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[00:00:04] **Narrator** Welcome to The Better Growth Blueprint, a new podcast series from Simon-Kucher, a global consulting firm that focuses on helping our clients grow sustainably, increasing revenue and profit. Throughout this series, we will look at key trends shaping the future of business. We will cover all major sectors, giving you a full view of what's happening in the market and what you need to do to stay ahead. Welcome back to The Better Growth Blueprint. Today, I was joined by Christian Schuler, sector head of health care and life sciences practice at Simon-Kucher, firm in health care industries that impact everyone and bring an era of rapid innovation driven by advancing technologies and therapies. In this episode, Kai and Christian explore the outlook for 2025, dive into market access and pricing dynamics and unpack upcoming regulations in both American and European markets.

[00:01:00] **Kai** Hey, Christian, it's a great pleasure to welcome you today. We know each other since many, many years. And maybe actually, as a matter of fact, what you're doing helps me to stay fit, right? So welcome to this exciting podcast.

[00:01:14] **Christian Schuler** Likewise, sir. Thank you very much for inviting me for this podcast. Yeah, I'm senior partner at Simon-Kucher Partners and now also sector lead of the Life Science Division. We are a big part of our company. And again, I mean, what are we doing? I mean, we advise pharmaceutical companies on commercial strategies, on pricing and market access strategies. And yeah, that is what I live and breathe for 25 years.

[00:01:38] **Kai** You're very humble in your description that it basically overshadows the fact that the life sciences team is a super, super global one inside Simon-Kucher, right?

[00:01:48] **Christian Schuler** Absolutely. I mean, we have 50 partners working for Simon-Kucher just in life sciences and health care, over 400 consultants who are really specializing on this industry. And I think over almost 20 offices worldwide that I serve for this. And again, overall, I think we have done projects in over 100 countries. Meanwhile, right from the very big and very important markets, the US, EU five, which are an important part of the pharmaceutical and life sciences industry, but also to very small ones like Jordan, Kazakhstan, Uzbekistan. So we have done projects really around the globe and our experts in what we are doing.

[00:02:25] **Kai** Interesting. So basically, if I look back into 24, you have been serving customers globally whilst the globe starts a bit to be shaken, right?

[00:02:36] **Christian Schuler** You can say so. But what differentiates this industry from most others is really that it's a global industry, right? I mean, again, we we know that humans have ailments around the globe. Of course there are some AP datas and some diseases might be more frequent in some areas of the world versus others. Of course, if we're not feeling well or whatever, we sometimes have less impactful diseases. Otherwise sometimes unfortunately very severe ones. And then we are dependent on the life science industry and the pharmaceutical industry, hopefully coming up with innovative pharmaceuticals that help in extending life saving lives give us the possibility to live a happy and extended to life all together.

[00:03:24] **Kai** Interesting. Yeah. Let's indeed turn to two to the idea of this podcast, but just a little bit to share your personal thoughts around what's on the agenda next year. And

the idea is maybe to a little bit deep dive for people working in the life sciences space, both companies, students, doctors, professors to give a bit of a flavor of how you see the next year and what are the challenges that your company's patients authorities face.

[00:03:53] **Christian Schuler** I mean, as I said, I worked since 25 years in this industry. And one thing that also differentiates it from a lot of other industries is really that there's constant innovations, right? I mean, this industry as well as humankind's depended on the innovations. And really, there's not one year where we do not see at least 15 to 20 new approved pharmaceuticals, sometimes even 30 to 40. Of course, we see constant innovation in medical devices, in digital solutions and so forth. So again, especially for next year and the years beyond, we see also still strong signals for growth in the pharmaceutical and the health care industry and the positive outlook for 2025, at least five percent growth next year and maybe also for the years beyond until 2030. Again, driven, as I said, by the launch of innovative pharmaceuticals, expanding digital solutions. Yeah, patients and humans strive for better well-being and focus on individual health. And of course, we all know your life expectancy is growing. We have an aging population. And with that, unfortunately, also there comes the need for more required health care services. If you if we are all getting older.

[00:05:11] **Kai** You mentioned when we're a little bit prepping this this conversation, pricing dynamics and market access, changing market access across the world is being one of the the key things to watch out in 25. Can you put a bit of color on that, that statement?

