



INCENTIVE COMPENSATION BENCHMARKING STUDY

2020 RESULTS





AGENDA

✓ SURVEY METHODOLOGY

EXECUTIVE SUMMARY

INCENTIVE COMPENSATION DESIGN

INCENTIVE COMPENSATION EARNINGS AND PAY CURVE

INCENTIVE COMPENSATION GOAL SETTING

MANAGEMENT BY OBJECTIVES - INCENTIVE COMPENSATION ADMINISTRATION

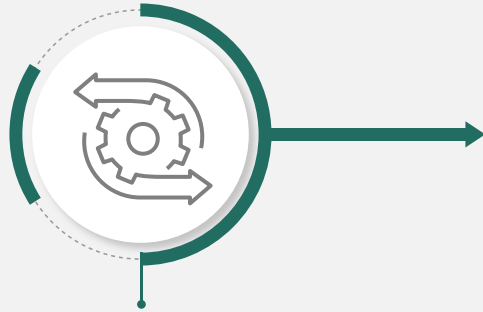
SALES CREDITING

CONTEST

ABOUT THE EXPERTS

HOW WE ARRIVED AT THE RESULTS OF OUR INCENTIVE COMPENSATION BENCHMARKING STUDY

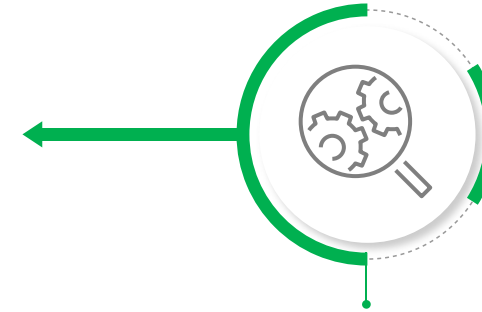
METHODOLOGY



- This presentation consists of insights based on metadata research of the incentive compensation (IC) plans of Axtria's current US client engagements.
 - Axtria's incentive compensation project teams across the US participated in a comprehensive survey.
 - The IC project teams filled out the survey based on the statement of work contracted and their experience working with IC clients.
 - The aggregated results are blinded not to reveal any individual client information.
- The presentation provides insights into common trends and best practices in IC amongst Axtria's clients.



SCOPE



- The survey results provide insights into the following strategic components of pharmaceutical companies' IC practices: target, design, pay curves, earnings, annual contest, contests, management by objectives (MBOs), goal setting, sales crediting, and reporting frequency.
- Axtria analyzed Q1 and Q2 2020 incentive plans and earnings from Q4 2019 and Q1 2020 for this study.
- The results are based on a review of 387 plans across various roles in a sales organization and include a deep dive into primary care, specialty, oncology, and rare disease areas.
- The scope of this IC Benchmarking Study does not consider the impact of COVID-19 market conditions.

OUR SURVEY SAMPLE INCLUDES COVERAGE OF IC PLANS ACROSS DIVERSE THERAPEUTIC AREAS

387 PLANS ACROSS SEVERAL THERAPEUTIC AREAS WERE CONSIDERED FOR THIS STUDY

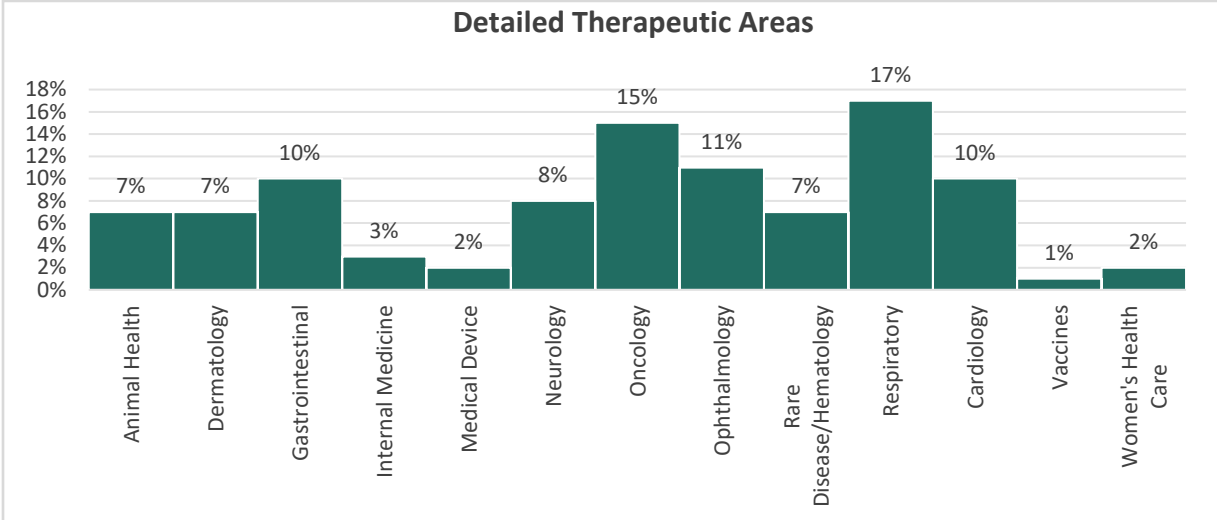
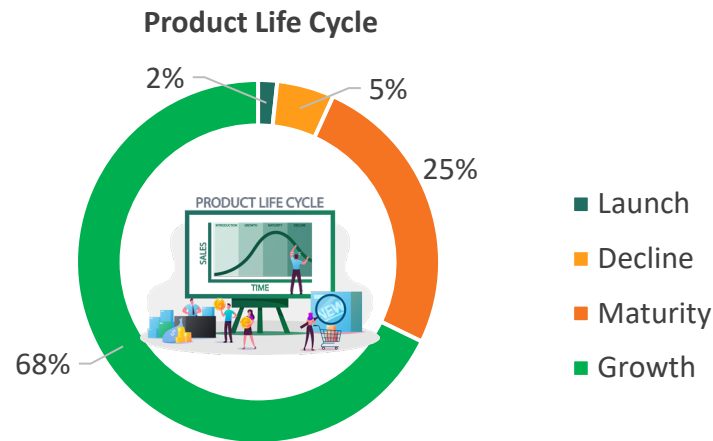
The survey sample includes teams by therapeutic area, role, and product life cycle.

Therapeutic Area*

- **Primary care teams** include the following specialty areas of focus: cardiology, gastrointestinal, diabetes, neurology, respiratory, women’s health, and vaccines.
- **Specialty teams** include the following specialty areas of focus: cardiology, dermatology, gastrointestinal, internal medicine, neurology, ophthalmology, and respiratory.
- **Other life sciences** includes the following specialties: medical device and animal health.
- **Rare disease** includes rare disease states, including hematology.
- **Oncology** included as a separate therapeutic area.

Role

- **Second-level manager** is considered as the second-level reporting manager at the territory level.
- **Account-based manager and national/account-based director** are considered as account-based sales or managed markets/corporate account teams.



*Note: Therapeutic areas consider different team types. For example, a specialty therapeutic area can be considered as part of a primary care or specialty team type based on the dynamics of the team and the brands they are promoting.



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AN ASSESSMENT OF IC PRACTICES REVEAL THAT COMPANIES CONTINUE TO DRIVE MOTIVATION THROUGH THE IC PLAN

KEY TAKEAWAYS FROM THE IC BENCHMARKING STUDY

- **The sales representative's role in the life sciences industry evolved in 2020**
 - The pandemic caused sales teams to find alternative ways to reach their prescribers due to reduced physician availability resulting from social contact restrictions.
 - As the sales teams began leveraging multiple channels to reach their targets, their incentive plans changed during the initial shutdown and reopening, but there was a focus to keep the sales representative whole.
- **Our study findings show that goal-based IC plans are still the primary way to drive pay for performance.**
 - We should continue to see this trend through 2021.
 - IC designers are getting creative in designing IC plans that drive behaviors and motivate sales representatives due to the lack of robust data in some instances and the nuances related to the sales representative's role.
- **Our findings reveal that a simple IC plan design can achieve a positive outcome by keeping the sales representatives engaged and motivated.**
 - When the IC targets are below average, there is a risk of attrition and perhaps loss of retaining the right talent.
 - When there is not a lot of significant upside or opportunity to earn more, it can be demotivating for top performers within a sales team.
 - The lack of differentiation across the top and bottom performers also leaves the top salespeople disgruntled.
- **In contests, sales leaders award the top performers based on a different behavior, for which they like to compensate the field.**
 - Sales leaders predominantly hold contests when a brand is in the growth stage of its life cycle.
 - They no longer only award top-ranking performers and have the potential to award all performers who excelled at achieving the sales behavior.
- **Overall, this IC Benchmarking Study will help you assess where your IC plan lies within the range of what is considered the norm for the industry.**
 - Enabling thought-provoking ways to consider taking IC plans to the next level of innovation and motivation.



IC PLANS ARE DESIGNED TO FOLLOW A PAY FOR PERFORMANCE MODEL

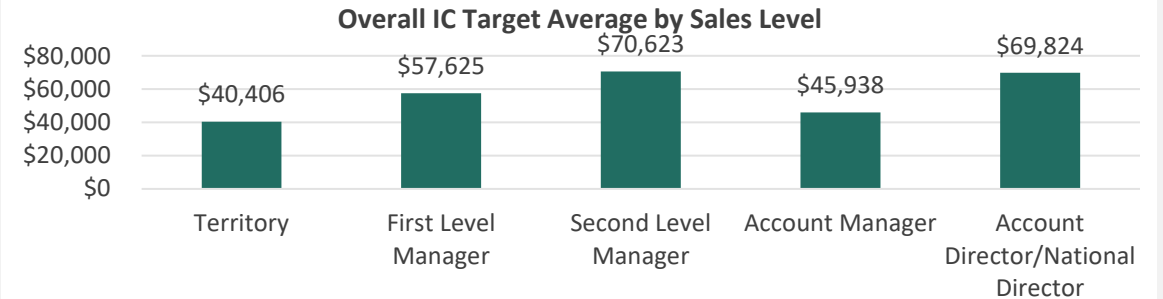
KEY TAKEAWAYS BY SECTION

Overall

Companies are allowing for budget overages when the brand forecast has exceeded its goal

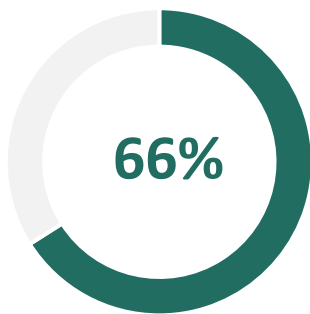
- IC budget utilization tends to exceed 100%.
- Higher engagement and meaningful engagement rates and higher percentage earnings for top performers have led to IC budget overage.

IC Target



Rare disease IC targets are much higher than oncology and other specialized therapeutic areas; complex specialty teams drive up the specialty IC target average to be competitive with the oncology IC target.

IC Design



Incentive goals remains a popular component in sales representatives' IC plans

- Incentive goal plan is the most common IC component used in 90% of sales representative IC plans.
- 66% of the IC plans use only one component to measure brand performance.

IC Earnings and Budget

IC earnings and budget are indicators of IC engagement and how comfortable a company is to pay on performance

- Only 7% of the sales representative level IC plans are uncapped; the typical IC capped pay curve earnings range between 200% - 500% of their IC target.
- The average sales representative's maximum earnings is 204% of the target.
- The use of the average incentive budget exceeds 100% of earnings.



COMPREHENSIVE MODELING IS BY DESIGN TO CREATE A MOTIVATING IC PLAN

KEY TAKEAWAYS BY SECTION

Goal Setting

Goal Setting uses a set criterion and baseline to create realistic goals to engage the sales representative

- Pharmaceutical companies often use a 3-month baseline and a 6-month baseline in goal setting.
- If the brand is in a growth phase, pharmaceutical companies primarily use goals within their IC Plans.
- Sales history, market potential, and equal allocations are common measures used to set goals.



MBOs

MBO Plans are conservative with earning opportunities to be less than a traditional sales incentive plan

- 91% of managed markets MBO plans do not go over budget; 93% of sales team MBO plans do not go over budget.
- 25% of the managed markets teams have maximum earnings in the 225% - 250% range within their MBO plan; 30% of the sales teams have greater than 125% maximum earnings within their MBO plan.
- 8% of the managed markets teams have a minimum of 0% earnings; 20% of the sales teams have a minimum of 0% earnings.



Sales Crediting

Companies are following compliant sales crediting practices to ensure their teams get compensated for the appropriate approved indications

- Using target physician accounts and excluding unapproved specialties are common sales crediting practices across the pharmaceutical industry.
- Teams receive sales credit on relevant specialty total healthcare provider (HCP) universe of the therapeutic area they cover.
- Companies do not provide sales credit for therapeutic areas or indications that their brands do not target.



Contests

Companies analyzed in this study held contests during the launch and growth phases of a brand's life cycle.

- Companies hold contests when the brand is in the launch and/or growth phase of its life cycle.
- Most contests reward more than 25% of the field.





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SALES REPRESENTATIVE AVERAGE IC TARGETS SHOW THE VARIANCES BETWEEN EACH THERAPEUTIC AREA

THE OVERALL AVERAGE TARGET FOR TERRITORY LEVEL SALES REPRESENTATIVE IS \$40,406



\$47,083

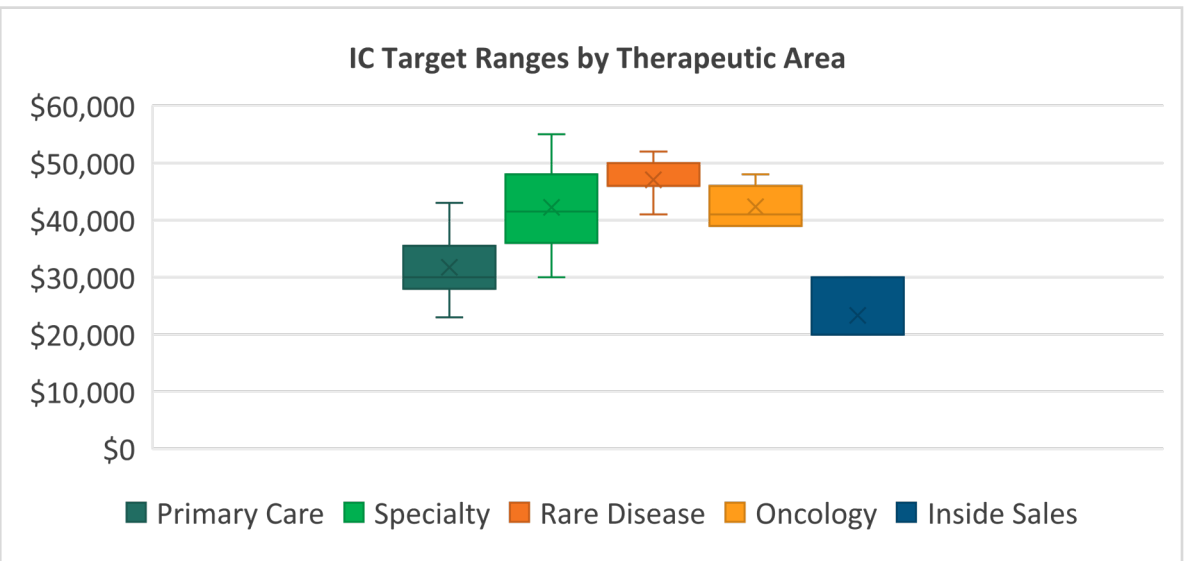
The therapeutic area with the highest average IC target is rare disease, with an average IC target of **\$47,083**.

