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Thank you, Rich. I'm very pleased to be here and to have an opportunity to participate in the PharmEHR Summit and this discussion of electronic health records.

I'd like to share a few thoughts this morning about how GlaxoSmithKline sees healthcare evolving and how we see electronic health records fitting into that shifting landscape. I'll also touch on how we are adapting our business to take advantage of the opportunities we see in this ever-changing marketplace.

The bottom line is that we see great potential for EHRs to complement and strengthen the work we do every day to improve patient health. And that goal – improving patient health – is the foundation of our work at GSK.

We think the continued development and adoption of electronic health records will be essential, if we are to be successful in improving how care is delivered and paid for in the United States.

We see EHRs as critical to improving the use of evidence-based medicine and treatment guidelines, to coordinating care, to measuring quality and in shifting to a healthcare system based on value, not volume.

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We all know that the healthcare environment is evolving rapidly. Providers, patients and payers all want more affordable, accessible and higher quality care.

Those are GSK's goals, as well. In fact, for some time now, we have advocated for healthcare based on a "Triple Solution" of prevention, intervention and innovation. We believe a focus on prevention, appropriate intervention and continued innovation, particularly with a focus on chronic diseases, can improve health and rein in costs.

Consider these facts:

- Approximately 75% of our healthcare spending today goes to treating chronic diseases
- Almost half of all Americans have at least one chronic disease
- Chronic diseases cost our country over a trillion dollars in lost productivity every year.

Those numbers are striking. But, fortunately, many of the chronic diseases that harm health and drive healthcare spending are preventable and treatable.

In terms of prevention, think about this: every year, between 40,000 and 50,000 adults die from vaccine-preventable diseases. That's more deaths than from breast cancer, or prostate cancer, or colorectal cancer, or automobile accidents.

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In the area of intervention, if we could adequately screen for diabetes and appropriately treat diabetic patients, we could significantly lessen the burden of Type 2 diabetes, and cut down on the 80,000 amputations done each year that result from poor treatment.

And, in terms of innovation, think about what has already been accomplished. In the last 20 years, overall survivor rates for cancer in the US have increased by 25% and the death rate from HIV/AIDS has fallen by 70% – thanks to the medical innovations.

I believe further progress against chronic disease can be made if we apply EHRs to appropriately capture, share, and use health information. Not only will electronic health records help improve prevention and treatment of disease, but they will be helpful in supporting innovation by providing data about the delivery and payment for care in diverse settings and among different patient populations.

Just improving adherence to clinical guidelines could drive real improvements in care. Today, a typical patient in the US receives evidence-based medical treatment only 50% of the time. If we could increase that by half, just think about the benefit to patients.

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EHR's promise is a more informed, connected and effective healthcare system, all of us will need to work together to make changes in what we do and how we do it.

This won't be easy. Change is good, but it's often hard. I speak from experience. At GSK, we have fundamentally changed the way we market and sell our medicines and vaccines. We have done this so we can continue to succeed in a very rapidly evolving marketplace.

We have implemented new organizational structures, we have mandated new competency and training requirements for our employees, and we have reformulated the basis on which we provide incentive compensation to our professional sales representatives.

The changes we have made reflect what we have learned about how physicians want to interact with our company. They're also based on our own assessment of how we can more effectively serve providers and payers to help get the best possible care to their patients.

So, we have done a lot of work to be responsive to the changing expectations of those we serve. But, just as importantly we made these changes to ensure that we're living up to our own expectations for how we should be conducting our

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business. We want to make sure that everything we do is aligned with our four company values of transparency, integrity, respect and focus on the patient.

For instance, we understand the need to be open about how we are operating. We also understand that transparency is a key factor in earning the trust of our stakeholders. We have implemented a number of initiatives to improve the transparency of our activities. So we have voluntarily made changes to be more transparent in areas such as clinical trial reporting; payments to healthcare professionals for speaking, advising and research; and funding for Continuing Medical Education.

At GSK we have been making changes ... but what does all this mean out in the field? And how will the adoption and use of electronic health records impact all of this?

What brings it all together for me is the most significant trend in the healthcare marketplace: consolidation. Physicians are increasingly joining group practices. Physician hospital organizations are adding hospitals. Integrated Delivery Networks are buying up hospital systems. Providers who need to better manage their practices and to achieve the economies of scale necessary to work effectively with payers are driving this consolidation.

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Healthcare reform, of course, is accelerating it. In fact, we anticipate that by 2014, 65% of all physicians will work in group practices.

In addition to changing the economics of healthcare, this consolidation is creating a significant opportunity to better coordinate care. And, electronic health records, will be an essential element in capitalizing on that opportunity.

Consolidation is also impacting how we work with providers and health plans. We're finding that as more healthcare providers move into large health systems or integrated delivery networks, decisions on purchasing and utilization are more and more made from a central office. So, our sales professionals now have to work in a different way.

Make no mistake, our customers continue to see value in the knowledge and expertise our sales professionals provide on the appropriate use of our medicines. But physicians want more now.

They are asking for not only product expertise, but help with disease education and for care management strategies that can help improve outcomes.

Increasingly, they are looking for us to be a business-to-business partner who can help deliver solutions that support their efforts to deliver evidence-based care.

