

CASE STUDY

COMPLEX INCENTIVE PROGRAM IMPLEMENTATION FOR GLOBAL MARKETS WITH 12,000+ REPS ACROSS ANIMAL AND HUMAN HEALTH

IMPLEMENTED A FLEXIBLE SERVICE MODEL, ENABLING CO-DELIVERY AND CO-INNOVATION FOR ONE OF THE WORLD'S LARGEST LIFE SCIENCES COMPANIES RESULTING IN 30%+ COST SAVINGS AND 10X FIELD ENGAGEMENT



Axtria has been extremely flexible and creative in helping us move away from a system that was a “black box” in many ways to an Incentive Compensation system that will be much more transparent to both home office and sales teams.

Director,
Commercial Operations

INTRODUCTION

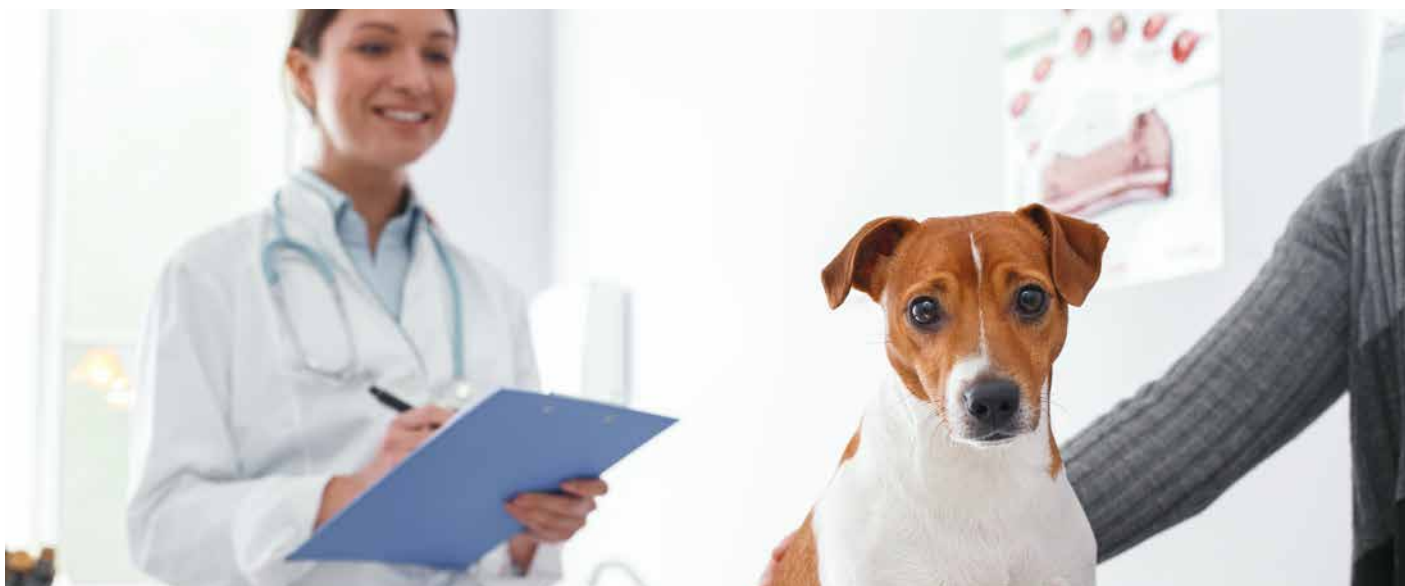
As per Axtria research and our experience working with life sciences companies, approximately 50% of organizations still use Excel spreadsheets or other manual home-grown systems for incentive compensation (IC) design and operations. Most field reps who are impacted by this method are dissatisfied with the output. Excel or other manual tools result in longer processing times, quality control issues, as well as the need for higher IT and administrative staffing to handle very manual processes.