Key Finding

Oncology representatives no longer have significantly higher targets compared to other specialty therapeutic areas. Many companies provide the same IC targets to their oncology teams as their more complex specialty teams.



Therapeutic Area	Average Target	Range
Primary Care	\$31,750	\$23,000 - \$43,000
Specialty	\$42,152	\$30,000 - \$55,000
Rare Disease	\$47,083	\$41,000 - \$52,000
Oncology	\$42,333	\$39,000 - \$48,000
Inside Sales	\$23,333	\$20,000 - \$30,000



Note: Sample size: 71 territory level sales teams; The graph excludes two standard deviations of the mean.

FIRST-LEVEL MANAGER AVERAGE IC TARGETS ARE SIMILAR FOR ALL THERAPEUTIC AREAS EXCEPT PRIMARY CARE

THE OVERALL AVERAGE TARGET FOR FIRST-LEVEL MANAGER IS \$57,625



\$60,625

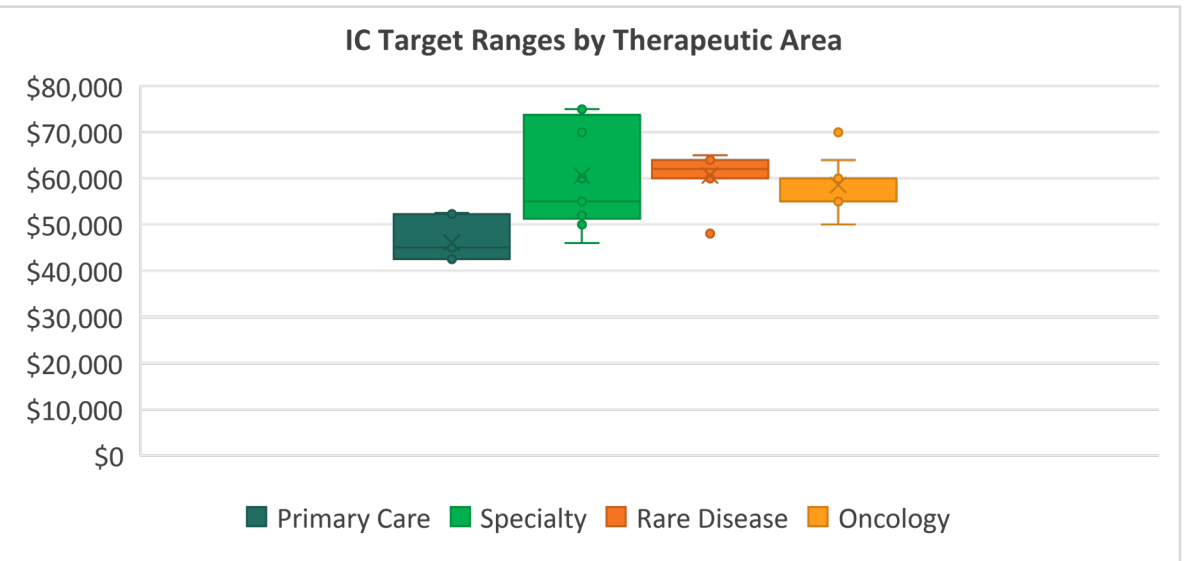
The therapeutic area with the highest average IC target is rare disease, with an average IC target of **\$60,625**.

Key Finding

Oncology field managers no longer have significantly higher targets compared to other specialty areas. Many companies provide the same IC targets to their oncology teams as their more complex specialty teams.



Therapeutic Area	Average Target	Range
Primary Care	\$46,036	\$42,500 - \$52,500
Specialty	\$60,563	\$46,000 - \$75,000
Rare Disease	\$60,625	\$48,000 - \$65,000
Oncology	\$58,545	\$50,000 - \$70,000



Note: Sample size: 42 territory reporting manager level sales teams; The graph excludes two standard deviations of the mean.

THERE ARE VARIANCES WITH THE AVERAGE IC TARGET FOR SECOND-LEVEL MANAGERS

THE OVERALL AVERAGE TARGET FOR SECOND-LEVEL MANAGER IS \$70,623



\$73,042

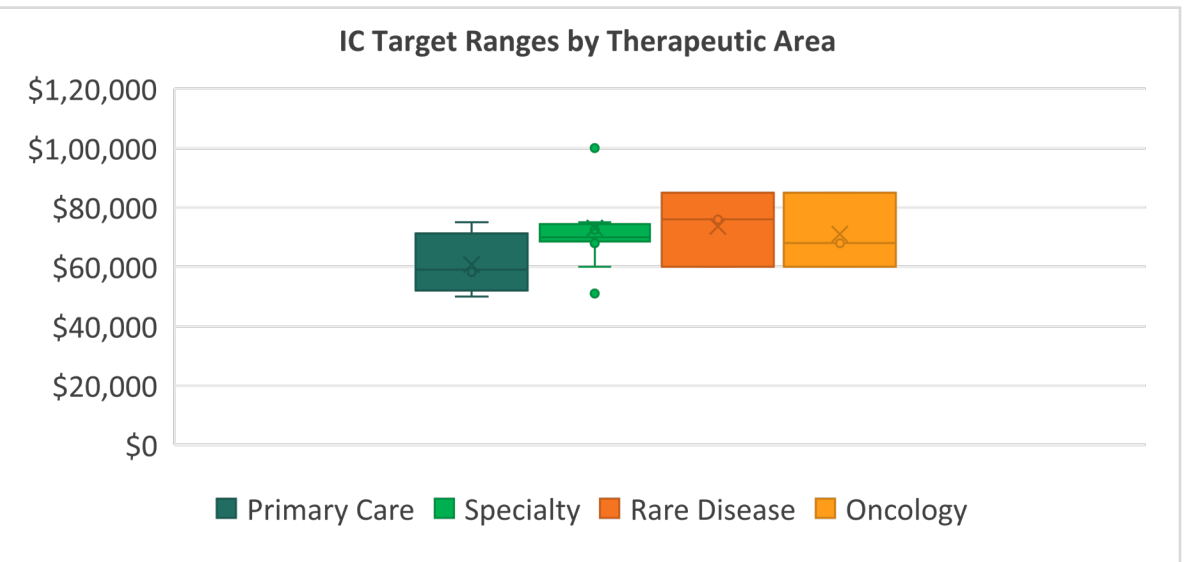
The therapeutic area with the highest average IC target is rare diseases, with an average IC target of **\$73,042**.

Key Finding

Oncology and rare disease field managers at the field sales director level no longer have higher targets than other specialty teams. Many companies provide the same IC targets across their experienced sales senior leadership teams.



Therapeutic Area	Average Target	Range
Primary Care	\$60,800	\$50,000 - \$75,000
Specialty	\$67,650	\$51,000 - \$75,000
Rare Disease	\$73,667	\$60,000 – \$85,000
Oncology	\$71,000	\$60,000 – \$85,000



Note: 22 second-level territory reporting manager sales teams; The graph excludes two standard deviations of the mean.

ACCOUNT MANAGER AVERAGE IC TARGETS HAVE MORE CONSISTENCY ACROSS THERAPEUTIC AREAS

THE OVERALL AVERAGE TARGET FOR ACCOUNT MANAGER LEVEL IS \$45,938



\$50,400

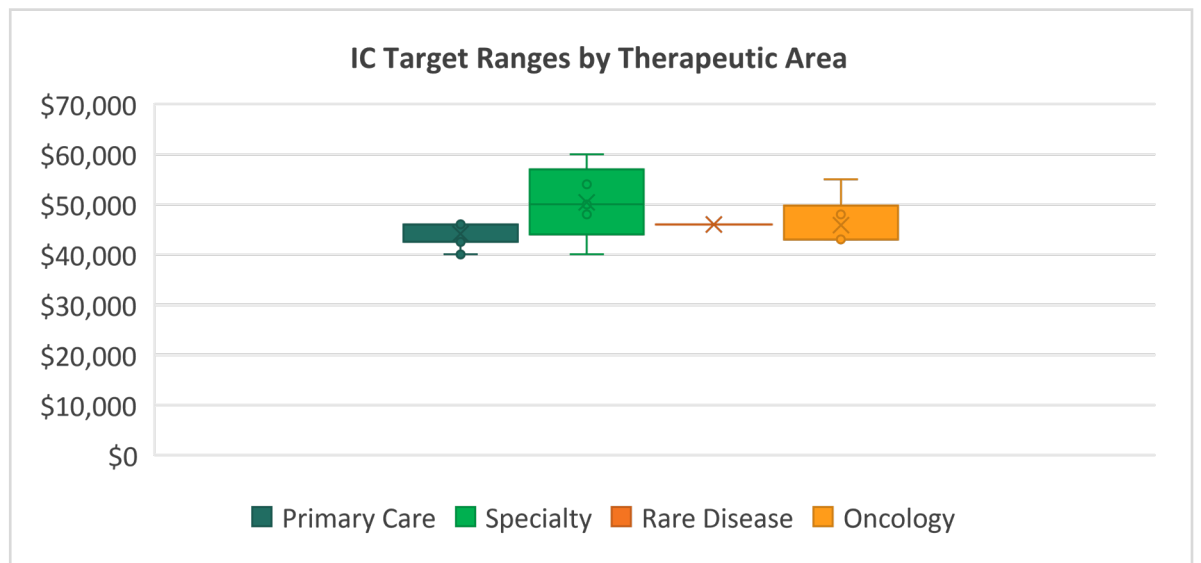
The specialty therapeutic area has the highest average IC target of **\$50,400**.

Key Finding

Account-level roles may have responsibilities for multiple brands in their portfolio, which could be the cause of a higher IC target for the specialty therapeutic area.



Therapeutic Area	Average Target	Range
Primary Care	\$44,125	\$40,000 - \$46,000
Specialty	\$50,400	\$40,000 - \$60,000
Rare Disease	\$46,000	\$46,000 - \$46,000
Oncology	\$45,833	\$43,000 - \$55,000



Note: Sample size: 24 manager level of account-based sales teams; The graph excludes two standard deviations of the mean.

ACCOUNT DIRECTOR/NATIONAL DIRECTOR IC TARGETS SHOW VARIANCES BY THERAPEUTIC AREAS

THE OVERALL AVERAGE TARGET FOR ACCOUNT DIRECTOR LEVEL IS \$69,824



\$84,000

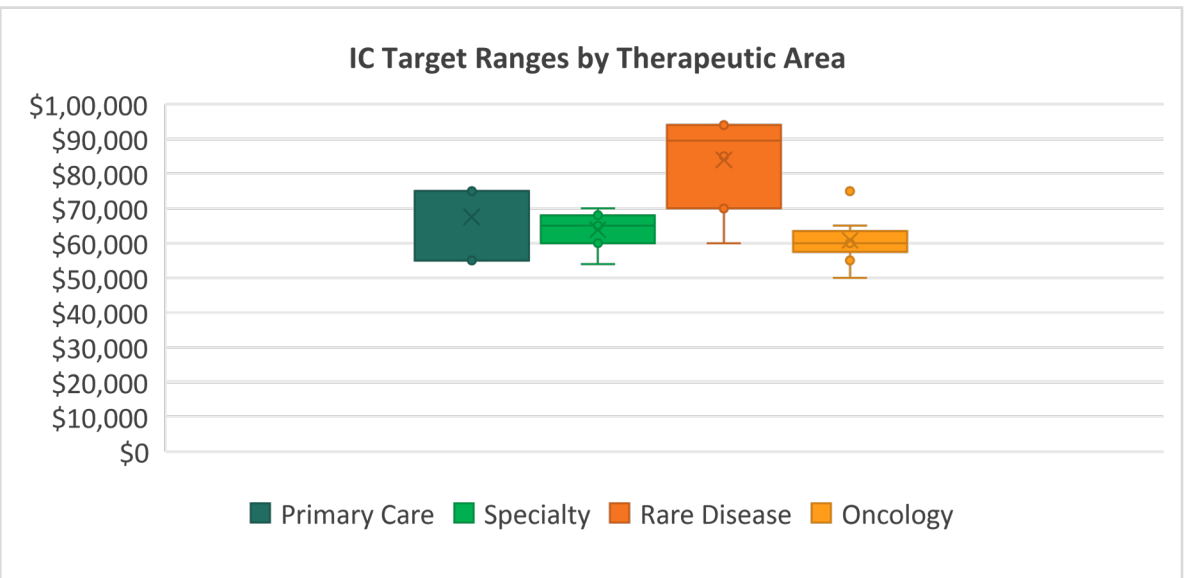
The therapeutic area with the highest average IC target is rare disease, with an average IC target of **\$84,000**.

Key Finding

Account-level roles may have responsibilities for multiple brands in their portfolio, which could be the cause of variability between each therapeutic area.



Therapeutic Area	Average Target	Range
Primary Care	\$67,500	\$55,000 - \$75,000
Specialty	\$63,857	\$54,000 - \$70,000
Rare Disease	\$84,000	\$60,000 - \$94,000
Oncology	\$60,778	\$50,000 - \$75,000



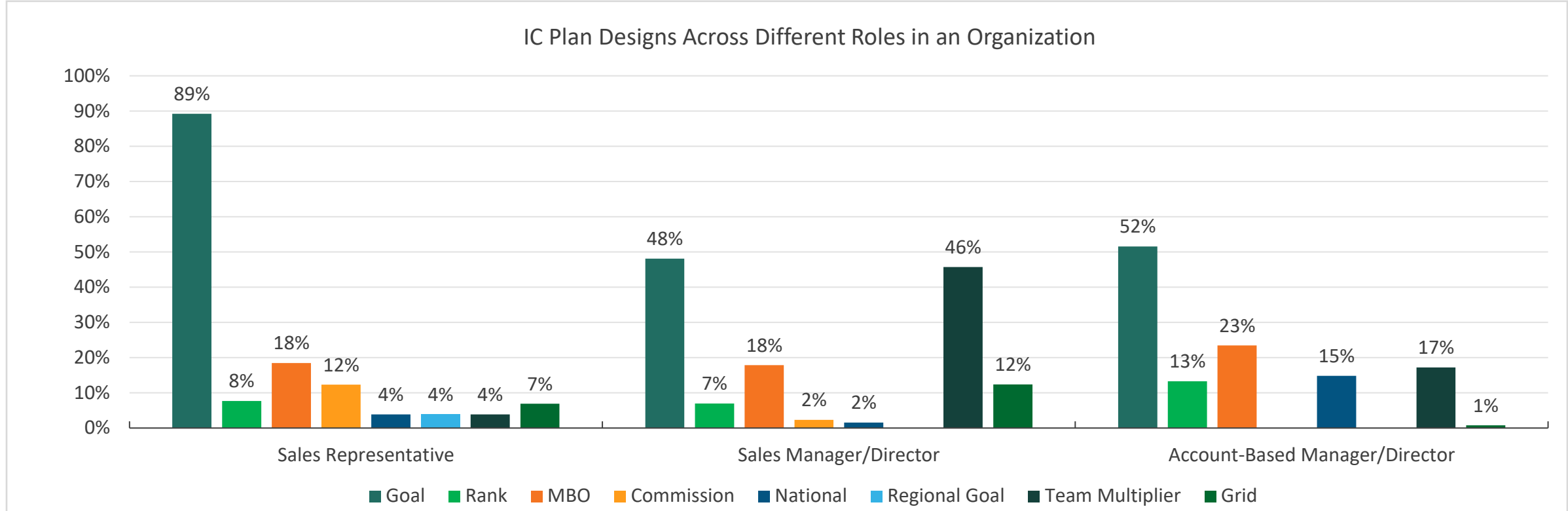
Note: Sample size: 34 director level of account-based sales teams; The graph excludes two standard deviations of the mean.

