commercial marketing, medical affairs and market access, biopharma companies often work with a variety of outsourced medical communications service providers. The outsourced medical communications market is highly fragmented, with service providers ranging from small-scale, specialized mom-and-pop operations to scaled multifunction service providers offering medical communications services across a variety of functions, and it has seen a significant amount of M&A activity in the last decade as service providers seek to build scale. Given how dynamic the medical communications market is, the requirements for what it takes to win are evolving.

In this special report, L.E.K. Consulting shares findings from its proprietary Commercial Pharmaceutical Services survey to reflect on key trends driving the market and what a winning medical communications services value proposition looks like.

L.E.K.'s Commercial Pharmaceutical Services survey covers medical communications as they pertain to three key functions for commercialization: 1) commercial marketing, 2) medical affairs communications and 3) market access communications (see Figure 1).

Figure 1
L.E.K. definition of medical communications and workflow*



*Definitions do not include field force (e.g., commercial sales force, medical science liaisons, key account managers)
Source: L.E.K. research and analysis

The respondents included executives and directors within medical communications at biopharma companies (see Figure 2). Respondents on average had more than 10 years of experience within the industry; additionally, approximately 75% of the respondents focused their responses on only the U.S. market, while the remainder focused their responses on only the U.K. or both the U.S. and U.K. Biopharma respondents had to work at a company that works with outsourced commercialization service providers at least occasionally for their function (commercial marketing, medical affairs communications or market access communications)[1] and have at least some involvement in service provider selection for their function.

Figure 2
Survey respondent demographics (roles in medical communications)

		Biopharmaceutical
Total N		**90**
Function	Commercial marketing	32%
	Medical affairs communications**	36%
	Market access communications	32%
Geography*^	U.S.	77%
	U.K.	9%
	U.S. and U.K.	14%
Company Revenue^^	$100 million to less than $1 billion	32%
	$1 billion to less than $5 billion	19%
	$5 billion or greater	49%
Title	Director or executive director	69%
	Vice president	26%
	Senior vice president or above	6%
Years of Experience	3-6 years	3%
	7-9 years	11%
	10 or more years	86%

		Service Provider
Total N		**49**
Function	Commercial marketing	37%
	Medical affairs communications	24%
	Market access communications	39%
Geography*	U.S.	73%
	U.K.	16%
	U.S. and U.K.	10%
Company Revenue	$100 million to less than $1 billion	61%
	$1 billion to less than $5 billion	20%
	$1 billion or greater	18%
Title	Director or executive director	51%
	Vice president	31%
	Senior vice president or above	18%
Years of Experience	3-6 years	-
	7-9 years	20%
	10 or more years	80%

*Refers to a region or country where respondents' work commercializing products is primarily focused and where respondents were instructed to focus their survey responses (respondents may also focus on additional geographies, but respondents were told to consider the U.S. only, U.K. only, or the U.S. and U.K. in their survey responses, depending on their experience in these countries); all market access respondents focused their responses on the U.S. market
**Excluding pharmacovigilance
^For biopharma respondents, 97% of commercial marketing, 78% of medical affairs and 100% of market access covered the U.S. (plus or minus U.K.) market
^^For biopharma respondents, distribution of company revenue by function is as follows (ordered $100 million to less than $1 billion/$1 billion to less than $5 billion/$5 billion or greater): Commercial marketing — 31%/28%/41%; medical affairs — 41%/9%/50%; market access — 24%/21%/55%
Note: Percentages may not add up to 100 due to rounding
Source: L.E.K. Commercial Pharmaceutical Services survey

Key trends within medical communications

There are several key trends that will impact medical communications service providers moving forward (see Figure 3).

Figure 3
Key trends within the biopharma medical communications market

- Biopharma companies are increasing their investment in medical communications
- Biopharma companies will also increasingly leverage the expertise of medical communications service providers
- Service provider selection criteria are evolving, including a greater focus on digital and quant abilities
- Within digital, biopharma companies cite unmet needs around content personalization, KPIs, review processes and data capture
- The importance and applicability of HEOR will continue to grow

Note: KPIs=key performance indicators; HEOR=health economics and outcomes research
Source: L.E.K. research and analysis

