

US-HSW Biotech CEO roundtable

November 2020



CEOs from 12 US biotech companies participated in our latest Americas Biotech CEO Roundtable on October 29 moderated by EY Americas Life Sciences and Healthcare Leader Arda Ural, PhD. With the US elections only days away, participants discussed how potential changes in Congress and the White House could affect future drug prices and regulations. They also touched on the impact of COVID-19 and how many pharmaceutical companies had risen to the challenge of developing a vaccine. Topics of the roundtable included the circumstances related to performing a virtual product launch during the pandemic and perspectives on potential timing for a physical return to work.

Biotechs adapted to the remote working environment

This session opened with a review of industry efforts to respond to the COVID-19 pandemic and an acknowledgment that the industry has come forward in extraordinary ways. Debbie Hart, President and CEO of BioNJ, opened the session with a recap of industry efforts to respond to the COVID-19 pandemic, noting that the industry has come forward in extraordinary ways. As of late October, 11 vaccine programs had moved into Phase 3 clinical trials. Results of vaccine tests by two companies had been particularly encouraging and momentum was building to have a vaccine ready for distribution. While this was good news, one CEO highlighted the challenges of distributing the vaccine once it was approved. The magnitude of distribution was highlighted by the fact that in a state of 8.9 million citizens, it would require anywhere from 67,000 to 170,000 vaccinations administered each day to inoculate up to 70% of those citizens to be able to attain herd immunity.

The call participants also addressed the then-upcoming elections, noting that a Biden administration would offer greater hope for the industry. As Vice President, Biden played a key role in President Obama's Moonshot program. He also hails from Delaware, which has strong ties to the biopharma industry.

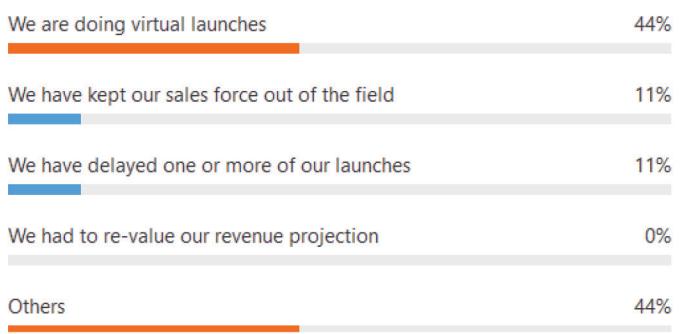
At the same time, they expressed concern that if the Democrats gained control of the U.S. Senate, Bernie Sanders would move in as Chairman of the Senate Budget Subcommittee, potentially creating strong headwinds for the industry in terms of new

regulations and greater scrutiny of drug prices. While unlikely given the latest polling results, we might not know the exact composition of the U.S. Senate for an extended period of time.

The attendees also discussed how the results of the election would impact the protected class of drugs. Most expected a moderate impact, without any severe steps such as forcing companies to renegotiate prices. Others said they didn't expect any major changes to policies such as Medicare Part D and exhibited optimism that borders might be opened to allow more drugs manufactured in Canada to flow across the border.

Irrespective of the election results, attendees unanimously expected growing support for reshoring pharmaceutical production to the US.

1. Presently, what has been the impact of COVID-19 on your commercialization efforts and plans? (Multiple choice) (Multiple choice)



Susan Garfield, PhD, Ernst & Young LLP (EY US), moderated an additional discussion on digital launches aimed at identifying the impact that COVID-19 has had on commercialization efforts. Nearly half of the attendees said that virtual launches were not hindering their progress in bringing new products to market. However, they did express the difficulties of clinical trial management without personal contact between patients and physicians. One CEO said his company was able to launch 3 days after the drug was approved, shipping its first patient dose within 10 days.

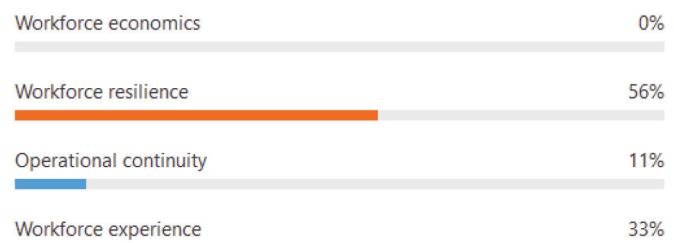
The same CEO also lamented that he never appreciated the value of an office call as much as he does now. He regretted missing the pull-through opportunities with the physician and patient. This lack of interaction with the medical staff limits opportunities to continue the conversation with key patient contact points. Additionally, he also expressed concern that when it came to launching novel mechanisms and innovations, more patients were reluctant to go in for an initial diagnosis.

Another CEO mentioned he was pleased with the results of a virtual drug launch conducted over the summer. The virtual drug launch incorporated a hybrid approach in which patients first visited a doctor for a consultation. The CEO further expressed that while limited in-person visits have allowed more time for physicians to connect video conferencing calls, resuming in-person visits would limit this connection.

The reduction in personal contact is also having an impact on sales teams. One CEO said that 40% to 50% of practices were not allowing sales representatives to come into the office, while still allowing entry to nurse educators and medical science liaisons. Despite his firm's ability to adapt to the new norms created by COVID-19, concern for patients, especially those who cannot wait long for treatment, remains a central issue.

At the same time, all the CEOs said they were adapting well to the virtual working environment. One CEO said his company had hired more than 30 sales representatives via video conferencing calls, while two other CEOs added that they hired CFOs this summer without the benefit of face-to-face meetings.

1. Since May, have you implemented a safe and productive PRTW plan? If so, what has been your biggest challenge?



***Physical return to work**

During the prior virtual roundtable discussion in April, most attendees thought they would be ready to return to their offices by January 2021, with some even mentioning that September 2020 was a possibility. That optimism has long since passed. Now, most CEOs expect that their workforces won't return in full force until the spring or summer of 2021 depending on the prospects of a safe and effective vaccine. The six companies headquartered in the US reported that only 5% of their staffs were working in office locations currently.

Several CEOs said that employees who worked in a lab setting have returned to continue mission-critical projects. As one CEO said, "We found that many people, especially those who needed to collaborate with colleagues, had reported 'Zoom fatigue' and were eager to get back into an environment where they could work and converse with other people in person."



With that goal in mind, the company created alternating schedules, implemented regular COVID-19 testing, mandated wearing masks and required social distancing in the office. Another CEO reported that his company had also reopened labs, but that the company gave high-risk employees the option to continue working from home. This blend of virtual and in-office working arrangements has so far proved successful.

Another CEO of a firm with an extensive presence in Asia said that flexible working arrangements were more productive for employees who were less constrained by normal working hours. He said the most productive times for his firm were in the early morning and evening when US employees engaged in conference calls with teams.

In an aside, he said offices in those economies have now returned to pre-pandemic operating procedures. Due to strict contact tracing controls and other rigorously enforced testing measures, employees in mainland China and Taiwan no longer needed to practice social distancing and often joined each other in conference rooms for video conferencing calls.

Rich Ramko, EY US, who led this segment of the roundtable, also asked whether the pandemic and resulting virtual working environment had prompted firms to take a serious look at their real-estate footprint. Nearly all CEOs agreed that they were considering significantly downsizing office space or at a minimum using the success of the virtual workplace to renegotiate new lease terms. They added that they didn't expect any significant changes with lab space, which will likely continue to command premium rates.

Arda Ural, EY US, agreed that other practices at EY were also noticing a growing trend for companies to continue working from home, which would put additional pressure on landlords to renegotiate lease terms.

At the end of the 75-minute discussion, the attendees agreed to reconvene in March 2021.

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