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Measure What You Manage

Introduction

In today's fast-paced and data-driven world, companies in the pharmaceutical industry must be able to “measure what they manage” to stay competitive and thrive. That’s not just a clever phrase to use in your next Teams meeting; it’s a literal instruction that, if followed, will put a company one tier higher than its competitors. What you may not realize is that you’re halfway there. You have the data already. So, what’s next?

Measuring key performance indicators (KPIs) can help pharmaceutical companies gain insights into their operations and improve their bottom line. This point-of-view document will discuss the critical pillars of KPI measurement in the pharmaceutical industry and provide recommendations for companies wanting to optimize their KPI measurement strategies.



Atria has earned valuable know-how through our service to the world’s top 20 pharmaceutical companies. Every partnership, every problem solved, has given us extraordinary insight. Those learned experiences lay the foundation for this Five-Step Guide. We offer operational recommendations and tactical guidance that put objectives to work and draw added value from each one.

5-STEP MEASURE WHAT YOU MANAGE

Step 1: Define Your KPIs

Step 2: Increase Your Investment in Data Collection and Management

Step 3: Establish Standards and Protocols for Your Data Analysis and Visualization

Step 4: Begin Routine Benchmarking and Comparison of Your KPIs

Step 5: Continuously Improve Your Measurement Process



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Measure What You Manage

STEP 1: Define Your KPIs

Identifying your KPIs is the first and most crucial step in effective KPI measurement. These indicators should be relevant and aligned with the company’s strategic objectives. In the pharmaceutical industry, common KPIs include time-to-market, research and development (R&D) costs, and revenue growth. According to a survey by McKinsey¹, the top KPIs that pharmaceutical executives use to measure performance are product development speed, revenue growth, and R&D productivity.



STEP 1: DEFINE YOUR KPIs

Axtria’s Operational Recommendation

To define relevant KPIs, we tell companies they must involve all relevant stakeholders, including executives, managers, and individual contributors, in the KPI definition process, thus ensuring buy-in for relevant and actionable KPIs at all levels of the organization.

Further Tactical Guidance

When defining measurable KPIs in the pharmaceutical industry, we tell companies to focus on aligning those indicators with strategic objectives. This focus on alignment ensures measurability. Further, companies must consider incorporating key metrics such as product development speed, revenue growth, and R&D productivity.

1. Golub A. Rewired pharma companies will win in the digital age. McKinsey and Company. June 14, 2023. Accessed November 3, 2023. <https://www.mckinsey.com/industries/life-sciences/our-insights/rewired-pharma-companies-will-win-in-the-digital-age>

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Measure What You Manage

STEP 2:

Increase Your Investment in Data Collection and Management

Data collection and management are essential for effective KPI measurement. The pharmaceutical industry faces several data management challenges, such as security and privacy, silos,

and data quality issues. A recent Gartner survey² revealed that data quality is the most significant challenge pharmaceutical companies face when collecting and managing data.

STEP 2: INCREASE YOUR INVESTMENT IN DATA COLLECTION AND MANAGEMENT

Axtria's Operational Recommendation	Further Tactical Guidance
<p>Companies must invest in data governance and management capabilities to address data quality issues. They must establish data quality standards and protocols and regularly monitor and validate their data. They must also use technology solutions, such as master data management and integration tools, to improve data quality and integration across the organization.</p>	<p>To address data silos, companies need to establish cross-functional data teams and integrate data management into their business processes. They must invest in technology solutions, such as data lakes and cloud-based data platforms, to improve data accessibility and sharing across the organization.</p>



For more on this operational recommendation, see Axtria's value-driven case study: [Rebuilding the Customer Master Data System to Enhance Business Process and Realize Maximum Benefits](#)



To see this tactical recommendation in play, read Axtria's case study: [Rebuilding the Commercial Data Environment to Enhance Business Processes, Reduce Time to Market, and Improve Field User Experience](#)

2. Goasduff L. Gartner identifies 12 actions to improve data quality. Gartner. May 2, 2023. Accessed November 3, 2023. <https://www.gartner.com/en/newsroom/press-releases/2023-05-22-gartner-identifies-12-actions-to-improve-data-quality>