Errors driven by the manual processes end up having recurring losses of \$50-100K annually for small and medium-sized life sciences companies, while with a global sales force, the cost can approach \$1M, annually. The impact is direct on the morale of the field reps, their performance, and the company's revenue.

There is a clear need for standardized and automated IC process. A standard global IC practice can bring transparency with several benefits. It not only improves the sales operations but also brings behavioral changes, thus increased representative motivation, retention, and sales by leveraging and implementing best practices across global regions. Utilizing a standard tool allows for consistent performance simulations, standard business rules management system (BRMS) ensures reducing modeling costs, and time to perform for sales operations teams. Standardized tools also will enable themselves to reduce plan complexity across global regions and has a downstream effect of reduced error rates and compensation disputes.

The leadership at healthcare and pharma organizations understands the value proposition for global standardization, and are transparent in that:





ANIMAL HEALTH (AH) INDUSTRY

The animal health industry is categorized into two major segments - livestock (for food production) and pets (for companionship). The animal health industry includes all products and services, excluding animal feed/food, that ensures animal's total well-being, including productivity and health. The products and services include pharmaceuticals, feed additives, vaccines, diagnostics, med-devices, nutritional supplements, veterinary, and other related services.

The global animal health market size is estimated to be at ~\$45bn in 2018¹, the US being the largest market. The online and retail pharmacies are playing a more significant role in the overall market penetration. It is also evident that most consumers are willing to pay out-of-pocket for their pets' needs.

On the commercial operations side, the industry faces unique challenges. Some products can be useful in more than one species. These multi-species products can be tricky to allocate between field forces properly. One of the biggest challenges is capturing and reporting sales data since there are no national aggregators. Also, there are sales channel gaps that warrant many business rules and data cleansing to ensure the right rep is getting credited for sale.

BUSINESS SCENARIO

Our client is one of the world's largest life sciences companies with diversified operations into animal and human health. The client partnered with Axtria for rolling out a state-of-the-art solution for incentive management for its pharma and animal health affiliates, globally. The initial scope was limited to the human health but given Axtria's platform (Axtria SalesIQ™) readiness and the more in-depth IC process know-how, the client awarded the animal health implementation, too.

Our client wanted to drive field force effectiveness, standardize its operations on a modern, enterprise-grade platform that aligned compensation strategies and implements best practices, globally. The required incentive solution was expected to provide multi-lingual options, ability to configure different plans, integrate with their Veeva CRM, ensure data privacy laws of individual countries, and enhance user experience.



CHALLENGES

The organization faced several challenges, which included:

FOR OVERALL BUSINESSES

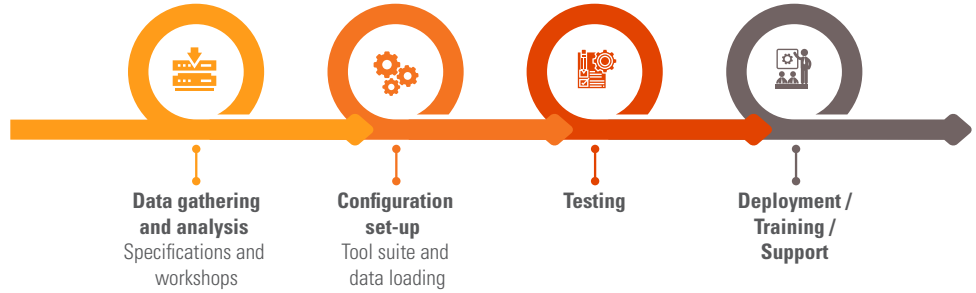
- Heavily localized business processes - Near zero cooperation from incumbent CRM and lack of documentation
- Non-strategic technologies
- Slow to adapt/change causing business opportunity loss
- Lack of transparency – client was unaware of its own IC rules
- Significant risk of compliance issues
- Recurring payout errors

ANIMAL HEALTH SPECIFIC

- Data availability presented a challenge. Unlike human pharma, animal health does not have any national data aggregators. Some of the primary data providers do not even service the animal health market.
- As the manufacturers are their own data aggregator, the accurate market share data was slim. Sales data were collected from their channel partners (distributors and some resellers) and merged them with their direct sales from their ERP (Enterprise Resource Planning) and CRM system.
- Single vs. multi species products: Some products can be useful in more than one species. These multi-species products can be tricky to allocate between field forces properly. For example, if a product can be helpful in bovine (cattle) and equine (horse) and a farm has both species and is buying the product, there should be a way to allocate.
- Sales valuation differences: As products sold through the multiple channels, the pricing reported back to the manufacturer was getting inflated.

