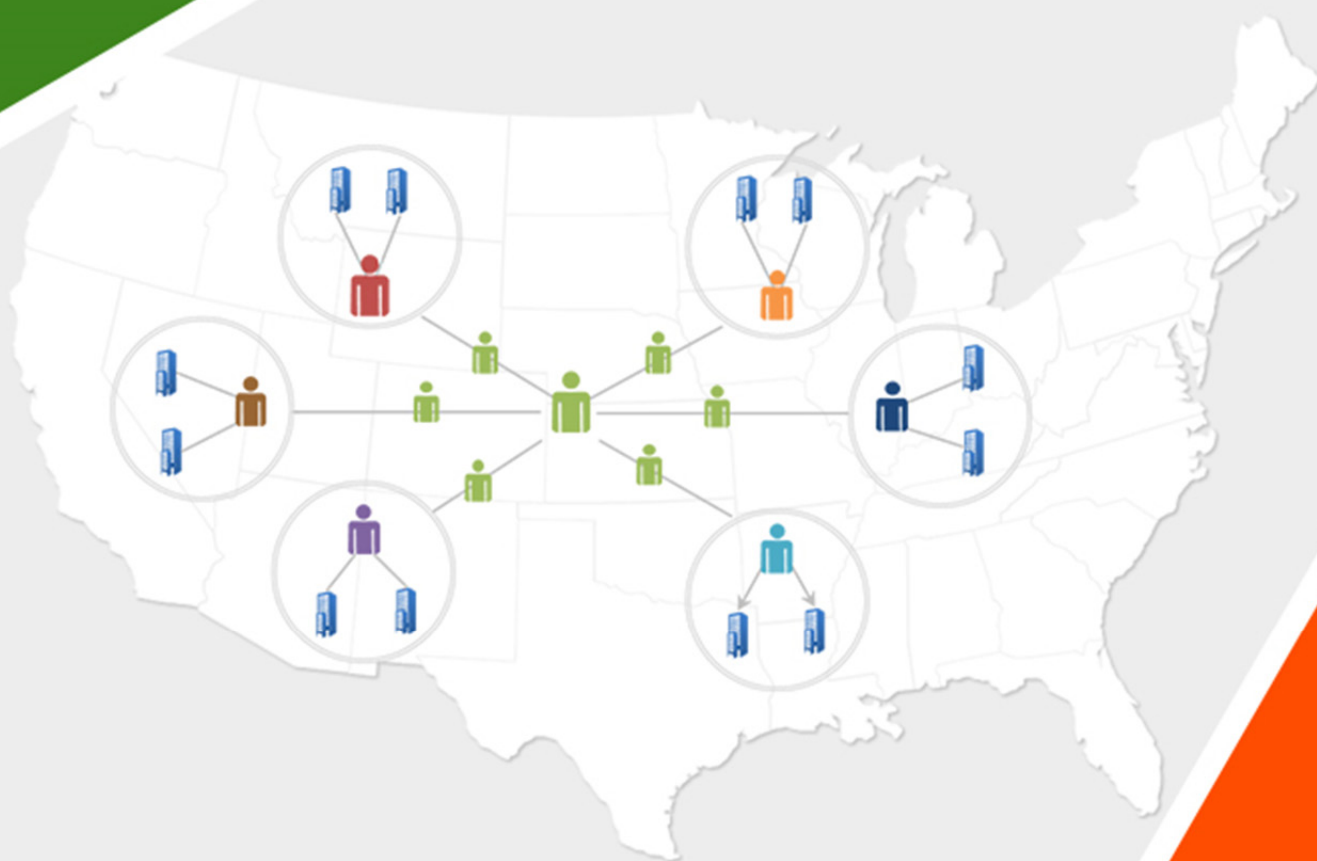


Pharma Account – Based Model in an Institutional Setting

White Paper



Introduction

Much has been written about how the landscape of the Healthcare Industry is shifting and the various impacts being felt by consumers, insurers, and healthcare professionals (HCPs). This whitepaper charts the impact of the growing influence of organized customer groups, specifically focusing on alternative sales and marketing approaches Pharma may need to explore to understand and succeed in an institutional setting.