[00:05:28] **Christian Schuler** Yeah, I would not say that it's just something to watch out for 2025. Right? As you might know, our industry is highly regulated. And one reason why it is so regulated, of course, because it affects patient safety of patients and so forth. On the other hand, of course, also it's something that payers first and foremost like to regulate, right? I mean, again, there's more and more drugs coming to the market. Prices are increasing every year. And of course, health care systems need to carry the cost for new innovations, groundbreaking innovations. And of course that also needs to be managed, especially when it comes to market access and pricing dynamics. We have seen, again, a lot of health care reforms in individual markets Germany, France, Spain, but also other markets in the US, not only with the new administration that will come in as of January 20th of of next year. But again, also there we see a lot of changes as well as on the European level. We also see and new regulations being implemented. The EU Joint Clinical Assessment Regulation will come into effect also on the 12th of January in 2025. And again, this is also something that companies need to be prepared for where they really need to adapt in order to be successful in the long run.

[00:06:56] **Kai** If we start having a taxonomy of the different markets in the world. You just mentioned the US, you mentioned the European markets, you mentioned Asia. Where will growth be the most important? And maybe of course with the changing administration in the US, what will happen in the US?

[00:07:17] **Christian Schuler** Well, now you come with the big questions.

[00:07:20] **Kai** This is one million dollar question, right? This is the blockbuster question, Christian.

[00:07:24] **Christian Schuler** Absolutely. Of course. One thing is clear the US is and will be the most important health care market worldwide too. I mean, most innovative pharmaceuticals make at least 50 percent of their global revenues in the US, maybe 50

percent. 50 percent yes, for some, even 60 to 70 percent. Then of course, we have Europe as another important market here. The key EU five markets are the key drivers Germany, France, Italy, Spain and the UK. Now not being a part of the European Union any more. And yeah, of course, also Asia is a rising star. Japan always has been a very important market and of course due to the sheer number of the population and potentially also patient, of course, China is getting more and more important. And the second largest pharmaceutical market, meanwhile worldwide, not only asking for more and more innovative products, but of course also we see more and more Chinese companies in the pharmaceutical as well as the new health care and medical device space that also are developing groundbreaking innovations.

[00:08:33] **Kai** Christian, you were just mentioning China. I was personally involved with our operations in China a couple of years ago at a moment when actually, you know, our brand, Simon-Kucher was copied over there and talking to a local lawyer. He said to me how to say copyright in Chinese. And I didn't know it. And he said copyright in Chinese is a right to copy. So my question to you, when you look at the L.S. market in China, is this a copy market or is this a specific market? Maybe just a quick high level understanding of how that fits into the global space?

[00:09:14] **Christian Schuler** No, it's not. It's definitely not a copy market, of course. I mean, there are experts in the generics market and biosimilar market and so forth. First off, there's movements in both directions, right? We have very innovative pharmaceutical and biotech companies from China who are at the leap to potentially also become global players. And on the other hand, yeah, also Western pharma companies want to have access to the Chinese market and also the patients deserve the attention because again, also they want to have treatments and effective treatments for some of their ailments, specifically when it comes to oncology treatments, cell and gene therapy. So the latest innovations and they are and they are the sheer size of the Chinese market, of course, becomes super interesting. Right? I mean, again, we know that some metropolitan areas have have, what, 20, 30, even 50 million of inhabitant, which is the size of some of the European markets. And of course, that is highly interesting also of Western companies. Yet, of course, also we see a significant increase in the affordability of Chinese people, also the development of health insurances, the governmental health insurance, but also private health insurance as our statutory health insurances, then more on a provincial basis and in China. And that is the way they go. And if you really want to have access for China, you need to be on the NRDL list, which is the national formulary where every company wants to get in order to be prescribed with public reimbursement by physicians. But of course, I mean, it's not easy to get on this NRDL list. And also, of course, there's price negotiations then with the manufacturers. And of course, the Chinese government also knows how to use yeah, the opportunity to potentially treat 1.3, 1.4 billion people with pharmaceuticals. And of course, prices are very, very low in China in order to get on to the an idea.

