Eli Lilly and Company: Innovation in Diabetes Care
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Introduction

Introducing a new pharmaceutical product or simply a change in formulation to an existing product is no simple task. A great deal of research and a well thought-out plan is needed in order to meet the requirements of the organization and satisfy the needs of the patient. Each phase of the pharmaceutical product life cycle brings its own challenges and requires significant interfacing with vendors, patients, and the Information Technology organizations. The appropriate gathering, analysis and management of the patient’s needs are vital to a successful endeavor. Since 1923, Eli Lilly and Co. has successfully dominated the market share in diabetes care by having a clear understanding of the opportunity, an organized team and a quality product. So why did Eli Lilly drop in overall market share in diabetes care from 1980 to 1995 (Christensen C.M., 1996)?

Mistakes Were Made

By 1984 insulin was viewed by patients as more of a commodity product and at the time Lilly held approximately 50% of the world's market share in diabetes care. By 1995, Lilly was launching Insulin pens which are a literally small insulin disbursement devices used to inject insulin into the patient. Lilly was also introducing a specific type of insulin that could match the human body's normal physiologic excretion method. This new insulin will be referred to as "Match". Likewise Lilly was continuing to market its Humulin product which accounted for 80% of their insulin volume. These three products all came at a price premium compared to your traditional insulin and insulin delivery syringes. It is my belief that the cause of Lilly's decreasing market share was due to
investing significantly in products which customers viewed as simply a commodity. Usually, customers who are satisfied with commodity products will become more price sensitive and will not purchase a product unless there is substantial gain in customer value. Secondly, Lilly and Novo were launching multiple similar products simultaneously in a race to be first to market. This marketing assault of new products was more then customers could absorb (Christensen C.M., 1999). Lastly, the majority population of patient behavior towards the treatment and care of their diabetes was substandard with patients determining their own therapies. To utilize Insulin pens patients would need to effectively monitor and administer multiple insulin shots daily. Changing the behavior of the majority of patients would be the key to success even though it is an arduous and lengthy process for all involved.

**Understanding the Customer**

Any successful endeavor starts with the customer and not only understanding the problems customers are trying to solve but how these problems relate to their needs. It is generally acknowledged that user participation and involvement in product development not only increases customer satisfaction put produces a perception of product usefulness (Terry, 2008, pg.1). To date, the value proposition of “Insulin pen devices have revolutionized the self-management of diabetes. Prefilled insulin pens are preferred by healthcare providers and patients because or ease-of-usage, dosage flexibility, disposability, and widespread availability” (Umashankar, 2010, pg. 1). With regards to an Insulin Delivery System (IDS) a study was also conducted, “to identify characteristics and/or attitudes of individuals with type 2 diabetes who might benefit from using an
insulin pen. Although the results of this study did not definitively identify a target population for insulin pens, it does provide an initial step in this identification. These results suggest that individuals with mental health or psychosocial issues need to have these issues addressed prior to consideration of IDS. Further, those individuals with physical issues such as neuropathy may find both v/s and insulin pen challenging and would be better served using non-injectable alternatives as they become available. However, individuals whose attitudes indicate they value their insulin therapy and are committed to their diabetes management may benefit from insulin pen use. The reduced burden of treatment derived from a pen (2,12) may allow these individuals to achieve and/or maintain the glycemic control they need for improved patient outcomes. (42)“ (Hayes, Fitzgerald, 2009, pg 6). As stated by Hayes and Fitzgerald, based on the characteristics of the patient different therapies may need to be deployed and Lilly can begin the further segment the market space and target specific populations. The study also shows that people who value their insulin therapy will find benefit from the Insulin Pen. With the majority of diabetes patients not effectively managing their disease the key to success will be in educating diabetes patients to value their insulin therapy.

**Influencing the Customer**

To regain the market share Lilly once held it will to educate the population and increase the quality of life for diabetes patients. Lilly's first priority should be in continuing to launch and grow their Controlled Diabetes Services (CDS) program. Lilly's goal for CDS should be to educate the population and begin building a community of patients who "value their insulin therapy". By educating and interacting with the patient via the CDS program Lilly will be able to further understand their patient's pain points
what they view as the basis for competition among products. Additional revenue could also be generated from insures and managed care providers by educating the public the various products available in the market place and how to use them. To help influence the target patient population Lilly would need to establish a favorable link between the use of its Insulin pens and increased patient satisfaction from the administration of insulin. To be successful, the CDS will need to focus on telling patients what to do as opposed to what they need to achieve (Patterson, 2007). By focusing on a handful of vital behaviors the CDS will be able to create a small population of patients that can model the behavior needed to safeguard the body's sugar levels. If the CDS is successful and Lilly continues to focus on the patients the revenue streams from Insulin pens, Match and Humalin should increase.

References:


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