

# KnowledgeLine

03 2011 News and analysis for Pharmaceutical, Biotechnology, and Medical Diagnostic Companies

## ***Joining the conversation:*** Life sciences industry ventures into social media despite regulatory uncertainty

**pwc**

### ***How can the highly regulated life sciences industry fully participate in the social media revolution?***

#### *Highlights*

- A PricewaterhouseCoopers survey of 3,500 consumers in seven countries found that more people go to the Internet (48 percent) to find information to make decisions about their healthcare than to doctors (43 percent)
- Approaching social media as a cross-brand, cross-functional program helps organizations take advantage of existing process infrastructure.
- Social media can help the industry gain insight into how people use and react to pharmaceuticals and medical devices and how they benefit from them.

#### *Integrate piecemeal social media efforts into enterprise-level program*

Establish one enterprise-wide program with well-defined and communicated policies and measures of success.

#### *Move ahead despite regulatory challenges*

Although the FDA has not issued regulations that specifically address social media, life sciences companies can engage in targeted conversations by following existing laws and regulations that apply to customer interaction.

#### *Remain flexible*

Companies must be able to adapt the operating model for their social media program to accommodate rapidly evolving technology and usage trends.

#### *Understand the basis of an effective social media program—listening*

Identify, monitor, and analyze the conversation of targeted communities to glean invaluable customer and market insight. Adhere to privacy regulations and secure any patient or customer data.

## **Social media explosion presents multiple opportunities for customer interaction and market insight**

*While the industry dialogue surrounding social media continues and regulators work toward establishing clearer guidance, life sciences organizations should begin integrating this new interactive channel into their strategic and operational planning.*

### *Social media revolution gains momentum*

The popularity of social media has exploded. Twitter®, Facebook®, LinkedIn®, YouTube®, Flickr®, blogs, and wikis consume an increasingly large chunk of online time (one in every 11 minutes globally).<sup>1</sup> A recent Nielsen study found that two-thirds of Internet users visit social networking or blogging sites.<sup>2</sup> Twitter, only four years old, has already published 10 billion tweets.

A PricewaterhouseCoopers survey of 3,500 consumers in seven countries found that more people go to the Internet (48 percent) to find information to make decisions about their healthcare than to doctors (43 percent).<sup>3</sup> Health-related social media sites, such as PatientsLikeMe, which enables people to share information with others who face similar health challenges, are gaining in popularity.

Marketers in every industry have taken notice, and life sciences is no exception. The social media dialogue, often driven by bloggers and other key influencers, holds the potential for more relevant customer feedback and market insight than any previous communications channel. For the life sciences industry, social media also opens new opportunities to collaborate with scientific and healthcare provider communities on research and product development.

### *Regulatory challenges slow industry's adoption of social media*

Intense regulatory scrutiny of marketing practices and stringent adverse-event reporting requirements have made the highly regulated life sciences industry reluctant to assume an active voice in the social media conversation.

Industry regulators have yet to define the rules for online engagement, but those are forthcoming. A 2009 FDA hearing magnified the need for clear, published guidance for monitoring and responding to interactive content; but responsibility for information posted online remains fuzzy. Testimony from the industry's Social Media Working Group addressed such issues as how to monitor comments that could be construed as off-label product promotion or that could trigger adverse-event reporting.

The industry is keenly aware of its obligations when sharing information about pharmaceutical products, their uses, and side effects. Social media, however, puts control in the hands of its users.

For example, misinformation from a patient's Twitter posting could quickly spread to hundreds of thousands of people and possibly influence them to use a drug incorrectly.

1 The Nielsen Company (Nielsen BuzzMetrics), "Global Faces and Networked Places," March 2009.

2 Ibid.

3 PricewaterhouseCoopers' Health Research Institute, "Healthcast: The customization of diagnosis, care and cure," 2010.

## Social media explosion presents multiple opportunities for customer interaction and market insight—cont.

Despite loss of control over content, the life sciences industry has already ventured into broad social media networks. Companies are sharing videos, setting up Facebook pages, and tweeting about their webcasts, analysts' calls, dividends, and product approvals. These early adopters are testing the waters for the rest of the industry.

Most commonly, life sciences companies have set up disease information sites and online communities to help patients, caregivers, and healthcare professionals find treatment information. Yet most of these sites steer clear of unscreened user-generated content.

