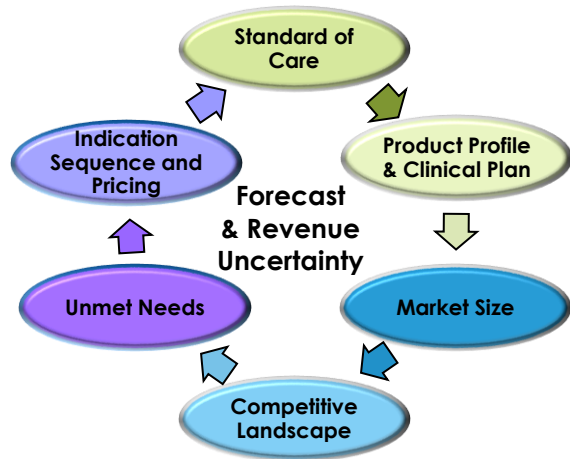


Valuation of Pharmaceutical Drugs is more than just a Forecast



GIVEN THE ECONOMIC PRESSURES OF PATIENT CARE,
PHARMACEUTICAL COMPANIES NEED TO KNOW:

✧ What is the predicted value of my new drug even though it is in an early stage of development?

✧ What indication sequencing and trial endpoint design will maximize patient benefit AND profit?

✧ What price point for my new drug will maximize profit across multiple indications?

CASE STUDY

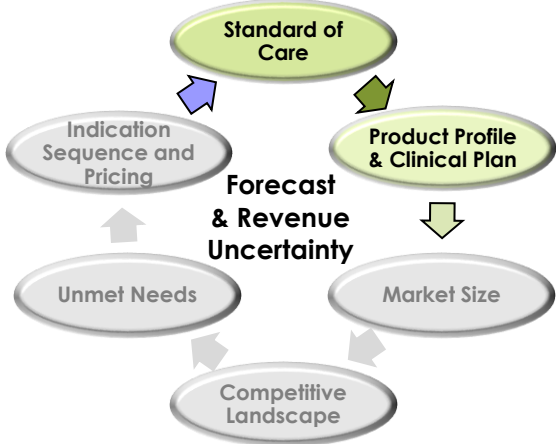
Company X developed a new Immunotherapy Oncology drug blinded as Drug IO that could slow progression of **four** different solid tumor cancers based on Phase II clinical trials that were still progressing and at an early trial maturity.

Critical decisions that were needed to be made from both a valuation and strategic perspective included:

- ✧ **Development strategy:** Lead and follow-on indication sequence and trial endpoints to optimize long-term differentiation while achieving short-term company goals
- ✧ **Pricing:** Target price for Drug IO across all indications that would optimize revenue **and** patient access based on product profile endpoints, unmet needs and market landscape
- ✧ **Biomarker strategy:** Projected value impact of implementing a biomarker strategy
- ✧ **Go to market strategy:** Whether Drug IO should be marketed to the greatest number of patients first or to maximize the revenue longer-term across indications

KROMITE Consulting was engaged to determine the long-term valuation of this Phase II drug and support Company X in the above critical decisions.

WHAT IS DRUG IO'S PRODUCT PROFILE VS. STANDARD OF CARE?



Analysis and Key Decision Points:

- Developed current Standard of Care across Stages of Cancer, Lines of Therapy, and 4 cancer types
- Assessed Phase II trial data vs. Standard of Care
- Aligned client medical, commercial, C-level executives on expected and range of trial outcomes & level of differentiation for Drug IO

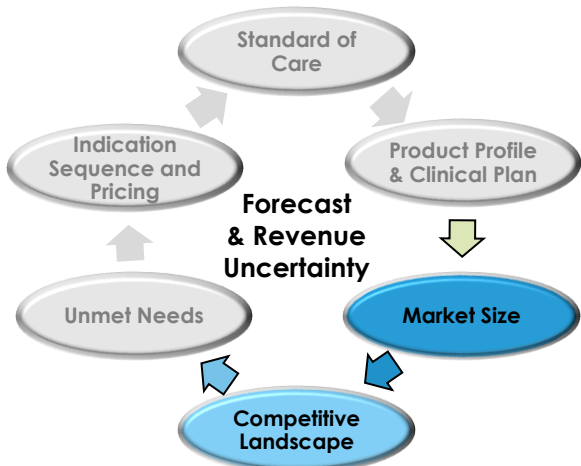
TABLE 1: DRUG IO PRODUCT PROFILE VS. STANDARD OF CARE (FOR EACH INDICATION, STAGE, LINE OF THERAPY)

- Superior vs. standard of care
- Comparable vs. standard of care
- Inferior vs. standard of care

Indication 1 Stage X 3rd line	Indication 1 Stage X 2nd line	Indication 1 Stage X 1st line	Efficacy	Safety	Tolerability	Duration of Therapy
Drug IO Low TFP	Drug IO Low TFP	Drug IO Low TFP				
Drug IO Base TFP	Drug IO Low TFP	Drug IO Low TFP				
Drug IO High TFP	Drug IO Base TFP	Drug IO High TFP				
Drug IO High TFP	Drug IO High TFP	Drug IO High TFP				

