

HEALTH
INSURANCE

PART 2

FUTURE OF PHARMA: EVOLVING COMMERCIAL MODELS

Future of Pharma: Evolving Commercial Models

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The Way Ahead: Evolving Commercial Models

As Pharma companies seek to integrate patients into every step of their value chain, the commercial organizations must also transform to address the go-to-market complexity. They must operate at the speed of the business, with better and faster insights.

This is Axtria’s concluding report in the two-part series “Future of Pharma: Evolving Commercial Models”. In the [part 1](#) of this two-part series, Axtria conducted interviews with several senior pharma commercial operations leaders to uncover the challenges that the pharma industry is undergoing and the focus areas that the industry leaders

have decided to invest in, to prepare for the changing pharma landscape. Some of the important insights include:

- Pharma companies are now proactively managing regulatory compliance by increasing their investment in capturing and demonstrating Real World Evidence.
- With the shift from primary towards specialty and orphan drugs, therapy is becoming more expensive, emphasizing the need for pharma companies to demonstrate the value of their drugs vs. the cost.
- Realizing the importance of patient engagement, pharma companies are now including the patient’s voice and insights at not just the product marketing stage but also during drug development.
- Pharma commercial leaders believe that the companies must support patients on therapy across all engagement channels, through the entire patient journey to create meaningful experiences to reap benefits of a truly customer-centric strategy.
- These additional meaningful interactions will lead to more engaged customers and ultimately drive revenue growth and marketing ROI.

FIGURE 1: FUTURE OF PHARMA COMMERCIAL OPS

WHAT DOES THIS MEAN FOR THE **FUTURE** OF COMMERCIAL OPS?



- The interviewed leaders agree that the pharma companies will need to utilize a combination of different channels to reach the HCPs through multi-channel marketing, owing to the decreasing rep access.

Pharma companies need to continually evolve to meet newer market and customer needs, and work more efficiently to drive revenue and maximize the potential of their sales teams

In this report, we are going to discuss the four pillars of pharma commercial models; i.e. people, process, technology and data. Pharma companies need to evolve these pillars not only to stay relevant but also to succeed and make a meaningful difference in the lives of patients.

Read on to learn about these pillars and Atria’s recommendations based on our discussions with industry leaders and our deep experience in solving life sciences specific problems.

People

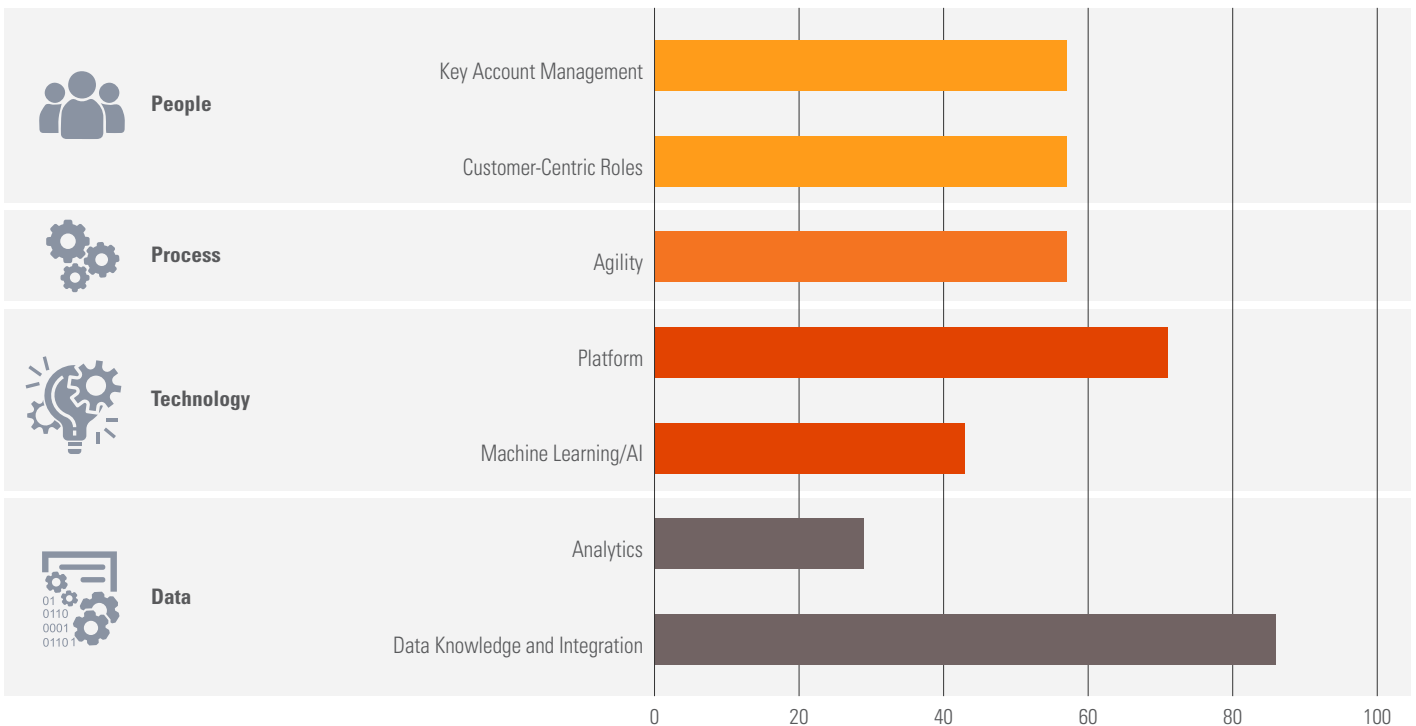
Pharma companies need to adapt to significant shifts in commercial model design by altering not just their customer-facing roles, but also their organization-facing roles. Here are some of the changes articulated by the leaders in the next 3-5 years.