The commitment of resources necessary to monitor comments and provide approved instant responses causes companies to shy away from open forums. For the most part, their internal content-approval processes are not designed for high-volume, real-time review and response.

### *Potential to engage and learn from stakeholders beckons*

Even though challenges remain, life sciences companies recognize that they cannot sit on the sidelines because social media presents an unprecedented opportunity for engaging and interacting with patients, prescribers, and targeted health communities.

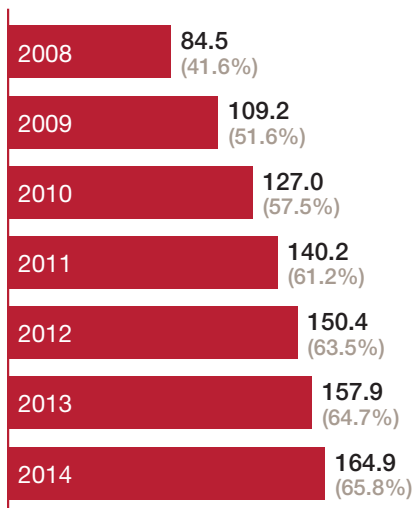
Consumers increasingly expect and even demand that businesses listen to their concerns and will voice them elsewhere if direct access to companies is not available. Companies that hold back for fear of losing control of the message may unwittingly generate distrust and suspicion.

### *Effective use requires a well-planned, systematic approach*

While the industry dialogue surrounding social media continues and regulators work toward establishing clearer guidance, life sciences organizations should begin integrating this new interactive channel into their strategic and operational planning.

Whether life sciences companies are evaluating social media or have initiatives under way, they should consider the following five components for developing a compliant yet results-driven enterprise-level social media program.

**US Social Network Users, 2008–2014**  
(millions and % of Internet users)



Note: use at least monthly via any device

**Social Network Demographics and Usage, May 2010**

© eMarketer

## Address strategy, organization, process, technology, sustainability—and inherent risks

*As social media matures and becomes widely adopted throughout the organization, the need for greater coordination and integration across most functional areas of the business will be critical.*

### *1. Strategic considerations*

The rapid and widespread adoption of social media has left many life sciences organizations reacting to the phenomenon rather than embracing its opportunities more strategically. Companies should answer the following questions before expanding their social media footprint:

- What are the business objectives for adopting social media—risk mitigation, brand surveillance, customer insight, competitive intelligence, education, support, or product awareness?
- At what level will the company embrace social media—therapeutic, brand, or enterprise?
- Which roles will the organization play—listener, participant, or leader?
- Which customer segments should the organization target—patients, prescribers, health communities, other forums?
- What are a manufacturer's risk, privacy, and compliance obligations and considerations in participating in social media?
- What is the company's risk tolerance, and how does that shape the company's view of its monitoring obligations?

These questions and others point not only to the complexity of social media, but also to the potential impact that this channel could have in defining customer engagement strategies and marketing initiatives at the brand and organizational levels.

### *2. Organizational considerations*

Many of the pioneering social media initiatives launched by life sciences companies to date have been self-contained efforts with little or no integration to an overall business objective or customer interaction strategy. As social media matures and becomes widely adopted throughout the organization, the need for greater coordination and integration

across communications, marketing, human resources, legal, and other functional areas of the business will be critical.

Whether a company has already embraced social media or is just beginning, it should evaluate several organizational considerations:

- What resources are required to establish and implement a social media program?
- What are the various functions that support social media, and how do these interact with one another and with other functions within the organization?
- What guidance, processes, and infrastructure are needed to support the organization's social media strategy?

Because social media has implications for various organizational functions, anticipating the impact through proper assessment and planning makes sense. For example, sales and marketing may want to use social media to build trust in the brand. Research and development may choose to use social media as a pathway to recruit clinical trial participants. Product development might seek customer input on how to improve medications or devices. Human resources teams often see social media as a recruitment and employee engagement tool.

To achieve the most strategic use of this new channel, management must assess the needs of each functional area against business objectives. What does the company want to achieve, and how will management measure success? Which functional area will be responsible for legal and regulatory compliance—and for results?