Background

The stakeholders and factors that drive the ultimate prescribing of medication have shifted considerably since the turn of the century. Technological advances (i.e. EMR), cost pressures, quality initiatives, government regulations, etc. have contributed to the rise and expansion of Integration Delivery Networks (IDNs). Many of these organizations were initially formed when groups of hospitals merged to leverage their purchasing power, control rising costs, and implement quality initiatives to secure greater reimbursements from payers. In recent years, the reach of IDNs has gradually extended to retail setting, with individual practitioners and group practices joining or being purchased by IDNs. The independence that HCPs once experienced in their own practice or small group has been replaced by policies and procedures developed and enforced by their employer (the IDN). Consolidation has positioned IDNs to be extremely powerful in several key pockets of the country, requiring Pharma to seek different approaches in driving product performance.

Prescribing decisions in the institutional setting differ considerably from the retail setting. As noted in Figure 1, HCPs are influenced by several parties, both internal and external. While the health of the patient and safety of medications continue to be of paramount importance, over the past several years, financial considerations have increased attention on *quality of care*. No longer is a hospital's survival dependent on the "hotel model" (where higher occupancy equals greater profitability), rather insurance companies, in an effort to control costs, are incentivizing institutions (IDNs) to keep patients healthy, reduce the length and frequency of hospitals visits, etc. Further, as new information systems and technologies are implemented (many driven by requirements outlined in the Affordable Care Act), the ability of key payers to manage costs and processes will improve. This will continue to drive the behaviors of healthcare professionals and their employers.