[00:11:27] **Kai** Now, Christian, we have been spending a couple of minutes without one magic word, which is AI, your Lifesciences view on this hype word AI will now start talking about a genetic A.I. as the next big step in your life sciences space. How do you play with that one today?

[00:11:48] **Christian Schuler** I mean, first and foremost, you need to think about what AI can do and what AI is. Right? I think the pharma and medical device industry is probably at the forefront of this development when it comes to target development. Finding the right modular codes that molecules that potentially help against a certain disease or whatever.

Right? I mean, you can test hundreds if not thousands, if not hundred thousands of potential targets, molecules against markers for certain diseases or whatever. And that is where yeah, AI of course, is a significant efficiency booster in clinical research, in drug development, in R&D and so forth. So that is where, where AI in our view helps the most is.

[00:12:39] **Kai** Probably shortening the R&D cycle?

[00:12:42] **Christian Schuler** Theoretically it should, right? I mean, you need to know for the pharmaceutical industry. Developing a pharmaceutical product takes normally six to 10 years for some products, even 12 years. And you only have a patent protection of at best 20 years, maybe 22 years or whatever. Right? So you need to really recoup your investments quite quickly. And the development of a pharmaceutical, meanwhile, costs between two to three billion US dollar. So enormous investments that the companies need to make in everything that helps to speed up the clinical research amount phase with preclinical research. Phase one, phase two, phase three clinical research is highly welcome and there we see significantly efficient, significant efficiency gains in what we're with artificial intelligence. That being said, I mean, AI can also revolutionize, of course, how diseases are treated, right? I mean, you probably also yeah, go far for cancer screening here or there are, especially when it comes to cancer, skin cancer or whatever. Right? I mean, there are many wise ways of trying to detect malignant skin cancer with AI sopod or whatever, with the mobile phone. Also, probably a physician is doing this and so forth. So there's a lot of developments that potentially also can help physicians and nurses or whatever detect diseases better and maybe even for patients to detect diseases themselves better by the use of artificial intelligence.

[00:14:21] **Kai** Now, I must admit to even myself, I recently got a blood test result and put it first and ChatGPT before going back to my physician, knowing it was good news. Right?

[00:14:33] **Christian Schuler** And that is another development, right? I mean, a lot more prevention. So for that consideration of of your own health status, well-being and so forth, again, I mean, the times the over that you are just going to the physician and ask him for an advice. I mean, first and foremost, we all inform ourselves via Google or the Internet, right, about some of those things. Sometimes you even know it better than the physician does it for certain things. And again, I mean, that's another development also where where AI can have. Right? I mean, we all have smartwatches, smart phones there, even smart rings, those smart shirts meanwhile, which which track. I don't know how well you sleep, what your body weight is, what your body fat is, what your heart rate is, and so forth. Again, I feel we're all much, much more involved in this ourselves. And of course, that is also something that the industry can can use right too, if they are using the right products, the right combinations or whatever, in order to develop more targeted products for patients and for people that do not want to become patients that want to strive for wellbeing. Yeah, a happy lifestyle and longevity ultimately.

[00:15:49] **Kai** So, okay, so we mentioned China, super big market, but probably not the only one. What about these LMICs, as you call them, so low middle income countries?

[00:16:01] **Christian Schuler** Of course. I mean, China's important market. But what a lot of health care companies also forget about is the LMICs. Right? Low and middle income markets. And of course, those range from the emerging markets of the BRICs, countries that we know down to the very poor and poorest countries of the world. And a lot of companies have, despite 85 percent of the world population living in those markets,

patients in those countries, really? Yeah. I'm not served well with innovative pharmaceuticals. There's a huge unmet need specifically due to an upfront ability gap, obviously. But again, I think are we as Simon-Kucher think that yeah, companies need to be smarter about that moving forward right? Unlock or expand the patient access in those markets is one of the key things that companies need to drive drive commercial growth via a strategy that is suitable for LMICs. And last but not least. Also, yeah, with this support, the ESG commitments of those companies via really equitable access strategies. And LMICs really trying to also mobilize the corporate social responsibility of those companies to really do a better job, to save or to to serve patients in those markets, maybe with lower prices, maybe with yeah, health care system strengthening strategies. I think there's a lot pharma companies can do specifically when it comes to those lesser self markets at the moment. And we know that some companies are very good in regards serving patients in lower middle income markets, whereas others really still need to to do their homework to get better in those countries.

