

## Drugmakers and Healthcare Providers Report Various Exposure Levels to CrowdStrike IT Outage

*(Source: An article by Angus Liu for FiercePharma and a daily briefing published by the Advisory Board)*

While the international IT outage caused by cybersecurity specialist CrowdStrike—and subsequently Microsoft—has grounded airlines and forced cancellations at hospitals, the experience from the meltdown appeared different at large pharmaceutical companies.

About 5% to 10% of computers at Biogen have been affected by the CrowdStrike issue, but Biogen has “not identified any business continuity concerns,” according to a company spokesperson.

“Our global IT team is in the process of restoring impacted systems and proactively checking for any other impacts,” the spokesperson added.

Given the global scale of large pharma companies and how the CrowdStrike update has also disrupted some widely used services from Microsoft, it’d be understandable that some workers or operations in the life sciences industry may be affected. But so far, it’s unclear if the problems have crippled any key operations such as manufacturing, clinical research and patient access to drugs.

In a statement on Friday, Amgen acknowledged that it’s a CrowdStrike customer.

“We are currently assessing impact and are working to recover impacted systems as quickly as possible,” the California company said.

The widespread IT outage has been linked to a software update from CrowdStrike, which caused Windows to malfunction. CrowdStrike CEO George Kurtz said in a statement that the incident was not caused by a cyberattack, and that the issue “has been identified, isolated, and a fix has been deployed.” He also confirmed that Mac and Linux systems were not affected.

The Microsoft outage affected GSK, and the British drugmaker has been working to solve the problem.

Fellow British drugmaker AstraZeneca isn't seeing “any significant impact,” the company said in a statement, stressing that its supply chain is “robust.”

“We continue to assess and monitor the situation closely,” AZ said.

Other companies confirmed that they are not CrowdStrike customers.

“Novartis is not using CrowdStrike software, and we are monitoring the situation closely,” a Novartis spokesperson told Fierce Pharma. “We have business continuity plans in place.”

The two diabetes and weight loss giants, Eli Lilly and Novo Nordisk, both reported business as usual. Sanofi and Roche’s Genentech said their operations were not affected because they

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### In Brief...

- ◆ **Johnson & Johnson** reported better than expected second quarter results, with revenue, driven by strong sales of its drugs, including cancer treatment *Derzalex* and the psoriasis blockbuster *Stelara*. Revenue of US\$22.4 billion surpassed consensus estimates of US\$22.3 billion. The company raised total sales estimates from US\$89.2 billion to US\$89.6 billion, compared with the previous year’s forecast of US\$88.7 billion to US\$89.1 billion.

- ◆ **Pfizer** opened a US\$743 million expansion to its active pharmaceutical ingredient (API) plant in Singapore. The expansion will create 250 additional jobs, and manufacturing at the facility has already begun. This expanded facility will not only grow the overall manufacturing footprints but will strengthen the company’s ability to manufacture lifesaving breakthrough medications, according to a company official at the facility ribbon-cutting ceremony.

- ◆ **Sanofi** is working toward expanding its workforce at its global capacity center in Hyderabad, India with a US\$437 million investment. The investment will stretch through the end of the decade with the initial investment of US\$109 million by next year. The facility currently employs around 1,000 people and will grow to over 2,600 employees over the next two years, making it the largest of Sanofi’s four global capacity hubs. The other three hubs are located in Budapest, Hungary, Bogota, Colombia and Kuala Lumpur, Malaysia.

- ◆ **Amazon Japan** has announced that it has rolled out an online pharmacy service in Japan in partnership with major

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## China’s Public Payer System Challenged to Support the Domestic Innovative Drug Market

*(Source: An article by Dexter Yan for Scrip Citeline)*

As pharmaceutical firms in China deal with the challenge of insufficient reimbursement for innovative medicines provided by the National Basic Medical Insurance Fund, the country’s single public payer, one question remains – how much should the fund pay to help create a domestic market that could support the growth of the novel drug sector?

While this question has yet to gain traction in a broad sense, one industry insider is trying to approach the challenge in a different way. Yinxing Wang, chairman and CEO of Beijing-based Jacobio Pharmaceuticals Co., Ltd. (a small molecule-focused biotech) recently suggested that a domestic market providing combined annual revenues of ¥300 billion (US\$41 billion) should work well to provide sufficient internal demand for homegrown innovative drugs.

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## CrowdStrike Outage (cont'd.)...

don't use the related software or IT solutions.

Meanwhile, several healthcare facilities such as Mass General Brigham have reported disruptions to providers' access to clinical systems, including patient health records and scheduling.

It was the same case at Cone Health in North Carolina who also canceled many treatments, procedures, and surgeries.

Tufts Medical Center remained open and on Friday was "operating under an emergency management structure as we await resolution of this disruption," according to a spokesperson.

Robert Wood Johnson (RWJ) Barnabas said some clinical and patient computer systems at its hospitals were not working correctly. And according to Robert Cavanaugh, a spokesperson for RWJ Barnabas, the outage also disrupted the telephone system at RWJ University Hospital.

