



COVID-19

Impact on Canada's pharmaceutical and retail pharmacy industry

A view of the unique challenges
and opportunities



How COVID-19 has affected the Canadian life sciences industry

The emergence of the COVID-19 pandemic has put a global strain on the life sciences industry.

The COVID-19 outbreak was caused by a novel coronavirus, SARS-CoV-2, which rapidly spread throughout the world. Each infected individual is estimated to transmit the virus to two to three people on average, and with global case counts rising in epidemic proportions, health-care systems around the world have struggled to respond.

The Canadian health-care and life sciences industries have been forced to confront significant challenges, including a limited supply of medical items (personal protective equipment, masks, and ventilators) and health-care workers (physicians, nurses, volunteers), forced implementation of safety protocols (plexiglass, sanitizers, one-way aisles), reduced working hours, added hero (danger) pay, and increased sick time for employees. To slow the spread of COVID-19 in the community, federal and provincial governments have urged Canadians to practice physical distancing and self-isolation when necessary.

Life sciences companies, such as retail pharmacies and pharmaceutical companies, have risen to the occasion by working closely with federal and provincial government agencies to address challenges experienced by the health-care system to combat the COVID-19 pandemic. These include exploring new ways of working, increasing testing capacity and results tracking for the COVID-19, and ultimately working toward the development, manufacture, and delivery of safe and effective vaccines and treatment.

Life sciences companies have also been part of the suite of industries that have been directly affected by the COVID-19 outbreak. For example, gaps in the global supply chain are impacting the sourcing, acquisition, and distribution of pharmaceutical products, medical supplies, and equipment. Moreover, traditional methods of interacting with clinicians and supporting patients are no longer feasible, meaning pharmaceutical companies and retail pharmacies can face potentially disastrous barriers, including reduced front-store sales in this time of crisis.

Due to the operating structure and affiliate nature of pharmaceutical organizations and retail pharmacies in Canada, life sciences companies in this country are facing unique challenges. As COVID-19 continues to spread across the globe, the most pressing challenges cut across four main areas: product sourcing and procurement, product launch and distribution, acquisition and access, and treatment and care management. This paper will explore these challenges and offer a perspective on potential solutions and considerations.

Thinking through the unique challenges of COVID-19

The following sections outline the most pressing challenges faced by Canadian pharmaceutical companies and retail pharmacies. As you navigate through each pillar, consider the following: What challenges are my organization facing today? Which of these challenges create the biggest barriers for my organization to provide value?

Pharmaceutical companies	Retail pharmacies
<p>Product sourcing and procurement</p> <ul style="list-style-type: none"> • Ensure we receive enough product, given the decreased production and limited export from global producers • Manage suppliers to mitigate risk in specialized supply and identify alternate suppliers for medical equipment • Understand the need to switch suppliers and subsequently mitigate contractual liabilities, quality, and regulatory issues • Ensure quality, particularly in medical devices and equipment, given the introduction of new non-traditional suppliers 	<ul style="list-style-type: none"> • Use digital technologies to boost efficiencies in procurement • Ensure we have an appropriate level of pharmaceuticals, medical equipment, and personal protection equipment (PPE) while managing increased pricing from suppliers as availability diminishes • Ensure the quality of supplies we receive from new suppliers • Forecast medication demands that reflect the changing procedures and channels through which clinicians provide care
<p>Product launch and distribution</p> <ul style="list-style-type: none"> • Use digital technologies to improve efficiencies when distributing our product • Manage equitable distribution of product through proportional allocation of remaining stocks during shortages • Plan for a change in strategic planning as a result of potential loss of exclusivity delays • Distribute samples and co-pay cards that are typically delivered in person 	<ul style="list-style-type: none"> • Redistribute inventory to create the greatest value for patients if our pharmacy has a deficit or surplus of a given product • Forecast community needs to ensure equitable supply distribution and prevent unnecessary stockpiling • Limit customer visits to the pharmacy by completely filling their scripts (90 days) while ensuring there is enough supply • Implement and standardize new safety protocols, such as plexiglass to protect workers and one-way aisles



Pharmaceutical companies

Retail pharmacies

Acquisition and access

- As the medical and commercial field force, continue to effectively access and interact with health-care practitioners (HCP)
- Facilitate the necessary consultations that patients require to be prescribed a drug
- Collect real-world data to drive value and build trust in the marketplace among stakeholders (e.g., government, payers)
- Plan appropriately for potential delays of novel product launches

- Continue to keep stores and pharmacies open, while keeping the health and safety of employees as the top priority
- Manage HR concerns, including reduced hours, hazard pay, and the implications of these to profitability
- Promote continued access in our community, given new barriers to populations (e.g., loss of employment and drug coverage, digital literacy, self-isolation)
- Use digital channels to communicate with and educate patients and clinicians, and to prescribe medication

Treatment and care management

- Use patient support programs to better manage vulnerable populations (e.g., those with financial constraints or changing coverage)
- Continue to access and support vulnerable patients

- Provide our staff with the resources required to effectively communicate with and care for our patients and clinicians (e.g., resources such as virtual technologies)
- Continue to counsel and support patients in managing their conditions in unprecedented times

Top challenges facing the industry

Pharmaceutical companies, retail pharmacies, and relative stakeholders are facing common problems with regard to potential business and clinical implications. Uncertainty over how the pandemic will progress adds further complexity to the challenges that life sciences companies must respond to. Three imminent challenges, discussed below, span across supply and demand, stakeholder management, and patient support programs.