Biopharma companies are increasing their investment in medical communications

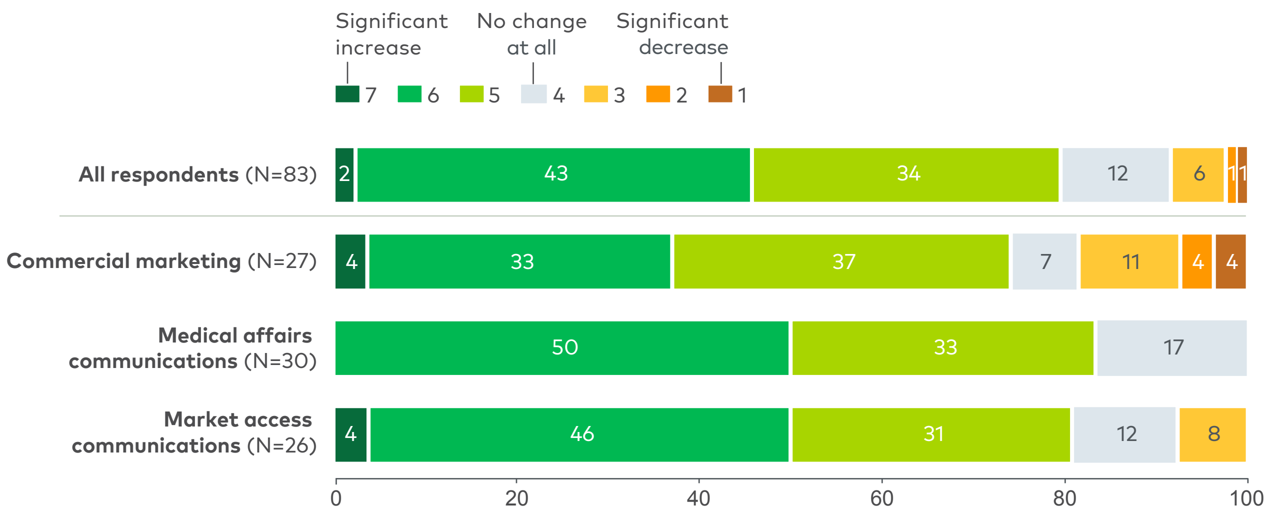
Changes in the commercialization landscape are causing biopharma companies to increase their level of investment in medical communications for a typical product. Approximately 80% of biopharma respondents across medical communications functions expect to increase their investment for a typical product in the next three years due to a range of factors, including increased competition, increased complexity of products and increased multichannel investment requirements (see Figure 4).

The expected increase in medical affairs and market access communications is slightly more pronounced than that in commercial marketing, likely reflecting the challenges of educating stakeholders on complex products and the increasing requirements to demonstrate value and gain reimbursement. This underlying growth in investment provides strong tailwinds for medical communications service providers.

Figure 4

Change in biopharma investment in medical communications functions for a typical product in the next three years (2026)*

Percentage of biopharma respondents very familiar with or directly involved with the company's total budget or level of investment for their function



*Survey question: Overall, to what degree do you expect your company's level of investment in [function] for a typical product (inclusive of both internal spend and spend on external service providers/outsourcing) to change in three years (2026)? Please rate below on a scale of 1 to 7, where 1 means "significant decrease" and 7 means "significant increase"
Source: L.E.K. Commercial Pharmaceutical Services survey

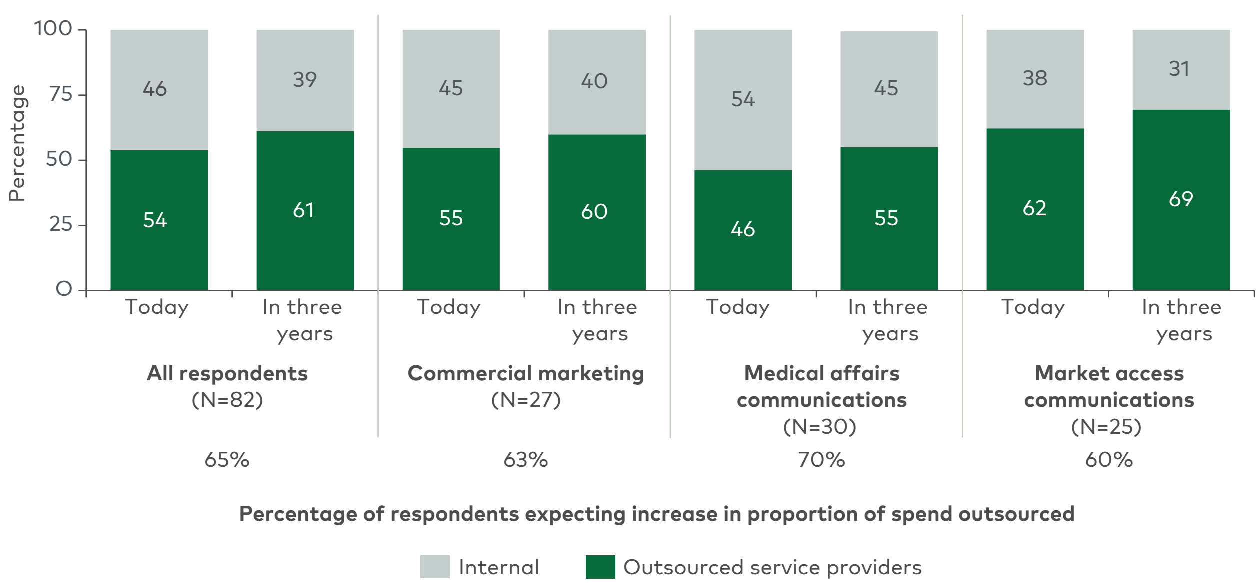
Biopharma companies will also increasingly leverage the expertise of medical communications service providers

