



Sustainability

Why it's time for Life Sciences companies to quantify their full Societal Impact

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The Life Sciences industry has a long way to go to fully understand, measure, and leverage the Societal Impact of its products and solutions. But do it right, and it can tremendously change companies' strategies and operations, and consumer and investor behaviors. What started as philanthropic efforts in the 1970s has since become the next wave of lasting corporate business transformation.

What is your Societal Impact?

Every company impacts our society, positively and negatively, beyond the arenas of revenue, profit, and shareholder value. The automotive industry connects families, communities, and nations but also contributes to pollution. The media and entertainment industry fosters arts and culture but also spreads misinformation. The Life Sciences industry develops life-saving pharmaceuticals, biotech, and medicines but also struggles with unequal access. Societal Impact has been conceptualized in a variety of ways in corporate strategy, from the many versions of the triple bottom line approach and socio-economic models all the way to sustainability reporting. At its most basic, we see a company's Societal Impact as any positive and negative change that addresses the social challenges of people and their communities.

Understanding and measuring Societal Impact allows us to develop qualitative and quantitative assessments of companies' true value, communicate the risks and opportunities they face, and inform innovation and investment decisions.



Societal Impact and sustainability in Life Sciences

Because the Life Sciences industry currently focuses most of its sustainability efforts on environmental impacts, the discussion around Societal Impact is often incomplete. Many essential dimensions are covered well (e.g., fair employer ratings, diversity and equality/equity of clinical trials, Corporate Social Responsibility programs, access to medicine efforts, etc.). But the tremendous Societal Impact that Life Sciences companies have with their core business, products, and health solutions remains underexplored.

Consider the underleveraging of the industry's Societal Impact through the lens of the 17 UN Sustainable Development Goals. In ESG reporting, standards are established for environmental

impacts like CO₂ footprints, clear water, air pollution, circular economies, and waste management. Yet no clear sustainability standards are set for the broader Societal Impact of Life Sciences products, including health benefits, quality of life, caregiver burden, healthcare system stability, and many more. ESG criteria are among the top three drivers that affect the public's perception of and trust in companies. With global sustainability investment reaching \$35.3 trillion in five major markets, a 55% increase from 2016 to 2020, the focus on Societal Impact will only become more critical to investors and Life Sciences leaders.

A Societal Impact framework to rally around

Campana & Schott's Life Sciences clients put a lot of emphasis on the importance of rigorous Societal Impact assessments in their business strategies and operations. They speak to us about "the impact of their product on the caregiver" and "the shift from making a doctor's appointment to consulting Amazon" and "the overall possibilities of earlier prevention and increased health literacy." The sheer breadth of considerations that can be included in measurement definitions becomes as complex as the question of credible quantification. In Life Sciences, particularly in the field of Health Economics and Outcomes Research (HEOR), there is limited consensus on acceptable elements of value. Health Technology Assessment (HTA) bodies, ESG reporting practitioners, healthcare policymakers, and other stakeholders need to further nurture efforts to agree on a "single" impact inventory. As one leader put it, "One of the shortcomings of any framework right now is its lack of acceptance or even reference by some of our most important health authorities."

A robust framework needs to account for disease specifics and the differences of therapeutic areas when capturing health benefits and unmet medical needs. Economic effects should cover both productivity gains and many more aspects like community spillovers, caregiver burden, the broader community, future generations, and the advancement of scientific knowledge.

Value-based pricing strategies, personalized medicine, digital solutions, and industry shifts from treatment to cure and prevention also deserve reflection. After all, a fulsome Societal Impact framework needs to honestly cover adverse medical and financial effects to gain credibility and trust in society. Gone are the days when a financial bottom line was the sole driver of a company's decision-making, operations, and success – and rightly so. Companies can transform in profitable ways and simultaneously increase positive Societal Impact. This, in turn, will drive a more sustainable future and give everyone something to rally around.

Join the discussion

The COVID-19 pandemic has shone a light on the intersection of Life Sciences, Societal Impact, and sustainability. It is at this intersection that end-to-end business transformation will be found, especially with the bump to the industry's reputation during the pandemic presenting new opportunities that can be taken up.

Now is the time for a repeatable, competitive framework that reflects Societal Impact in all its diversity. Together with our clients, we identify what should be measured, what has not been measured before, and how frameworks can be made as credible as possible.



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