ZS Medical Affairs Outlook Report 2017
Analysis of Field Medical Growth and Industry Trends

Impact where it matters.
From being viewed largely as a support function in the past, the Medical Affairs organization has witnessed significant evolution and growth today. Having worked directly with Medical Affairs organizations over the past decade, ZS has witnessed first-hand the continued evolution and growth of the Field Medical role throughout the industry.

Being ZS, we wanted to validate our observations through data-driven analyses. We set out to accomplish this by fielding an industry-wide survey on the Current and Future trends of Medical Affairs organizations.

In this ZS Medical Affairs Outlook Report 2017, we’ll provide key insights from these analyses and outline where we think the industry is heading in this rapidly evolving healthcare landscape.
Executive Summary

The **ZS Medical Affairs Outlook Report 2017** draws upon survey findings, benchmark analyses, and ZS experience working across more than 50 clients to explore the current perceptions and future trends of Medical Affairs organizations, as well as to understand the impact across the healthcare industry.

**Key findings include:**

The continued growth of Field Medical across the industry, especially in specialty therapy areas, is due to a number of drivers impacting the clinical healthcare landscape.

- From 2014 to 2016, Medical Science Liaison (MSL) team sizes in the US have increased industry-wide:
  - +12% industry-wide; +28% in Immunology; +31% in Oncology
- At the same time, we see a decline in median ratio between number of sales reps & MSLs:
  - 10:1 in 2014 dropping to 9:1 in 2016

ZS believes the key drivers for the growth of Field Medical include the increasing value recognition of Field Medical teams, the evolving healthcare system, as well as the increasing scientific complexity and subsequent need for support.

There is a strong desire for Field Medical to be involved earlier in development and to take on more diverse roles and activities.

- Phase II - 82% want involvement to start here, but only 37% actually do
- New roles & expanded activities include: Health Economics & Outcomes Research (HEOR), Real World Evidence (RWE) involvement, Patient Advocacy engagement

Across the industry, there is a growing recognition in the value of, and customer need for, scientific engagement throughout the product lifecycle. ZS believes that ensuring ‘medical launch readiness’ in the earlier stages of investigation will emerge as a key need from Medical Affairs.

Widening their stakeholder audience, Field Medical teams are also engaging, or expecting to engage, with newer customers, such as payers, patient advocacy groups, and those beyond traditional HCPs for clinical value and outcomes based discussions.

With this growth in size and prominence, the organizational and business aspects of Medical Affairs organizations are becoming increasingly important; there are key areas to improve upon:

- Only 23% felt they had “well-defined” strategic plans internally
- Difference in perceptions should be assessed and addressed:
  - Field Medical roles are quite confident in current plans (83%) vs. in-house leadership (49%)
  - Compensation - HQ (14% feel comp is below industry norms) vs. In-field (40%)
Leadership focus on landscape, therapy area, internal organization changes and appropriate articulation of objectives to field medical teams are the key levers for the development of a robust Medical Affairs strategy and prioritization of long and short term goals for Field Medical.

Introduction: The Growth of Field Medical

Over the past decade, Medical Affairs has grown in prominence due to a number of recent changes in the healthcare landscape including:

+ **Declining access for commercial sales reps** – according to ZS’s AccessMonitor™ survey, the percentage of accessible physicians (reached by more than 70% of reps) declined from 77% in 2008 to 47% in 2016

+ **Increased scrutiny on off-label discussions** – since 2008, US pharmaceutical companies have been charged over $20 Billion in fines for improper marketing

+ **Increased ecosystem complexity** – the rapidly evolving pharma landscape has led to the emergence of new stakeholders who are becoming increasingly important and have specialized knowledge/information needs

+ **Explosion of information** – the proliferation of therapies and clinical trials, published journal articles, and avenues to access data make it all but impossible for physicians to keep up with the all of the latest scientific information

As a result, pharmaceutical and biotechnology companies have increasingly relied on Field Medical to deliver scientific information to a growing stakeholder audience across the industry; many consider these teams the “scientific face” of their organization.

As Field Medical continues to grow in size and prominence, we set out to study the current and future trends by fielding an industry-wide survey with Medical Affairs personnel, and supplementing the survey findings with data-driven analyses of publicly available information and our own internal observations from working with over 50 Medical Affairs organizations over the past few years. This report is the summation of the findings.
The Analyses

Industry Survey:
In March 2017, ZS fielded an industry-wide survey to gather insights on the current and future trends across U.S. Medical Affairs organizations: 72 respondents from 30+ companies participated in the survey, with 74% in Medical Affairs leadership positions and 26% as Medical Science Liaisons (MSLs). Further, half of respondents identified their roles as field-based, and half as headquarters-based. Respondents provided their perceptions across a number of issues such as strategic planning, current and future Field Medical roles/activities, and compensation.