Not only is investment in medical communications increasing, but so is spend on outsourced service providers. As methods of communication become more heterogeneous and the need for a greater level of detail in communications increases, about 65% of biopharma respondents are expecting to increase the proportion of their spend allocated to external medical communications service providers in the next three years, while approximately 15% are expecting a decrease (see Figure 5). Respondents are utilizing service providers for a range of reasons, including to leverage their expertise and scalability and supplement insufficient internal resources.

Figure 5

Internal and outsourced service provider spend allocation by function*

Average percentage among biopharma respondents very familiar with or directly involved with the company's total budget or level of investment for their function



*Survey question: What percentage of [function] spend is allocated toward outsourced service providers for a typical product? What do you expect it to account for three years from now? Your best directional sense is fine

Source: L.E.K. Commercial Pharmaceutical Services survey

Biopharma responses differ by function, with medical communications services along the value chain (strategy, targeting, content creation and distribution) benefiting the most from outsourcing. Biopharma respondents within commercial marketing and medical affairs communications believe that content creation and distribution could benefit more from outsourcing than strategy and targeting, which makes sense given the value of having an internally developed strategy and the complexity of multichannel marketing. Meanwhile, respondents in market access communications believe strategy and content creation are relatively more advantageous than targeting and distribution, which also makes sense given that market access requirements are evolving and crafting a strategy (including health economics and outcomes research (HEOR) and payer dossier content development strategy) can be challenging.

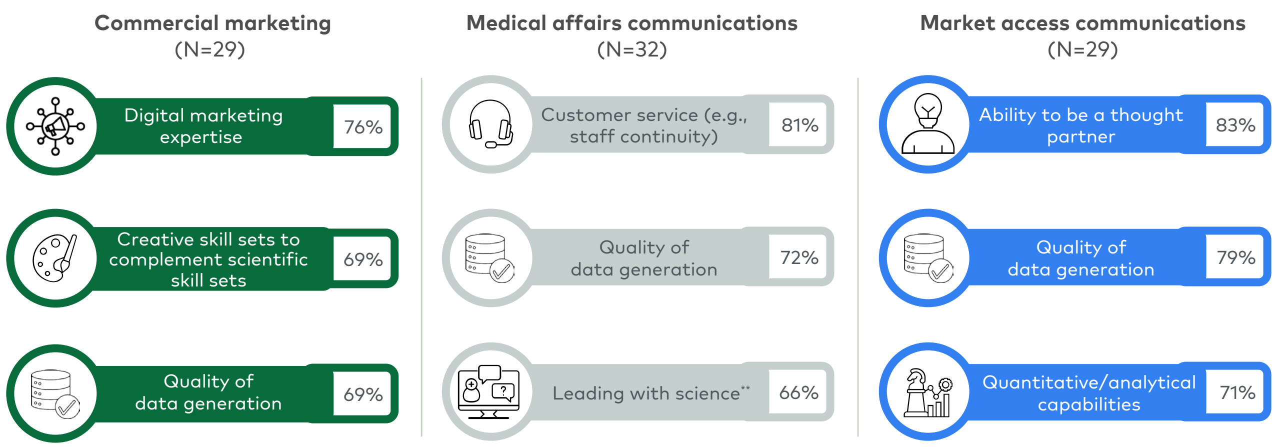
Service provider selection criteria are evolving, including a greater focus on digital and quant abilities

So how can service providers differentiate themselves from those in the biopharma space? The top purchase criteria (based on the percentage of respondents indicating that these criteria are moderately to very important) for biopharma respondents vary somewhat across functions (see Figure 6). Commercial marketing respondents place the most emphasis on digital marketing expertise, creative skill sets and quality

Figure 6

Top biopharma purchase criteria when selecting a service provider*

Percentage of biopharma respondents rating each criterion as 6 or 7, where 7 means "very important"