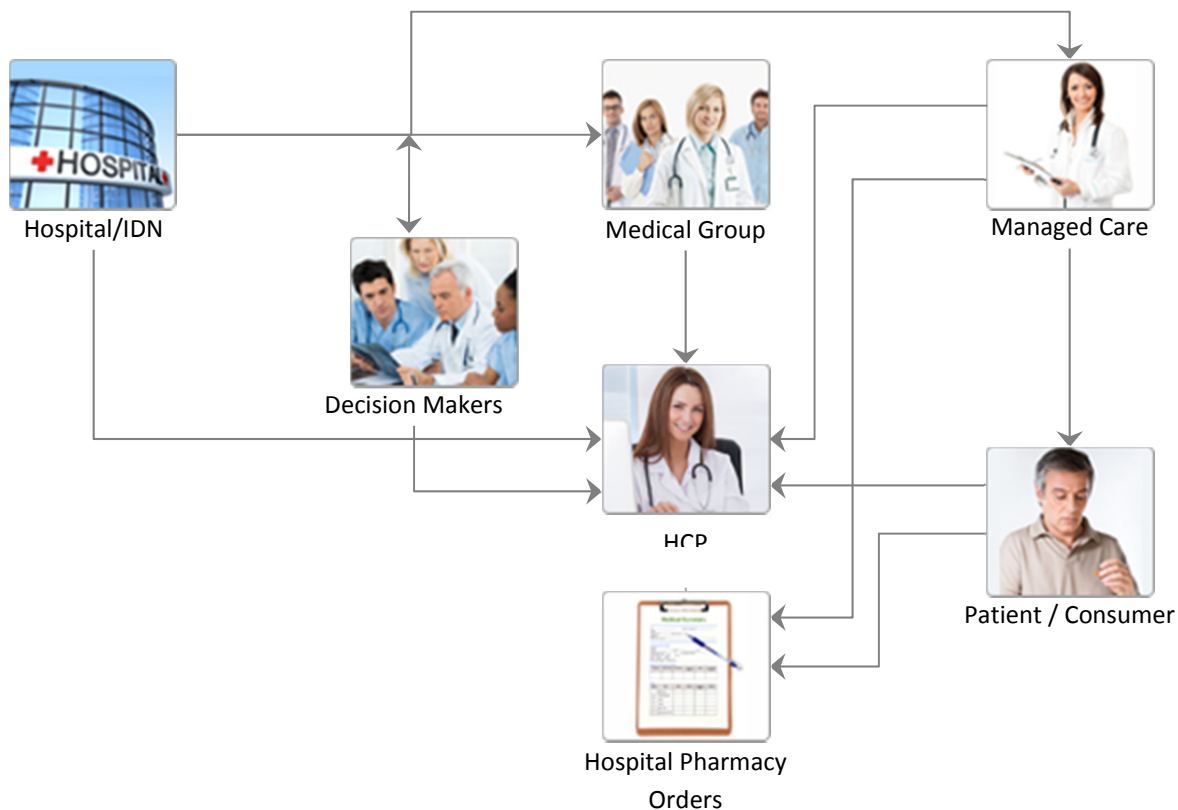


Figure 1

Account-Based Planning & Selling in an Institutional setting

From an institutional perspective, *accounts* are defined as organized groups of customers such as medical groups, institutions/hospitals, and integrated delivery networks (IDNs). An account-based planning and selling approach is typically employed in response to the emergence of large, organized customers, where decision-making involves complex networks, often with centralized stakeholders.

Pharma needs to identify and build relationships with key influencers at institutional accounts, recognizing the prescribing impact both within the institution as well as post-discharge. An account-based planning/selling model looks to penetrate the different layers within a stakeholder network, employing a more holistic approach to influence complex decision-making processes. Strategies and tactics should be focused on orchestrating activities and touch-points by leveraging and coordinating sales and marketing resources at the enterprise level.

The introduction (or expansion) of an account-based model will not, in all likelihood, replace existing prescriber-based models. In many cases, the account-based model will actually be positioned to work alongside the “traditional” institutional sales teams in a capacity that orchestrates account level activities and touch-points. Account-based staff may have responsibilities across several large accounts in a given geography, in many cases well beyond the scope of an institutional sales representative. Their ability to incorporate best practices across accounts, understand payer influences, and lobby for corporate resources improves selling opportunities and positions the company to maximize product performance.

Often the first step in developing an account-based plan or strategy involves understanding the roles of institution stakeholders, including their level of influence and impact on Pharma. This step, which is critical to both short and long-term success, is complicated by the potential size and complexity of an institution (especially those linked to an IDN), the availability of data, and skillsets of Pharma customer-facing staff assigned to institutions.

Figure 2 contains a partial listing of institution-based stakeholders that Pharma needs to account for when developing strategies related to an Account-Based approach. A key component in account management includes the ability to manage the people as well as the processes. To manage the complex range of relationships within an account is difficult and demanding but a company’s ability to manage relationships will define whether or not they can sustain success.

Hospital Pharmacy Director	<ul style="list-style-type: none"> • Responsible for the procurement, storage & distribution of medications throughout the hospital • Influential member of the P&T committee
Hospital Medical Director	<ul style="list-style-type: none"> • Oversees evaluation and management of clinical practices within the hospital • Influential member of the P&T committee
Department Heads (i.e. Cardiology, E.R., etc.)	<ul style="list-style-type: none"> • Responsible for the operation of assigned department • Influential in determining which medications are included on relevant protocols
Hospitalists	<ul style="list-style-type: none"> • Perform duties of patient's primary-care physician when patient is in hospital till discharge. • Coordinates patient care between specialists at hospital.
Discharge Staff	<ul style="list-style-type: none"> • Influential in medications that a patient will use upon discharge
Procurement	<ul style="list-style-type: none"> • Coordinates with Pharmacy Director to purchase goods and maintain adequate inventory levels

Figure 2

Competencies to support a successful Account-Based model

As Pharma examines the skills and competencies required to be successful in an account-based model, there will likely be a need to adjust the recruiting and training of staff, ensuring that customer-facing and support roles are prepared and positioned to be successful in the new model.

Alignment of customer-facing resources is paramount to the success of an account-based model. This can become complicated as Pharma looks to develop new and/or re-purpose existing roles to compete in a changing marketplace. A path to the successful alignment of resources includes the development of an integrated picture or map of an account. This approach provides insight into an account's touch points, identifies key influencers, and potentially uncovers customer needs, drivers, and areas of opportunity. As Pharma increases its understanding of an account (which is an on-going exercise), customer-facing and support roles can be more clearly defined and communicated, duplication of effort minimized, and customer confusion avoided.

