


**INSIGHTS****Sales, Marketing, & Influence Optimization:***Integrating and Interpreting Demand*A hand holding a magnifying glass over a 3D bar chart with a grid background. The magnifying glass is positioned over the top of the bars, highlighting the data. The background is a warm, orange-toned 3D grid with various geometric shapes and lines.

Business journals today may lead you to believe that the life sciences sales and marketing function is obsolete. This is fueled through tales of burdensome regulation, slashed budgets, and headcount reductions. These setbacks are said to constrain already timid creative efforts but, as is the case with any period of dramatic change, competitive advantage exists for those organizations savvy enough to evolve. Rather than abandoning current efforts, organizations should consider enhanced analytics to optimize their sales, marketing, and influencing techniques.

Today's environment requires a comprehensive view across channels, mediums, and market influences. A mix of innovative technology and business processes will enable a true understanding of the many competing influences in delivering a treatment to a patient. Effective methods of tracking budget and the ability to demonstrate ROI are critical. Traditional methods of allocating budget against a historic sales percentage or targeted sales growth are no longer viable. The key to success is an integrated analytics strategy that incorporates all the inputs and competitive factors into a consolidated response. This solution must be constructed under the backdrop of current and likely regulation.

Two major considerations must be addressed prior to the creation of effective marketing, sales, and influence strategies - resistance to internal cultural changes and the external drivers impacting the market. We will consider both before we look at how innovators and market leaders are addressing this opportunity.

**Internal Shifts**

The past 10 years have seen significant transformation in the execution of demand influencing activities throughout life sciences. The historic silos between departments have broken down, replaced by cross functional brand teams that launch and support products. The various vehicles for communicating branding messages and exerting influence are becoming increasingly integrated into complex campaigns. Reflecting this trend, 58% of respondents to CegeDim Dendrite's annual survey<sup>1</sup> say they anticipate spending cuts in their direct-to-consumer marketing budgets this year. The majority of the respondents would like to focus instead on relationship building efforts channeling more resources towards web-based marketing programs, search engine optimization, and effective patient adherence programs.

So while life sciences companies have figured out how to create a consistent branding message, they haven't taken the next steps to properly evaluate effectiveness of their sales and marketing campaigns. They can't analyze how discrete variables impact the overall effort and have been ineffective at building base assumptions to guide spending decisions. This is driven largely by an inability to perfect the data mining techniques other industries have been successful with. Given the number of unknown variables such as script level data availability, reporting expectations around promotion, and evolving guidelines around direct-to-consumer (DTC) advertising, organizations need an approach that is flexible enough to adapt to the changing environment and can incorporate shifting demand signals.

### External Drivers

In addition to the lack of internal capabilities to mine data and obtain insight, several market forces are complicating the effectiveness of sales and marketing campaigns. The top three considerations are:

1. The Rise of the Payer Organizations
2. Increasingly Educated Influencers
3. Commercial Compliance complexity

#### *The Rise of the Payers:*

The healthcare landscape is changing as government's role increases and payer organizations learn to exert their power. Techniques such as reduced co-pay for generics, tiered drug plans, and step care protocol give payer organizations considerable influence over which drugs are ultimately selected by the physician, patient, and pharmacist. Despite this trend, over 80% of sales budgets are still directed at physicians<sup>2</sup>. Companies must consider new ways to deliver product messaging that appeals to government and payer groups. The traditional soft selling benefits won't be sufficient with these groups — the product must demonstrate a compelling business value through either lower cost or increased performance. Companies that have built account teams to interact with payer organizations (borrowing from consumer products) have seen some success. These cross functional teams constantly feed new data and information back into the planning process and identify specific strategies for payer organizations, as well as stay engaged across the commercialization process - including the development of marketing and influence strategies.