*Survey question: How important are the following criteria for your company's selection of a service provider for [function] today? Please rate each criterion on a scale of 1 to 7, where 1 means "not at all important" and 7 means "very important" (select one)
**Tied with "digital communications expertise," "expertise in complex diseases" and "creative skill sets to complement scientific skill sets"
Source: L.E.K. Commercial Pharmaceutical Services survey

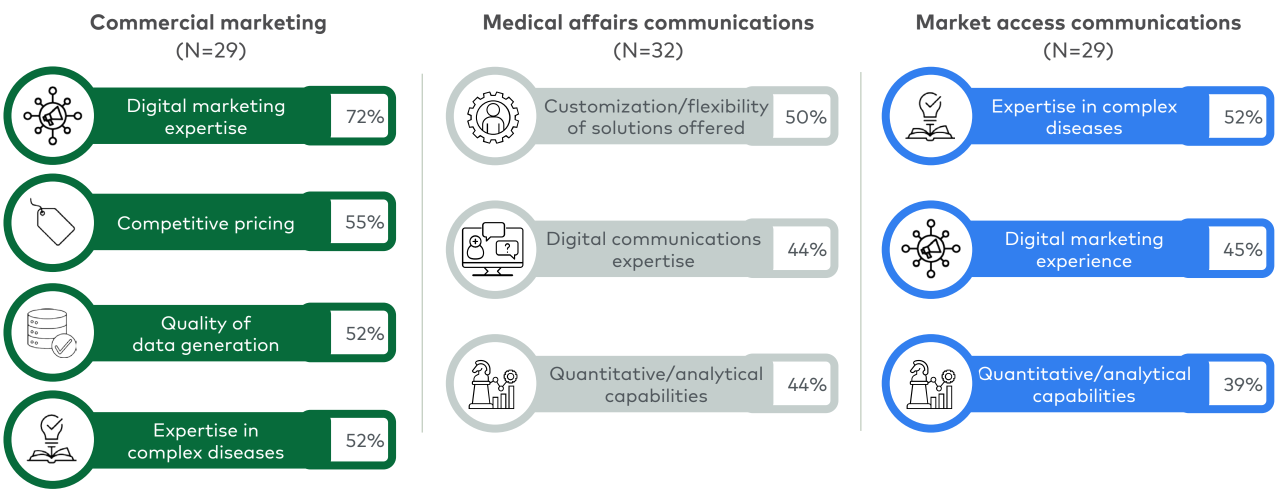
of data generation. Within medical affairs, customer service (e.g., staff continuity) is the most important criterion, followed by quality of generation, leading with science, digital communications expertise, expertise in complex diseases and creative skill sets to complement scientific skill sets. Market access respondents find thought partnership, quality of data generation, and quantitative/analytical abilities to be most important, likely due to the strong component of HEOR in their communications (to be discussed later in more detail). Quality of data generation emerged as a top three criterion across functions as companies look to navigate an increasingly data-rich environment; however, this criterion will not be relevant to all service providers.

Moving forward, a slight shift is expected in the various functions in terms of the importance of the criteria weighed when selecting a vendor (see Figure 7). Digital marketing/communications expertise is increasing in importance across all three functions. In addition, commercial marketing will place even greater emphasis on quality of data generation and expertise in complex diseases and will also increasingly focus on the pricing of service providers. According to medical affairs respondents, customization/flexibility of solutions offered, quantitative/analytical capabilities and digital communications expertise are the three criteria most commonly increasing in importance. Meanwhile, market access respondents anticipate that expertise in complex diseases, quantitative/analytical capabilities and digital marketing expertise will increase in importance most frequently.

Figure 7

Purchase criteria expected to increase in importance in the next three years*

Percentage of biopharma respondents rating each criterion as increasing in importance**



*Survey question: How, if at all, do you expect the importance of the criteria for your company's selection of a service provider for [function] to change in the next three years?

**In addition, some respondents expect each of these criteria to decrease in importance, not reflected here

Source: L.E.K. Commercial Pharmaceutical Services survey

How well does this align with service providers' views on the most important criteria? Overall, at least 75% of service providers emphasize their reputation, digital expertise, customer service, thought partnership, creative skill sets, customer relationships, pricing and quantitative/analytical capabilities when marketing their services to clients (based on the percentage of those considering these criteria moderately to very important). However, compared to biopharma companies, on average, service providers rank quality of data generation slightly lower in terms of relative importance, which may be due in part to the fact that not all service providers generate data or offer data-oriented services. Where relevant, it will be important for service providers to highlight these capabilities given their importance to their biopharma customers.

