

Drug Pricing from Hemisphere to Hemisphere

A guide to global pricing management

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WHITE PAPER

How you price your drugs is a big, important decision. There's a lot that goes into launching a drug, as each country differs greatly in terms of its population, regulations, and how it perceives value. Before launching a drug, manufacturers need to analyze their market access strategies, supply chain capabilities, and target country regulations.

Pricing is a complex and often manual process. Many companies lack a dedicated, comprehensive system that gives their teams around the world visibility into global pricing. In turn, this lack of collaboration results in internal misalignment on global pricing decisions, and without real-time data and analytics, these teams can struggle to take the right action in both the short and long term.

Additionally, the industry's shift to value-based pricing has created an urgent need to price effectively by value and indication. In some cases, based on the condition the drug treats, companies may be able to achieve pricing in elasticity, which shifts the focus from pricing strategies to optimizing market access.

This white paper outlines how you can better manage product pricing around the globe from launch to retirement and ultimately, boost your margins.

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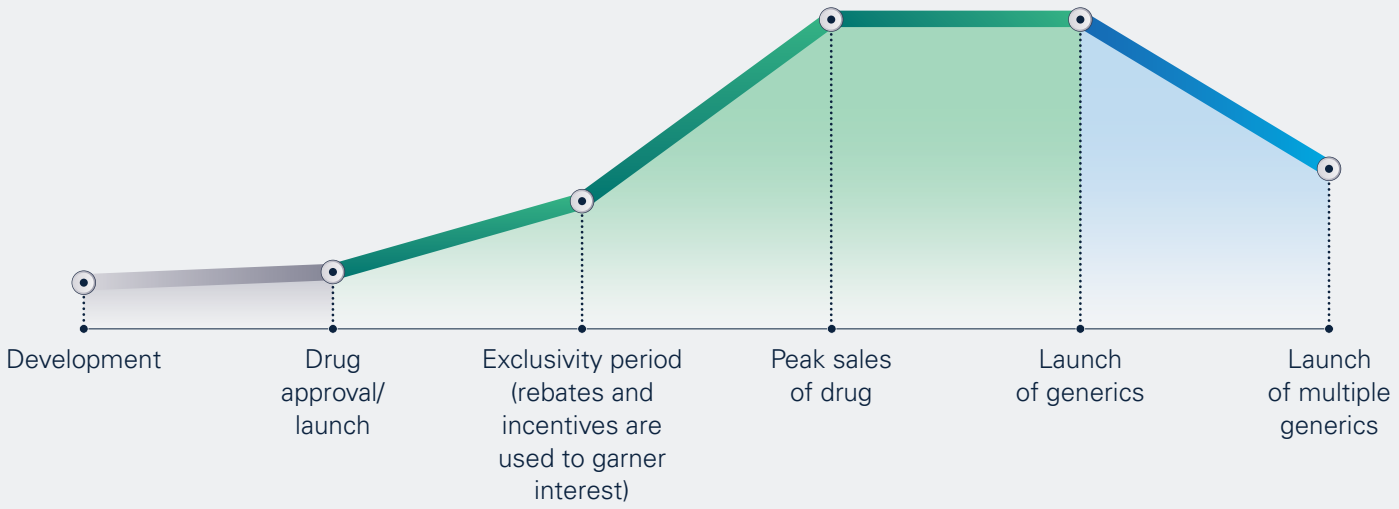
The importance of getting pricing right

Mispricing and mismanaging prices globally can be costly. Poor product launches and inaccurate market forecasts lead to multi-million dollar mistakes. Since 2014, the average cost to bring a drug to market has increased by approximately 65%, reaching $2.23 billion in 2024.[1] Despite ongoing efficiency improvements, launch performance challenges persist in a manner that's consistent with Bain & Company research: Approximately 50% of launches still underperform analyst expectations, and more than 25% fail to reach 50% of forecasted revenue.[2] That means it's become more important than ever to maximize revenue right from the start.

But alongside the growing pressure to get pricing right, global pricing management has proved to be a logistical headache. Each country uses different pricing regulations. While many rely on international reference pricing (IRP), in which one country cross-references prices from other countries to influence prices in their country, the rules vary widely.

