



Liz Myhill

Navigating a changing health-care environment

An interview with Pfizer's Kristin Peck

Technology is at the center of health care's emerging business model.

**Sam Marwaha
and Steve Savas**

Health care has reached a turning point, says Kristin Peck, Pfizer's executive vice president for worldwide business development and innovation. Consumers and funders of care are demanding more information, greater transparency, and more value for spending. In parallel, technological advances and a series of innovations in how services are delivered are paving the way to a new model, one where health care is more personalized and decentralized and requires a greater role for consumers. In an interview with McKinsey's Sam Marwaha and Steve Savas, Peck offers her perspectives on the industry's new trajectory and describes how pilot programs, partnerships, and new investments will shape Pfizer's strategy in the emerging era of connected health.

McKinsey on Business Technology: *How do you see health care changing in the coming years?*

Kristin Peck: We are now reaching an inflection point, due fundamentally to economic factors, and this has initiated a society-wide discourse on the role and future of health care. This discussion has rapidly culminated in a series of global health-care reform efforts among actors in the public sector and the private sector and across civil society. Funders and consumers of health care are demanding information and outcomes transparency as the basis for value-based payments, as seen in the new reimbursement models in Europe. Investments in health-care IT (HIT) across the globe are also a key element accelerating change. Estimates are that there will be approximately \$500 billion in public-sector HIT investments across 22 countries over the next five to seven years.

At the same time, innovations in behavioral science, in technology, and in services have



Takeaways

Kristin Peck, Pfizer's executive vice president for worldwide business development and innovation, discusses a turning point in health care in this interview.

First, she explains the industry's shift toward decentralization and personalization and the imperative to reduce costs while improving quality and access.

Then the conversation turns to her company's pilot programs, partnerships, and new investments, efforts that will shape its new strategy in the era of 'connected health.'

begun to showcase a future model of health care—one that is more decentralized and more personalized. This model shifts accountability and responsibility closer to the consumer while reducing costs and improving quality and access. While these are smaller, fringe experiments—"disruptions" at the margin—we believe that they will make their way to the core.

McKinsey on Business Technology: *At Pfizer, what's the role of technology, or "connected health," in the future of health care?*

Kristin Peck: Connected health will give rise to a number of new business models that have the potential to transform health care: better quality, lower costs, and broader access. Technology has "democratized" and "consumerized" most industries over the past few decades, and as different, difficult, and regulated as health care is, it cannot escape the inevitable.

What you call predictive medicine and personalized care, we call precision medicine and precision care. It's basically the same idea—using precision tools to identify the right treatment for the right patient at the right time, in a standardized and consistent way. New devices and services close the loop with feedback to enable monitoring and measurement of patients and the cost-effectiveness of health products and services.

Importantly, the shifting of incentives toward value-based health combines with advances in point-of-care and consumer diagnostics, as well as devices, tools and networks, and breakthroughs in behavioral science and economics. Together they emphasize and advance the role of lifestyle and behavior modification in tandem with existing and innovative therapies for a more balanced and holistic approach to health care.

McKinsey on Business Technology: *What are some of the initial implications of connected health for the biopharmaceuticals industry?*

Kristin Peck: Pharma companies must respond effectively to the challenges brought about by information transparency and the dramatic changes in customer needs and societal expectations. Payors, providers, and consumers are all demanding a value- and outcomes-based health environment, which will be fueled by the increased use of technology, real-world data, and new comparative-effectiveness research rules. Pharma companies will need to be able to overcome the commercial and market-access risks that could accompany this shift.

The implication, especially in primary care and broader public and population health, is a shift away from highly innovative treatments toward highly effective solutions, especially solutions that shift accountability toward the consumer.

In addition, more openness can be expected across the industry as companies create precompetitive platforms for better data sharing and knowledge synthesis. Examples include cooperation between Pfizer, Merck, and Lilly and the government's Sentinel Initiative for safety surveillance. More openness will also arise as companies set up industry-wide "utilities" and advance collaborative-innovation research models that bring world-class institutions and talent closer together, an example being Pfizer's Centers for Therapeutic Innovations. These opportunities can help accelerate new-product development and produce, distribute, market, and monitor products with improved capital efficiency.