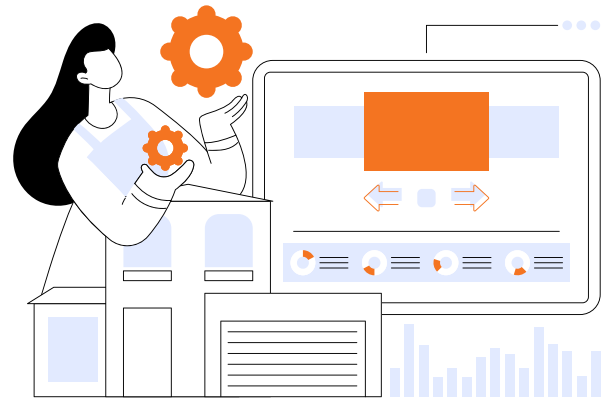
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STEP 3:

Establish Standards and Protocols for Your Data Analysis and Visualization

Data analysis and visualization are critical for effective KPI measurement. High-quality data leads to high-quality metrics and outcomes. However, Axtria has consistently found that the pharmaceutical industry is challenged in this area. Stumbling blocks include data complexity, lack of standardization, and limited flexibility in commercial visualization tools. According to a 2020 survey by Accenture³, 80% of pharmaceutical executives believed that data analytics would be critical to their business in the next three years.



STEP 3: ESTABLISH STANDARDS AND PROTOCOLS FOR YOUR DATA ANALYSIS AND VISUALIZATION

Axtria's Operational Recommendation

Companies should establish data analytics and reporting protocols to address complexity and lack of standardization. They should also invest in technology solutions, such as data modeling and mining tools, to improve data analysis and standardization.

Further Tactical Guidance

To address the limited flexibility of commercial visualization tools, Axtria advises companies to develop customized visualization solutions or partner with third-party visualization providers that offer flexible and customizable tools. Establishing data visualization standards and protocols ensures consistent and accurate reporting across the organization.

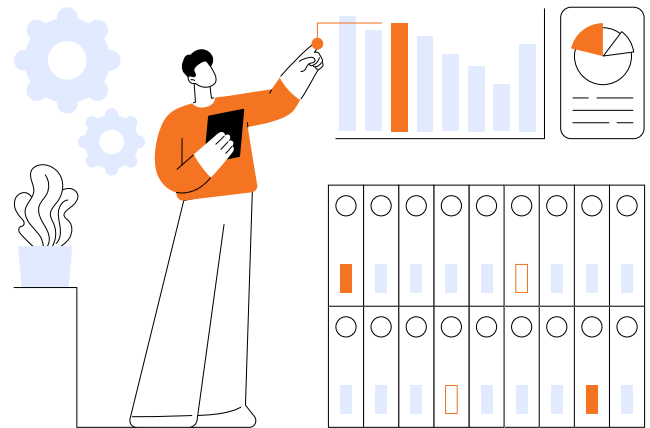
To find out how Axtria put these recommendations to work, see our case study: Building a Data Processing Platform with Next-generation Technology to Increase Business Value Realization

3. Nelson P. Search and unstructured data analytics: 5 trends to watch in 2020. Accenture. January 7, 2020. Accessed November 3, 2023. <https://www.gartner.com/en/newsroom/press-releases/2023-05-22-gartner-identifies-12-actions-to-improve-data-quality>

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Benchmarking is essential for effective KPI measurement. Comparing your KPIs against industry peers and competitors can help you identify areas for improvement and best practices. A report by Deloitte⁴ found that 60% of pharmaceutical executives believe benchmarking is a critical capability for their business.



STEP 4: Begin Routine Benchmarking and Comparison of Your KPIs

STEP 4: BEGIN ROUTINE BENCHMARKING AND COMPARISON OF YOUR KPIs

Axtria’s Operational Recommendation

Establish a formal benchmarking program. This program will define goals, identify relevant peers and competitors, collect benchmarking data, analyze and compare performance, develop actionable recommendations, and monitor progress for continuous improvement.

Further Tactical Guidance

Engage with industry associations, collaborative platforms, and partnerships/alliances to leverage benchmarking opportunities, share anonymized data, attend conferences/events, and adopt benchmarking tools/software for streamlined data analysis and visualization.