#### *The Educated Influencer:*

Today physicians, patients, and other key influencers have more information available to them to build awareness and opinions about potential treatments. This includes social networking sites which have the capability to inform as well as run the risk of creating damaging public perceptions from limited messages. The newly empowered and highly educated influencer will no longer accept standard pharma rhetoric. This trend will only build momentum, so companies must consider unique approaches to break through today's cluttered messages. These include retail pharmacy partnering, peer to peer influencing, and patient engagement sessions to find trusted advisors capable of delivering the messaging to the market.

Another consideration is product maturity — the life cycle stage of a product will determine the most effective method to influence. As a product matures and more information becomes available, influencers will less likely accept standard marketing spin, and more likely research the available efficiency data. This can be offset by shifting spending to patient adherence and long term efficiency studies.

#### *Commercial Compliance Complexity:*

As the number of states with distinct reporting requirements approaches double digits and various bills make their way through federal legislation, sales and marketing organizations struggle to act with the confidence that they are compliant. From a commercial operations perspective, speculation is rampant on what direction script level data will go as legislation begins to limit the level of information available. Equally concerning is social media's impact - the focus seems to be on how to minimize the medium's potentially damaging impact, understandable given the recent FDA issuance of 14 warning letters around web based marketing. Today's leading companies must understand and incorporate regulatory remediation and legislative awareness through the entire sales, marketing, and influence process.

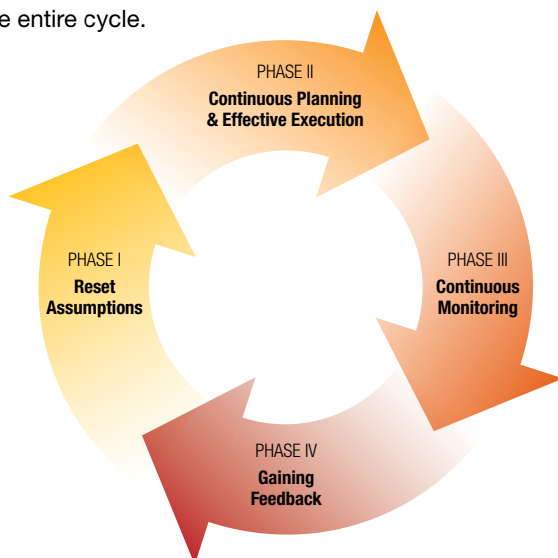
### A Path Forward

Opportunity exists for life sciences industry leaders who are willing to invest in a disciplined, rigorous, data driven approach to sales, marketing, and influencing - one far removed from today's legacy approach. Based on our analysis, we have outlined a high level framework to help companies execute against an effective and holistic strategy.

### Sales, Marketing, & Influence Optimization (SMIO) Model Overview

Several underlying themes should be addressed before you begin your transformation.

- The most important - create a **continuous learning environment**, with a feedback loop that cycles back information, constantly challenging the guiding principles. First, complete a strategic segmentation of products, stakeholders, and channels, which will serve as the base set of assumptions for evaluation for each budgeting cycle.
- Part of the learning cycle must **establish what you believe to be true** before you can evolve the philosophy. Since no template for today's rapidly changing environment exists, individual organizations must build the framework that enables them to correctly identify the appropriate marketing model and commercial mix.
- A **stakeholder analysis** should establish each possible outcome and prioritize the importance of achieving each one. For example, at the time a script is presented, a pharmacist can either fill the prescription as written, substitute a generic, or even influence the patient to seek another treatment altogether. The ability to determine how each marketing and influencing activity might impact these outcomes is invaluable, yet hardly ever done.
- **Product segmentation** should be multi-tier and account for attributes like maturity, effectiveness, competition, and value. Each of these factors impact channel strategies differently so each should be carefully considered.
- **Commercial compliance** must be integrated throughout the entire cycle.



Once these underlying themes are addressed, it is time to establish the model for interpreting demand analytics, starting with defining assumptions.

