

BUSINESS CASE CONSIDERATIONS IN INHALER DEVICE DTX – A PHARMA COMPANY PERSPECTIVE

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Digital Product



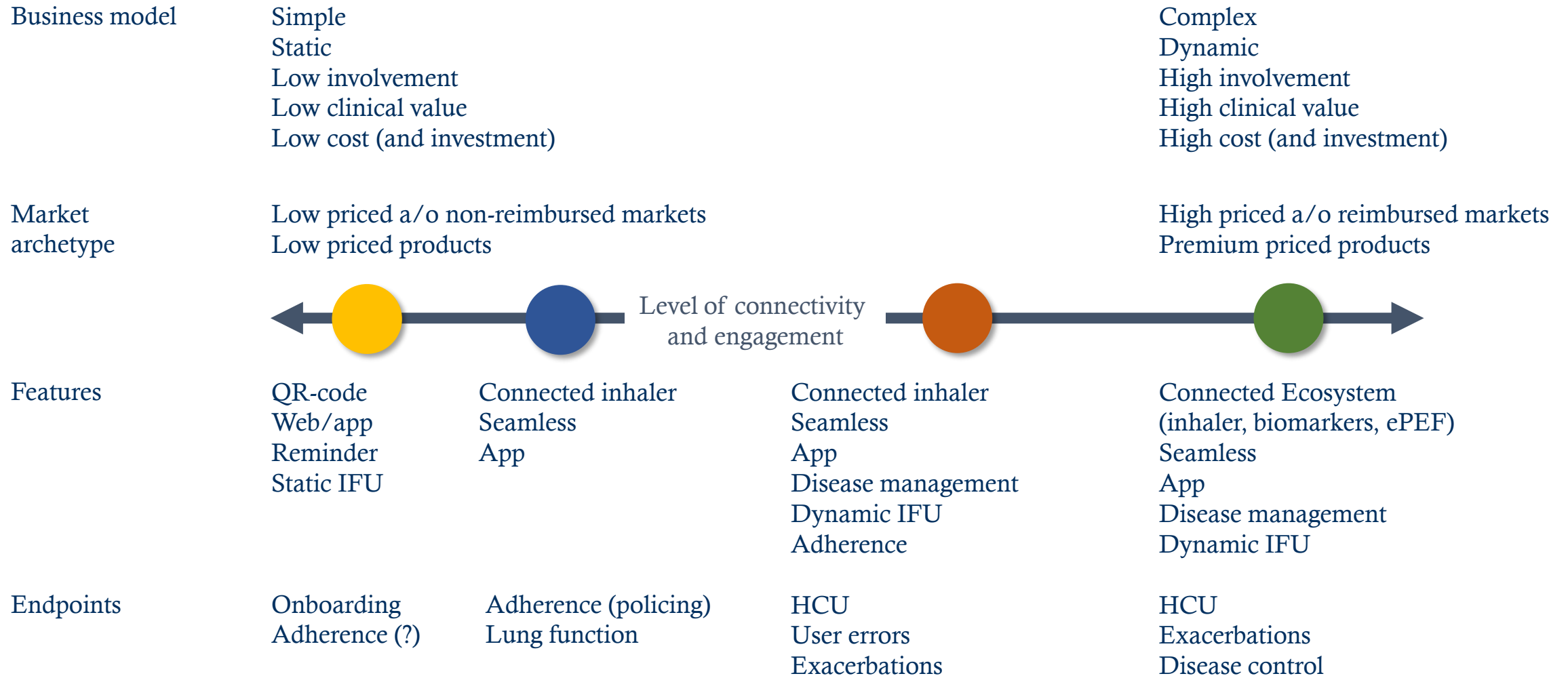
WHY DIGITAL THERAPUTICS IN INHALED RESPIRATORY MEDICINE?

Digital solutions can improve adherence, reduce user errors and inform disease management – leading to improved clinical outcomes and effective use of medicines

- ...Disease Management
- ...Adherence improvement
- ...User error mitigation
- ...Treatment management (e.g inform tx escalation)
- ...Real World Evidence generation



BUSINESS MODELS – ARCHETYPES (EXAMPLES)



WHAT HAVE TO BE TRUE TO MAKE IT A BUSINESS CASE?

