Professor Patricia Danzon (danzon@wharton.upenn.edu)
Office Hours: Wednesday 3:30-4:30 or by appointment (Colonial Penn Center 207)

TA: Emma Boswell(eboswell@wharton.upenn.edu)
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OBJECTIVES
This course provides an overview of the management, economic and policy issues facing the pharmaceutical, biotechnology and medical device industries. The course perspective is global, with emphasis on the U.S. as the largest and most profitable market.

We focus on issues that differentiate these industries from most others, including:

- An R&D-intensive cost structure and rapid technological change; the role of biotechnology, genomics etc. in transforming the industry structure;
- A complex global market place in which customers include governments and third party payers, as well as physicians, pharmacists and individual consumers;
- Government regulation of every dimension of the business, including market access (safety and efficacy), pricing, manufacturing, and promotion;
- Continually evolving M&A strategies, including mergers, joint ventures, options-based deals and alliances;
- Global products and multinational firms, with growing tension between the needs and ability to pay of different market segments.

COURSE FORMAT
- Lecture/presentation by instructor and industry guest speakers
- Case discussions
- Student presentations

GRADING

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<td>Midterm</td>
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<td>Final exam</td>
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<td>Term project</td>
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<td>Cases</td>
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TERM PROJECTS
Students will work on a term project, in teams of up to five students. A list of possible topics will be provided or you may select your own topic, subject to approval of the instructor. These projects will be presented in class. The final write-up (max. 10 pages plus optional tables) is due in class on April 9. Please submit an electronic copy via Canvas and bring a hard copy to class.

CASES
Students should come to class prepared to discuss all the assigned cases. Specific questions for each case will be posted on Canvas. An electronic copy of your write-up must be submitted via Canvas by 9am on the day in which the case is to be discussed. Please also bring a hard copy to class. Maximum length two pages (supporting material may be in an appendix). Each 5 person team is responsible for one write-up of each case (shown in italics below), with proportionate adjustment for smaller groups.

READINGS
All course readings are required unless marked as optional on the syllabus. The main concepts/takeaways from readings will be discussed in class and are fair game for exam questions. You are not expected to remember details of specific dates, companies, minor statistics etc.

A.) Most of the readings are posted in the files section of Canvas in lecture-specific folders. You can view or print the readings from Canvas: [https://canvas.upenn.edu](https://canvas.upenn.edu).

B.) All copyright protected readings require payment of a copyright fee. These readings must be ordered through Study.Net, which may be accessed using the link on the Canvas course site. Non-MBA students must pay this fee to Study.Net. For MBA students, it is already collected through tuition.

C.) You have the option to order a printed copy of the Study.Net course pack. Course packs are ordered via Study.net and picked up at Wharton Printing.

The recommended reading order for each lecture is as indicated on the syllabus reading list below. Any updates/changes to the readings will be posted on Canvas. We will send a Canvas announcement whenever a change is made and will post the updated syllabus on Canvas.

Optional but recommended background readings:


CANVAS ACCESS
Registered students will automatically have access to Canvas. Class handouts, updates to the syllabus and other materials will be posted on Canvas. Students auditing the class should forward to [courseware@wharton.upenn.edu](mailto:courseware@wharton.upenn.edu) any permission from the instructor or department to obtain “observer” status for the course on Canvas.

CLASS PARTICIPATION
A component of your final course grade is allocated to your contribution to class discussion. Bring a name card to each class to help us learn your name and guarantee you receive credit for your contributions.
CLASS SCHEDULE AND READINGS

**January 15: Introduction**
  - If you are unfamiliar with the pharmaceutical industry we suggest the following reading order:
    1. “How the industry operates” (pp. 23-31)
    2. “Industry profile and trends” (pp. 12-23)
    3. “Current environment” (pp. 1-11)
- Optional: *Understanding Pharma*, John Campbell – Chapter 1: “Introduction to the Industry.”

**January 20: Global Pharma-Biotech Industry: Structure and Strategies**
  - If you are unfamiliar with the biotechnology industry we suggest the following reading order:
    1. “How the industry operates” (pp. 21-30)
    2. “Industry profile and trends” (pp. 11-21)
    3. “Current environment” (pp. 1-10)

**January 22: R&D: Regulation, Costs and Returns**

**January 27: Marketing and Commercialization: Humira and Gardasil Cases**
**NOTE:** Read both cases, but choose only ONE for write up.
- Case: Abbott Laboratories and HUMIRA: Launching a Blockbuster Drug. [Study.Net]
- Case: Merck: Pricing Gardasil Kellogg KEL 400. [Study.Net]

**January 29: Measuring Value: Cost-Effectiveness and Comparative Effectiveness Analysis**
- Raftery and Powell, “Health Technology Assessment in the UK” Lancet 2013:328.

