Chapter 4

Global Macrotrends in Pharmaceutical Industry

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ABSTRACT

The pharmaceutical industry is trending in business decisions to demonstrate financial impact, influence on the behavior of consumers, governments, and businesses. This impact is beyond geographies and industries. It must be understood how a trend’s impact will manifest itself in an actionable business planning horizon. Most of the pharmaceutical industries believe that global trends will shape business decisions over the next 5 to 10 years. Each management team in the pharmaceutical industry works on the global forces shaping their strategic context. The collisions approach is a systematic way to capture trends in strategy that enables your leadership team to rapidly combine multiple trends, facts, and perspectives to identify the “market-shaping force” that has the power to significantly shift spending and profit pools. This chapter discusses the effective competition in the pharmaceutical industry in the implementation of new technologies and trends to contribute to broader solutions.

INTRODUCTION

Global macro trends in the pharmaceutical industry remain front and center this year. Here the increased consolidation of providers meets the bigger regulators that weigh the pros and cons of the proposed deals between bigger pharma industrialists. Provider systems are joining forces and snapping up private practices. Overall, consolidation in the healthcare and pharmaceutical industries is likely to continue, because smaller companies will need to increase their negotiating power when
Global Macrotrends in Pharmaceutical Industry

competing with their new larger rivals. The apparent forces in pharmaceutical industries create new investment opportunities, mitigate risks, stress-test an existing strategy, or craft a new strategic direction. Strategy Analytics Center (STAC) is a creative approach that helps leaders make sense of internal and external data on corporate performance, macroeconomic changes, and global and local trends so that executives can develop more robust strategies for creating value, identifying business opportunities, and pursuing growth. In such cases, industrialists can convert complexity into opportunity by designing plans, innovations, rethinking their strategies in the context of these forces.

STRATEGIC MANAGEMENT

In this section, the examination of the present and future environment elements of an organization or industry is made where objectives are formulated, implemented, achieved, and evaluated. The factors are used to determine the macrotrends as follows.

Drug Pricing

Pricing pressures around the world and unanswered value gaps to differentiate new medicines add to the potential for healthcare system bankruptcy as it currently exists, because medical care inflation continues to be unchecked. It reforms the market changes that impact device and drug manufacturers.

Pricing is one of the major reasons for the growth of biologics that continue to dominate the pharmaceutical news in the coming years. Charging high prices for pharmaceutical products may gain money to be used in the research and development of new drugs. National and international funding agencies have been spent fund on drugs that mean less money for other healthcare or nonhealthcare services. The Centers for Medicare & Medicaid Services (CMS) (www.mce.eu) reimburse the money that market shareholders fix to control the costs of drugs. The pricing pressure on providers, hospitals, and health systems affects the patients to get medications they need. How the drug choices and value delivered is yet paid attention by the public and private players. Such pressure on biologic drugs makes manufacturers rethink the business model. Much drug foundation financially encourages pharma industries to develop a drug for deadly diseases as personalized treatments continue to drive biopharmaceutical innovation.

Pharmaceutical manufacturing trends also meet with the real market challenges of flexible biologic drugs, closer partnerships between the pharmaceutical industry and regulators. It results in the novel concepts to be implemented faster with existing
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