[00:17:50] **Kai** You just mentioned one interesting topic, which is pharma companies supporting the build up of local reimbursement systems.

[00:18:01] **Christian Schuler** There is one thing, though, about the direction I wanted to go is more health care system strengthening, right? I mean, one can argue, hey, just make the product available in Kenya or in sub-Saharan states or also in some some Asian countries or whatever. But that will not do the trick, right? I mean, companies, if they are having a treatment for cardiovascular disease, for diabetes or whatever, they really need to better understand first and foremost, what is the patient journey in those countries? Who is treating the disease at the moment? Which specialty of physicians are serve? Does the country even have the infrastructure to diagnose a certain disease? So all of those things need to be understood first in order to to make the best impact and the best commercial strategy in those markets and potentially also to support governments in developing that. So that is what we mean with a health care system strengthening strategies. It is not always the product or the wrong price or whatever that we see. Challenges can be much, much deeper for some countries already.

[00:19:17] **Kai** One of the big markets, or probably the biggest market is the US. I mean, how is the US now going to develop? I know it's a bit of a crystal ball probably given changes in the administration, but give us a bit of your personal view on what to expect in your industry should await from things changing in 25 in the US.

[00:19:46] **Christian Schuler** Yeah. Thanks for the question. It's really hard to say how the Trump administration will affect the health care industry. I personally suspect that it will not be as much in the center as during the first presidency of Donald Trump, where he actually accused the pharma industry of committing murder. Really rightly said because the industry is charging too high prices for pharmaceuticals. I would not completely rule out Trump's view, Make America great again. Also goes into make America healthy again. At least that is what I heard already. And that also the reintroduction of international reference pricing in the US is on the horizon on the table. We need to see how this plays out, at least during the first presidential term. This was in the realm of possibilities as seen by the Republicans most favored nation approach, where prices in the US really would have been benchmarked to prices in other countries. You'd need to know that that for some pharmaceuticals, prices are double, triple or even quadruple the price of crisis in Europe or elsewhere in the world. So again, of course, that would be a dramatic effect on the pharmaceutical industry. But let's go a little bit from from fiction to reality, because we really do not know what the current point, how the Trump administration will manage

health care. But also the Biden administration had quite some revolutionary developments the Inflation Reduction Act and Medicare price negotiations, which, when reduced for the first time in the US, really had an impact. Maybe that is also something that the Trump administration will keep because it's really the first time that prices were negotiated by the government and between the government and the pharmaceutical industry. So Medicare negotiated prices for pharmaceuticals, for Medicare Part D drugs, so patient amenities administer drug the first negotiation round. And it's just I think in August, September of this year and will come into effect into 2026, ten drugs for this first round. But again, this will also increase two to 10 additional ones next year. And then from there also include Medicare Part B drugs, which are physician administered drugs. And yeah, every year 10 to 15 new drugs will be selected for price negotiations them with the Department of Health and Human Services.

[00:22:30] **Kai** When I look at the U.S., there's obviously a kind of mega race taking place over there, which are the weight loss drugs and the race between two major players. Obviously keen to understand how the leader in LS growth and pricing views that race continue next year.

[00:22:53] **Christian Schuler** Yeah. Thanks for that question, Kai. No interview about the pharmaceutical industry without mentioning the revolutionary weight loss medications. Right? I think something that really. Yeah. Hit the forefront of a lot of minds all the time in a lot of newspapers or whatever. Yes. I mean, those treatments are seen as revolutionary, probably the biggest revolution in pharma in the last two or three decades or whatever, because it really looks like if there are one, no drugs. I mean, originally those products are diabetes medications. And one of the positive side effects is weight loss. And then, of course, companies like Novo Nordisk, Eli Lilly thought, hey, I mean, maybe there's also another market for this. They rely on the GLP-1, incretin mechanism. And again, Novo Nordisk now has a Wegovy. Eli Lilly has Zepbound. They also have similar diabetes drugs on the market. But really those are the products that make the headlines. Meanwhile, Novo Nordisk is the highest valued company in Europe on the stock market. Eli Lilly is the highest valued pharmaceutical company worldwide, just due to those their drugs that they are selling. Wonder drugs, Kai I ask you right, I mean, if you hear that something that you take we on a weekly or bi weekly basis reduces weight by 12 to up to 20 percent. Wouldn't you be interested in something like that?