**February 3: Pricing and Reimbursement 1: Basic principles**
OPTIONAL:

**February 5: Pricing and Reimbursement 2: Regulated Markets ex-US**
- Horn, Nink et al. “Early benefit assessment of new drugs in Germany – Results from 2011 to 2012” *Health Policy* 2014

**February 10: Commercialization and Specialty Pharma** – Tom Fezza, Principal, Global Strategy, Deloitte; and Christopher Brooke, VP Diabetes, Astra Zeneca.

**February 12: Medical Devices: Overview**
  *NOTE: We recommend the following sections and reading order:*
  1. “How the industry operates” (pp. 44-51)
  2. “Industry profile” (pp. 22-43)
  3. “Current environment” (pp. 1-22)

**February 17: Cancelled**

**February 19: Pricing and Reimbursement 3: Orphan Diseases** – Brian Corvino, COO, Decision Resources
- Case: Price and Market Access for Rare Disease Therapies. On *Canvas*.
- Reardon, “Regulators adopt more orphan drugs.” *Nature* 508 April 2014.

**February 24: Corporate Strategy – M&A** – David Gluckman, Co-Head, North America HC, Lazard
- Novartis-GSK deal (to be posted on *Canvas*). Not for write-up.

**February 26: Data for Payers: Dealing with NICE** – Scott Johnson, Principal, MedicusEconomics
  Rescheduled from February 17.

**February 26-27: Midterm (2 hours between 2pm 2/26 and 5pm 2/27)**

**March 3: Pharma Markets in China** – Don Yin, Associate VP and Head, Global Health Outcomes, Merck
March 5: India’s Pharmaceutical Market: I. Overview
  - Subramanian et al. “Market Based Price Controls in India” Pharmaceutical Executive April 2014.

March 10 and 12: Spring Break

March 17: LATAM Pharmaceutical Markets: Brazil and Chile  Dr. Leandro Reis, ANS, Brazil (TBC)
  - Danzon and Furukawa, Cross-National Evidence on Generic Pharmaceuticals NBER 17226 July 2011
  - “Chile: Pharma’s Changing Landscape.” 2014. PharmaBoardroom.com

March 19: India, Glenmark Case; Mexico, Farmacias Similares Case discussion
  - Case: Organizing for Innovation at Glenmark (A) ISB 028 [Study.Net]

March 24: Sales Force Strategies – Jaideep Bajaj, Managing Director, ZS Associates
  - Understanding Pharma, John Campbell – Chapter 9: “Sales.”

March 26: Distributors and Supply Chain – Nate Massari, Charles Cycon and Larry Marsh, Amerisource Bergen
  - “2014-15 Economic Report on Pharmaceutical Wholesalers and Specialty Distributors” by Adam Fein --- Chapter 6 on ‘Forces of Change in Drug Distribution’
  - McKesson Specialty Health, “Real-World data boosts market access and enhances product differentiation” Pharmaceutical Executive

March 31: The Generic and Biosimilar Sectors – Siggi Olafsson, President and CEO, Global Generics, Teva
  - Case: Teva Pharmaceuticals, Ltd. HBS 9-707-441 [Not for write-up]. [Study.Net]

April 2: Venture Capital and Private Equity Financing – Ali Bebahani, Partner NEA Associates

April 7: Washington Update:  FDA & CMS - Mike McCaughan, Senior Editor, RPM Report
  - Frank et al. “Era of Faster FDA Drug Approvals has also seen Increased Black Box Warnings and Withdrawals.” Health Affairs. 33 (8) 2014.

**April 9: Investing in biotech & pharma: How to analyze stocks in a highly specialized sector of the market**
- Mark Schoenebaum, MD, Senior Managing Director, Head of HC Research, Evercore ISI

**April 14: Corporate Strategy/Vaccines- Liz Anderson, former VP Infectious Diseases and Vaccines, Janssen**
- Case: Sanofi-Pasteur: The Dengue Vaccine  HBS  9-514-074 ).[Study.Net]

**April 16: Medical Device Start Ups – David Anderson, President and CEO, Gentis, Inc.**

**April 21 and 23: Presentations**

**April 28: Review /Make-Up Final**