#### Phase I: Reset Assumptions

This critical step enables continuous learning by integrating observations from the previous cycle and challenging your original base set of guidelines. The ability to maintain accurate assumptions is the basis for all strategic decisions. This is traditionally a difficult discipline for organizations working largely in functional silos. Formal and repeatable procedures need to be established and documented. Start small and build the complexity over time. In the first few cycles, only 5-10 base assumptions should be reviewed. Subsequently, continuous learning will enable organizations to create increasingly complex and sophisticated predictions on how the market will react to their efforts. Finding the right level of segmentation is also important as you will want to begin to understand how different stakeholders react to different mediums of communication across various product hierarchies. At this phase, you should also confirm key metrics and performance indicators are still relevant. Once the existing guidelines are confirmed and updated, it is time to move onto the planning and execution phases.

#### Phase II: Continuous Planning and Effective Execution

Execution and planning are integrated operations that increase in effectiveness and responsiveness as analytics and insight improve over time. Success in this phase depends on actionable sales data and insight, so it is critical that this capability has been established. Organizations need more flexibility and responsiveness than is traditionally offered by third party data providers and decentralized internal data warehouses.

Continuous planning, increasingly regarded as an industry best practice, dictates that companies come together on a regular basis to plan. The need for this level of planning is driven by market externalities and the speed of data collection in-house. The advantages of continuous planning include:

- Agility and nimbleness of the organization to respond to market changes,
- Ability to forecast and manage the business better, and
- Ability to satisfy customers more effectively.

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Continuous planning also includes integrating the elements of marketing mix, public relations, key opinion leader influencing, journal publications, conferences, payer insight, detailing and DTC marketing. This represents a significant shift from the silo functional areas that exist in life sciences organizations today. By bringing all the various elements into a planning discussion, you can better understand the broader market perspective. As the execution phase begins, planning must be revisited to ensure the original intent is still in place. Changes must be documented, since they are inputs into continuous learning. The execution phase will also interact with the next stage—constant monitoring.

#### ***Phase III: Constant Monitoring***

This phase is heavily driven by data and analytics. It creates formal and repeatable processes and the discipline to revisit results at the conclusion of a cycle to gain insights for the future. At the beginning of the SMIO model, we established performance metrics for our efforts. Once performance metrics are set, it is important to gather all the necessary data for analysis during the constant monitoring stage. Incorporate multiple forms of market intelligence outside of traditional sales reports to gauge the impact of individual efforts. Layering physician and patient surveying results into your analysis enhances understanding of the market. Analysis should incorporate all the demand shaping activities mentioned during the planning and execution phase. Quantitative and qualitative factors should be balanced and accessible within one location.

#### ***Phase IV: Gaining Feedback***

At the end of each cycle, the Gaining Feedback phase should be a formal event where all internal stakeholders in the commercial process meet to interpret the previous cycle's results. This

should be an open conversation in which further segmentation and stakeholder analysis is completed. This is different from the reset assumptions phase - it focuses solely on the current cycle and ignores historic observations. Cause and effect analysis for any disappointing results should be socialized to all relevant groups and rules established to prevent future occurrences. This proactive approach to performance measurement will help establish the organization as a learning organization. Successfully executing this function helps an organization differentiate from the average data driven company and supports the evolution from reactive to predictive.

#### **Summary**

Given today's many competing dynamics, it is critical to develop an innovative approach to market influences and incorporate it into a continuous cycle. The end goal is to better articulate the impact that discrete events will have on your bottom line through a combination of technology and business process. Once you define the relationships that exist between different channels and products, you can start to build out the segmentation and assumptions based on data and create a continuous learning environment. Effective business intelligence strategies will find ways to leverage the many sources of intelligence and bring them together into a holistic view. An organization's success will be determined by their ability to develop actionable cross functional insight that can be cycled through the planning, execution, analysis and feedback phases.

#### **References**

- 1 <http://www.cegedimdendrite.com/regions/americas/En/AboutUs/NewsRoom/NewsReleases/Pages/2009-DTC-Survey.aspx>
- 2 <http://pharmexec.findpharma.com/pharmexec/Sales/Goodbye-Willy-Loman/ArticleStandard/Article/detail/591827>



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