

The digital future beyond the pill

A recent story in the FT has the title **Digital disrupters take big pharma 'beyond the pill'** It gives a distinctive twist to the idea of digital drugs. The argument is that a phone app or similar, as a monitoring device and as a front end to diverse networked resources including counselling, can be a direct substitute for a pill and a doctor. So direct a substitute, the article argues, that big pharma are taking a strategic interest as digital innovations in delivery of health services and therapies threaten to 'undermine the industry's decades-old business model'.

The article's narrative is built around a Type 2 diabetes patient who uses the **Livongo** service, a cloud-based mix of monitoring and coaching. The implication drawn is that as a result she does not take medication. Of course there are many such patients who manage their diabetes through life style and diet, and do not require medication. And such a service as Livongo may be valuable for many of these and make it just a bit easier to achieve this style of disease management for some more.

But does this really represent a '**substitute product**' In Porter's sense, or a **disruptive innovation** in Christiansen's?' Of course digital delivery could be an opportunity for big pharma to re-position some of their products and repurpose their intellectual capital and their global resource base. There is a new and emerging market for app based health service, targeting commissioners and consumers. We can also see that this approach may offer a seductive vision to commissioners, payers, and the public of a new an alliance with a new technology that is able to deliver more health for less money, year on year – getting **Moore's law** on your side.

But as the article also suggests, this asks big pharma to make big shifts in its own culture and business models. Digital business models are in general low margin, with a quick product cycle aiming at mass consumption – the antithesis of pharma as we know it. So it's not surprising that it's start-ups and venture capital that are making the waves so far.

The article offers some hope that big pharma may be able to find a place at the table. Joe Jimenez CEO of Novartis is quoted saying optimistically that, "pharma companies have an advantage, not on the agility side but definitely on what they know about disease states, about patients, about the entire healthcare system..." And of course if they can't quite do it themselves – they can buy up promising start-ups. There may, however, be some hesitation among patients to place their trust in big pharma owned (or branded) services. The stigma of pill-pushing remains.

May 10th, 2017 | [Commentary](#), [Digital strategy](#), [Medicines](#), [Uncategorized](#) | [0 Comments](#)