GOALS REMAIN A DOMINANT IC COMPONENT USED TO REWARD THE SALES FORCE ACROSS EACH ROLE TYPE

GOALS ENCOURAGE COLLABORATION AMONG THE SALES TEAM TO HELP DRIVE THE BUSINESS



- Some IC plans may include more than one component.
- The analysis involved considering each component in the IC plan design.



Note: Sample size: 552 IC components within 387 IC plans across sales and account roles.

GOALS ARE USED TO MEASURE SALES REPRESENTATIVE PERFORMANCE THROUGHOUT ALL THERAPEUTIC AREAS

IC COMPONENTS BY THERAPEUTIC AREA FOR TERRITORY LEVEL TEAMS

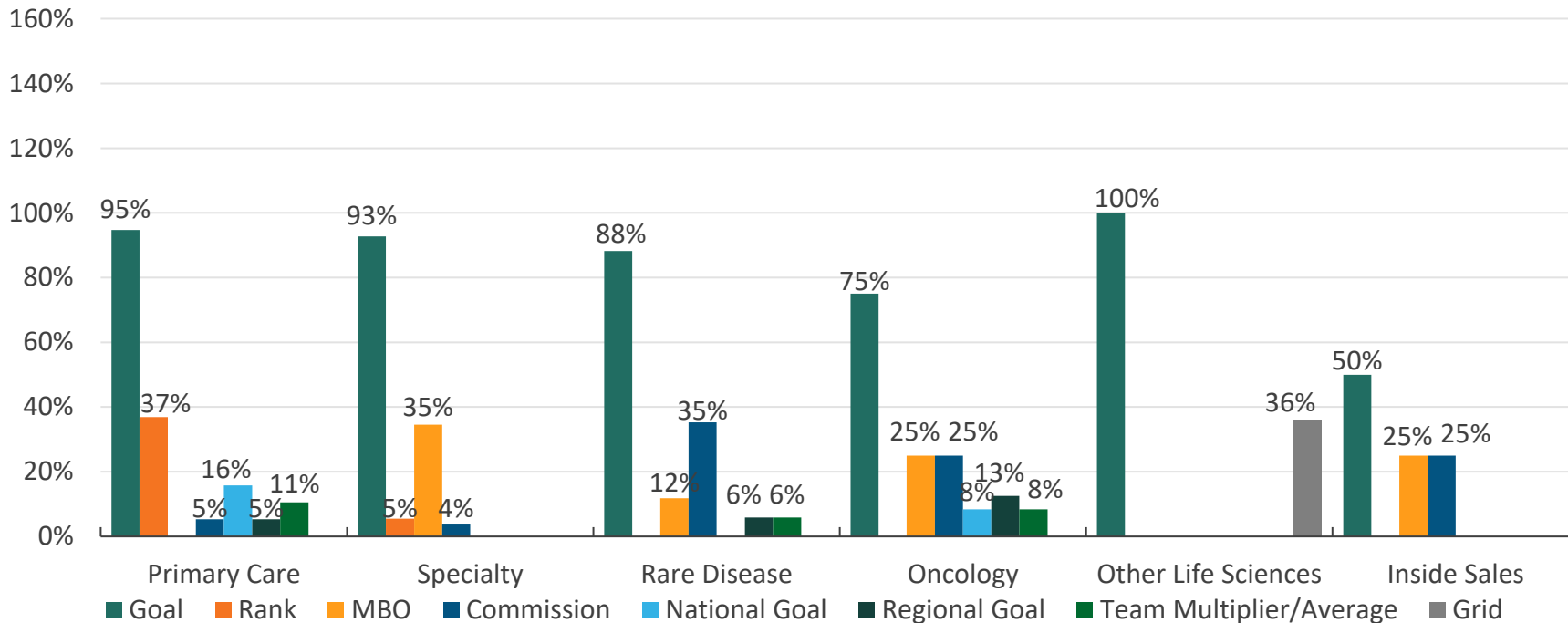
Goals are the most used component in IC plans across all therapeutic areas.



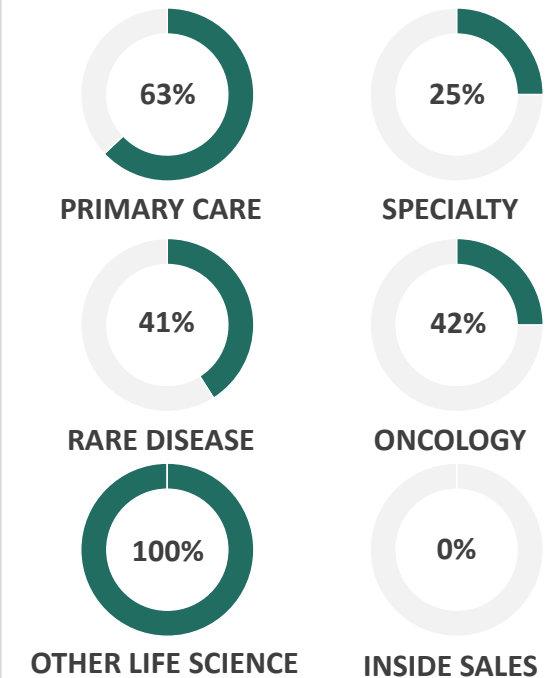
129

out of 207 IC plans included a goal component.

Incentive Plan Design Components by Therapeutic Area – Sales Representative Level



Percentage of Teams with More Than One Component in the IC Plan



Note: Sample size: 204 IC plan components across 144 territory level IC plans. Some IC plans may have more than one brand included in the plan, each brand has been considered one plan.

SALES GOALS AND TEAM MULTIPLIERS ARE OFTEN USED IN SALES MANAGER/DIRECTOR IC PLANS

IC COMPONENTS BY THERAPEUTIC AREA AT SALES MANAGEMENT LEVEL

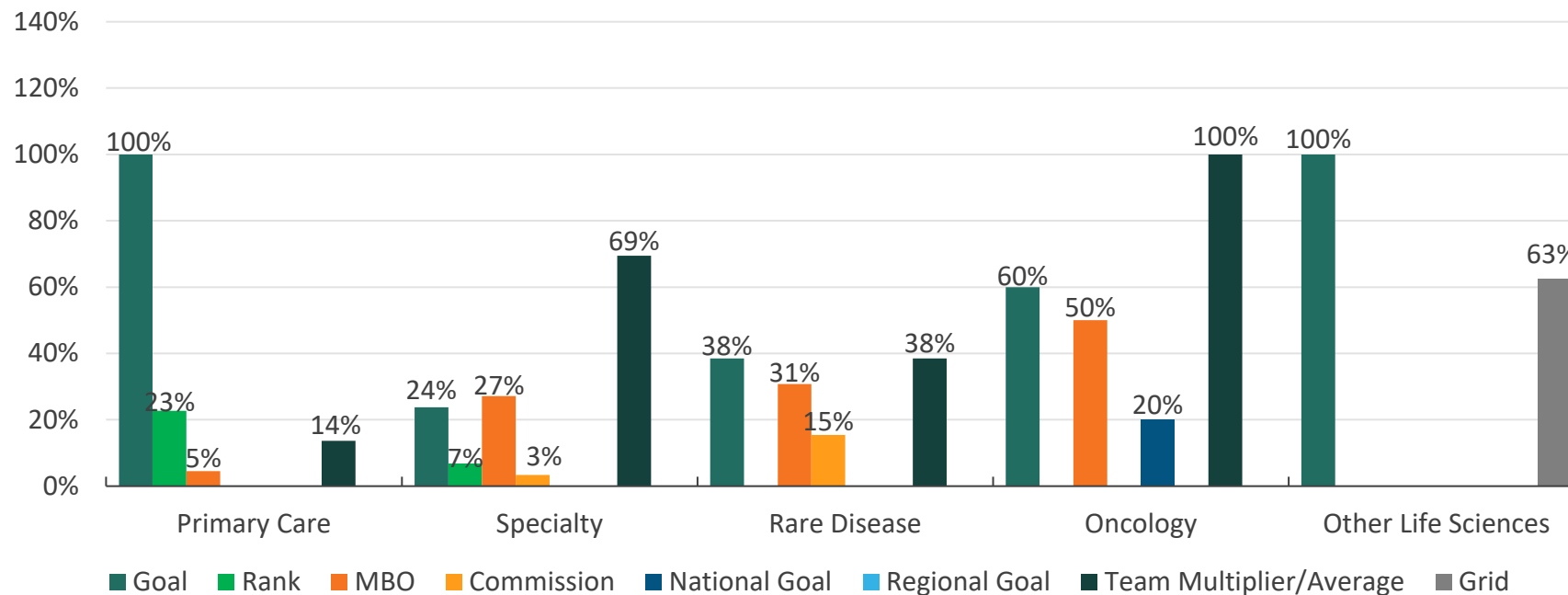
- Goals are the most used component in IC plans for primary care teams.
- The team multiplier/average plan type component is used across all therapeutic areas at the manager level.



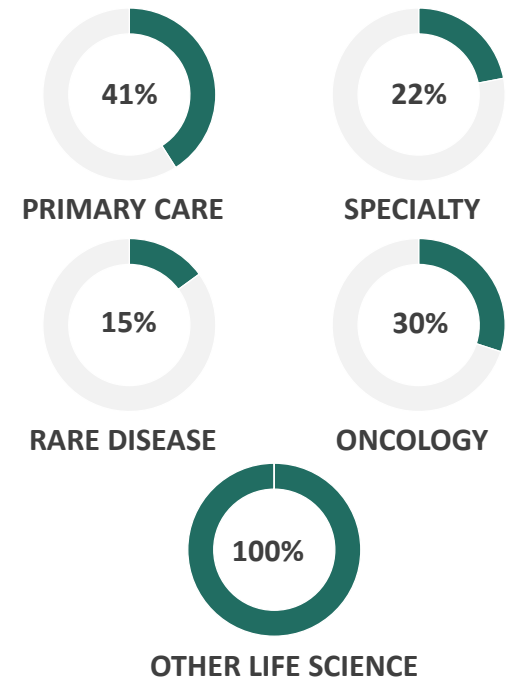
71

out of 186 IC plans included a goal component.

Incentive Plan Design Components by Therapeutic Area – Sales Management Level



Percentage of Teams with More Than One Component in the IC Plan



Note: Sample size: 186 IC plan components across 128 first-level manager and second-level manager level IC plans; Some IC plans may have more than one brand included in the plan, each brand has been considered one plan.

THERE IS A MIX OF IC COMPONENTS USED FOR MANAGED ACCOUNT ROLES WHEN MEASURING IC PERFORMANCE

IC COMPONENTS BY THERAPEUTIC AREA AT MANAGED MARKETS ACCOUNT MANAGER/DIRECTOR LEVEL

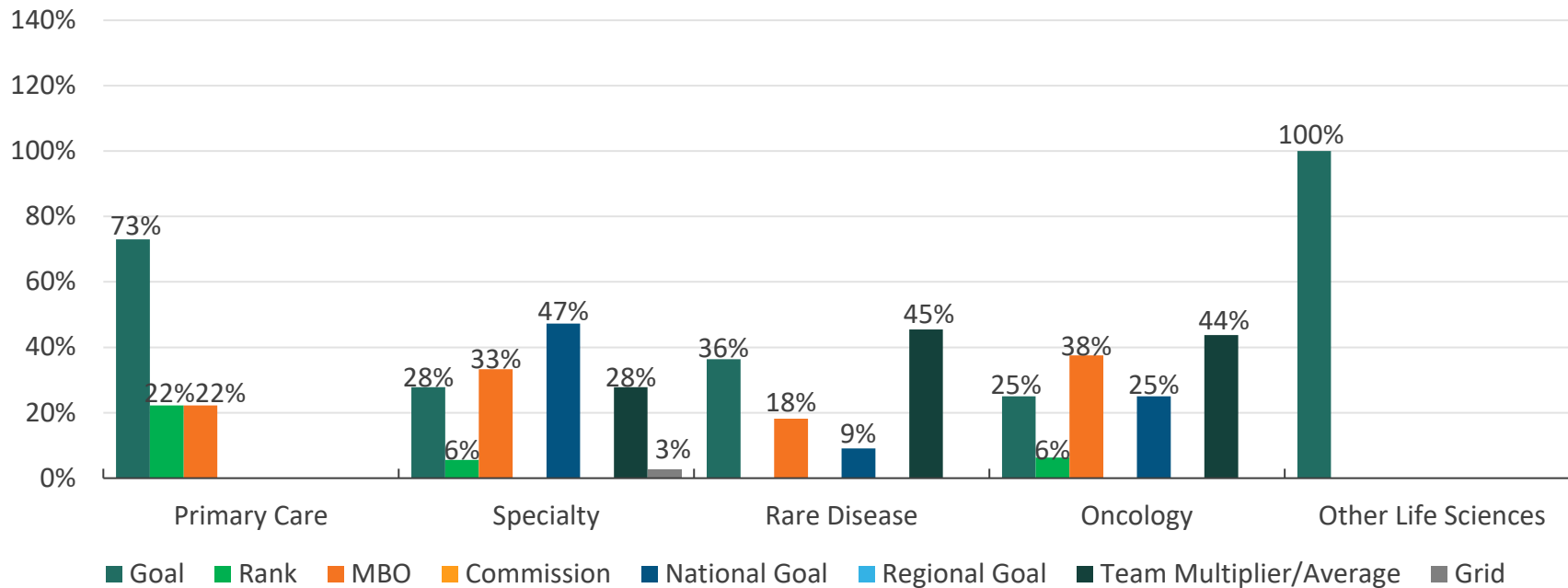
- Goals are the most used component in sales IC plans across all therapeutic areas.
- Managed markets teams use a diverse set of components, primarily MBO, goals, and national performance.



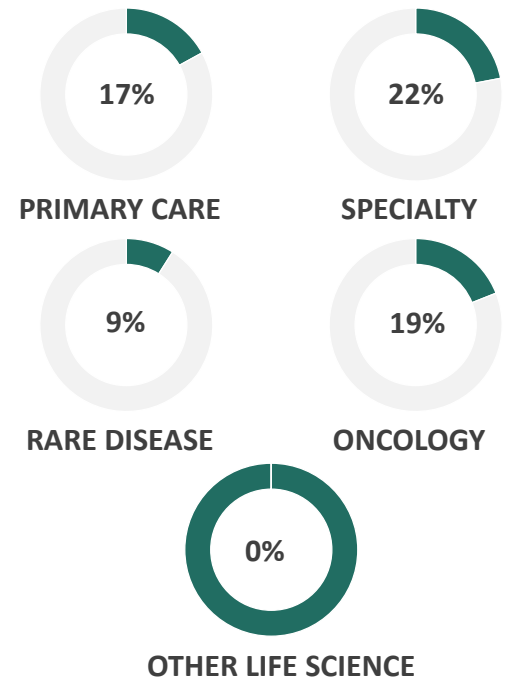
66

out of 162 IC plans included a goal component.