How can I evolve my supply chain?

The life sciences supply chain is one of the most stressed due to the increased level of demand, since global production has slowed and export is limited.

Pharmaceutical products:

The limited ability to rationalize the supply chain and produce locally, and export restrictions on active pharmaceutical ingredients (API) or over-the-counter medications—such as those imposed by the Government of India—can significantly impact supply for Canada. With offshore APIs being constrained, onshore players will need to improve their cost structure and working capital investment to effectively meet the needs of the Canadian pharmaceutical industry.

Medical supplies and equipment:

As product shortages emerge, organizations will need to evolve their supply chain and use a network of local suppliers and non-traditional players to produce the personal protective equipment (PPE) needed for clinical staff. While a revitalized local supply chain will become increasingly important to meet national demand, organizations will need to ensure quality is maintained when sourcing from non-traditional suppliers.



How do I communicate better with my stakeholders?

As companies encounter disruptions caused by the shift to virtual work, they're likely to experience revenue reductions as they restructure to deliver value to stakeholders in new ways.

Customers (physicians):

To continue serving primary customers, the medical and commercial field force that traditionally relies on face-to-face communication should shift to a digital workforce. This new digital model must find ways to build trust and foster relationships in order to address the needs of customers and drive value.

Patients:

With patient experience and coordination of care relying on seamless collaboration amongst a network of stakeholders, organizations will be challenged to uphold patient experience without innovative solutions to reach patients through remaining channels and address their needs.

Workforce:

The drive for business continuity during COVID-19 has impelled alternate work arrangements, new security protocols, and the introduction of novel communication tools. Because there is no visible end date for remote working conditions, organizations may be forced to reduce their expenditures such as marketing spend, commission, and workforce. Additionally, they may have challenges enabling a productive work environment that ensures the health and well-being of their employees is prioritized. This includes empowering teams that are focused on COVID-19, re-engaging those whose work including clinical trials or grant applications has been put on hold by COVID-19, as well as others who are working on other important projects.

How can I continue to support and manage patients?

As a result of COVID-19, patient support programs may face a myriad of challenges in the coming months that will require innovative solutions and a willingness to adapt.

Clinical vulnerability:

As resources typically allocated to support older patient populations and those with auto-immune conditions are dispersed to back COVID-19 efforts, these vulnerable populations may experience delays in accessing treatment and support. The requirement to maintain physical distance despite a reduced support system highlights the need to develop innovative solutions that can reach these patient populations safely in-home.

Financial vulnerability:

As COVID-19 is expected to have prolonged economic implications, patients' financial situations may change, altering their drug coverage or the ability to pay out of pocket. These vulnerable populations should be supported to ensure they continue following treatment protocols throughout their patient journey.

Treatment administration disruption:

Patients who require clinical support for administration of therapies, such as biologics or infusions, may face new challenges during the COVID-19 pandemic. Organizations should consider how to support and treat these patients at home, and ensure clinical staff have the supplies and PPE required to safely administer treatment.

Access-to-care vulnerability:

In the new digital-first mentality created by COVID-19, certain populations may experience vulnerability in relation to technology. Those who are not digitally savvy or lack the economic means to access virtual care may need additional support to overcome this barrier.

Opportunities to address key challenges and prepare for the future

Exciting opportunities already exist to help address the biggest pain points faced by pharmaceutical companies and retail pharmacies, allowing them to continue to thrive during the COVID-19 pandemic. These prospects can address some of the most pressing challenges facing different stakeholders in life sciences companies, including commercial, medical, market access, regulatory, privacy, government affairs, retail, HR, and operations.

These opportunities can potentially empower life sciences companies to create strategies and develop the tools necessary to respond effectively and rapidly.

Create a holistic virtual (care) strategy for pharmaceutical and care delivery that improves patient care experience and keeps the workforce connected

Virtual (care) technologies, such as telemedicine and remote conferencing, allow patients, providers, and sales teams to remain connected. Front-store pharmacies, which typically rely on local physicians, can access a virtual realm of clinicians and patients, and continue to build upon the population they serve.

Telemedicine can assist with ordering and administering medications for patients in affected areas, as long as clinicians have the appropriate tools, infrastructure, training, and billing codes. When used purposefully, virtual technologies can help build a remote office culture and promote well-being initiatives for employees. This is an important time for organizations to create a holistic virtual (care) strategy in order to provide direction and resources, and to establish priorities on how digital technologies can be best used across the enterprise to achieve successful execution at scale.