Within digital, biopharma companies cite unmet needs around content personalization, KPIs, review processes and data capture

In recent years, the digitalization of medical communications has been accelerating as providers and patients interact with information across a range of digital channels. Therefore, medical communications will need to keep evolving to become even more effective in the digital world. Biopharma companies will need to address gaps and unmet needs within their digital strategies, especially better personalizing content to target audiences (e.g., physicians, patients), developing digital-specific key performance indicators (KPIs), minimizing bottlenecks in review, and improving data capture methods (see Figure 8).

The importance and applicability of HEOR will continue to grow

As the scrutiny that payers place on biopharma companies grows, HEOR is an increasingly important medical communications capability, particularly in market access and medical affairs communications (see Figure 9). HEOR is expected to

Figure 8

Significant unmet needs for an effective digital communications strategy*

Percentage of biopharma respondents ranking each criterion as most significant or within the top three most significant

	Rank 1 (%)	Top 3 (%)
Lack of personalized content	23%	48%
Developing digital-specific KPIs	12%	37%
Bottleneck in medical, legal and regulatory review	11%	37%
Inadequate data capture methods	12%	34%

*Survey question: What are the most significant unmet needs, if any, for your digital communications strategy? (Select up to three responses in order of importance)
Note: KPIs=key performance indicators
Source: L.E.K. Commercial Pharmaceutical Services survey

become more applicable across all areas of communications, including regulatory affairs and public relations.

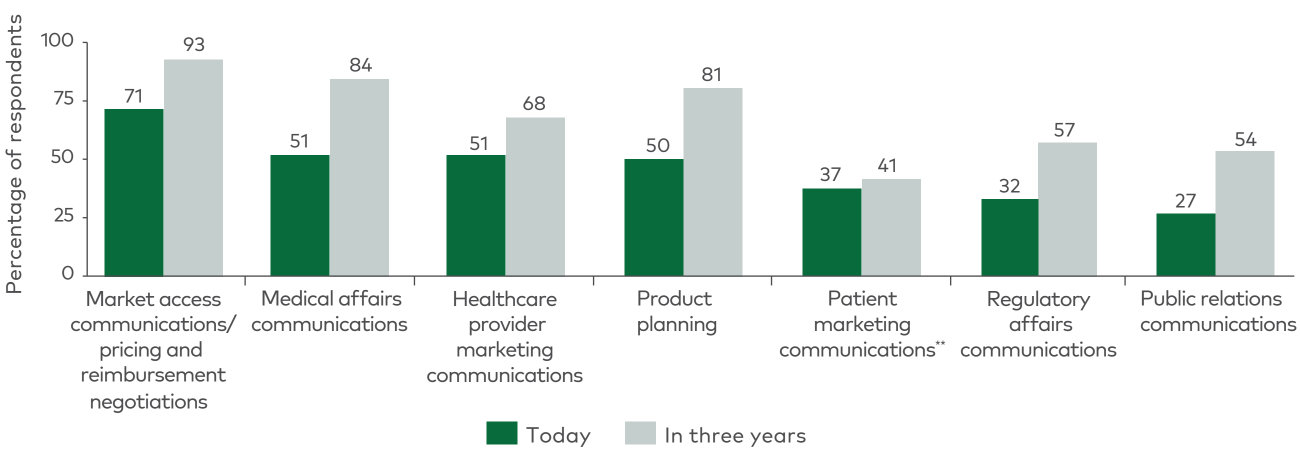
On average, biopharma companies are outsourcing various steps of the HEOR value chain (e.g., study design, aggregation, reporting) for 35%-50% of their products and expect to maintain this level of outsourcing during the next three years in order to gain greater expertise for complex data analyses required in stricter reimbursement environments and solve for capacity constraints, among other reasons. The expertise they are seeking from the service providers extends as early as the study design stage, where biopharma companies are currently using service providers for approximately 35%-40% of their products on average.

As HEOR service providers look to capitalize on the growing number of products that may utilize their services, they should keep in mind the most important purchase criteria that biopharma companies are looking for — the ability to capture data from primary and secondary resources, quality of data generation, and service provider experience.[2] Additionally, the majority of biopharma companies are working with HEOR service providers that also offer broader medical communications services and the majority also expect it to be important to utilize a single vendor for both.