Incentive Plan Design Components by Therapeutic Area - Managed Markets/ Account Level



Percentage of Teams with More Than One Component in the IC Plan




Note: Sample size: 162 IC plan components across 128 account manager/director levels IC plans; Some IC plans may have more than one brand included in the plan, each brand has been considered one plan.

GOAL PLANS AND TEAM MULTIPLIER PLANS AS A SINGLE COMPONENT IN AN IC PLAN PROVIDE SIMPLICITY WHEN ENGAGING THE SALES TEAM

OUT OF 387 IC PLANS, 265 WERE SINGLE COMPONENT IC PLANS

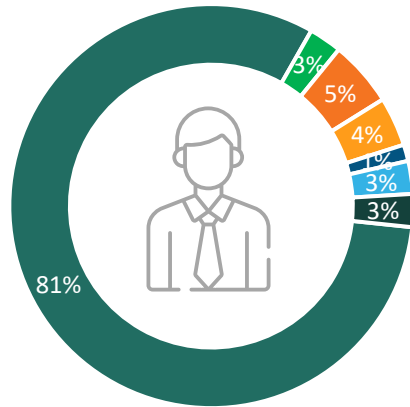


- IC plans counted consider one brand to the plan. If there are multiple brands considered within one plan, then each brand will be considered to have its own IC plan.
- Goal is the most used IC component among all IC plans in the sample.

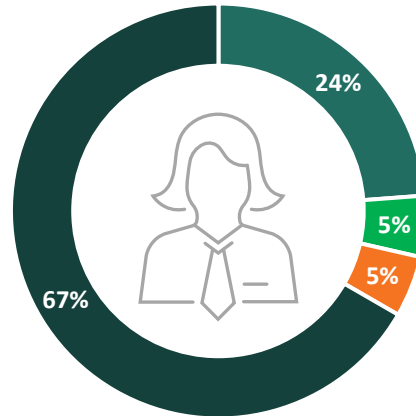


80%
of the single component IC plans were goal-based plans.

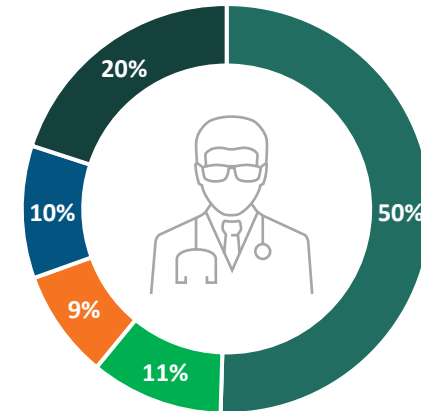
Sales Representatives



Sales Managers/Directors



Managed Markets Managers/Directors



■ Goal
 ■ Rank
 ■ MBO
 ■ Commission
 ■ National Goal
 ■ Regional Goal
 ■ Team Multiplier/Average

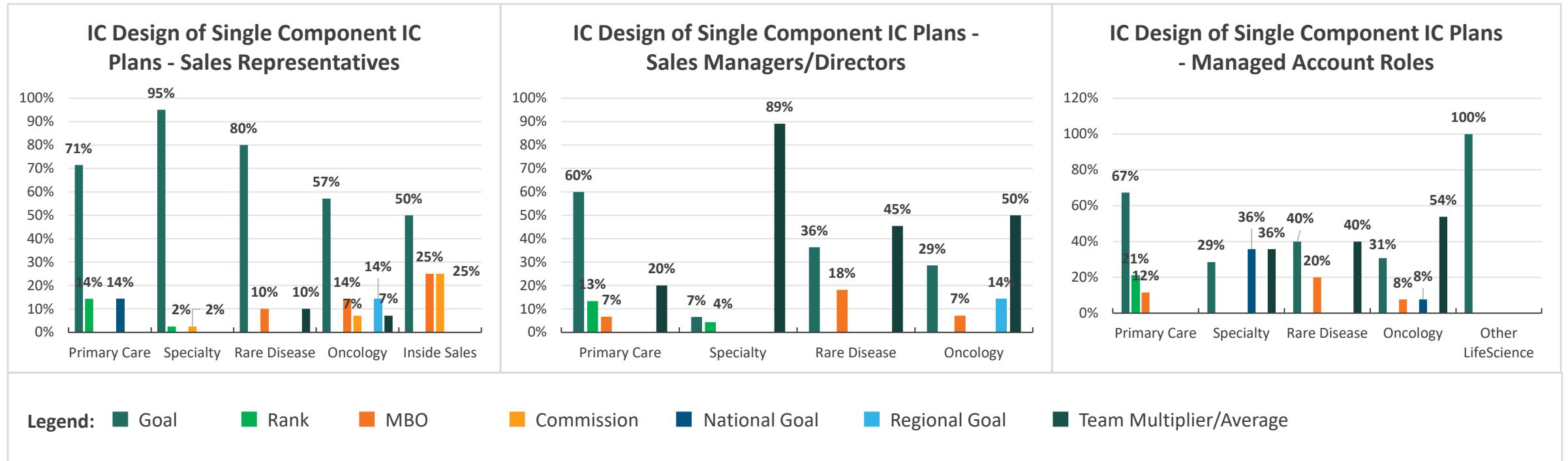
Note: Sample size is 265 single component IC plans; some IC plans include multiple brands, each brand has been counted as a single IC plan.

DRILLING DOWN TO THE THERAPEUTIC AREA SHOWS THE COMMON USE OF GOALS AS A SINGLE COMPONENT AS COMPARED TO OTHER POSSIBLE COMPONENTS

KEEPING THE IC PLAN SIMPLE BY USING ONE COMPONENT



- IC plans counted consider one brand to the plan. If there are multiple brands considered within one plan, then each brand will be considered to have its own IC plan.
- Goals are the most used IC component among territory level IC plans in the sample.
- A team multiplier design is a popular performance metric for the sales manager levels when there is only one IC plan component.

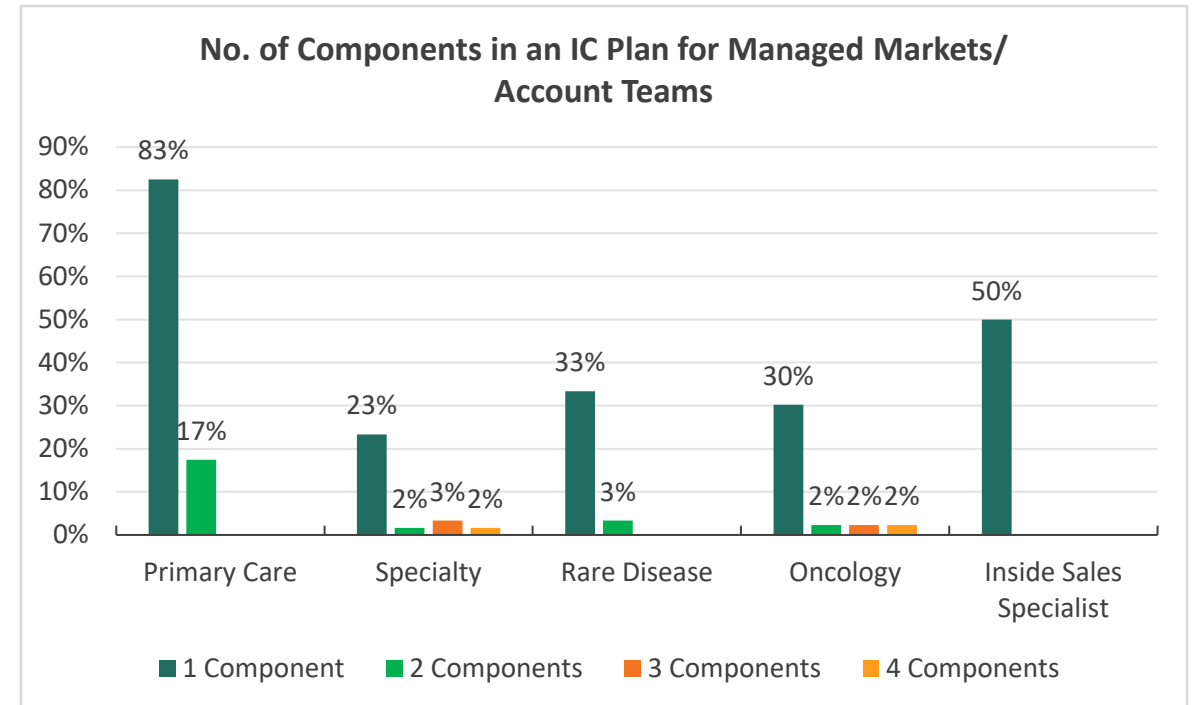
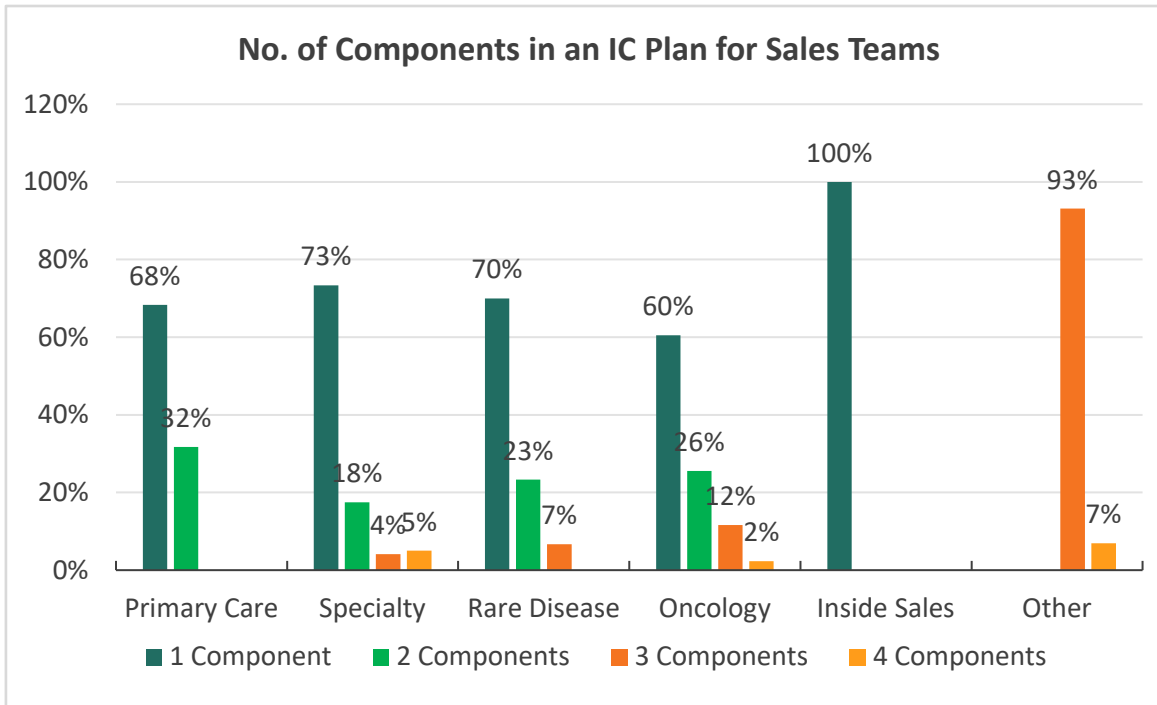


Note: Sample size: 265 IC Plans

PRIMARY CARE HAVE SIMPLER IC PLANS COMPARED TO SPECIALTY AREAS WHERE THE IC PLANS INCREASE WITH COMPLEXITY

IC BEST PRACTICE - NO IC PLAN SHOULD EXCEED FOUR COMPONENTS; ALL COMPANIES IN OUR STUDY FOLLOW THIS BEST PRACTICE

- IC plans counted consider one brand to the plan. If there are multiple brands considered within one plan, then each brand will be considered to have its own IC plan.
- IC plans become increasingly complex as the number of plan components increases. Most account teams' IC plans consist of only one component.

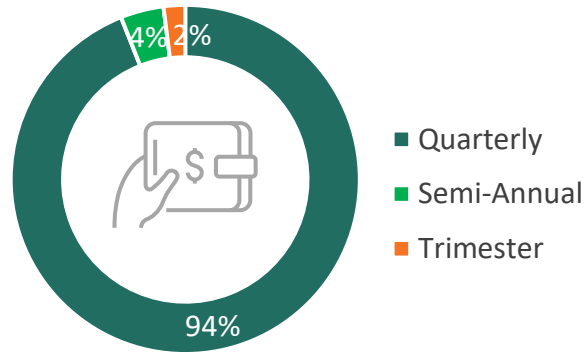


Note: Sample size is 400 IC Plans

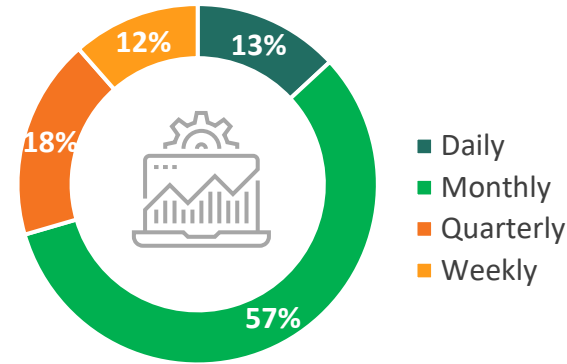
MOST COMPANIES USE A QUARTERLY PLAN PERIOD, BUT THEY SHARE FIELD SCORECARDS AND RANKINGS MONTHLY

FIELD REPORTING AND PAYOUT FREQUENCY

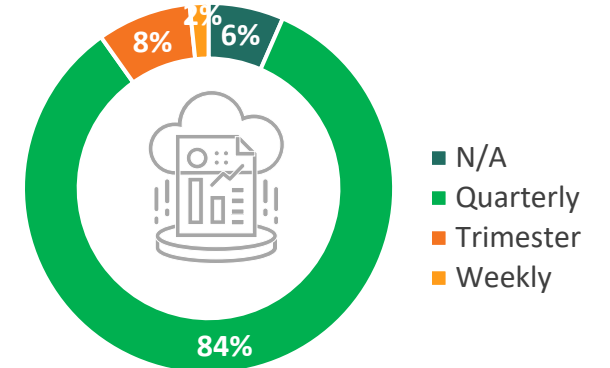
Payout Frequency



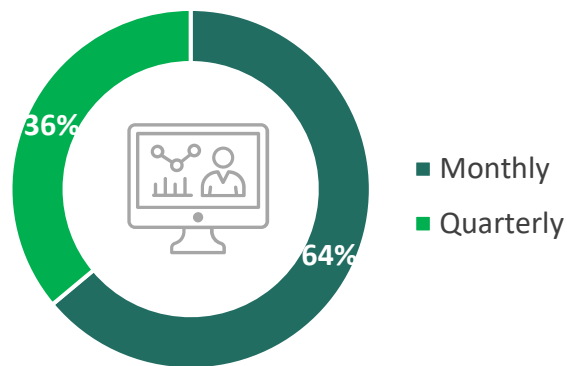
Field IC Scorecard Published



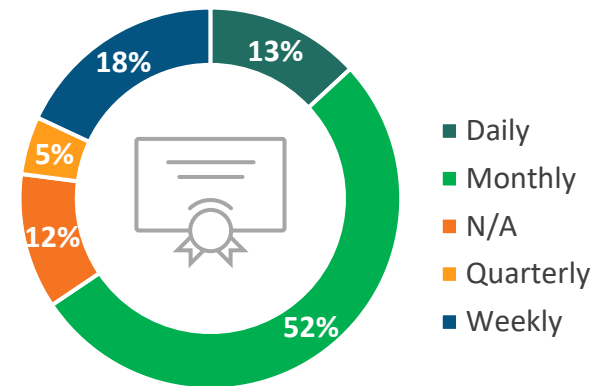
Field IC Calculators Published



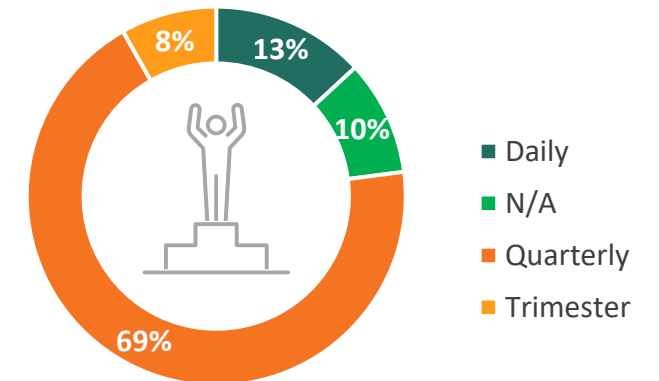
IC Eligibility Reviewed



Ranking Reports Published



IC Goal Cards Published



Note: Sample size is 61 teams | N/A – this part of the sample does not provide this report to the field.



