

# Forecasting As a Strategic Tool

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Forecasting a pharmaceutical product's launch and lifecycle sales can be challenging. It requires an understanding of the patients to be treated and the market into which the product will be launched. The forecast must address the expectations of various internal and external stakeholders. It is also an opportunity to **drive strategic discussions** within an organization. With the right knowledge and collaboration, the product forecast becomes a strategic tool.

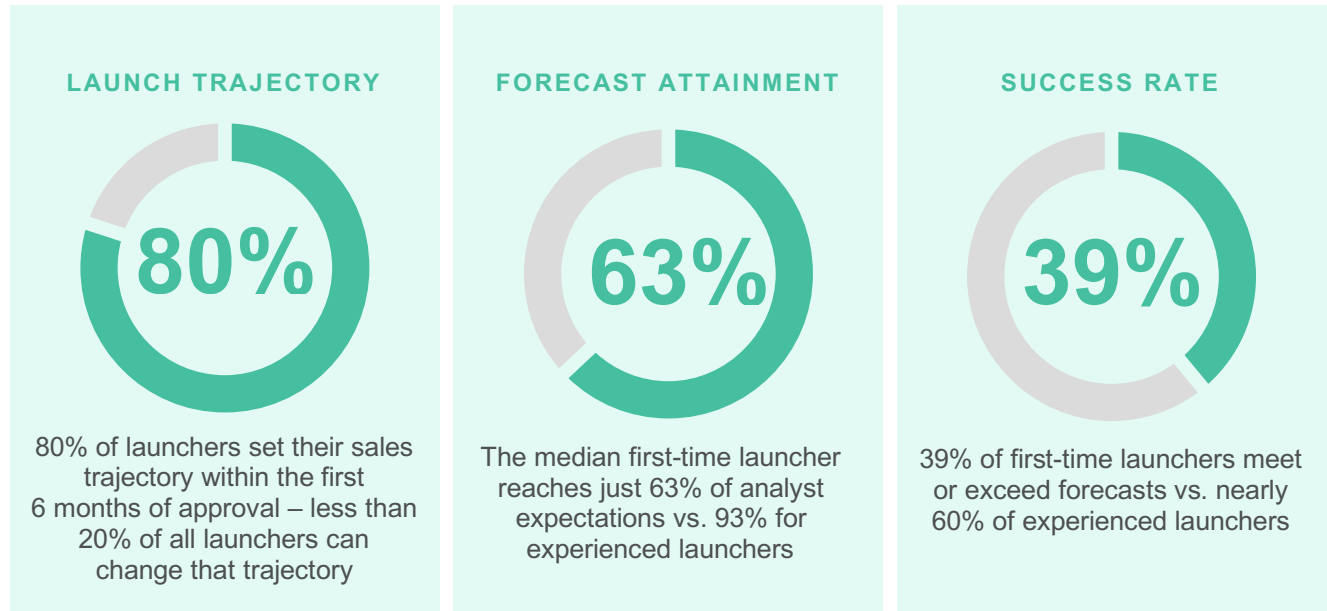
Developing a forecast that is also a strategic tool enables you to:

- Understand the opportunity and patients to be treated
- Collaborate across the organization to make sure that all relevant viewpoints are reflected
- Understand and proactively address stakeholder expectations

## **The Importance of a Robust Patient/Opportunity Funnel**

The art of forecasting involves a deep understanding of the patient population based on literature, available data, and any patient journey work. Identifying which patients are eligible for a therapy and where a product fits in the treatment paradigm (including pathways, guidelines, and clinical practice) are critical to accuracy. One study found that only 39% of biotech companies meet or exceed their launch forecast. It may be due to an overstatement of the eligible patients available.

## Increasingly, emerging biopharma companies are **embarking on the forecasting journey** themselves, but with subpar results



Sources: 1. IMS, Launch Excellence VII, September 20, 2021. 2. McKinsey & Company, First-time launchers in the pharmaceutical industry, February 12, 2021.

In addition to overstating the number of available patients, other pitfalls include:

- Understanding how healthcare professionals and institutions will adopt the product
- Insight into whether and how insurance companies will reimburse the product
- How current and future market dynamics will impact product uptake

A robust forecast includes assumptions related to these areas.

### A Good Forecast Reflects Thinking Across the Organization

A good forecast will reflect cross-functional viewpoints. When a company develops a forecast, part of the process should be to bring various internal stakeholders together to discuss product potential. These areas include the Executive, Finance, Commercial, Market Access, Operations, Regulatory, and Medical teams. This dialog leads to a set of assumptions that are then built into a patient funnel, which is designed to:

- Identify the total number of patients afflicted with a given disease (prevalence) or medical occurrence/event (incidence)
- Identify the relevant subpopulation(s) of patients
- Determine diagnosis and treatment rates
- Develop market share assumptions based on the indication, where the product fits in the treatment paradigm, order of entry, and competitive LOE environment, including both current and future market assumptions
- Develop medical and pharmacy benefit coverage assumptions
- Estimate patient compliance/adherence
- Identify total patients to be treated with the client product

## Understanding Stakeholder Expectations

At a recent BIO conference, potential investors indicated that they are looking for three things when evaluating an investment:

- Does the product address an unmet need?
- What is the product's potential?
- What is the pathway to reimbursement?

A well-supported, robust forecast will seek to address these three questions.

### Does the product address an unmet need?

By identifying the appropriate patient population, it can be determined whether there are sufficient patients with unmet need in a particular disease area. Most companies can identify the total number of patients afflicted with a given disease but have a difficult time understanding the relevant subpopulation(s). These can be biomarker-based, line of therapy based, and age- and/or gender-based, among other factors. Some ways to uncover this are:

- Comprehensive literature search
- Secondary medical claims data analysis
- Primary market research with treating HCPs

All three methods provide value but sometimes data costs make claims data analysis undesirable. Many clients are surprised to learn that, depending on where a product is in its development cycle, a literature search can be adequate. At Mirador Global, we suggest that in earlier phases of development (pre-Phase 3), an epi-based forecast using literature as the basis for assumptions will be well accepted.

### What is the product's potential?

With an aligned patient funnel and an understanding of what price is appropriate, a well-documented forecast can be developed. There are several ways to determine an appropriate price:

- Analog market and product pricing analysis
- Primary market research with payer stakeholders and decision makers

A coordinated approach using both methods and then synthesizing the findings has been successful with our clients.

### What is the pathway to reimbursement?

Often, the pathway to reimbursement is uncovered by talking with payer stakeholders and decision makers. A study of the product's expected competitors' payer strategies or an analog market can provide robust insight into what reimbursement might look like, especially at launch. Some of the other things to consider are:

- Who will be the primary type of payer: Commercial, Medicare, Medicaid?
- In what setting of care will the product be used: at home, outpatient, or inpatient?
- Will the product be covered under the pharmacy or medical benefit?
- Is there an opportunity for value-based contracting?
- Will discounting be expected?

By using the forecast as a strategic tool, rather than just an analytical exercise, companies can develop a robust patient funnel, gather insights from across the organization to inform the forecast, and develop the information that will address stakeholder expectations.



We are always available to answer your forecasting questions and welcome the opportunity to brainstorm on the best forecasting approach for your product and its stage of development. Please contact the author of this paper, Rebecca Shindel, at [RebeccaShindel@MiradorGlobal.com](mailto:RebeccaShindel@MiradorGlobal.com).