Meanwhile, St. Joseph's Health's computer systems were affected by the outage, but "patient care has not been impacted and our hospitals, physician practices, and outpatient facilities remain open," according to a spokesperson.

UVA Health, a health system associated with the University of Virginia, was also impacted by the outage and closed its ambulatory clinics except for its Cancer Center, as well as outpatient radiology and imaging.

According to Neil MacDonald, VP and distinguished analyst at Gartner, the CrowdStrike outage was the largest in a decade, and despite assurances from CrowdStrike, MacDonald said he doesn't believe the recovery process will be smooth.

"I've seen some CrowdStrike comments [that] it's fairly straightforward to fix, but it's not in the sense that you have to get Windows into safe mode, which bypasses the CrowdStrike driver, then remove the offending file and then do a reboot," he said. "In many cases, it's going to require the end user to do that — maybe an IT person. Yes, it's simple, but it doesn't lend itself well to automation. ... It will take time."

## China's Public Payer (cont'd.)...

Before starting Jacobio in 2015, Wang co-founded Beta Pharmaceuticals Co., Ltd., one of the first Chinese biotechs to be established by returnees from the U.S. in the early 2000s.

"Backed by the internal [China] market, there will be no [financial] problem for Chinese innovator drugs to go global," Wang predicted in a panel discussion during the Bio Tonaca Conference in Suzhou in July.

Although Wang stopped short of elaborating how a domestic market that large could be realized, executives from other major Chinese pharma companies explicitly pinned their hopes on the country's public payer, which assumes most of the financial burden for the reimbursement of novel drugs in China.

Previously, executives have expressed concern over the deep price cuts imposed on novel drugs that qualify for such reimbursements in China, a situation that has been blamed for dragging down the sector's overall sales growth. The discounts, which have averaged more than 50% in previous rounds of price negotiation, are required in exchange for entry into the annually updated National Reimbursement Drug List (NRDL), which in return usually provides substantial volume growth.

For China's public payer, however a US\$41 billion novel drug market as laid out by Wang suggests too big a deficit for it to close, based on the fund's current spending on such drugs.

In 2023, it spent roughly ¥90 billion (US\$12.4 billion) on innovative drugs covered by the NRDL. The NHA is tasked with the supervision of the National Basic Medical Insurance Fund and manages the NRDL, as well as organize annual price talks.

It is estimated that the Fund would increase to more than ¥100 billion (US\$13.8 billion) in 2024 and beyond. Meanwhile, payers other than the Fund, such as commercial insurance companies, would also need to meet higher demand for novel drugs in China. As of the end of 2023, China's public payer was sitting on a cash pool of ¥3.4 trillion (US\$468.8 billion).

## In Brief (cont.)

pharmacy chains including **Ain Holdings** and **Welcia Holdings**.

The service covers everything from remote medication guidance through to the delivery of prescription drugs. The use of the service, named Amazon Pharmacy, requires an Amazon account and electronic prescriptions. So far, approximately 2,500 outlets of nine pharmacy chains have registered with Amazon for providing online drug guidance. Once the patient has uploaded a picture of their prescription, they would then select a pharmacy and receive online guidance via a video call. They would then have the option of picking it up at a pharmacy or having it delivered directly to their home.

- ◆ **Eli Lilly**, the maker of *Mounjaro (tirzepatide)*, has announced that the drug has been approved in China for the treatment of obesity. The approval came one month after Novo Nordisk's *Ozempic* was approved for weight loss. *Ozempic* was approved in China for the treatment of diabetes in 2021. *Mounjaro* is now approved for patients with a BMI of over 28kg/m<sup>2</sup> or over 24kg/m<sup>2</sup> and at least one weight-associated complication such as high blood pressure. As noteworthy, *Mounjaro's* active ingredient, *tirzepatide*, in a head-to-head trial against two other GLP-1 indications, was a more effective weight loss treatment. After the use of *tirzepatide*, patients lost an average of 5.9% after three months, compared to 3.6% for those using *semaglutide*.

- ◆ **Bristol Myers Squibb's** CEO, *Chris Boerner*, said the company is "increasingly confident in [BMS's] ability to navigate the impact of the IRA on *Eliquis*" now that the company has the maximum fair price in hand that Medicare intends to pay for the drug. Boerner made the announcement on the company's second quarter earnings call, when he also reported better-than-expected second quarter revenue and raised its guidance for 2024 based on gains seen across growth and legacy products.

- ◆ The **U.S. Federal Trade Commission** published an interim report on the prescription drug middleman industry that underscores the impact that pharmacy benefit managers (PBMs) have on the accessibility and affordability of prescription drugs. The report details how increasing vertical integration and concentration has enabled the six largest PBMs to manage nearly 95% of all prescriptions filled in the United States.

(Sources: Company Press Releases, Drug Store News, FiercePharma, Pharma Japan, Reuters, and Scrip Citeline)