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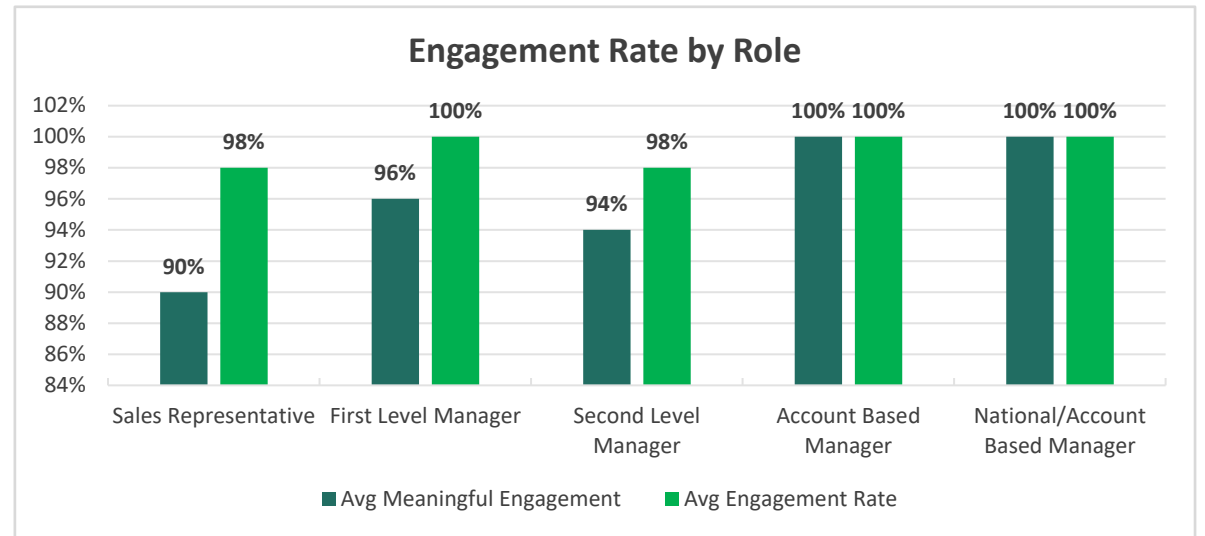
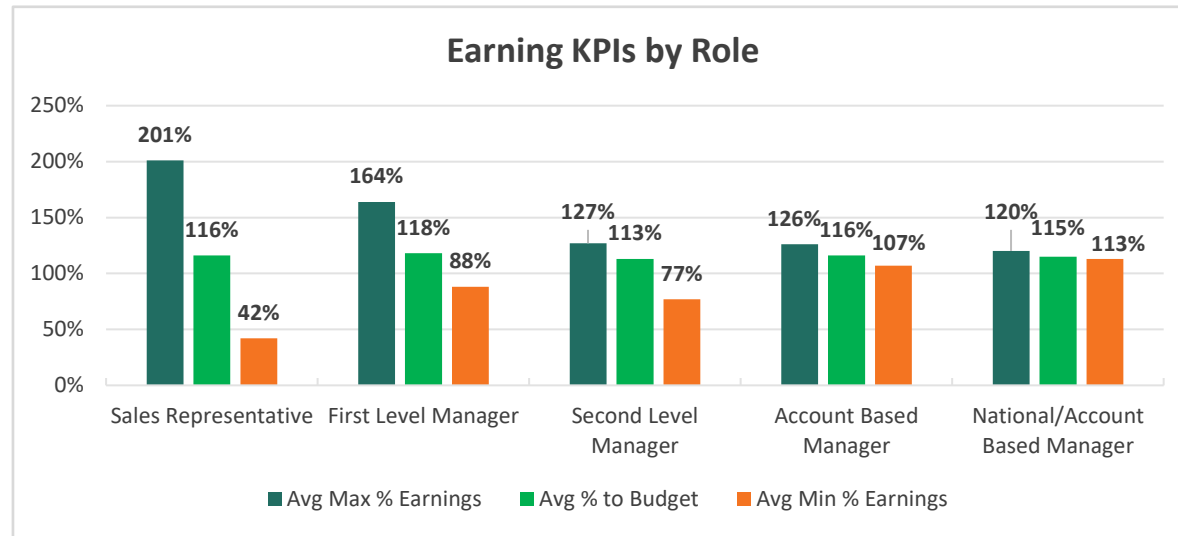
CONTEST

ABOUT THE EXPERTS



SALES REPRESENTATIVES HAVE AN OPPORTUNITY TO EARN THE HIGHEST PERCENT OF TARGET COMPARED TO OTHER ROLES WITHIN THEIR ORGANIZATION

OVERALL IC EARNINGS BY EACH ROLE/LEVEL

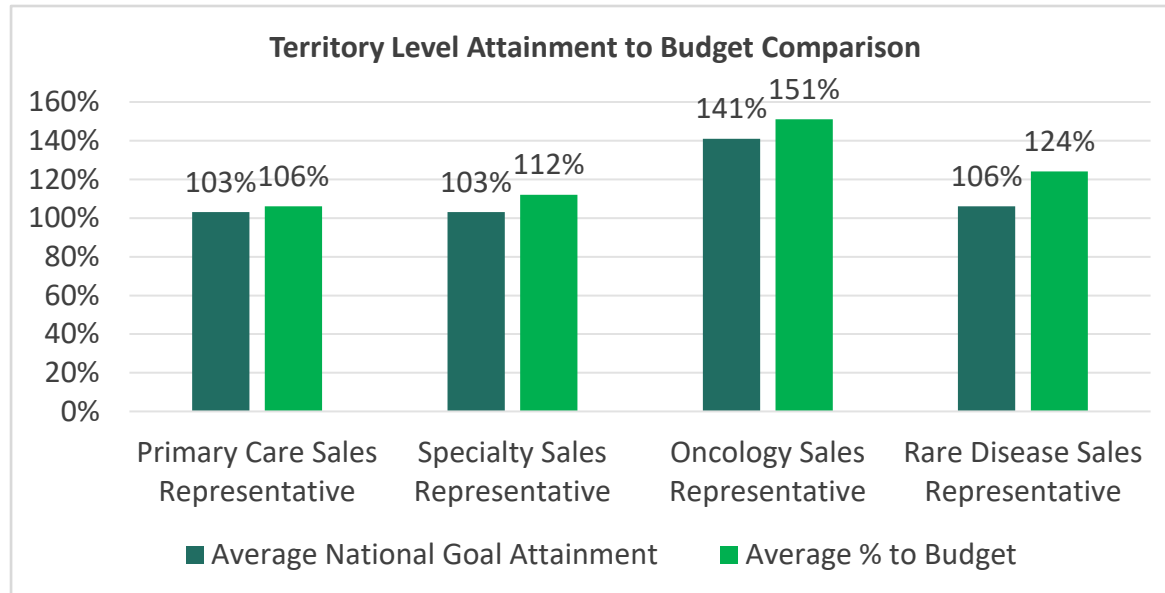
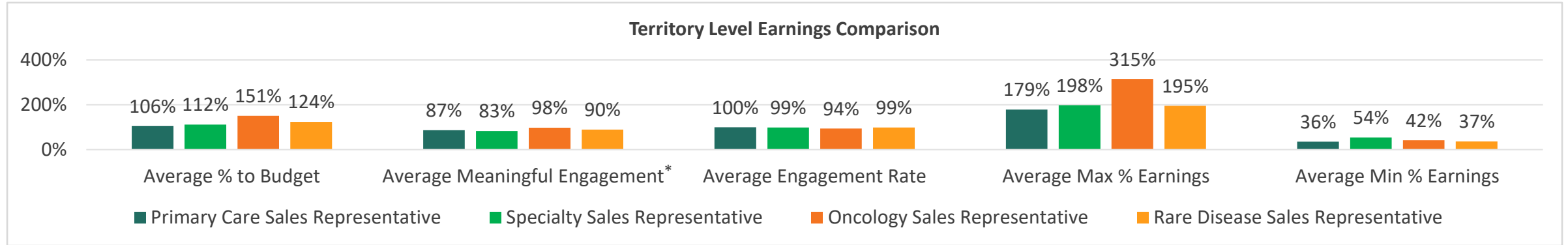


- Engagement rate is 98% or greater across all roles.
- At the territory level, the earnings min, max, and avg. are quite spread out. On the contrary, we observed that the account-based teams appeared to have tighter earnings spread.
- Account-based selling teams usually have an engagement rate of 100%. However, their opportunity to earn is generally capped and has a lower maximum percentage to earnings and a higher minimum percentage to earnings.

Note: Q4 2019 IC Earnings

SALES REPRESENTATIVE AVERAGE IC ENGAGEMENT IS OVER 94%

OVERALL IC EARNINGS AT TERRITORY LEVEL



Note: Q4 2019 IC Earnings

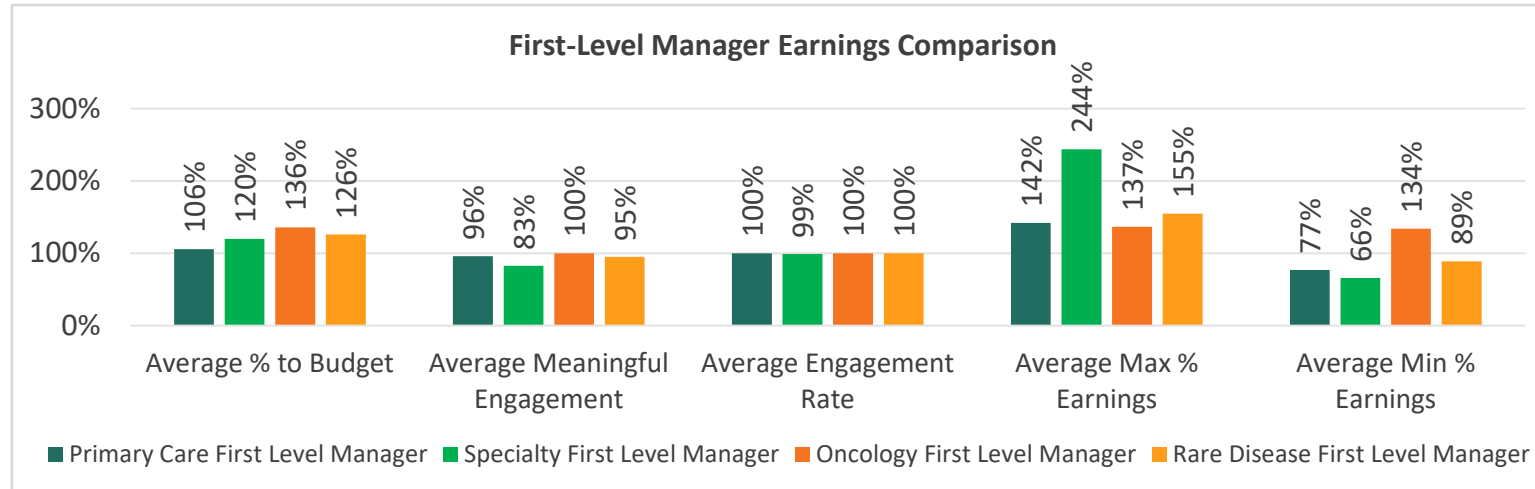


- In this study, oncology appeared to have the highest engagement rate as compared to other therapy areas, which is also reflected in oncology having the highest average earnings.
- Rare disease plans, on the other hand, had national attainment over 100% with approximately 90% meaningful engagement rate.
- Primary care and specialty teams yielded the lowest averages for percentage to budget.

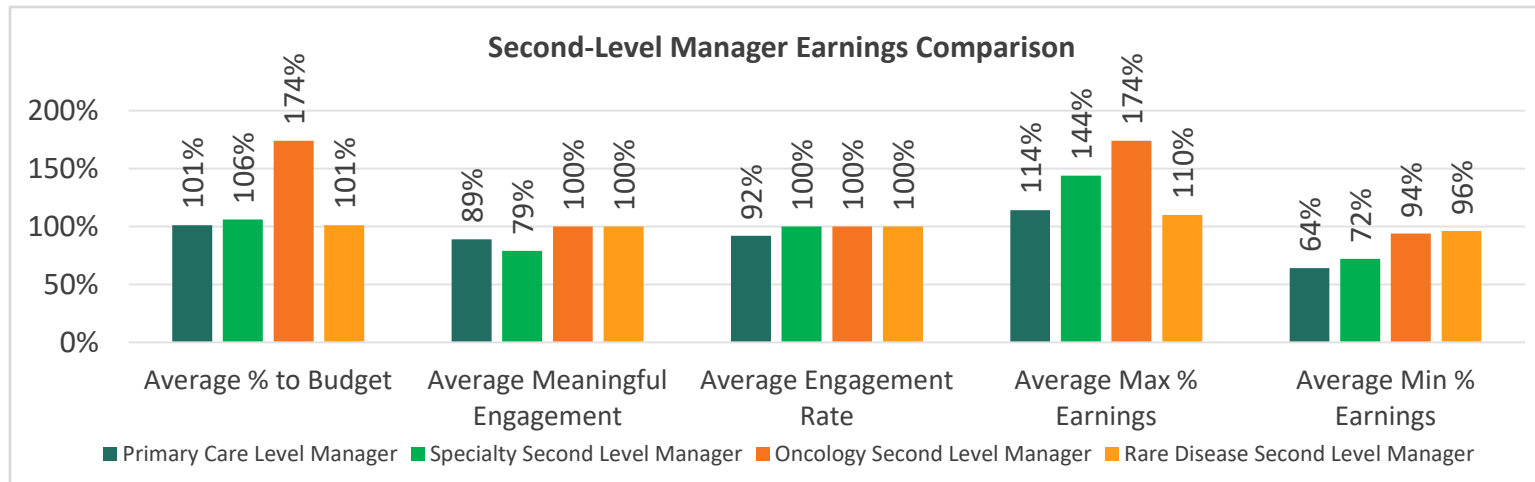
Note: *Average meaningful engagement is the percentage of the team that has earned greater than 75% of their target earning.