Rethink and transform the pharmaceutical supply chain strategy to diversify suppliers, allowing rapid adaptation to market needs

During these rapidly changing times, organizations must be able to quickly pivot to adjust to new realities, search for alternate and additional suppliers, and increase the production, acquisition, and distribution of products and medical supplies.

Companies can diversify from a geographical perspective to create a multi-sourced, mesh supply chain comprising a network of vendors that have a reliable primary or alternate local presence. To better respond to the unexpected, companies can use digital supply networks or digital twins: dynamic, non-linear representations of the associations between all elements of their supply chain. Using artificial intelligence, internet of things (IoT), and cloud computing, organizations can simulate a variety of scenarios to increase the speed, revenue, and productivity of their supply chain.

Restructure strategies via scenario and resiliency planning to define the implications for business activities

Organizations should consider the implications to different areas of their business, from workflow management and cash flow to restructuring and remaining competitive in a changing landscape. Scenario planning allows organizations to pressure cook their current operating functions to test how sales are impacted without an in-person field force. They can also assess how an impending recession affects go-to-market strategies across different therapeutic areas and how delays or pauses of clinical trials and grant funding can affect product launches and market access.

With this deep understanding of how prepared they are for multitude of situations, organizations can consider restructuring their strategies to improve productivity and the connections between employees to better serve the needs of both patients and providers.

Be an integral player in generating real-world data, and use strategic partnerships to share valuable data assets for outbreak monitoring and response

With only essential services remaining open during the pandemic, pharmaceutical companies and retail pharmacies are uniquely positioned to collect distinct data sources, including valuable real-world data. Many of these companies already have the infrastructure to collect data quickly through patient support programs, patient portals, and apps that are designed to collect information from the patient.

This is an opportune time to explore public-private partnerships to help monitor and respond to the outbreak by measuring compliance with physical distancing mandates and measuring the attitudes and behaviours of patients.



Main considerations for successfully navigating through unprecedented times

The time to act is now. The COVID-19 pandemic has placed tremendous pressure on the life sciences industry and created challenges in many areas. The most successful organizations will act quickly by fueling innovation and disruption, exploring new areas, creating robust partnerships, and developing new capabilities.

As organizations navigate their challenges and look to reinvent themselves during this crisis, there are several considerations, outlined below, that they need to keep in mind to be successful.

1 Address the real pain points experienced by the health-care system amid COVID-19. Life sciences organizations should focus on health system surges, real-time disease surveillance and progression, the growth of remote working conditions and e-commerce, and navigate the recurrence of subsequent waves of infections through data, technology, and relationships.

2 Prioritize and rally around innovation. Although organizations face many challenges during this uncertain time, it becomes important to energize and rally toward innovating and exploring big ideas. One method to move quickly is to use any new capacity—created as a result of delays in existing projects—to build innovative projects, test automation techniques to bring costs down (e.g., in manufacturing), and create a strategy to implement and scale ideas rapidly.

3 The time for public-private partnerships to thrive is now. Public sector organizations continue to call on private companies to empower them with the ability to act fast amid the pandemic. These partnerships showcase innovation, adaptability, agility, and resilience at the forefront of health care—traits that are often difficult to attain by the public sector alone.

4 Traditional organization roles can evolve to strengthen the ecosystem. Now is the time to identify and collaborate with relevant stakeholders. Companies should explore new relationships with alternate stakeholders, like insurance companies or startups, to share capabilities that include patient-centric offerings, supply chain, infrastructure, digital technologies, and data.

5 Put the patient first. With the health-care system recognizing and turning to novel offerings such as virtual care and telemedicine, companies should continue to remain focused on solutions that put the patient first and set the foundation for success in the “new normal.”

Navigating these unprecedented times is challenging, but offers a wealth of opportunity. Life sciences companies that are able to see the opportunity amid the ongoing crisis will likely be more resilient, forging new partnerships, technologies, crisis-ready strategies, and solutions. Companies that seize the opportunity and act now can reinvent themselves and prepare well for our “new normal.”

Contact

Lisa Purdy

Partner, National Life Sciences
& Healthcare Leader

lpurdy@deloitte.ca
+1 (416) 601-6403

Shanil Ebrahim

Life Sciences
& Healthcare AI Leader

shaebrahim@deloitte.ca
+1 (416) 775-7128

Robert Lanoue

Partner, Customer Insights Leader

rlanoue@deloitte.ca
+1 (416) 874-4448





www.deloitte.ca

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Deloitte provides audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and service to address clients' most complex business challenges. Deloitte LLP, an Ontario limited liability partnership, is the Canadian member firm of Deloitte Touche Tohmatsu Limited. Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Our global Purpose is making an impact that matters. At Deloitte Canada, that translates into building a better future by accelerating and expanding access to knowledge. We believe we can achieve this Purpose by living our shared values to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact.

To learn more about how Deloitte's approximately 312,000 professionals, over 12,000 of whom are part of the Canadian firm, please connect with us on LinkedIn, Twitter, Instagram, or Facebook.
Copyright © 2020 Deloitte Development LLC. All rights reserved.

Designed and produced by the Deloitte Design Studio, Canada. 20-6547T