End point measures blinded for case study

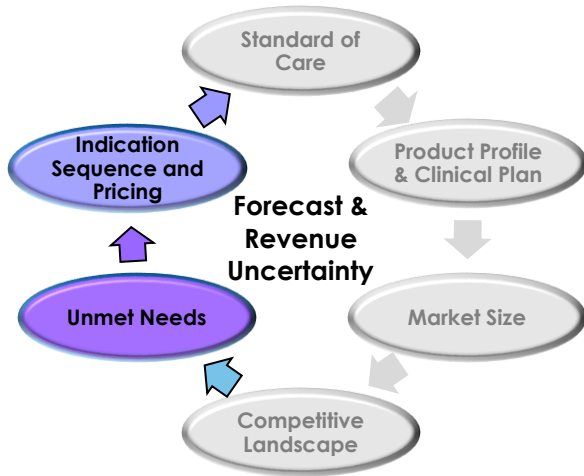
WHAT IS THE POTENTIAL PATIENT SIZE FOR EACH INDICATION?



Analysis and Key Decision Points

- Determined patient epidemiology by stage, line of therapy, tumor type across 7 geographies – defining Size of the Potential Market
- Utilized multiple data sources to develop current and future competitive landscape
- Projected market share of Drug IO, including ranges based on competitive differentiation and biomarker strategy projected impact
- Identified clinical differentiation and market benefits of Drug IO by tumor, stage and line of therapy

WHAT IS THE DRUG PRICING STRATEGY AND INDICATION SEQUENCING?



Analysis and Key Decision Points:

- Evaluated Drug IO per indication vs. current and future unmet needs
- Created surrogate pharmaco-economic tool to compare Drug IO cost of treatment vs. alternatives
- Recommended indication sequence and evaluated 3 alternative price points for drug rationalizing across 4 different cancer indications

Table 2: Pricing of Drug IO vs. Market

Avg. treatment price / patient per year
blinded for case study

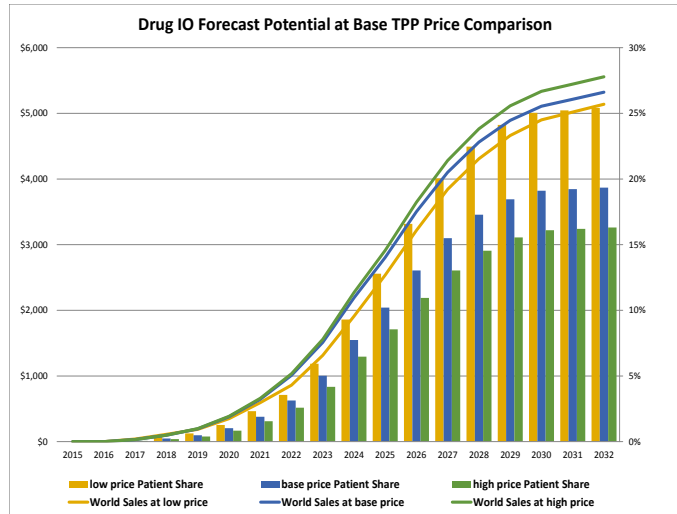
INDICATION #1		Indication 1	Neo + Adjuvant	Metastatic 1 st Line	Metastatic 2 nd Line	Metastatic 3 rd Line (+)	
INDICATION #2	Drug IO Low TPP						
	Drug IO Base TPP						
	Drug IO High TPP						
	Indication 2	Stage 1 and IIb	Stage III	Stage IV 1 st Line - Metastatic	Stage IV 2 nd Line - Metastatic	Stage IV 3 rd Line - Metastatic	
	Drug IO Low TPP						
	Drug IO Base TPP						
	Drug IO High TPP						
	INDICATION #3		Indication 3	Limited Stage	Extensive Stage 1 st Line	Extensive Stage 2 nd Line	Extensive Stage 3 rd Line
	Drug IO Low TPP						
	Drug IO Base TPP						
	Drug IO High TPP						
	INDICATION #4		Indication 4	Stage 2	Stage 3	Stage 4 1 st Line - Metastatic	Stage 4 2 nd Line - Metastatic
Drug IO Low TPP							
Drug IO Base TPP							
Drug IO High TPP							

- Price Advantage vs. alternative treatments
- Price Comparable vs. alternative treatments
- Price Disadvantage vs. alternative treatments

CASE STUDY RESULTS AND VALUE TO CLIENT:

KROMITE developed a forecast valuation of Drug IO, including ranges to account for uncertainty associated with the clinical trial outcomes (product profile), drug pricing options and biomarker strategy impact for 4 indications across 7 geographies.

Company X was able to use KROMITE's analysis to:



GAIN INSIGHTS:

- Understand the value range of their drug for partnering discussions
- Define patient size and pricing landscape across indications, stages, lines of therapy
- Optimize revenue vs. patient access across indications

MAKE STRATEGIC DECISIONS:

- Select lead indication for first Phase III trial
- Sequence trials for follow-on indications
- Define trial designs by stage/line of therapy based on product profile and pricing differentiation
- Inclusion of a biomarker strategy in trials

From compound to therapy area to corporate level,
KROMITE can help you optimize
your strategy & investment decisions



[Click here to submit your challenge](#)