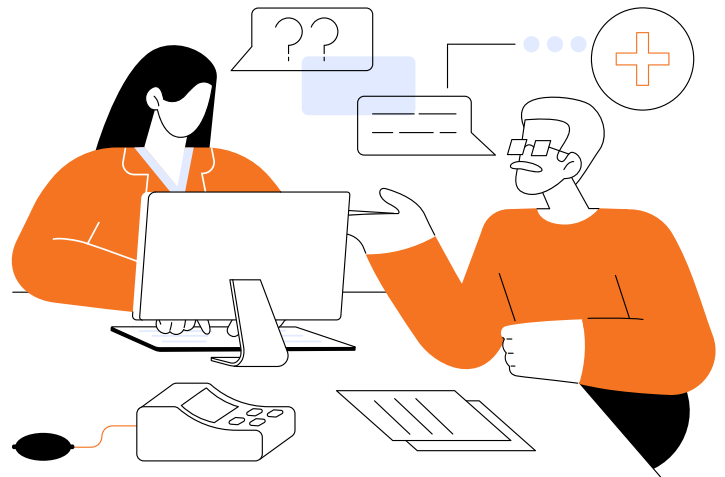
4. Davis B, Morgan J, Shah S. Mission critical: biopharma companies are accelerating real-world evidence adoption, investment, and application. Deloitte. 2018. Accessed November 3, 2023. https://www2.deloitte.com/content/dam/insights/us/articles/4354_Real-World-Evidence/DI_Real-World-Evidence.pdf

Continuously Improve Your Measurement Process

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KPIs help pharmaceutical companies track performance, set targets, and evaluate the effectiveness of business strategies. By utilizing the insights gained in the previous four steps, you can identify areas for improvement—not just in the KPI results but also in your measurement mechanism. In a survey by PwC⁵, 70% of pharmaceutical executives believed that continuous improvement is essential for their business.



STEP 5: CONTINUOUSLY IMPROVE YOUR MEASUREMENT PROCESS

Axtria’s Operational Recommendation

Establish a structured improvement framework that includes defining improvement goals, conducting performance assessments, implementing revisions, and tracking progress to foster continuous advancements in KPI measurement.

Further Tactical Guidance

Foster a culture of learning and innovation by promoting knowledge sharing, encouraging employee training and development, fostering experimentation and innovation, establishing feedback mechanisms, and recognizing and celebrating success related to KPI measurement.

Conclusion: The Next Steps

We recommend several immediate actions for pharmaceutical companies to optimize their KPI measurement strategies. First, invest in data management and analytics capabilities to improve KPI measurement and analysis. Next, pharma companies must not be afraid to speak up in the industry. Collaborate with industry peers and competitors to establish a benchmark for KPIs and identify best practices. Finally, companies must develop a culture of continuous improvement, using KPIs to drive business performance.

5. Arlington S. From vision to decision. PricewaterhouseCoopers. 2012. Accessed November 3, 2023. <https://www.pwc.com/gx/en/pharma-life-sciences/pharma2020/assets/pwc-pharma-success-strategies.pdf>



Ashish Thakur
Principal, Axtria Inc.

Ashish Thakur is a seasoned strategy and technology executive with a track record of incubating business units, building products and platforms, and establishing critical processes to grow businesses efficiently. At Axtria, he leads the BI Reporting & Visualization competency center. He owns the charter to make processed data impactfully rendered to deliver meaningful insights to the full spectrum of executives and stakeholders. Ashish holds a Bachelor in Engineering from Delhi College of Engineering and an MBA from IIM Ahmedabad.

This 5 Step Guide is part of AIM (Axtria Intel Monitor), which is a series of thought leadership articles that showcase Axtria’s expertise in therapeutic areas, industries, and other topics relevant to the life sciences.

Over the past decade, we have worked with over 100 clients in the life sciences industry and interacted with their analytics, commercial operations, and commercial IT leaders. Based on what we’ve learned from these engagements, we have created a series of strategic 5 Step Guides on how to drive commercial excellence.

Contact Us

-  +1-877-9AXTRIA
-  insights@axtria.com
-  www.axtria.com
-  @Axtria
-  facebook.com/AxtriaInc/
-  linkedin.com/company/axtria/

Founded in 2010, Axtria is a global provider of cloud software and data analytics to the life sciences industry. We help life sciences companies transform the product commercialization journey to drive sales growth and improve healthcare outcomes for patients.

We continue to leapfrog competition with platforms that deploy artificial intelligence and machine learning. Our cloud-based platforms - Axtria DataMAx™, Axtria SalesIQ™, Axtria InsightsMAx™, Axtria CustomerIQ™, and Axtria MarketingIQ™ - enable customers to efficiently manage data, leverage data science to deliver insights for sales and marketing planning, and manage end-to-end commercial operations. We help customers in the complete journey from data to insights to operations.