McKinsey on Business Technology: *You mention openness and open platforms. What is Pfizer pursuing in this area?*



Kristin Peck

Vital statistics

Married, with 2 children
Lives in Connecticut

Education

Graduated from
Georgetown University
and earned an MBA
from Columbia Business
School

Career highlights

Pfizer

(2004–present)

Has held various positions,
most recently:

- Executive vice president,
worldwide business
development and
innovation
- Member, Pfizer's
executive leadership
team

Fast facts

Is responsible for Pfizer's
merger-and-acquisition,
licensing, venture-capital,
alliance-management, and
innovative-business-model
activities

Has worked in private
equity and real-estate
finance at Prudential,
the O'Connor Group,
and J. P. Morgan

The Boston Consulting Group

(1999–2004)

- Principal

Kristin Peck: Pfizer's pilot programs on patient-centered clinical trials and spontaneous-adverse-event reporting are pretty cutting-edge. The former is a trial with one investigator remotely monitoring 600 patients who conduct their trial activities through the Web and local labs, and the latter is collaboration with medical centers and electronic-health-record players to radically improve the way adverse events are reported, measured, and used. We are also playing a leading role in the PACeR (Partnership to Advance Clinical Electronic Research) program in New York, one of the preeminent health-information exchanges being established in the country. In addition, our partnership with Private Access is focused on establishing new Internet-based standards for patient privacy rights that enable better health-care-data liquidity and help connect patients, physicians, and researchers with tailored information, tools, and technology that will lead to more informed decisions about patient care, including clinical-trial participation. We also have a collaboration with Merck and Lilly on the Asian Cancer

Research Group that demonstrates the possibility of setting up open-access research and data sharing for shared value. Last but not least, our work with Sage Bionetworks further illustrates the value of creating industry utilities either in commodity areas, where costs should be shared across the industry, or in knowledge areas, where the synthesis of currently siloed knowledge creates more value and more wins for all participating stakeholders.

McKinsey on Business Technology: *We've spoken about new capabilities needed in pharmaceuticals due to information transparency and the need for tools and services before and after the medicine. Does Pfizer see it this way? If so, what is Pfizer doing about it?*

Kristin Peck: Yes, there are signs that it's happening, and companies are increasing their rate of experimentation with connected-health models. There are numerous examples of companies using real-world insights to drive patient compliance and demonstrate product value or safety.



At Pfizer, we've made investments in Keas and Acacia Living, which leverage the Internet to build and advance integrated health solutions for patients and their families, and health-care providers that advance patient accountability and empowerment and deliver differentiated health outcomes. We also established a partnership with MDxHealth for companion diagnostics in oncology. These are all early experiments, but in general, precision medicine and precision care are important areas of strategic interest to us, and we are actively pursuing strategies and models to develop world-class capabilities in each, to shape the future and meet evolving customer needs.

McKinsey on Business Technology: *You mention pharmaceutical companies conducting studies using real-world data. What do you think about the scores of academics conducting high- and low-quality real-world studies?*

Kristin Peck: This has been a reality for years, as the quality of studies on pharmaceutical products has been variable in the past. The difference going forward is that more data will be available, meaning more opportunities for impactful real-world outcomes research that can improve care. Unfortunately, this may also increase the odds of rogue analyses that grab disproportionate media attention. This is an important area where pharma, academics, private payors, and governments should come together to advance data standards that increase the liquidity of health-care data and define research standards in order to maintain transparency and research integrity while reducing counterproductive noise in the system.

McKinsey on Business Technology: *It sounds like you're relatively active in seeking investments and innovative partnerships. What areas are you most interested in exploring further? And what characteristics are you looking for in potential partners?*

Kristin Peck: Let me make a general statement about connected-health models first. Governments, the private sector, and civil society have to agree on and advance incentives on both the supply side and demand side to sustainably generate medical and business-model innovation that delivers stepwise value to public health. Such models need collaborative innovation at their foundation, as well as a process for value cocreation and risk sharing among partners.

That said, we have a keen interest in pursuing relationships and partnerships with existing health-care players, as well as new entrants in both the precision-medicine and precision-care spaces. Precision-medicine tools, such as imaging, diagnostics, and predictive analytics that come before the medicine, are of interest.

We are also advancing an "empowered health" agenda through partnerships and capability building, and we seek cutting-edge innovators to accelerate these opportunities. These would be in precision-care tools that come after the medicine, such as cheap consumer sensors, devices, or monitors; codified and standardized protocol-based pathways; and behavior-modification tools that leverage behavioral science or behavioral economics. Bottom line: we are interested in tools that help drive superior outcomes for patients. ○