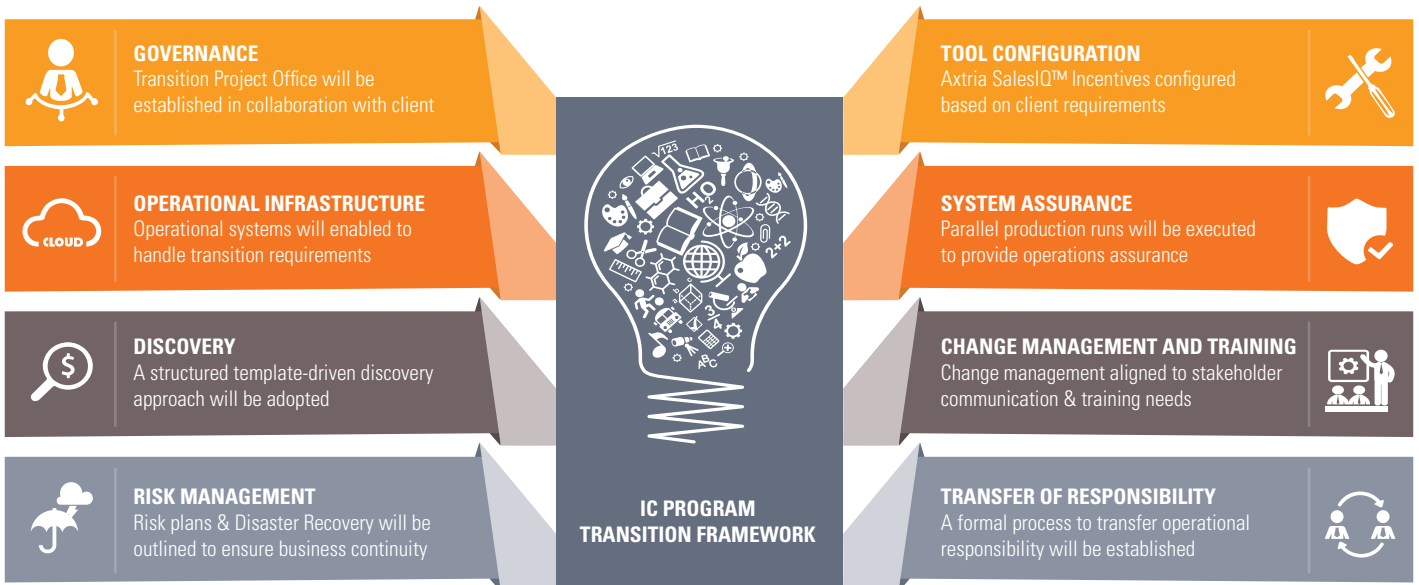
AXTRIA'S APPROACH

Axtria deployed AGILE methodology to implement MBO module for initial roll-outs with the regular show and tell sessions. Experienced team members from Axtria visited the client's global offices for business requirement discussions and transitions. Two in a box team established for the rapid transition of the process.



The primary success factor in this project was the interrelationship between global governance and local execution team. The global Program Management Office (PMO), core team, and steering committee members remained consistent regardless of the country to make the transition and project efficient and successful. Global PMO managed project timelines and milestones, vendor management, and escalations. At the local level, a separate project manager and field force implementation team drove implementation based on local needs. Back office vendor support, as needed, was also provided. Global governance provided overall strategy support and guidelines, and the local team implemented the solutions based on specific local requirements while staying within the guidelines.