Figure 9

Applicability of HEOR to various areas of communication*

Percentage of biopharma respondents very familiar or directly involved with their company's HEOR rating each criterion as 6 or 7, where 7 means "very applicable" (N=60^)



*Survey question: How applicable is HEOR to the below areas of communication currently (2023)? How applicable do you expect it to be three years from now (2026)? Please rate each area below on a scale of 1 to 7, where 1 means "not at all applicable" and 7 means "very applicable" (select one per row)
**Only shown to respondents commercializing products in the U.S. (N=53)
^Respondents who selected "I do not know" for an individual area of communication were included in N above but excluded from the analysis for the relevant areas of communication (1-4 per area)
Note: HEOR=health economics and outcomes research
Source: L.E.K. Commercial Pharmaceutical Services survey

Winning strategies for medical communications service providers

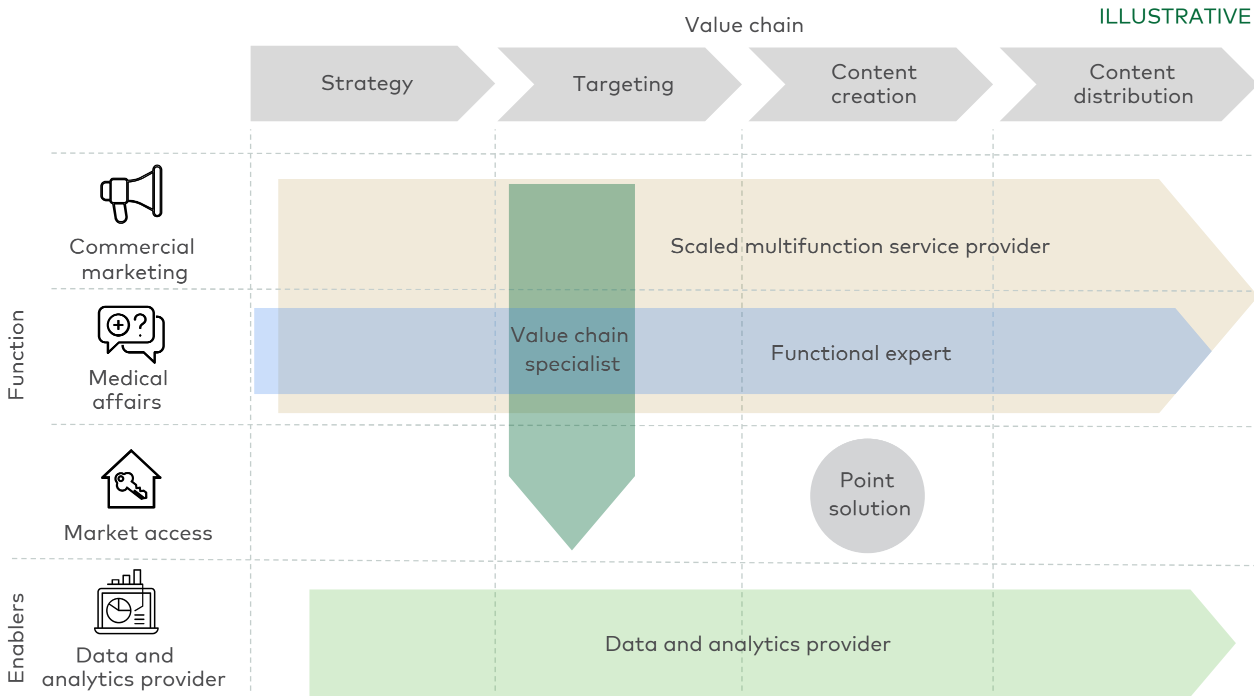
So how can service providers adapt their strategy to maintain relevancy? While there is no one-size-fits-all strategy within medical communications, there are specific archetypes of companies that will be able to navigate the coming shifts more easily. Given the evolution of the market, there are several interesting service provider models for operating in the space (see Figure 10):

- **Scaled multifunction service provider**, offering services across the value chain for two or more medical communications functions
- **Functional expert**, offering a full suite of solutions across the value chain for a single function (e.g., medical affairs expert)
- **Value chain specialist**, offering a full suite of solutions within a single step of the value chain (e.g., targeting) across multiple functions (e.g., commercial marketing, medical affairs, market access)
- **Data and analytics provider**, either focusing on a single function or covering multiple functions
- **Point solution service provider**, focusing on a single step of the value chain (e.g., content creation) for a specific function (e.g., market access; often, these providers are mom-and-pop shops)

Within each of these archetypes, service providers may specialize in a certain therapeutic area or therapeutic modality or offer their services more broadly.

Each of these unique archetypes has its own requirements to maintain success moving forward.