FIRST/SECOND-LEVEL MANAGERS AVERAGE IC ENGAGEMENT IS OVER 99% FOR SPECIALTY, ONCOLOGY, AND RARE DISEASE THERAPEUTIC AREAS

OVERALL IC EARNINGS AT SALES MANAGEMENT LEVELS



- Oncology and rare disease IC plans have a very healthy meaningful engagement rate.
- Average earnings for a first-level manager in a specialty sales team stood out as compared to the other therapy areas.



- In case of rare disease, average percentage to budget and average maximum percentage earnings is low for second-level managers. This may indicate why the budget is just slightly over 100%.
- The engagement rates across all therapy areas is consistent for second-level managers.

Note: Q4 2019 IC Earnings

MOST COMPANIES PAY THEIR TOP PERFORMERS A MAXIMUM PAY CURVE OF 200% OF THEIR IC TARGET OR GREATER

RARE DISEASE AND ONCOLOGY TEAMS PAY THEIR TOP PERFORMERS THE HIGHEST EARNINGS



200% – 300%

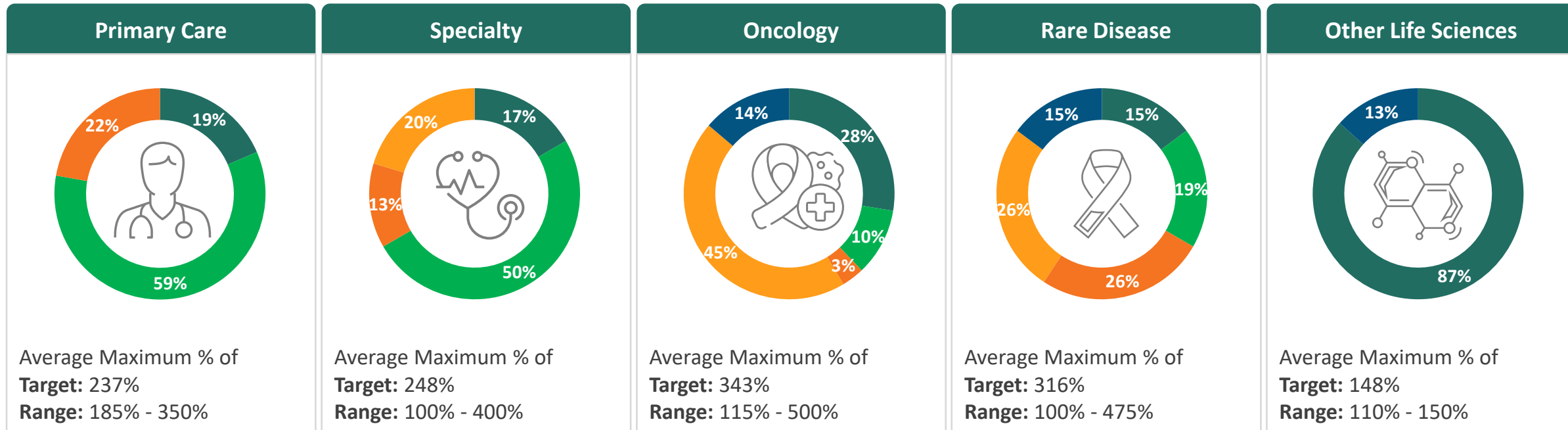
Primary care and specialty pay curve earnings maximum is mostly between 200% - 300% of their IC target.

Over 300%

About half of oncology and rare disease teams have maximum earnings over 300% of their IC target.

Less than 200%

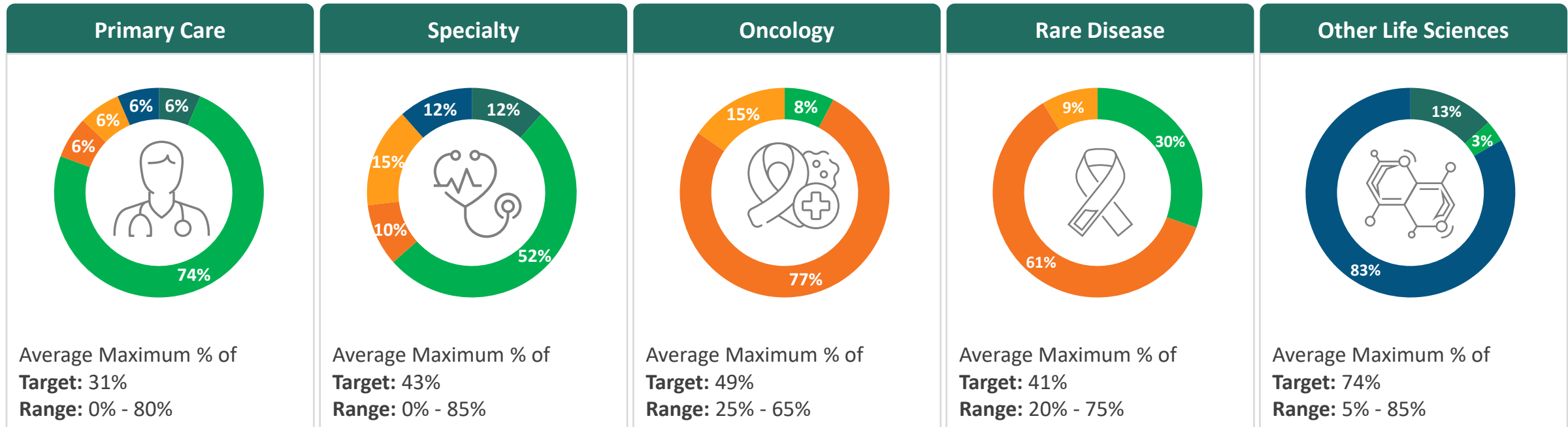
The majority of other life sciences teams have their maximum pay curve earnings at less than 200% of their IC target.



MOST COMPANIES MINIMUM PAY CURVE EARNINGS FALL AT 60% OR LESS OF THEIR IC TARGET

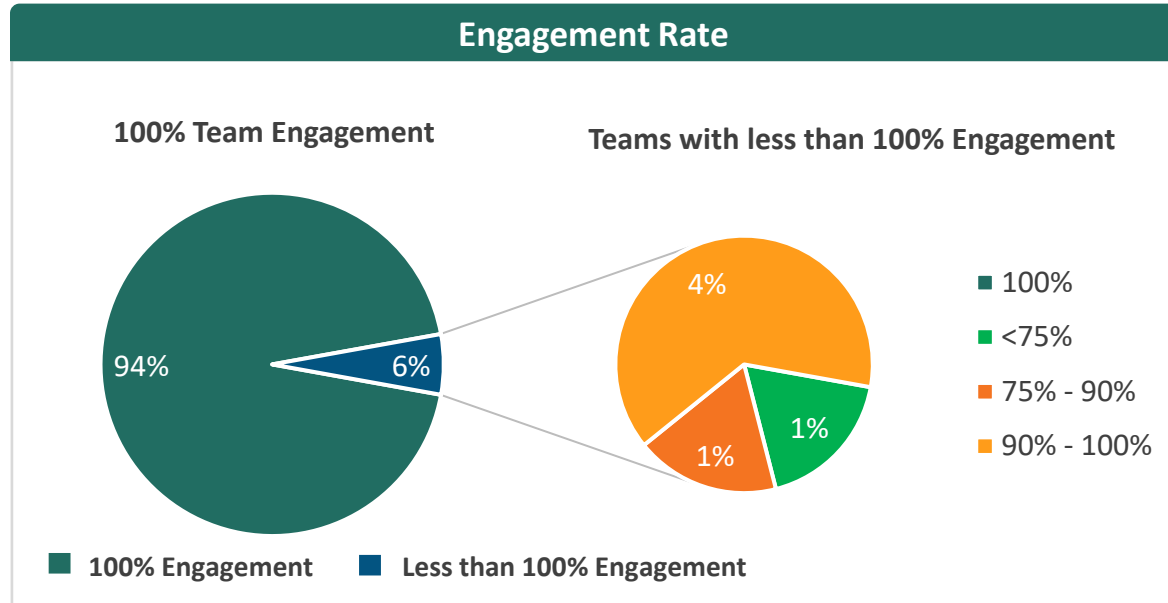
MINIMUM PAY CURVES FOR MOST THERAPEUTIC AREAS LIE BETWEEN 40% - 60% OF IC TARGET

<p>20% – 40%</p> <p>Primary care and specialty teams' pay curve earnings minimum is mostly between 20% - 40% of their IC target.</p>	<p>40% – 60%</p> <p>Oncology and rare disease pay curve earnings minimum is mostly between 40% - 60% of their IC target.</p>	<p>80% – 85%</p> <p>The majority of other life sciences teams have their minimum pay curve earnings set between 80% - 85% of their IC target, which makes their pay curve very narrow given the top band of the pay curve is no higher than 200%.</p>
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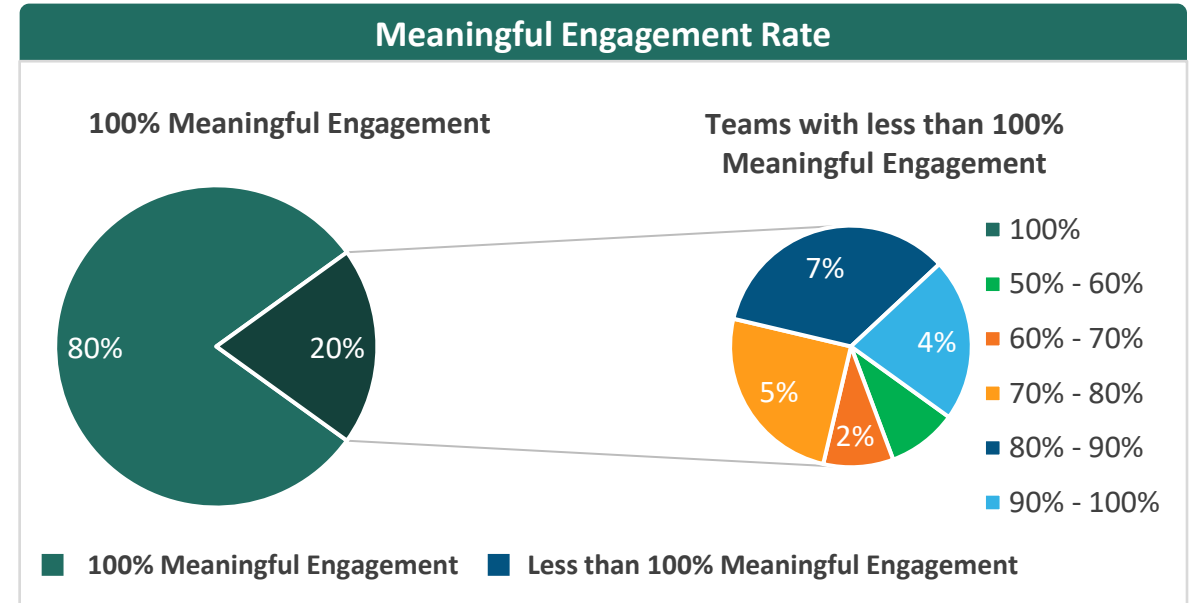
94% OF COMPANIES KEEP THEIR SALES TEAMS 100% ENGAGED IN THEIR INCENTIVE PLAN

MAJORITY OF COMPANIES KEEP THEIR SALES FORCE 100% ENGAGED WITH THEIR IC PLAN AT 75% OF EARNINGS OR HIGHER



Note: Sample Size: 168 IC Plans

- While 94% of companies keep their teams engaged at 100%, an additional 4% keep their teams engaged at over 90%, bringing that total up to 98%.



Note: Sample Size: 161 IC Plans

- 80% of companies have a meaningful engagement of 100% of their team, which means that the field received 75% of their IC target or greater.
- An additional 4% of companies have a meaningful engagement where between 90% - 100% of the team received 75% of their IC target or greater; and 7% of companies have a meaningful engagement where 80% - 90% of the team received 75% of their IC target or greater.
- This totals 91% of the companies have a meaningful engagement where 80% of the team received 75% of target or greater.



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ABOUT THE EXPERTS



GOAL BASELINE PERIOD IS SET BASED ON THE IC PLAN PERIOD

BASELINE TIME PERIODS USED MOST OFTEN WHEN SETTING GOALS

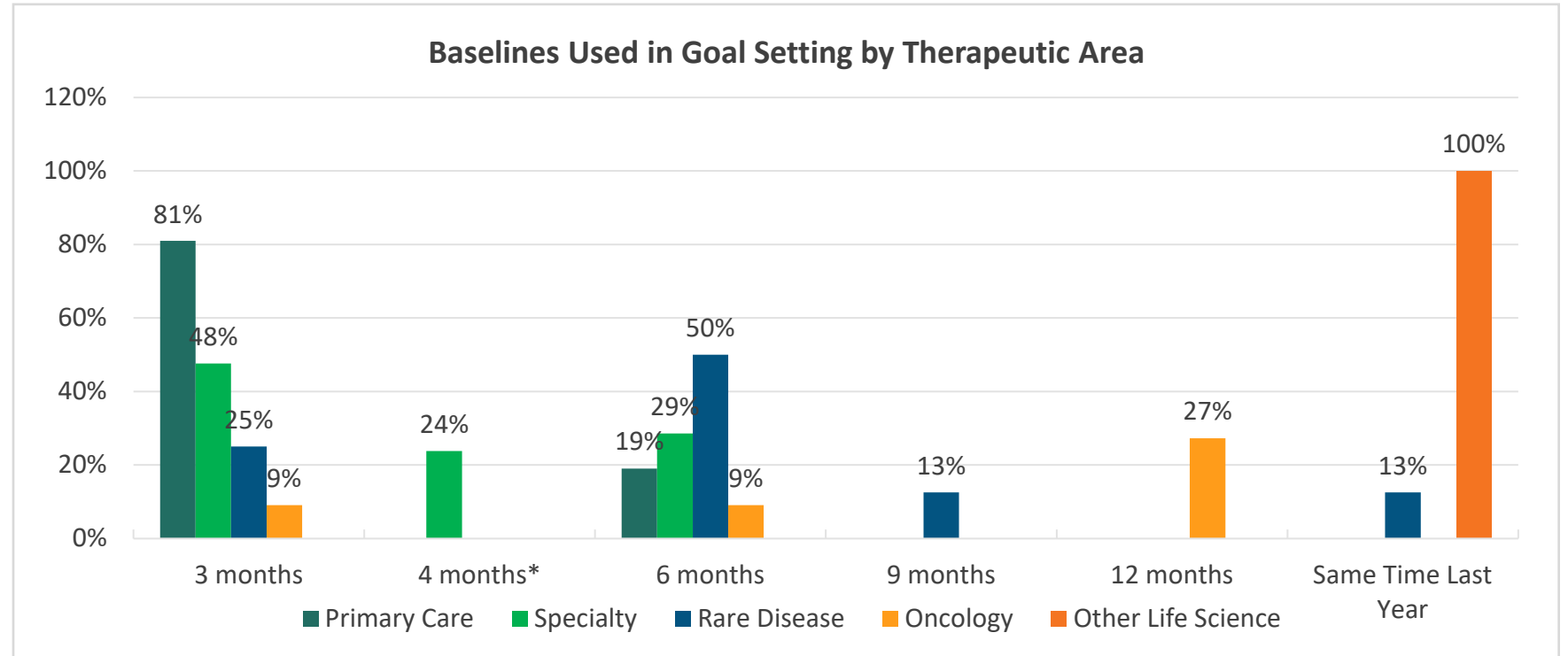
3-and 6-month

Most teams primarily use previous 3-and 6-month baselines for goal setting.