A positive business case (NPV/ROI) will depend several key factors

Value drivers

Days on Treatment (adherence)

Share of Market (better offering)

Retention to program/treatment

Financing model; reimbursement -> evidence -> clinical outcomes

Market size (scale)

Critical mass to carry the fixed costs (software, hardware, data management)

Scale for acceptable unit cost

COGs (unit cost)

Scale, reusable/disposable, sensors, battery

Opportunity:		Yr1	Yr2		
No of Pts on [brand]					
Asthma					
COPD					
1. DoT New patients (dynamic)					
25%	New [brand] Pts (include="1")				
	# patients at "A+B" customers				
	# patients at targeted "A+B"				
	Eligible patients (Smart phone and intere				
2. DoT Repeat patients					
75%	Repeat [brand] Pts (include="1")				
	# patients at "A+B" customers				
	# patients at targeted "A+B"				
	Uncontrolled, non-adherent				
	Eligible patients (Smart phone and intere				
Total Dtx eligible patients (new and repe					
Initial incremental DoTs due to Dtx					
Price/DoT					
Incremental Revenue uplift (DoT)					
3. Market share uplift (due to Dtx but					
[brand] patients					
Current market share (volume)					
Unit share uplift in new patients					
New patients due to Dtx					
Incremental DoTs					
Price/DoT					
Incremental Revenue uplift (MS)					
<i>Control: revenue uplift from value</i>					
Total patients (1, 2 and 3)					
Total incremental revenue uplift					
<i>Control: Revenue total</i>					
<i>Control: uplift (revenue)</i>					
Ambition/BC:		Yr1	Yr2	Yr3	Yr4
# centers recruited					
# patients per center					
Newly recruited Dtx patients		5,000	8,000	10,000	10,000
Continue program		20%	1,000	2,600	4,600
Discontinue (@15% incr use)		70%	3,500	9,100	16,100
Discontinue (@0% incr use)		10%	500	1,300	2,300
Tot pts with improved adherence		5,000	12,500	21,700	30,700
Total pts in program		5,000	9,000	12,600	14,600
Incremental DoTs:					
DoTs totally new [brand] pts (MS)		277	207,713	332,340	415,425
DoTs new patients		86	365,288	584,460	730,575
DoTs increase continue prgm		86		85,950	223,470
DoTs increase discontinued @15%		13		45,124	117,322
Total incremental DoTs			573,000	1,047,874	1,486,792
Price/DoT			1.00	1.00	1.00
Incremental revenue			573,000	1,047,874	1,486,792
Costs		Yr1	Yr2	Yr3	Yr4
Unit cost Dtx (per unit)		100.00	100.00	100.00	100.00
Unit cost total Dtx		500,000	900,000	1,260,000	1,460,000
Localisation / Adaptation		1,000	1,000	1,000	1,000
Support & System Maintenance		1,000	1,000	1,000	1,000
Total cost (\$)		502,000	902,000	1,262,000	1,462,000
Total NET uplift Dtx		71,000	145,874	224,792	286,939
Dtx Costs					
Dtx Development		Global		MC	
v1			1,000		
v2			1,000		
Dtx devices (per unit)				100.00	
Localisation / Adaptation		Global		MC	
Dtx Translation*				1,000	
Marketing & Launch investment**			1,000	1,000	
Insights, data & publications*			1,000	1,000	
Support & System Maintenance		Global		MC	
Helpdesk				1,000	
Hosting & Maintenance**			1,000	1,000	
*per market					
**variable costs - assumed X markets					

WHAT IS AN ATTRACTIVE PRODUCT?

A user interface is like a joke. If you have to explain it, it's not that good



Patient user interface

Human Factor

Zero flaws; once lost is lost forever

Necessary, value adding, features only (keep simple)

Onboarding; seamless and intuitive

Sustainable



HCP user interface

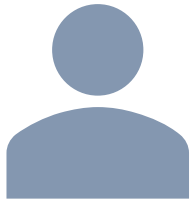
Integrated with Health Care Systems

Local, country, region

Seamless



CHALLENGES; NAVIGATING BARRIERS TO SCALE



- Patient experience
- Privacy
- Ease of use (accessibility, add-on/integrated)



- Workflow integration
- Remote management



- Payer acceptance of premium price point
- Approvals and reimbursement
- Regulatory classification

Pharma
Company

- Operations investment
- COGs impact
- Sustainability commitments

RECOMMENDATIONS

Keep it simple (critical features only and patient centric)

Decide on Business model

Seamless and intuitive (onboarding)

Spend significant time on the Payer perspective

Targeting patient groups

Be aware of the challenges