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So, given the consolidation we're seeing among providers, and our understanding of what they value from us, we have changed how our sales representatives are organized. Rather than predominantly organizing around our brands, we have moved to a model where we are organized around different customer types, such as Corporate Health Systems or Integrated Delivery Networks.

As we have aligned around our customers, we have become an account-based organization. In the past, we may have had multiple sales professionals, each assigned to different products, calling on a physician or a health plan. Now, rather than having multiple sales professionals calling on a healthcare provider, where appropriate, we are moving to a model in which a single individual is responsible for managing that account. They are responsible for bringing in specialists from within the company to meet specific customer requests and needs.

In this model, we have sales professionals who represent a portfolio of products in a particular therapy area, rather than a single medicine. Essentially, we're moving from a transactional, product-focused model to a model focused on delivering clinical solutions, disease education and care management strategies.

Along with these changes, we have also implemented a new method for providing incentive compensation to our professional sales representatives. Under the new program, our reps continue to be compensated with a competitive mix of salary

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and bonus. But bonuses for our sales professionals who work directly with customers are based primarily on the service they deliver and not on achievement of individual sales targets.

Instead, incentive compensation for our professional representatives is based primarily on three factors:

- first, sales competency, which is based on a comprehensive assessment of the professional representatives' sales behaviors and competence. These include their scientific and business knowledge, and their ability to effectively engage with customers during sales interactions
- second, feedback from customers in their region, including how well they demonstrate our values of transparency, respect, integrity and focus on the patient
- and third, the overall performance of the business unit they support.

To measure sales behavior and competence, we have developed a robust methodology to gather data and information that enables us to evaluate the sales competence and performance of our sales professionals. We do this on a common basis across geographies and business units, and in a way that also takes into consideration different job grades.

Even though we're not providing incentive compensation based on scrip volume, our methodology measures a number of behaviors that are essential to good

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selling. For instance we assess our representatives' on their ability to plan, to ask insightful questions and to engage in patient-centered dialog with the physician.

Again, because they are sales professionals, we also assess their ability to ask customers to prescribe GSK products for appropriate patients consistent with the product label.

I believe the changes we have made in how we are organizing our business and working to better serve our customers will be complemented by the development and adoption of electronic health records. EHRs have the potential to provide healthcare practitioners with important information that can be referenced at the point of care, such as up-to-date product label information and new or emerging risk information.

But even with that, our professional representatives, with their in-depth knowledge of the medicines they support, will continue to play an important role in providing information and service to physicians.

Let me share with you a couple of examples of how we see synergy between the role of the professional representative and the electronic health record.

For physicians, access to up-to-date label information, relevant alerts or REMS and peer review articles that can be extremely valuable at the point of care. But

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there are instances when even this information can be augmented by the expertise of a highly trained professional representative. In our oncology business, some of our medicines are administered by infusion. Our trained sales professionals can add real value in ensuring that these medicines are administered properly during infusion treatments by reviewing and explaining administration information with the physician. In this instance, the role of the rep and the EHR are complementary and both can contribute to better patient care.

Another example where I see electronic health records being complementary to the work of our trained professionals is in our Respiratory Care Connection program. In this program, we employ 75 respiratory care educators who focus on improving care for asthma and COPD patients. We implemented this program because we saw a need to help healthcare practitioners by providing education to improve outcomes.

Each of our respiratory care educators is required to have a clinical qualification in a field such as nursing, pharmacy, or respiratory therapy. In addition, they must undergo specialized training on respiratory care and to be certified by the National Asthma Educator Certification Board.

I should note that our respiratory care educators are not sales persons and are prohibited from discussing specific medicines with healthcare providers. They

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must refer all questions on a specific brand medicine to a sales professional or a regional medical scientist.

Their job is to educate at all levels in a practice – working with the physician, the clinical staff, and the front office. The idea is to create a common understanding of the disease and why changing behavior is important. It gives the entire office the opportunity to be part of changing behavior and improving health outcomes.

How they achieve that varies according to the needs of each medical practice. For example, the educator may work with medical staff to customize a better system for evaluating and diagnosing patients, as well as identifying patients whose disease is not controlled. They might share educational materials to help the patient keep track of their symptoms and potential asthma triggers or they might teach staff to demonstrate use of inhalers.

Ultimately, the goal is a more knowledgeable patient who can take greater control and accountability of their own care. The measure of success is the same for both healthcare provider and GSK educator – reduction of symptoms, better disease control, and fewer trips to the emergency room.

I see this as a clear example where the information contained in the electronic health record can be a useful tool, but can be complemented significantly by the work of a trained GSK professional representative. There is truly synergy here.

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So, let me wrap up here with a couple of key points. The market is changing. And it's changing rapidly as all players – payers, providers and patients – look for improved quality, lower costs and better access. Providers are consolidating in response to these market forces and because of healthcare reform.

Because of these trends, those of us who work in healthcare have to look at what we're doing and how we're doing it to ensure that we our carrying out our business in a way that aligns with the evolving needs of our customers and our other stakeholders. In many cases, that will mean we have to adapt what we do to take advantage of new ways of working and new technologies, such as electronic health records.

In the end, we all have a responsibility to work together in new and better ways to improve our healthcare system, so we can meet the needs of those we all serve – the patient.

Thank you.