Sales leadership needs to examine the skills and competencies required to be successful in an account-based model. These attributes may be significantly different versus those of a traditional physician-centric approach. The following are several competencies to consider:

- Respond to changing market conditions with agility – Markets are changing everywhere but not always at the same pace requiring business processes to become more nimble.
- Engage stakeholders via a coordinated approach – Engagement should be focused and consistent across multiple decision-makers within the same institution or group.
- Leverage influence networks - Robust processes will allow Pharma to identify, develop, and nurture key decision makers.
- Ensure and measure high-impact interactions - Campaigns, materials & messages should be tailored for key decision-makers. Continuous improvement processes should be in place to capture and report customer feedback.
- Optimize infrastructure & internal resources - Unique resource allocation processes & reporting are required to support an Account-Based model.

Linking Account-Based Competencies to Activities

Each of the aforementioned competencies can be associated with various activities/tactics that customer-facing roles need to address. Figure 3 illustrates these relationships and highlights the activities that need to be coordinated in an account-based model.

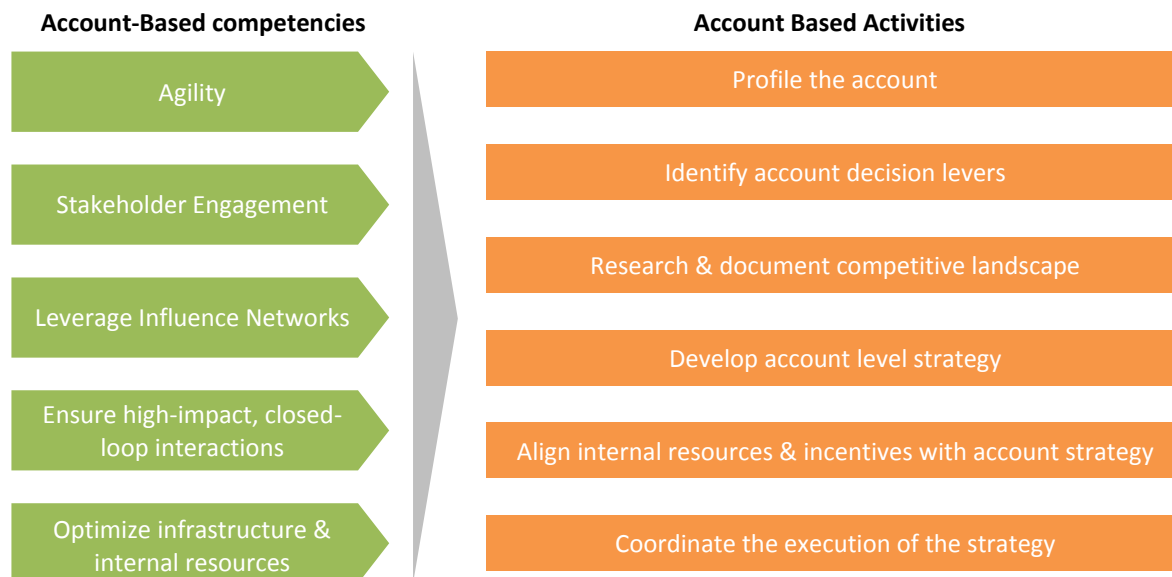


Figure 3

Segment Accounts

Prior to the profiling process, there is a need to assess and segment accounts to provide high value to a Pharma company. Value can be defined based on a number of factors, including sales opportunities for current products as well as those in late-stage development, influence of an account in a specific geography, etc. This is a critical step as companies do not have enough resources with applicable skills to pursue every account. Advanced analytics, combined with knowledge from local sales leaders, can assist in the segmentation process.

Pharma needs to recognize situations where an account does not meet the criteria to be profiled, yet an important customer or key opinion leader is present. Sales leadership will need to assess these situations as they arise to determine the most appropriate resources and skills required to serve that account/customer.