Figure 10
Medical communications service provider archetypes



Source: L.E.K. research and analysis

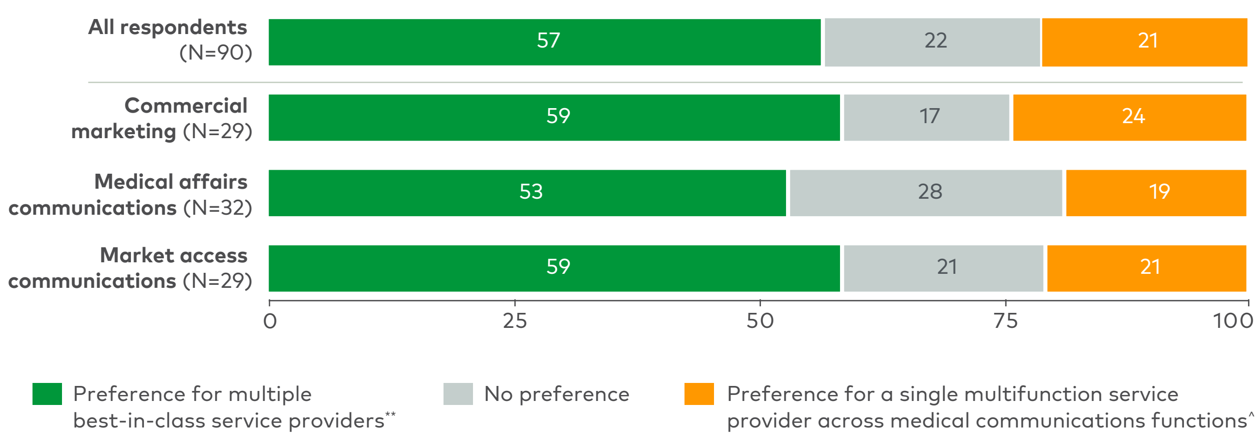
Considerations for scaled multifunction service providers

The number of scaled multifunction service providers within medical communications is growing due in large part to recent M&A activity. As these service providers work to integrate more of their offerings and form a differentiated market position, they will need to retain and/or build their reputation for best-in-class services, because, unsurprisingly, all else being equal, biopharma companies would prefer to utilize multiple best-in-class service providers for their medical communications services rather than a single multifunction service provider without best-in-class service (see Figure 11).

Figure 11

Biopharma preference for type of medical communications service provider by function*

Percentage of biopharma respondents by function



*Survey question: Would you prefer to use a single multifunction service provider or multiple best-in-class service providers for your company's outsourced medical communications needs across functions (e.g., medical affairs, market access and/or commercial marketing communications)? Please rate on a scale of 1 to 7, where 1 means "strong preference for a single, multifunction service provider" and 7 means "strong preference for multiple best-in-class service providers" (select one)
**Includes respondents who selected 5, 6 and 7
^Includes respondents who selected 1, 2 and 3
Source: L.E.K. Commercial Pharmaceutical Services survey

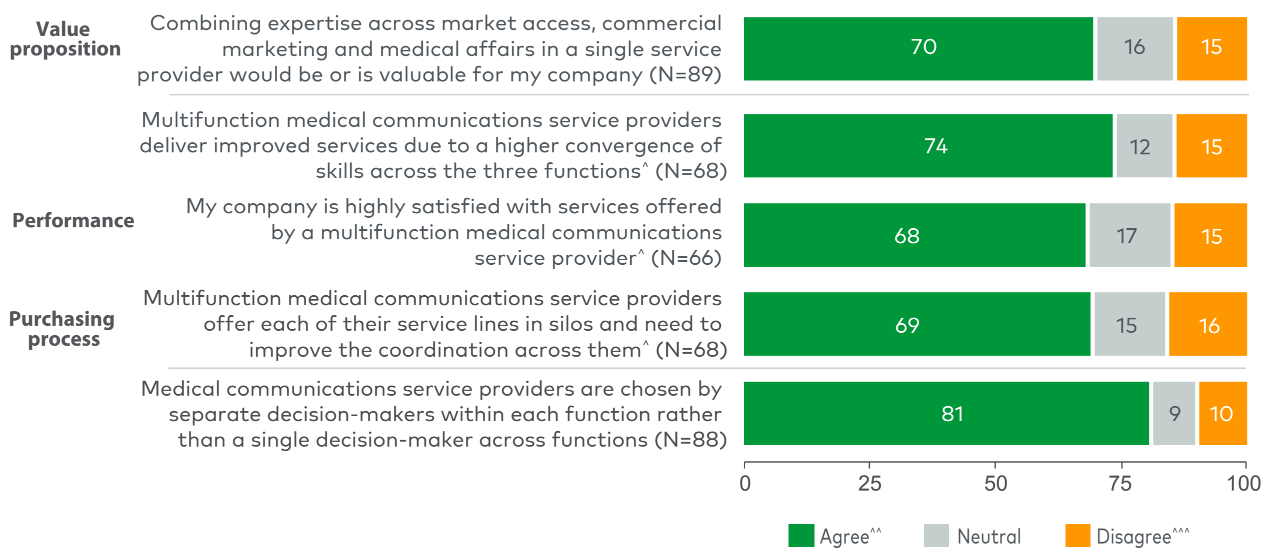
That said, the majority of biopharma companies do see value in a scaled multifunction service provider if they are able to execute at par with best-in-class service providers. More than two-thirds of biopharma respondents indicated they believe that combining expertise across market access, commercial marketing and medical affairs within a single service provider would be or is valuable (see Figure 12).

