

Zyprexa Product Team
SMEC Pre-Read
Issued July 10, 2002

Performance

Schizophrenia Market

Current situation

Zyprexa dominates the schizophrenia market on a cash basis. We have more than half of the market with the next product (Risperdal) a distant second. The market, fueled by new product launches and increasing promotional spend, is growing steadily. Zyprexa continues to grow faster than the market in Europe and ICR but the month-on-month growth rate is decreasing. In the US, we are experiencing a flattening in sales.

On a DOT basis, Zyprexa share is comparable to Risperdal. We are slightly ahead in the US and a bit below in Europe. The only market where Zyprexa has clearly pulled away from Risperdal is Australia. Seroquel continues its aggressive growth based on Overall, the fastest growing product is Seroquel that has taken market share away from the two leaders steadily since its launch and seems to have gained more momentum in recent months due to AstraZeneca's

The typical situation is very contrasted with conversion rates close to 80% in the US, Canada or Australia and only about 20% in Europe. Although conversion is improving, it has been a slow progression.

Key challenges

Zyprexa is facing a number of challenges in schizophrenia. The competitive pressure is intense with Risperdal, Seroquel and Geodon all targeting the leader. Although we have a leading share of voice, we can struggle against the combined efforts of all other atypicals. The metabolic issues continue to be a deterrent to initiation and a key reason for discontinuation of treatment. This problem is compounded by competitive activities and recent regulatory changes (labels).

Zyprexa is priced at a significant premium and it is not always justified in the mind of the payors. This is an especially acute issue at the high end of the dose range and therefore more palatable in settings where patients are sicker (like US institutions for example). This can induce restriction to access, either directly (pre-authorization) or in more subtle ways (chief pharmacist "recommending" other drugs). It can also entice prescribers to write lower doses, which in turn hurt our ability to fully differentiate.

Finally, the development of Zyprexa in other disease states (Bipolar) and settings (LTC, PCP) might have adversely affected our core franchise. The excitement of the bipolar launch or data dissemination can have taken sales force focus away from schizophrenia and our promotional extension to various customer groups could be diluting our image among psychiatrists.

Opportunities for growth

There are several key opportunities to resume strong growth in schizophrenia. The first one is to accelerate conversion. A strong emphasis on access strategies should considerably expand the atypical market (especially OUS) and will benefit mostly to Zyprexa. In the US, we need to continue to promote high dose use as it works better, and come up with creative pricing strategies to make it possible in a mostly Medicaid market. The second one is to capitalize on the brand promise to further differentiate from the competition and capture more patients. This will be achieved by a strong focus on activities (medical / marketing – Rosetta Stone) that strengthen the brand and a renewed focus and enthusiasm on schizophrenia, hopefully facilitated by the launch of line extensions (Zydis re-launch in the US, RAIM global launch). That emphasis on the brand strengths will help put the issues in context. Finally, we need to invest in specific tactics to

increase length of therapy. We currently lose a third of our patients after a month and half of them in 90 days... There is a tremendous opportunity for growth there.

Bipolar Market

Issues Management

Regulatory

Competition

Customer Programs

Opportunities

Overall Risks

Resource Needs

Requested Topic for SMEC in August