- Pharma companies hope to provide an exceptional patient experience throughout their journey involving a combination of the patient’s interactions with their healthcare provider, their insurance company, and the prescription itself. The

opportunity for pharma companies to improve the patient experience lies at the overlap of these three experiences. This translates to a need for pharma to come up with new and meaningful roles involved in enhancing these experiences. New sales roles are emerging with account-focused roles becoming more relevant (than the past). Upcoming roles, in driving patient engagement, would include site of care specialists, regional marketing advisors, health information technology roles, customer experience team, and hybrid roles targeting both payers and providers.

- According to the survey, traditional sales reps would continue to play an essential role in the selling process. Besides, the leadership will need to

FIGURE 2: IMPACT ON COMMERCIAL MODELS



Source: Atria Survey on Future of Pharma Commercial Models.

Notes: This chart represents the percentage of interviewees that mentioned these keywords as an area of focus.

be able to scale their go-to-market operations up and down with speed, as needed. Reps are expected to go beyond just 'selling' and do more. For example, reps dealing with rare disease therapies are considered "Therapy Specialists" and are expected to have deeper conversations with HCPs.

- The Key Account Manager role would continue to remain critical. However, it will need to become more defined in terms of ownership and responsibilities. An ideal key account manager should be aware of the healthcare ecosystem and act as a trusted consultant to healthcare stakeholders and play an instrumental part in the decisions made on the drugs to be included in the hospital's formulary⁸. Which means, the KAM would need to be coached on managing the accounts, and there should be a clear understanding of their ownership and reporting.
- There is an increased focus on internal competency building. Pharma companies will need to partner with external vendors to leverage their core competencies.

Data

The sheer volume of healthcare data is growing at an astronomical rate: 153 exabytes (one exabyte = one billion gigabytes) in 2013 and an estimated 2,314 exabytes in 2020, translating to an overall rate of increase at least 48% annually¹³. Pharma companies want to get more out of their data and need to be able to see a holistic picture with

real-time insights in a single platform to enable better decision making. They will, therefore, need to revamp their planning process by making the response times faster by introducing weekly and individual reports instead of quarterly team reports.

It has become imperative for strategic partners within the ecosystem to become very fluent with data in the current environment of data overload. The partners are expected to have an excellent knowledge of data, technology, and how all of it comes together, in addition to how to process data very fast while simplifying it. Pharma companies also expect strategic partners to be able to integrate data from multiple sources to provide a complete 360° view of customers and physicians to ensure better targeting and customer-centric execution.

It is becoming more critical than ever for marketing and sales functions to liaise more closely with each other in this evolving market scenario. Marketing plans work better when insights from sales teams complement them and powered by data. Sales teams also work more effectively when they are enabled with the right tools and content from marketing and have the right data at their disposal.

It is also equally important to measure and track the performance of all internal functions through performance data. This would ensure that the insights from individual functions can come together to create a seamless experience for the enterprise.

 **Tech companies like Amazon and Google are extremely efficient and fast in data processing. Why can't pharma companies leverage similar technology to reduce data processing time?**

— Leader, Global Pharma

Technology

The leaders articulated that having the technology to inter-link sales, marketing, clinical, and digital data at speed and efficiency is critical to enable the entire commercial model. At a high level, this would involve:

- Investment in big data framework and AI/ML with identification of specific use cases as they provide the ability to analyze large sets of data and uncover actionable insights.
- Harmonization of all incumbent or new platforms on a global scale by leveraging a few strategic cloud platforms to optimize solution delivery, resulting in faster delivery and lower costs.
- "Out-of-the-box" integration with Functional Information Systems (such as CRM, HRIS, Social) and other upstream/downstream systems to achieve a complete and holistic view of each customer, without the hassle of re-installations.



- A sales force and cloud-first strategy to tap into unprecedented computing power and the ability to quickly scale up or down.
- Innovative and robust user and customer experiences to ensure that the customer is always the prime focus, and all interactions can lead to the conversion of users into loyal customers.
- New solutions/platforms that deliver on performance, security, scalability, and integration capabilities.
- Technologies that allow access to patient data, complying with all regulations and data privacy norms, thus helping manufacturers better

understand medical conditions, treatment response and lead to improved medical outcomes.