### *3. Process considerations*

Data and interactivity form the core of social media. Each user profile on a social site, each posting on a blog, and each friend invited into one's network generates a vast amount of structured and unstructured data. To derive meaning from this data, life sciences companies must establish mechanisms and supporting processes to

## Address strategy, organization, process, technology, sustainability—and inherent risks—cont.

capture and translate it into intelligence, action, and results. They will need to develop new data models to extract value from this vast new source of market insight and to make it manageable.

Approaching social media as a cross-brand, cross-functional program helps organizations take advantage of existing process infrastructure. They can apply many of the data gathering, analysis, and response protocols that already support other channels to consume and act on information gained from social media monitoring. Defining social media data requirements helps identify existing processes. Key questions to ask include:

- What are the company's standards and guidelines for social media use?
- What processes and procedures exist today for online content generation, monitoring, community building, and engagement?
- What social media monitoring, escalation, and resolution processes need to be implemented?
- What processes, guidance, and policies need to be added or amended to support social media participation?

By identifying and establishing the supporting processes for social media, a company can begin to build a consistent, standards-based approach to launch and sustain social media initiatives.

### 4. Technology considerations

The level of participation in social media largely drives technology considerations. Building a patient community within a company's hosted site, for example, varies significantly from setting up a Facebook page. Notwithstanding the desired level of participation, some baseline technology considerations apply when launching a social media initiative. Following are questions to consider:

- What tools and vendors are available to gather and analyze the targeted information?
- Where will this information be housed, and how will it be used?
- What tools and vendors are available for reporting and distributing metrics, intelligence, alerts, or other required outputs to internal users?
- What points of data integration are required for social media (such as search engine marketing and optimization data and a company's customer master, campaign management system, and marketing analytics platform)?

Companies do not have to start from scratch with technology. They can apply established internal technologies to launch social media initiatives. However, to gain business insight, they should extend technology considerations beyond user-facing requirements to incorporate the ability to analyze data.

### 5. Sustainability considerations

Because social media is one of the most dynamic areas of the Web, companies must realize that the players and practices of today may look different next year and in the future. To stay ahead of this rapidly changing environment, companies should establish a flexible social media program that can adapt to new business uses and adoption models for this evolving channel. Sustainability considerations include:

- How do you monitor evolving regulations and adjust your approach accordingly?
- How do you educate your stakeholders on new social media tactics and technologies that may affect your overall social media program?
- How do you assess the business value and risk of new and ongoing social media initiatives?

## Address strategy, organization, process, technology, sustainability—and inherent risks—cont.

- How do you measure the success of your social media program?
- How do you implement a standard approach to social media yet remain flexible?
- How do you capture lessons learned and the organization's collective knowledge of social media to improve strategy development, decision making, issue resolution, tactics, and operating models?

Developing a sustainable approach should top the list of social media goals. For long-term success, companies should consider channeling much of their intellectual and capital investment toward creating an adaptable model. Management should recognize that a strong commitment at the highest levels of the organization also is essential for the long-term viability of a social media program.

### *A systematic approach*

Despite continual evolution of social media and potentially significant impact, getting started does not have to be an overwhelming or chaotic experience. A methodology that employs a phased approach will help organizations embrace social media in a controlled and systematic manner while applying appropriate resources and mitigating risk. Recommended phases include:

- Assess current needs and wants, as well as internal enablers and barriers to social media.
- Listen (identify, monitor, and analyze).
- Participate in target communities.
- Actively lead and moderate.

### *Define a social media operating model*

Companies must first assess the current state of their social media program. They must understand the needs and wants of the various stakeholders across the organization and identify enablers and barriers.

Life sciences companies must answer legal and regulatory questions before launching social media initiatives. Even passive listening could trigger responsibility for reporting an adverse event.

When hosting its own social media site, a company must carefully assess the risk of allowing medication—and treatment-related conversations that could inadvertently promote off-label, non-FDA-approved use. Should the company screen conversations and comments? Should terms of use spell out such policies?

Any product discussions must comply fully with FDA requirements for accompanying information on approved use and side effects. Links to a product's prescribing information must be easily accessible to users.

### *Listening should drive strategy development*

In their eagerness and excitement to join the social media revolution, companies should not skip the most important responsibility for participation: listening. Listening involves identifying, monitoring, and analyzing targeted social media communities.

Because of the vast knowledge and insight that a company can gain, listening should form the foundation for any social media program. The insight generated serves as a valuable data point for refining a social media program strategy.