With so much riding on pricing decisions, you must have access to accurate pricing and reimbursement data to effectively roll out and manage product launch and pricing strategies. But if you're like most companies, you're employing substandard and siloed methods and technologies to collect and analyze this valuable data.

Drug lifecycle



[1] Deloitte. "Be bold, be brave: Measuring the return from pharma innovation." March 2025.

[2] Rafael Natanek, Christoph Schlegel, Michael Retterath, and George Eliades. "How to Make Your Drug Launcha Success." Bain & Company, September 6, 2017.

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Challenges with reference pricing

75+

countries use some form of IRP.

IRP is one of the most widely used drug pricing mechanisms globally. As of 2025, more than 75 countries use IRP, formally or informally,[3] with nearly all European Union member states employing it.[4] Australia, Brazil, Canada, Japan, New Zealand, and South Africa are other major markets that leverage reference pricing.

The United States historically took a different approach, with drug pricing less regulated than in many other developed markets. That began to shift in May 2025, when the administration issued an executive order establishing Most-Favored-Nation (MFN) pricing as a federal policy objective.[5] Under MFN, the U.S. expects pharmaceutical manufacturers to offer the absolute lowest price for drugs available among the referenced nations.

As can be seen with MFN, countries that use IRP apply different approaches. Reference baskets can vary considerably in size. While best-practice guidelines recommend baskets of five to seven countries, some countries reference four times that many.[6]

And determining prices isn't just about the number of countries in the reference basket. Some countries use an average of reference prices, some take a weighted average, and others rely on the lowest price within their basket.

However, IRP is just one component of a country's pricing and reimbursement system. In the United Kingdom, prices are set based on assessed clinical value and agreed-upon rates of return.[7] And in Germany, the government uses clinical evaluations, manufacturer negotiations, and an arbitration system to establish pricing for new drugs.[8]

[3] Milena Izmirlieva. "Application of International Reference Pricing Rules to Forecast Pharmaceutical Launch Prices in 5 European Countries." Value in Health. January 2026.

[4] Christen Linke Young, Richard G. Frank, and Rachel Sachs. "International reference pricing for prescription drugs." Brookings. July 9, 2025.

[5] Executive Order 14297. "Delivering Most-Favored-Nation Prescription Drug Pricing to American Patients." May 12, 2025.

[6] M. Izmirlieva. "Does Proposed IRP Introduction in the US Align with Current IRP Trends and with Best Practice Guidelines?" GlobalData.

[7] UK Parliament. "How are medicines prices set in the UK?" June 25, 2026.

[8] Gemeinsamer Bundesausschuss. "The benefit assessment of medicinal products in accordance with the German Social Code, Book Five (SGB V), section 35a."

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This complex web of pricing schemes means that pricing decisions in one country can have ripple effects across other markets. Countries frequently change their reference baskets, formulas, and pricing rules, further complicating those relationships. Take, for example, recent research published in Value Health, which showed that changes to reference baskets alone could have reduced modeled maximum launch prices in Canada by 39% and increased prices in North Macedonia by 30%.[9]

Managing all this data associated with global pricing is increasingly difficult without a robust system that all global pricing teams can use. Without accurate and accessible information, decisions could have a sizable, direct impact on global revenue.

In addition to managing the data, you also need to keep information – from rules to formulas – on the complex network of reference basket countries up to date and accurate.

Key recommendations:

- Capture formulas and apply them based on the drug type in the IRP calculation.
- Analyze the impact on the country's price due to uncertain future events before you make a change.
- Run simulations to identify what to do and what not to do.

[9] Milena Izmirlieva. "International Reference Pricing: Impact of Changing the Basket of Reference Countries on Ability to Reference and on Drug Launch Prices in 6 Markets." Value Health. May 2026.