Process

Processes serve as the foundation of commercial models operating at speed, with consistency and reliability. Leaders of organizations look at transformative processes to stay ahead of the curve. They can do this through the following means:

- Decentralized operating models lead to some level of flexibility, responsiveness, and autonomy to affiliates but also result in a fragmented landscape and higher operating costs. Therefore,

implementing globalized sourcing, organization, and operating models will not only balance the risks and rewards of complex logistics but also provide transparency at moments of lack of control, and standardize the customization flexibility the local teams need to tailor the offerings to local market needs.

- Implementing standard platforms, implemented at the HQs, that have a common 'blueprint' with the ability to flex based on market maturity
- Mobilizing commercial operations processes which are agile, flexible, simple, and 'fit-for-purpose'.

Conclusion

Axtria discovered that though the focus areas for pharma industry leaders are pricing, portfolio and marketing strategies, and go-to-market through sales and marketing operations, the intricacies of future commercial models need significant navigation through on-the-ground changes and ecosystem evolution.

Though the key elements that need change remain people, process, technology, and data, the winners will be the ones who will invest ahead of time and pay keen attention to the oncoming business transformation

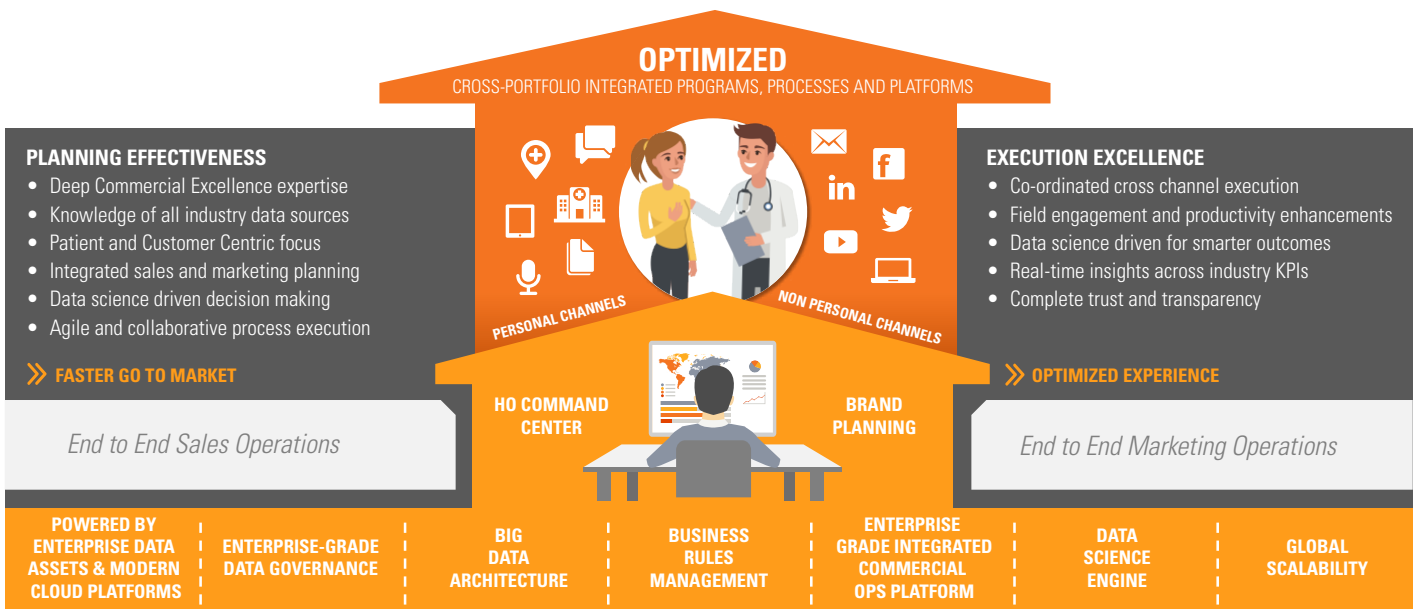
through technology and processes and change management of the organization and people.

Therefore, pharma companies should be willing to invest in transforming their models to meet the unmet needs of this evolving market landscape. They need to bring in specialized roles with relevant experience focusing on KAM, Health, IT, Specialty Domain such that the customer receives the right message at the right time in the right manner. They must be willing to invest in flexible and scalable technology that enables them to capture data (such as clinical, sales,

competition, performance) and use it judiciously to get actionable insights to understand the effect of their programs and improve their organization's external experience and perception.

Pharma companies should be willing to use agile and integrated platforms to ensure better customer engagement and superior patient centricity. This will not only create transformative and transparent internal operations, but also enhance user experience leading to sustainable customers and improved health outcomes.

FIGURE 3: VISION OF FULLY INTEGRATED & FUTURE READY PHARMA COMMERCIAL OPERATIONS



When we look for partners we are not looking for niche experts. We are looking for 'global' partners. We are constantly looking at ways to not look at things regionally but build efficiencies on global scale.

– Leader, Global Pharma

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