Effective listening can enhance the company's ability to focus on its target communities' needs and wants. At the same time, an effective listening strategy should define the social media parameters and guidance that can hold risk to a minimum. Though it might be tempting to dive into a strategy based on predetermined business objectives, such an approach disregards a compelling aspect of social media — the power of communities and individuals to influence a business agenda. A company that listens objectively will reshape its tactics according to the stakeholder conversation.

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## Address strategy, organization, process, technology, sustainability—and inherent risks—cont.

Participating in social media with promotional product pitches and canned messages does not help companies cultivate community trust or build brand loyalty. Engaging stakeholders by understanding their needs and problems and helping them find solutions will build the kind of trust most organizations seek.

### *Make listening well-defined, continuous, and flexible*

Generate the right level of insight from listening by carefully defining parameters and relevant evaluation criteria, such as a site's visitor volume and reputation. Meaningful assessment should include the following activities:

- Evaluate Web traffic to estimate the size of the potential universe and range of influence of social media sites.
- Identify and monitor influencers and key opinion leaders within target communities.
- Develop a sense for what drives high traffic and share of voice for more popular social media sites. Study the demographics of these sites' participants.
- Focus on sites that support user collaboration and two-way communication.
- Understand target-user search engine and networking behavior. Consider how healthcare provider and patient experiences with disease states and treatments influence their search queries and online behaviors.

To gain the most from listening, a life sciences company must approach the task with no predispositions as to the type of information it will find. An approach that offers value to the business adapts as online conversations reveal more about stakeholder opinions.

Health insurers, governments, and consumers increasingly demand more value from their healthcare investment. Social media can help the industry gain insight into how people use and react to pharmaceuticals and medical devices and how they benefit from them. This information can feed into the product development process. This new channel also can help the industry build brand equity, educate the scientific community and consumers, increase patient compliance with prescribed treatments, and ultimately glean information to use in improving the quality and effectiveness of healthcare.

Because social media has cross-functional implications for life sciences organizations, they must develop a well-integrated, cohesive social media program to take advantage of the opportunities of this new channel, overcome the inherent challenges, and address potential risks. It is neither too early nor too late to begin this process.

# Take the next step with social media

## Q&A

Q: Why should my company invest in social media when regulation remains unclear?

A: Social media is fundamentally changing the way we interact with others, how we consume information, and how we form opinions and make decisions. For these reasons, life sciences companies need to start defining and planning how social media will transform their customer interactions.

Q: Why it is important to develop an enterprise-level social media program?

A: The impact of social media cuts across the entire enterprise. It involves strategy (marketing, public relations, risk and compliance, security, brand, public relations), technology (IT project management, Web development, infrastructure, application development, services applications), and operations (legal, privacy, drug safety, regulatory, risk and compliance, marketing analytics, adverse event reporting, corporate security, medical affairs). Establishing a common enterprise-level approach and guidance to social media will help organizations mitigate risk and deliver a consistent customer experience.

Q: Is social media only about marketing?

A: No. Life sciences companies can use social media throughout the product life cycle, as follows:

- Research: Share data with scientific communities; recruit clinical trial candidates

- Development: Gain product positioning insight and sponsor disease support communities
- Acquisition and conversion: Build product awareness and monitor how the product is accepted and used
- Compliance and persistency: Communicate and learn about adherence hurdles
- Loyalty and advocacy: Disseminate information to healthcare professionals and patients and solicit feedback

As social media evolves and the technology matures, the uses for this new channel will expand to other business areas.

## How PricewaterhouseCoopers can help

PricewaterhouseCoopers (PwC) can help you assess the operational requirements and develop a strategic plan to establish an enterprise-level social media program. To find out how PwC can work with you, please contact:

## About PricewaterhouseCoopers

PricewaterhouseCoopers' Global Pharmaceuticals and Life Sciences Industry Group ([www.pwc.com/pharma](http://www.pwc.com/pharma)) is dedicated to delivering effective solutions to the complex strategic, operational, and financial challenges facing life science companies. We provide industry-focused assurance, tax, and advisory services to build public trust and enhance value for our clients and their stakeholders. More than 163,000 people in 151 countries across our network share their thinking, experience, and solutions to develop fresh perspectives and practical advice.

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