Field Team Size Benchmarking:
Using publicly available information from PharmaForce in 2014 and 2016, ZS evaluated field team deployment trends in the U.S. This included sales force and MSL team size information, to derive a Sales Rep: MSL ratio benchmark.

*Leadership includes: Executives, Directors, Managers and Team Leads*
Findings: Continued Growth of Field Medical

While we’ve witnessed the growth and evolution of Medical Affairs organizations over the past decade, quantifying this growth across the industry through reliable benchmarks and data has been difficult due to the scarcity of such data. More often than not, many utilized the ‘rule of thumb’ of 10:1 (i.e., one MSL for every 10 Sales Reps) in approximating field team sizes. However in 2014, we were able to confirm this ‘rule of thumb’ and found that the median Sales Rep: MSL ratio was indeed 10:1 across US companies. This also corresponded with our experience beyond the publicly available data. With the release of the latest 2016 deployment data, we were able to take a deeper dive into metrics quantifying this growth across the industry.

MSL team sizes are increasing across the industry

In evaluation of 2014 and 2016 Field Medical deployment data across U.S. pharmaceutical companies, we found that MSL team sizes have increased by 12% over the past two years. Impressively, this 12% growth only considers reported team sizes for traditional MSL roles across the industry and doesn’t account for the addition and expansion of new field medical roles, like HEOR/Payer Liaisons and others. We are seeing a proliferation of different types of MSL roles across the industry.

Decline in Sales Reps per MSL Ratio

In evaluation of the latest 2016 data, we found that there are now fewer sales reps per MSL, with the median ratio falling to 9:1 across the industry. This evidence highlights that the growth in field MSL team sizes is not similarly occurring on the commercial side. This is not to suggest that MSLs are in any way “replacing” sales reps, only that we’re seeing a general trend across the industry for both types of field forces.

Oncology is leading the way

Therapy area dynamics is one of the strongest drivers for the deployment of Field Medical teams throughout the industry. Considering this, we took a deeper-dive into the data and evaluated the growth metrics by therapy area.

+ Oncology MSL teams grew by 31% going from 8:1 to 7:1 Sales Rep: MSL median ratio
+ Immunology MSL teams grew by 28%

Findings: Medical Affairs Involvement & Emerging Roles/Activities

In conjunction with the findings on the growth of Field Medical teams, responses from the industry-wide survey provided insight into drivers behind this growth.

Medical Affairs wants to be involved earlier in clinical development

When surveying Medical Affairs personnel on the timing of when Medical Affairs should become involved in the clinical development process, there was a clear discrepancy between respondents’ desires and organizational actions. In fact, 82% of respondents indicated they believe that Medical Affairs should begin involvement by Phase II. However, only 37% actually did get involved by Phase II. We anticipate a continued internal push for earlier involvement in the development process.
Expansion of Roles/Activities

While the MSL deployment analyses highlighted the growth of the traditional MSL role, we also wanted to capture the current and future support that Medical Affairs organizations will provide for emerging roles and activities in the clinical landscape.

One of the biggest areas of growth recently for Medical Affairs groups is around real world evidence (RWE) generation and dissemination. Surprisingly, only half of the respondents expect that Field Medical will support RWE activities for their organizations. For those that will support these activities, respondents were split as to whether the traditional MSLs or HEOR/Payer liaison MSLs would lead the support.

When surveyed regarding a HEOR/Payer Liaison role, nearly all respondents cite that they currently have, or plan to have, a separate field-based team. Notably, 66% of respondents indicated their organization already has a separate role established. And among those that do not have this, 88% of respondents indicated their organization is planning to support this separate role in the future.

Patient Advocacy Groups are becoming increasingly important stakeholders within the clinical landscape and more than half of respondents indicated that their organizations plan to support engagements with these groups. However, there was no clear consensus on how they would be engaged, as respondents split closely among Medical Education/Medical Information roles, the traditional MSL role, and a separate patient advocacy group liaison role as the primary role to lead the engagements.
Findings: Organizational Strategic Planning can be improved

With growth in deployment and prominence, we’ve also witnessed the growing pains of a rapidly expanding organization. Responses from the industry survey provide clues to where some of these growing pains may be and highlight the increasing importance for Medical Affairs leadership to implement and communicate strategic objectives.

Strategic planning can be improved

When surveyed on strategic planning preparedness, only 23% of respondents felt that their Medical Affairs organization has well defined strategic plans in place and felt that the plans were well thought out to meet future needs. However, while acknowledging there is room for improvement, the majority of respondents felt that some strategic plans are in place and felt that some thought was put into meeting future needs.