Prior year

Other life science teams use prior year baselines to set their goals.

Therapeutic Area	Percentage of Sample
Primary Care	30%
Specialty	30%
Rare Disease	12%
Oncology	14%
Other Life Science	13%



*4-month baselines are used in conjunction with a trimester IC plan.

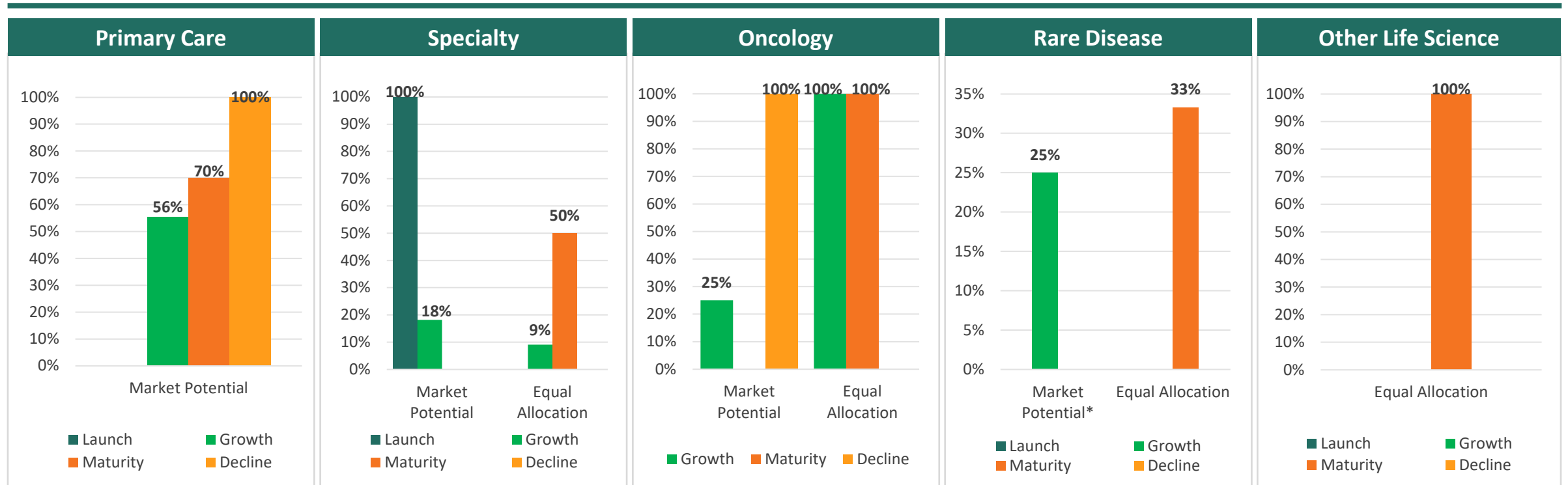
Note: Sample Size: 69 IC Plans

SALES HISTORY IS A COMMON METRIC USED TO SET GOALS

A BRAND'S LIFE CYCLE CAN HELP DETERMINE WHAT METRICS WILL BE USED



- All teams use sales history as a metric when setting goals.
- In addition to sales history, the metrics depicted below are based on the percentage of teams that use additional metrics when developing goals for their teams.



*Market potential in the rare disease therapeutic area can be a defined algorithm created by a company's sales analytics team to gauge market potential. It's not necessarily market data. *Note: Sample size: 69 IC plans.*



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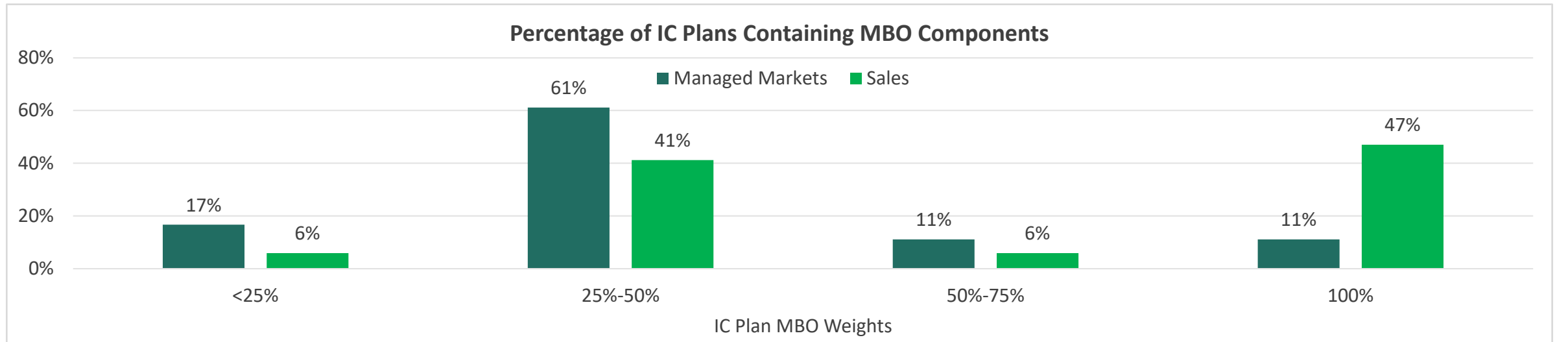
CONTEST

ABOUT THE EXPERTS

BUSINESS ACTIVITIES ARE THE MOST COMMONLY USED MBO THEMES

THE GENERAL MINDSET BEHIND THE IMPLEMENTATION OF MBOS

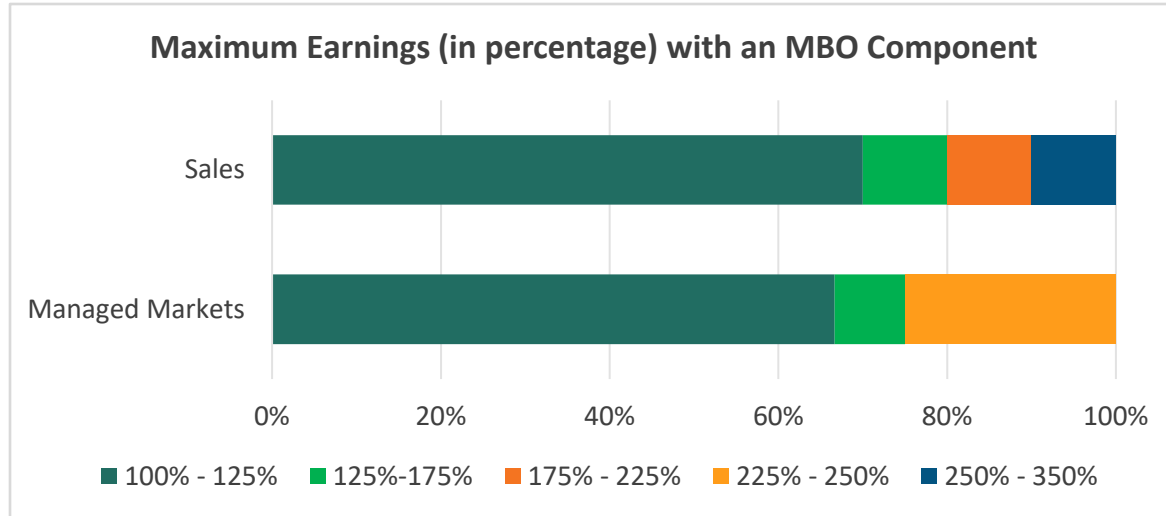
Common MBO (Broad Themes)	Percentages of Plans that include Common MBO Components for Managed Account Based Selling Teams that include a MBO Component	Average Number of MBO Components for Account Based Selling Teams	Percentage of Plans that include Common MBO Components for Sales Teams for Teams that include a MBO Component	Average Number of MBO Components for Sales Teams
Call Activities	0%	4	24%	4
Business Activities	72%		82%	
Account Activities	39%		59%	
Training Activities	6%		6%	
Compliance Activities	28%		65%	



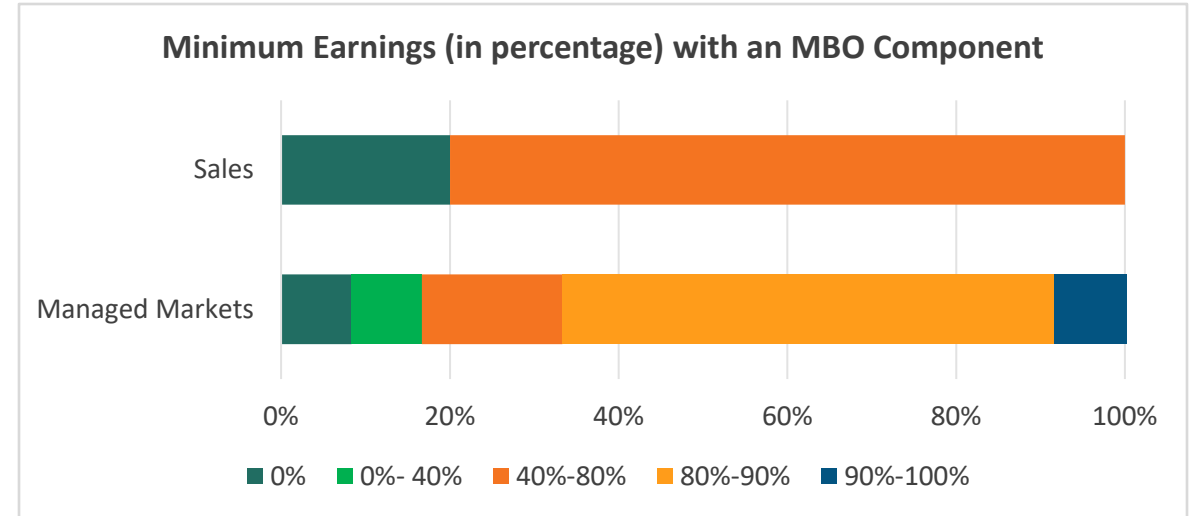
Note: Sample size is 17 for sales IC plans, and 18 for managed markets.

MBO PLANS PAY A MAXIMUM 125% OF IC TARGET

92% OF MBO PLANS DO NOT GO OVER BUDGET



Note: Sample size is 10 for sales IC plans, and 12 for managed markets.



Note: Sample size is 10 for sales IC plans, and 12 for managed markets.

- Maximum earnings are consistent between managed markets and sales teams, with the maximum earnings primarily falling between **100% - 125%**.

- Sales teams tend to have minimum earnings between **40% - 80%** of IC target.
- Managed markets teams tend to have minimum earnings between **80% - 90%** of IC target, and some will have minimum earnings up to **100%**.



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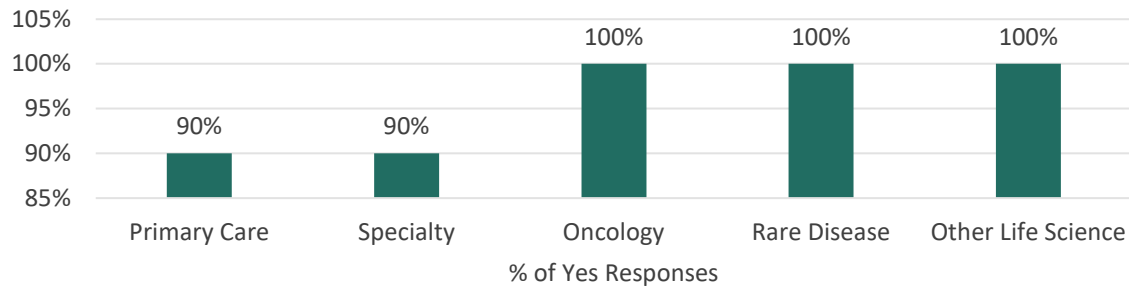
ABOUT THE EXPERTS

OUR CLIENTS ARE FOLLOWING THESE COMMON SALES CREDITING PRACTICES

SALES CREDITING PRACTICES THAT OUR CLIENTS FOLLOW

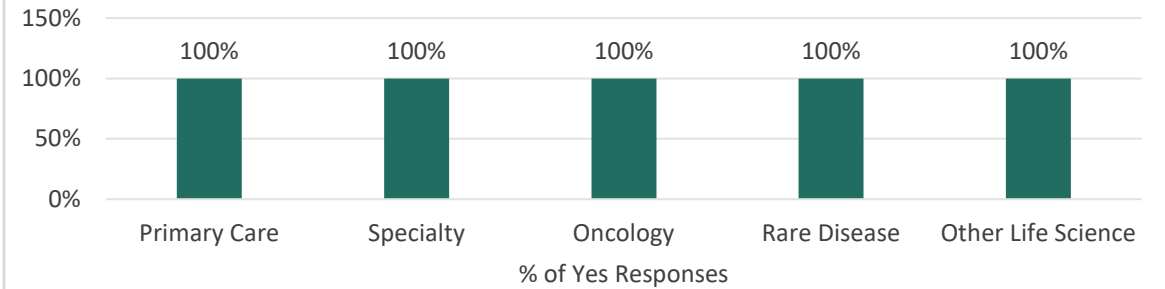
Target physicians are included in the sales crediting process within the traditional pharmaceutical setting.

Do you include target physician accounts in sales crediting?



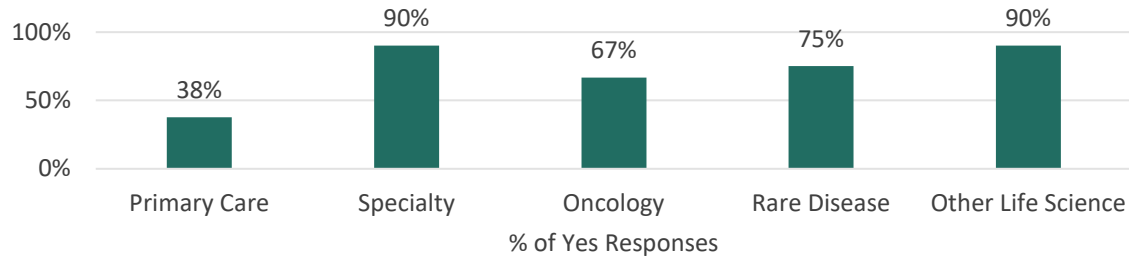
Unapproved specialties are excluded from all sales crediting practices.

Do you exclude unapproved specialties from sales crediting?



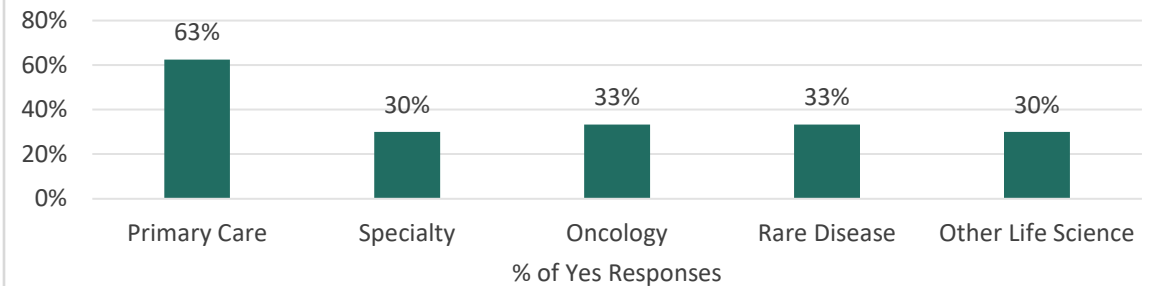
Most companies only give total universe credit of relevant specialties instead of all specialties.