Transition Framework: Axtria's eight-point transition framework helps us plan transitions effectively for a variety of client situations





OUTCOME

Axtria was able to turnaround a highly complex incentive program and onboard many countries on Axtria SalesIQ™. Axtria was able to achieve the following:

- 100+ IC plans for different regions/markets configured – goal attainment, commission, rank, contests
- Four complex markets are live with more than 6,000 reps. Developed countries were first onboard, followed by developing countries.
- 5 Therapy areas were in scope – Oncology, Respiratory, Cardiovascular, Metabolic, and Pulmonary
- We also onboard US Animal Health that had two different companies merged. We worked with the client in retiring legacy and older solutions.
 - We were successfully able to integrate Axtria SalesIQ™ with the client's data warehouse
 - Incentives are processed daily, and we are providing managed services operations
- We implemented close to 200+ rule changes across four geographies in 2 years
- Achieved 99%+ SLA adherence in quality and timelines
- We are managing global delivery in a flexible engagement model from our global offices and data centers
- Axtria delivery centers for this implementation are:
 - North America – California, Arizona, Illinois, New Jersey, Georgia
 - India – Gurgaon and Noida (Four offices)
 - Local language support for select markets
- SFDC data centers
 - San Jose, Chicago, London, Tokyo
- AWS data centers
 - Oregon, Virginia, Ireland, Germany, Tokyo

CLIENT BENEFITS

Axtria had been able to bring efficiency to the incentive management operations through the right mix of technology, processes, and people. Some of the valuable client benefits are:



Speed to insight – TAT reduced from incumbent's five days to three days to release directional Weekly Sales Tracker. Field getting insight into performance in the prior week



Over the top field engagement – With multi-device strategy, online-only reporting and a one-stop shop approach for all IC needs – inquiries, reporting, and training – Axtria SalesIQ™ field usage is nearly 100% every week – double the incumbent's



Transparency – Axtria shares all SOP and data processing information. Not a "Black Box" anymore. Sales Query Tool gives insight into sales crediting rules and data at the most granular level



Reduced cycle time – Goals released within 1st ten days of the quarter – incumbent's earliest release was the 3rd week. Monthly report TAT constantly reducing



Performance academy – Engaging personalized communication on IC concepts and plans – reinforced sales strategy. Short informal video clips improved field understanding. Ensuring compliance through plan acceptance and payroll approval workflows. Efficient field services.

CONCLUSION

Axtria's partnership with the client resulted in transforming their operating model through global planning with localized execution to derive the best of both worlds. The shared vision for global implementation helped improve operational efficiency by reducing overall operating costs and by reallocating investment into value-adding and essential new capabilities. It also increased insight generation, active decision support, and innovation at the speed of business. Axtria's pharma domain expertise and the understanding of animal health industry played a significant part in the successful execution.

Axtria is a partner of choice for the client for rolling out incentive compensation solution. Currently, we have been working with the client for the last three years. In the next two years, Axtria will complete onboarding of 13 more countries. New countries to be onboard as part of the roll-out plan are majorly in Europe, Australia, and Asia.

Companies are striving towards a global application, but solutions available in the market still do the country-specific implementation. It is crucial to have a view for global leadership on how the incentive program of individual countries is fairing. It can be achievable through a global dashboard which provides a holistic view of all the geographies to the leadership. They can further drill down to individual countries.

Global standardization allows healthcare and pharma organizations to deploy appropriate solutions with customized sourcing solutions to global regions across the organization. While the significant benefit exists with a standard incentive solution, sourcing must be tailored to address specific global area, cultural differences, and local needs. Full service, high level of service, and fully outsourced are ideal customized tools.

REFERENCE

1. <https://www.grandviewresearch.com/industry-analysis/animal-health-market>

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™, and Axtria CustomerIQ™ - 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.

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