Discrepancies in perceptions

Beyond strategic planning, a discrepancy in perceptions among different roles have also provided clues as to where organizations can place additional emphasis to meet the needs of their personnel. In particular, two discrepancies stood out among the survey findings:

+ Regarding strategic planning, we found that MSLs have a more positive perception than Medical Affairs leadership regarding the strategic planning process. Only 49% of leadership roles, as compared to 83% of MSLs, cite that their organization has well defined strategic plans.

Insight sharing can be improved

When evaluating the type of data and information being captured and utilized by Medical Affairs organizations, most respondents indicated their organization captured key field insights, MSL interaction data, and other relevant information for keeping KOL/HCP databases. However, less than half of the respondents indicated that their organizations captured and utilized cross-functional insights.

+ Regarding compensation, most felt that they are compensated on par with industry norms, but there was a notable difference among in-field respondents vs. headquarter-based respondents. 40% of in-field respondents feel that their compensation is below industry norms, whereas only 14% of headquarter-based roles felt similarly.
Conclusion and Findings

Our research and analysis indicate 3 key areas which define the changing dynamics in the evolving Medical Affairs landscape:

**Medical Affairs and Field Medical continues to rise to prominence.**

Greater push towards Medical Affairs involvement during the initial stages of the product development lifecycle to ensure launch readiness. This will drive the need for setting up robust strategies, goals and well defined objectives across Medical Affairs teams, while ensuring alignment with overall medical and organizational goals.

**We are witnessing an emergence of new external stakeholders and internal medical roles.**

Medical roles and responsibilities have and will continue to evolve to cater to new demands from newer stakeholders who seek diverse scientific information. Additionally, landscape changes will drive the need for specialized roles that go beyond the traditional MSL role. Success in the future will require strong relationships with a broader range of stakeholders, such as patient and advocacy groups and payers.

**Establishing a robust MSL performance assessment framework will be essential.**

Ensuring alignment compensation for in-field and HQ based MSL roles will be essential. Defining robust KPIs for assessing the non-promotional and evolving MSL role will be a key hurdle for medical leadership roles.

**About ZS Medical Affairs**

ZS has deep industry knowledge from working with more than 50 Medical Affairs organizations and has helped clients address a wide range of strategic and tactical issues in Medical Affairs over the past decade.
About the Authors

**Sarah Jarvis, Associate Principal** – As the ZS Medical Affairs lead, Sarah has worked in healthcare for the past 20 years and spent the past decade working with Medical Affairs clients, bringing business and customer-oriented solutions to Medical Science Liaison (MSL) teams, Medical Information, Medical Communications, and other groups within Medical Affairs departments of small and large pharma/biotech companies. Sarah earned her Master of Business Administration degree from London Business School and her BA from Princeton University.

Sarah can be contacted at: sarah.jarvis@zs.com

**Sunil John, Manager** – Sunil has worked in healthcare for the past 7+ years and co-leads the ZS Medical Affairs space. He spent the last 5 years focusing exclusively on Global Medical Affairs, helping clients devise a wide variety of solutions across business strategy, organizational design, branding for MSL programs, MSL performance assessments and size/structure/alignment/deployment across pharma/biotech/MPS companies. Sunil earned his Master of Business Administration degree from the Indian Institute of Management– Bangalore (IIM-B).

Sunil can be contacted at: sunil.john@zs.com

**Jon Gonzales, Consultant** – Jon is part of the ZS Medical Affairs Leadership Team, and a contributing member to the R&D Excellence Practice Area. During his time at ZS, Jon has supported ZS Medical Affairs projects across the pharma/biotech industry. Prior to joining ZS, Jon worked as a Medical Writer. Jon earned a Ph.D. in Biomedical Sciences from the University of California, San Diego and a Bachelor’s of Science in Biochemistry from Colorado State University.

Jon can be reached at: jon.gonzales@zs.com

**Shrikkanth Gopalan, Consultant** – Shrikkanth is a part of the ZS Medical Affairs Leadership team. He has experience across multiple issue areas, from strategy to implementation. Shrikkanth has enabled the delivery of Medical Affairs projects across various pharma/biotech and MPS clients in the last 3 years. Shrikkanth earned his Master of Business Administration degree from Symbiosis International University, Pune.

Shrikkanth can be contacted at: shrikkanth.gopalan@zs.com
About ZS

ZS is a global management consulting firm focused exclusively on helping companies improve overall performance—from customer insights and strategy, to analytics, to operations and technology. More than 4,500 ZS professionals in 22 offices worldwide draw on deep industry and domain expertise to deliver impact for clients across multiple industries. To learn more, visit www.zs.com or follow us on Twitter and LinkedIn.