[00:24:23] **Kai** I must admit, yes.

[00:24:25] **Christian Schuler** Yeah, exactly. I mean, there's a super high demand for those products at the both manufacturers at the moment, really trying to build up supply to really meet market needs. That is one thing. Overall, the market is estimated to be 150 billion in size, right? And at the moment it just to those two animals in time. But again, there are more coming [00:24:51] Pfizer building that in time. [2.3s] All of those companies are investing in this market to also potentially get a piece of the pie. But their story is even better, right? I mean, thinking about weight. Weight loss or whatever. Right? I mean, we know that it's not only about losing weight, it's about overall health. Right? And again, this is why a lot of people say those are wonder drugs because, again, they, meanwhile, have fair result, is that they do not only improve diabetes type two, they also improve cardiovascular issues. Renal insufficiency mesh is another indication that they potentially treat. And you know what? Potentially even alcohol and tobacco addiction and the latest news show that those products might even help in Alzheimer's disease. So, again, it seems to be a Swiss Army knife that is out there that can be used against a lot of ailments of of mankind. How is this we're going to see. But yeah, of course, there's also not only the

positives, there might be also negatives. And the negatives might be for the pharmaceutical industry themselves. Because again, if you have one, the drugs that reduce diseases or chronic diseases in one area, it might reduce their income streams. If you are developing products for blood lowering blood pressure or cardiovascular diseases or chronic kidney disease, you might sooner or later run out of patients. And the other thing that is also quite remarkable that we even see an impact on fast moving consumer goods companies in the world. Right? The Coca-Cola Pepsi's Nestlé is of this world also already have seen some downturn because people snack less, have soft drinks or whatever. So a lot of impacts that those products might have for not only for the well-being of humans, but also, unfortunately or not unfortunately, but also on some companies as a second step.

[00:26:56] **Kai** Focus on. This was an exciting moment with you, and I guess that some of the guys that listened to us don't know us yet. And they both for sure tried to find out a bit more about Simon-Kucher. So maybe you just give us a kind of very quick ending overview of how to stay tuned, how to understand what Simon-Kucher is doing. The floor is yours.

[00:27:17] **Christian Schuler** First and foremost, visit our our web page. We try to be the thought leader when it comes to pricing and market access and regulatory changes, be it the EU joint clinical assessment ruling that will be implemented at the beginning of 2025, I think it's exactly on January 12th, 2025, when this comes into effect. We also try to keep our finger on the pulse when it comes to health care reforms and health care changes in the European markets, but also the US and globally. Of course. Also subscribe to our newsletter, which our marketing team is publishing, which also should give you a good insight into latest trends and developments. And here they are. We are also developing industry studies either for the pharmaceutical industry, for digital health, for the medical device industry, for consumer health. And so for us to also here, we just recently have our Better Health study, which we just published, which also shows how consumer mindset shifts when it comes to, yeah, how to to prevent diseases, how to live a healthy lifestyle, what your share of wallet they are willing to to spend each year on on life extending treatments or preventative treatments and so forth.

[00:28:37] **Narrator** Here are some key takeaways from this conversation. Tighter pricing and budget controls will change the industry. Christian discussed the myriad of new regulations across markets to control drug prices, putting pressure on profits of drug companies. There is a trend towards more evidence based, value driven and digital focused health care system. Consumers are willing to invest in health prevention. Investing is driven by greater access to health insights through devices and a growing focus on wellness and longevity. A recent Simon Kucher report revealed that 84 percent of people actively engage in disease prevention, with over 45 percent addressing both physical and mental health. Integration of AI is transforming the industry. AI isn't just a buzzword, it's becoming a competitive advantage. Companies are using AI for everything from finding new drug candidates to monitoring patients with smart devices, which can generate critical data for development. Thank you for listening. If you enjoyed this episode, please consider leaving us a rating or review. For more insights, visit simon-kucher.com.