Do you apply sales credit on total HCP universe of relevant specialties?



Split crediting of prescribers is part of the sales crediting practice.

Is split crediting applied in sales crediting practice?



Note: Sample size is 54 brands



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ABOUT THE EXPERTS

TOP 10% OF FIELD ARE CONSIDERED TOP PERFORMERS FOR ANNUAL CONTESTS

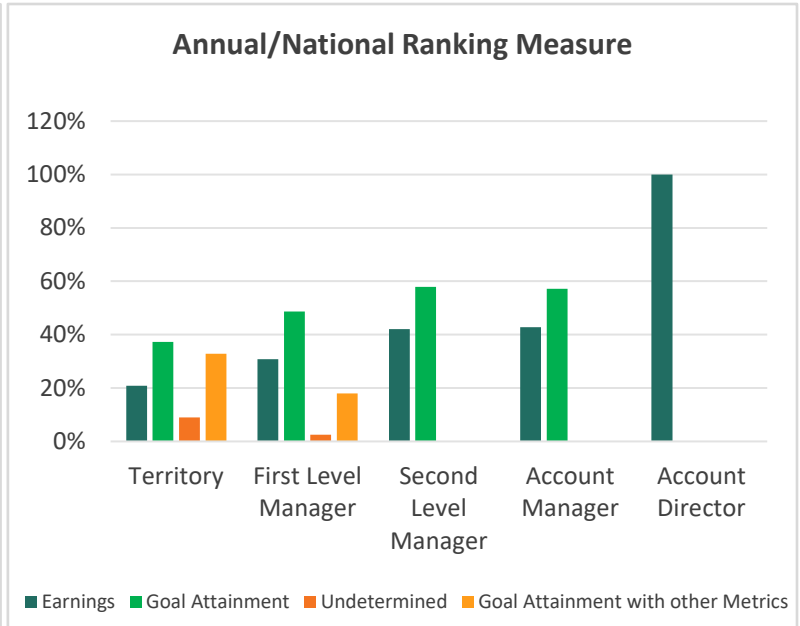
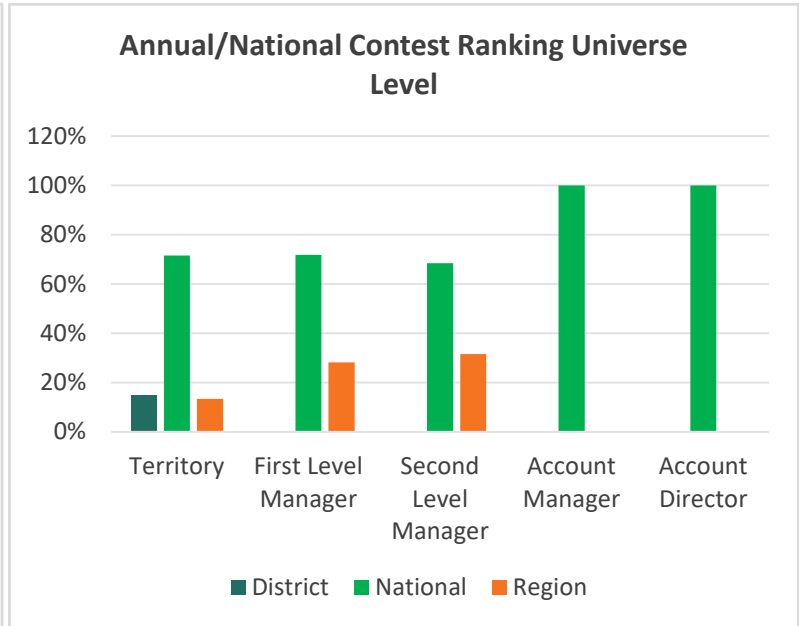
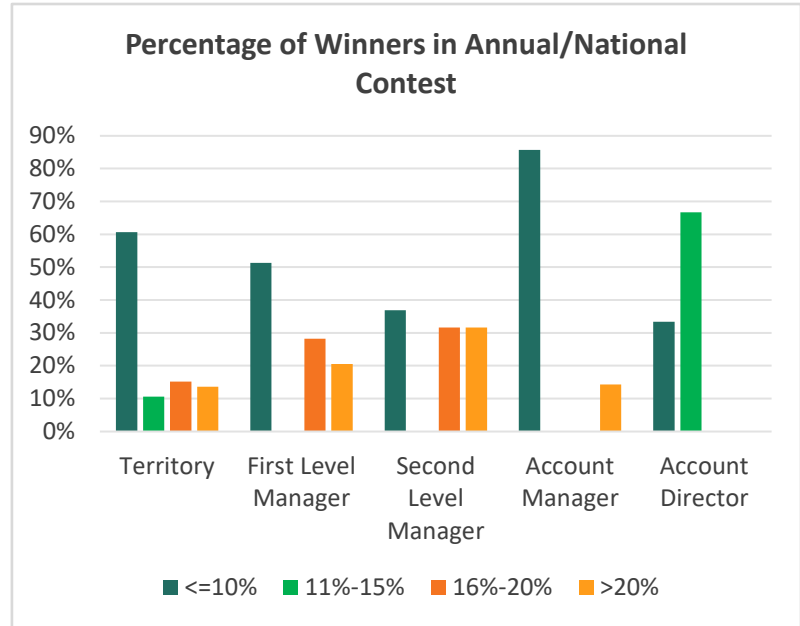
HOW DO COMPANIES AWARD OVERALL TOP PERFORMERS?



- Across all levels, winners are usually the top 10% of the role/level.
- At times, higher levels will include more winners to team build with their top performers within their team.

- National ranking is the most popular rank among the teams sampled.
- Regional ranking system is usually followed for larger teams, allowing the entire organization an opportunity to be a top performer based on regional dynamics.

- Sales teams tend to rank performance based on goal attainment, while account-based selling teams tend to rank performance based on earnings.



Note: Sample size is 138 teams across all levels/roles



SALES LEADERS AWARD MORE THAN 25% OF FIELD EMPLOYEES IN CONTESTS; COMPANIES USUALLY HOLD CONTESTS FOR LONGER THAN 3 MONTHS

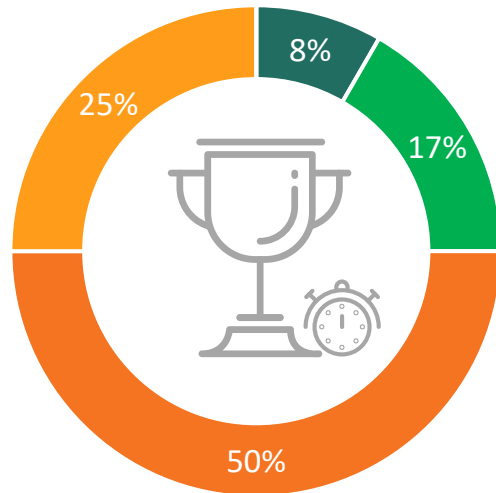
COMPANIES USUALLY RUN ONE CONTEST PER YEAR

75%

In 75% of the contests evaluated, sales leaders awarded more than 25% of field employees.

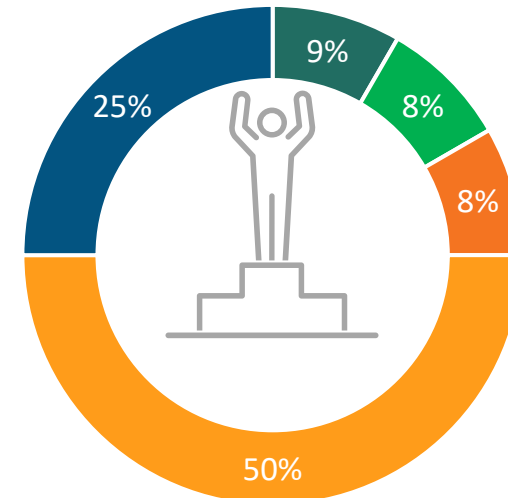
- Contests provide an opportunity to motivate the field with additional earnings.
- Contest duration is a corporate preference and is usually in line with the IC plan duration and payouts.

Contest Duration



■ Monthly ■ Quarterly ■ Trimester ■ Semi-Annual

Territory Level Winners



■ Unlimited ■ Top Territory ■ Less than 25% ■ 25% - 50% ■ Undetermined

Note: Sample size is 12 teams

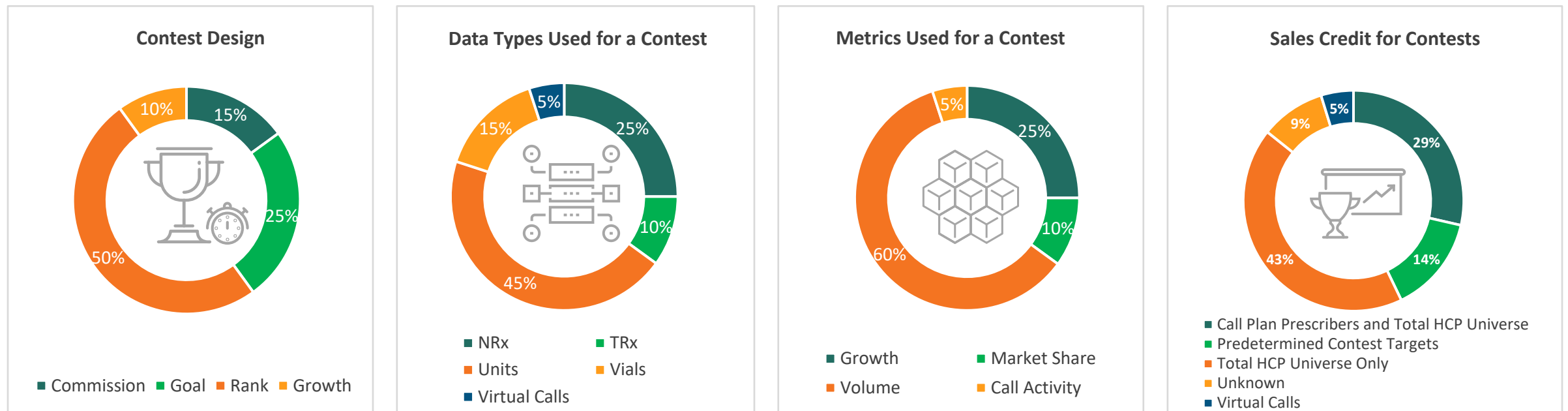
COMMON CONTEST PARAMETERS REGARDLESS OF WHERE THE BRAND IS IN THEIR LIFE CYCLE

ALL CONTESTS, REGARDLESS OF A BRAND'S LIFE CYCLE, ARE INCLUDED



Most popular components when designing a contest are as follows:

- Contest Design: Ranking – This will keep contests within budget.
- Metric: Volume – Common goal is to continue to motivate the team to drive more sales volume.
- Data Types: Units – This is based on the data availability of the company.
- Sales Credit: Total HCP Universe – A simple contest will consider total HCP universe of the entire territory.



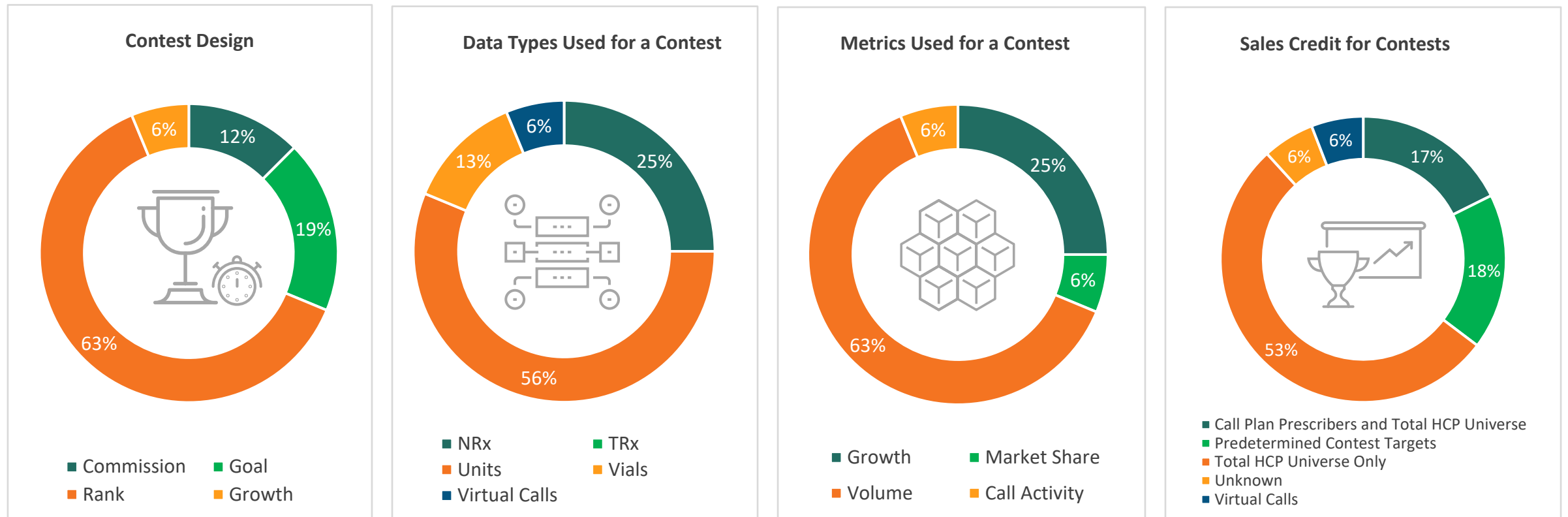
Note: Sample size is 20 teams

COMMON CONTEST PARAMETERS FOR BRANDS IN GROWTH PHASE OF THEIR LIFE CYCLE

80% OF TEAMS THAT HOLD A CONTEST HAVE A BRAND THAT IS IN THE GROWTH PHASE OF ITS LIFE CYCLE



- Ranking, measuring the volume of the entire universe of prescribers, and using unit data are the most popular components of contests among brands in the growth phase of their life cycle.



Note: Sample size is 16 teams



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ABOUT THE EXPERTS



ABHIJIT PAUL

Director

*Incentive Compensation
Design and Strategy, Axtria*

Abhijit has 15+ years of experience in life sciences consulting, with 13 years primarily focused on incentive compensation (IC) design across mass markets, specialty products, rare/ultra-rare disease products, and vaccines. He has helped multiple pharmaceutical clients within the US and global shape their IC strategy and design across the various stages of a product's life cycle. He specializes in IC design of specialty, rare, and mass-market products, IC solution building, and IC thought leadership. He has authored several white papers and blogs on IC design. He is also an active participant and presenter in industry conferences (such as PMSA and WorldatWork).



DIANE KREWER

Senior Manager

Commercial Excellence, Axtria

Diane has 20 years of experience working within the pharmaceutical industry in several roles, both as a client and a consultant. She has experience spanning pharma data services, sales operations, business intelligence, and incentive compensation (IC). She specializes in the IC practice and has over 15 years of experience designing, analyzing, and administering incentive plans. She has designed and analyzed IC plans for several therapeutic areas including: Oncology, Women's Health, Neurology, Hematology, Ophthalmology, Dermatology, and Cardiology.



About the Company

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™ 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.

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Do you have a question for us?