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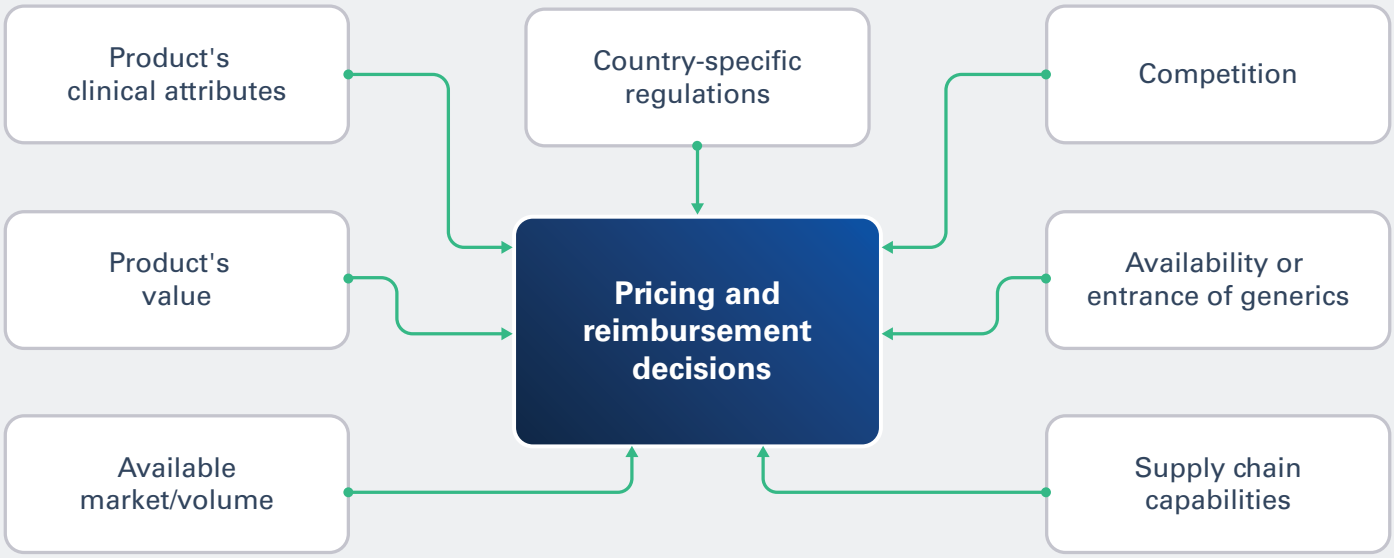
Global launch challenges

With growing competition, longer research and development cycles, and condensed time to peak sales, the importance of correctly launching a drug has skyrocketed. The market launch sets the path for future success or failure.

While specific tracking of launch momentum patterns has become less standardized, market data suggests that launch trajectory remains a significant predictor of ongoing performance. Recent research emphasizes that successful launches focus equally on product differentiation (via messaging and post-launch data), customer experience, and organizational structure. Budget allocation for market access activities now typically encompasses competitive intelligence, health economics studies, digital engagement strategies, and patient support programs, reflecting a shift from traditional launch spending.

Simply identifying and prioritizing the countries that pay the highest prices for drugs isn't a winning strategy. You need to take a look at multiple aspects and approach your launch plans on a global scale. Just one aspect could impact your overall revenue. For example, if you were to focus on entering only the markets that would pay the highest price first, you may miss out on markets that could provide more volume and thus more revenue earlier in the drug's lifecycle.

Considerations for launch strategy



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Keeping all these market realities in mind is critical to developing a successful launch plan. There are 196 countries in the world, including Taiwan. If you only include the top 30 markets in your launch plan, you could miss out on 15% of your potential revenue. And if your product targets a niche population, this oversight could be costly, as these often reside outside developed markets.

When determining your launch strategy, pay careful attention to reference pricing. You may find that avoiding certain markets is actually a profit-maximizing strategy. Of the new medicines launched between 2017 and 2021, 78% recorded sales in the U.S. by the end of 2022, compared with 42% in France, 36% in Canada, and 33% in Switzerland.[11] Reasons for this could include required concessions, length of negotiations, and the possibility that low reimbursement prices could trigger lower prices in reference markets.