Profile the Account

- There are a number of steps required to accurately profile an account. It is important to assess the overall financial position of the account as this may play a role in its overall strategic direction (i.e. growth, contraction, take-over target, etc.). Similarly, understanding an account's short/long-term goals will assist Pharma in identifying resources and programs that align to areas where both parties can mutually benefit. For example, accounts are increasingly focused on products and programs that improve Quality scores. An account profile needs to contain details regarding these initiatives, outline prior successes/failures, identify who is leading key projects within the account, etc.
- The account profile should also contain research with respect:
 - Payer mix & influences, including the various Government payers
 - Product mix in selected therapeutic areas and reference to the account's formulary.
 - Physical locations of the account's facilities (i.e., hospitals, clinics, groups, etc.)
 - Research regarding anticipated account-level changes (leadership, M&A, etc.)
 - Assessment of an account's willingness to partner with Pharma

Identify Account decision levers

- Building relationships is a key component of a successful account-based strategy focusing attention on the need to identify critical decision-makers/key influencers by both function (i.e., Department Heads) as well as by process (i.e., P&T members).
- As this research is conducted Pharma should review historic product decisions/purchasing behavior for the account and attempt to understand the evaluation criteria employed by each decision-maker. Factors often include, but are not limited to, safety & efficacy, quality and financial considerations (internally & externally influenced).

Research and document competitive landscape

- Evaluating and documenting the current and future competitive landscape provides Pharma with valuable information about the past and a look ahead, both of which can be extremely important in how an account is managed. To assist, Pharma may look to:
 - Document sales & share over time by product
 - Analyze account history by therapeutic area.
 - Who have we lost share to and why?
 - Who have we shifted share from and why?
 - Review anticipated product launches or anticipated dates for Loss of Exclusivity
 - Assess competitors' overall account access & access to key decision-makers

Develop account level strategy

- An account level strategy should include a number of components driven by Pharma's brand strategies as well as its specific aspirations for the account (i.e., hold position, improve margins, grow account). This would include analysis of:
 - Competitors to displace and competitors to yield volume
 - Development of opportunities that position Pharma to assist account in achieving their goals
 - Determine optimal position for each product on the institution's formulary & protocols, accounting for timing of institution's product review cycles, P&T reviews, etc.

Align internal resources & incentives with account strategy

- An individual should be assigned responsibility and overall accountability for the account, ensuring that all account-facing resources understand the strategy.

Coordinate the execution of the strategy

- A critical step that should not be overlooked includes the development and implementation of metrics to measure performance & evaluate progress. Best practices should be documented and shared with teams as strategies and tactics are developed for other accounts.

Process and Technology

Process and technology changes may also be required to support an account-based model and the downstream organizational/cultural changes needed to be successful.

Figure 4 highlights how the various account-based activities can be categorized into three classifications: Insight, Strategy, and Execution. Further, the analytical requirements for each grouping of activities are also documented; focusing attention on support functions (i.e. Commercial or Sales Operations) and the role they play in the success of an account-based model.

	Account Management Activity	What's needed & where Axtria can help...
Insight	Profile the account	<ul style="list-style-type: none"> • Framework/ processes to gather, store & update account data • Dashboard to analyze data and distribute insights to support account strategy development • Account and market insights that are updated periodically (account performance, changing market conditions, etc.) • Master Data Management for institutional accounts, affiliations, formulary, etc.
	Identify account decision levers	
	Research & document competitive landscape	
Strategy	Develop account level strategy	<ul style="list-style-type: none"> • Modifications to alignment, targeting, sampling, and incentive processes that enable the optimal resource mix for a given account
Execution	Align internal incentives with account strategy	<ul style="list-style-type: none"> • Reports and dynamic dashboards to measure progress, performance, etc. • Tools that assist account-facing resources build relationships & achieve account objectives • Processes/tools to document & share Best Practices
	Coordinate the execution of the strategy & track results	

Figure 4

Measuring Success

The measurement of success for traditional sales roles focus on well-established metrics such as call execution, volume (scripts, pills/tablets, etc.), market share change, etc. These metrics may not be appropriate in an account-based selling model since the focus, especially initially, will center on processes and activities with longer horizons. As a result, measuring intermediate & long-term outcomes in an account-based model may require Pharma to consider a new set of metrics such as those outlined in Figure 5.