Among biopharma respondents who have recently worked with multifunction service providers or are aware of their use and whose company is currently working with or has previously worked with such service providers, nearly 75% believe that they provide improved services due to a higher convergence of relevant skills across the three medical communications functions, and two-thirds are at least somewhat satisfied with the services offered by these providers.

Figure 12

Biopharma perspectives on multifunction service provider value proposition, performance and purchasing process**

Percentage of biopharma respondents



*Defined as a service provider that delivers communications services across at least two functions between medical affairs, market access and commercial marketing

**Survey question: Please state your level of agreement with the following statements: Please rate below on a scale of 1 to 7, where 1 means "strongly disagree" and 7 means "strongly agree" (select one per row)

^Among respondents who have directly worked with a multifunction service provider in the past three years or are aware of the service providers or whose company is currently working with a multifunction medical communications service provider or has in the past three years

^^Agree includes respondents who selected 5, 6 or 7

^^^Disagree includes respondents who selected 1, 2 or 3

Source: L.E.K. Commercial Pharmaceutical Services survey

However, since a lot of scaled multifunction providers are in the early days of fully integrating all their offerings, they can further improve their delivery of their value proposition. Today, the majority of biopharma respondents, who have recently worked with or are aware of scaled multifunction service providers and whose companies are working with or have worked with one, believe that they offer their services in silos and need to improve their coordination across functions.

As they mature and integrate, scaled multifunction vendors can accomplish this by streamlining the number of relationship managers and points of contact, unifying their service models, and aligning their recommendations across functions, where appropriate. In addition, the majority of biopharma respondents note that while their company does coordinate across functions at least sometimes to select service providers, ultimately they are chosen by separate decision-makers within each function, so scaled multifunction service providers will need to continue to leverage their reputation within one function when trying to win business in another function.

Considerations for other types of service providers

- **Functional experts:** Functional experts need to remain competitive with specialized point solution players and demonstrate that they can offer a seamless customer experience across all stages of the value chain, from strategy to content distribution. They should seek to serve a given function's medical communications needs as comprehensively as possible to keep customers from seeking other external solutions.

- **Value chain specialists:** Within a function, a value chain specialist must coordinate seamlessly with other service providers at different points along the value chain to integrate information and align outputs. They must also focus on cross-selling to maximize their opportunity to work across functions within a biopharma company.

- **Data and analytics providers:** Data and analytics can be used to support multiple different steps along the value chain, such as targeting, content generation and distribution. Service providers solely or mainly offering data and analytics services must demonstrate a broader understanding of their customers' goals and operational needs, offer a flexible solution that can integrate with their customers' infrastructure or can be easily used by customers, and provide strong project management to ensure coordination and handoff with other service providers and their customers.

- **Point solution service providers:** Highly specialized service providers serving only one step of the value chain for one function must offer best-in-class expertise, thought leadership and customer service. In addition, they need to be able to coordinate well with other service providers to offer a seamless customer experience.

Summary

As medical communications continue to evolve, increase in complexity and drive toward a digital future, service providers will remain key to unlocking greater value. Those who serve as thought partners, offer digital and analytical expertise, help biopharma companies build and execute their digital communications strategies, and enable them to use HEOR as a powerful tool for communicating their product's value will be well positioned to grow share. There is room for both focused and specialized and scaled multifunction providers to succeed in this evolving market.

For more information, please contact lifesciences@lek.com.

Endnotes

[1]More than 98% of screened respondents met this criterion

[2]Based on the percentage of respondents rating these criteria as 6 or 7 out of 7 importance, where 7 means "very important"

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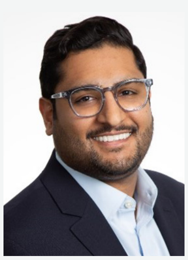

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