Launching a product is not a one-time activity; it's a continuous process. Many inputs go into this process, and they will not be static. You need visibility into these changes and the ability to efficiently adjust your analysis to optimize your launch sequences.



According to Deloitte, a key reason for missing launch expectations is **limited market access** – caused by lack of coverage, greater than expected discounts or rebates, and unfavorable formulary placements.[10]

A global launch strategy creates an unmanageable number of permutations	
10-country launch	20-country launch
3.6+ million permutations	**$2.4x10^{18}$** permutations

While you may be tempted to outsource launch sequencing, this approach is costly. With the right tools in-house, you can develop a more cost-effective, accurate, and agile approach to:

- Carefully balance price, time-to-market, and interdependencies from reference practices.
- Account for dynamic pricing policies driven by a complex set of country rules.
- Leverage tools to help you manage multiple, simultaneous product and indication launches across a global landscape.
- Continuously refine and optimize your launch strategy to protect your revenue.

[10] Jeff Ford, Natasha Elsner, Tom Fezza, and Ankit Arora. "Key factors to improve drug launches." Deloitte.

[11] Patented Medicine Prices Review Board. "Meds Entry Watch, 8th Edition." May 2024.

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Key pricing success factors

Follow these best practices to streamline management, optimize global prices throughout the product lifecycle, and reduce margin erosion.



Ensure collaboration and alignment among country, region, and global teams.
By using a common platform, teams can make more informed decisions about all aspects of pricing, including contract and tender commitments. This eliminates the silos that can lead to contract non-compliance, penalties, and lost revenue.



Leverage sophisticated tools to make informed decisions.
Because a price cut in one country will cause a ripple effect across other markets, you should weigh the trade-offs before deciding. Running simulations on IRP or other pricing scenarios lets you see how a change in one price could affect your overall revenue.



Gain a deep understanding of your competitors' strengths and past behavior.
By capturing and analyzing competitive information, including price points, reimbursement information, and value delivered, you can refine and strengthen your market access strategy.



Establish processes and governance.
Define clear roles and responsibilities for your teams, as well as pricing policies and out-of-policy protocols. With solid guardrails in place, you will have better visibility and control, so you can avoid issues and protect your prices and revenue.



Create a single repository of trusted, reliable data.
Multiple data repositories and disparate systems make it hard to get information. By arming your teams with a complete picture of your pricing, competitors' prices, reimbursement data, country reference rules, indication and launch information, and sales and budget data, you can get better, faster answers to your business questions.

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Optimize and protect revenue throughout the commercialization process.

Model N Global Pricing Management helps you increase process efficiency and adhere to complex pricing regulations.

Launch planning
Establish pricing models that align with your brand strategy with help from CCX. Apply those strategies to all aspects of market access, including price management, contract execution, rebate management, and analysis, with Model N Global Pricing Management.

Global Launch Excellence
Create realistic launch sequences by combining accurate price data, volume forecasts, and optimization algorithms.

IRP simulations
Proactively drive pricing policies by monitoring pricing and reimbursement events and evaluating the impact of pricing decisions on reference pricing ecosystems.

Competitive pricing
Capture competitive information and integrate third-party data to understand pricing trends and analyze your decisions in the full context of the market.

Data verification
Drive better data quality by periodically verifying data on country rules, prices, and reimbursements.

Analysis
Utilize built-in analytics and dashboards to design and execute your global market access strategies.

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Empower your global pricing teams with Model N Global Pricing Management



Realize better prices throughout a drug's lifecycle.



Boost margins and mitigate price and revenue erosion.



Execute pricing strategies more effectively.



Gain real-time visibility into the impact of your pricing decisions.



Drive better business governance with unified pricing and data processes.

48 of the 50

Trusted by 48 of the 50 largest pharmaceutical manufacturers, Model N delivers the industry's only end-to-end global revenue management platform that ensures commercial excellence.

Ready to maximize pricing around the globe?

Get the insights and controls you need to more efficiently track and govern prices, optimize launch sequences, and simulate IRP events. Request a demo of Model N Global Pricing Management.

Schedule a demo

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