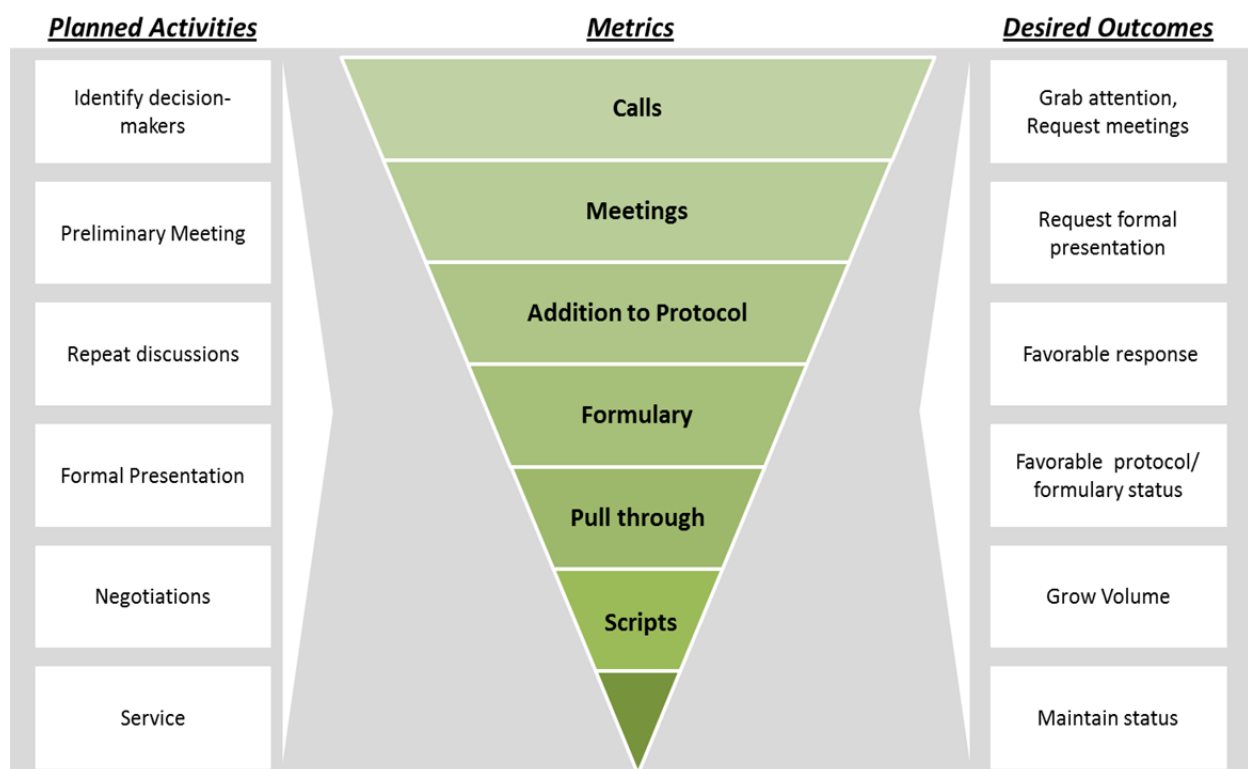



Figure 5



Organizations that invest time and resources to understand changing market dynamics position themselves to remain competitive, and possibly gain an advantage. Incorporating a new business model, in-part or as a total replacement, showcases an organization's ability to recognize customer needs and position resources accordingly.

Further, a holistic, integrated approach to an Account-Based Model provides the opportunity for continuous learning and helps to position the “right” Pharma resources, in the “right” locations, calling on the “right” customers, with the “right” effort and the “right” incentives.

About the Author:

Michael Diggin is an experienced leader in the Pharmaceutical industry with extensive background and expertise in streamlining operations, developing insightful analytics and building strategies for new and existing markets. He is known for his ability to develop staff and build leaders, deliver results through influencing and collaboration skills, and manage projects across numerous market segments.

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Axtria Inc.: Axtria is an advanced analytics company that combines industry knowledge, analytics and technology to deliver solutions that help companies make better data-driven sales and marketing decisions, with measurable results.

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