



The Future of the Pharma Commercial Model – Embracing Customer Experience

May 2022

The Future of the Pharma Commercial Model – Embracing Customer Experience

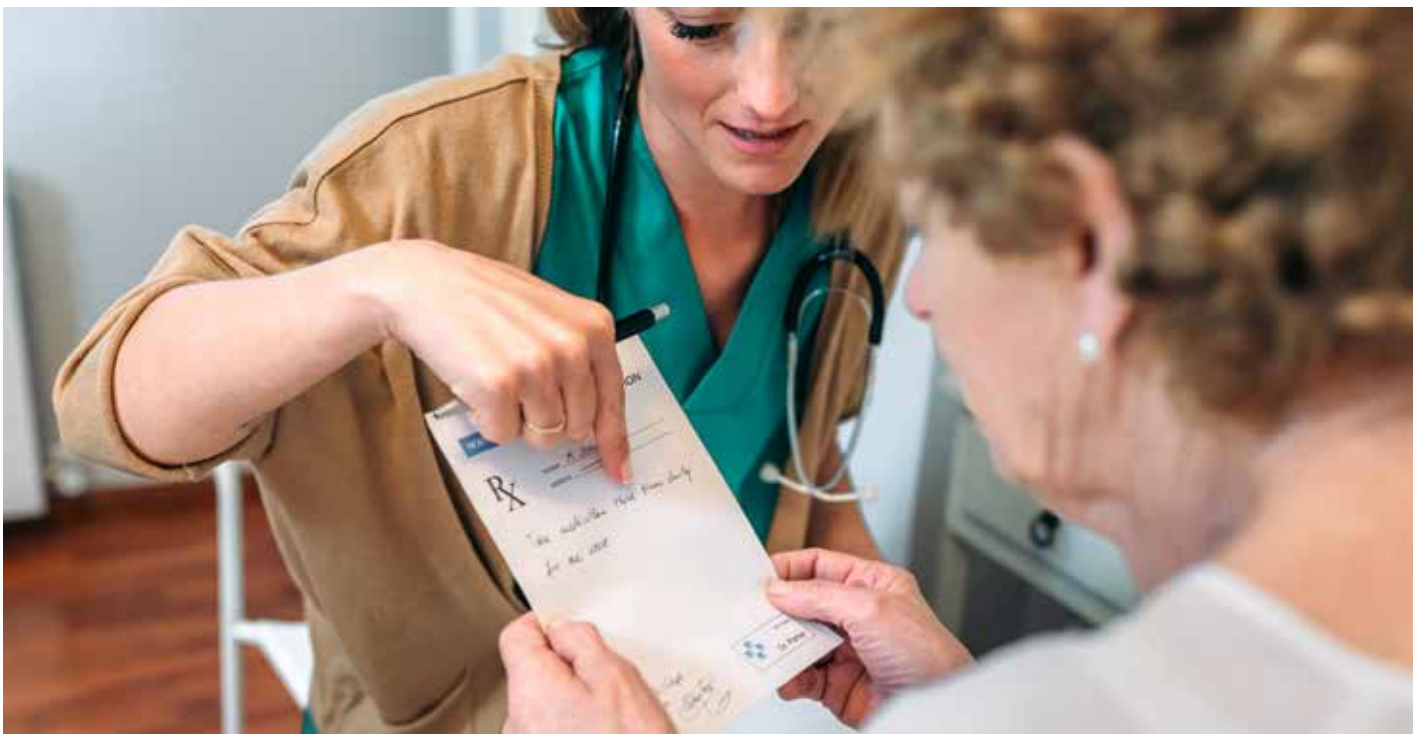
Rishi Agarwal, Principal, Atria Inc.
Amanjeet Singh, Principal, Atria Inc.

Historically, the pharma go-to-market strategy has been a product-oriented push strategy. As the pharma industry witnessed the shift towards specialty treatments, resulting in fewer eligible patients and increased power of payers and regulators, this strategy has become inadequate. The trends of the last 15 years show that only 31 out of 360 product launches have achieved global excellence in terms of outstanding market share for an average promotional share of voice¹.

The authors believe the pharma industry is waking up to the realization that customer experience is an important driver of commercial success. Pharma companies can unlock significant value by addressing the pain points across patient

and provider journeys. The opportunity areas span across a wide range of factors beyond clinical (e.g., ease of doing business for the providers, increasing access, navigating through the complexity of payers and regulations, etc.). Enabling a positive customer experience in these areas will increase loyalty, improve adherence, and result in higher commercial success.

The pharma industry can learn about the impact of improved customer experience from other industries. A recent study² assessed that the median shareholder returns for companies that invested in improving customer experience have been five times the overall US median. Another study³ identified that brands with superior customer experience brought in



5.7 times more revenue than competitors that lagged in customer experience. Within the pharma industry itself, McKinsey & Company⁴ conducted a study among 600 immunologists in Europe and the United States. The study indicated that when prescribers were fully satisfied with their journey, beyond clinical and safety aspects of a particular drug and with the pharma company's contribution to it, they were more than twice as likely to prescribe the drug than the dissatisfied ones. Driving world-class experience to the customer through personalization at scale has the potential to create 100 bn dollars in value for the pharma industry based on the projections in a study by McKinsey & Company⁵.

Before we go deeper into how "customer experience" can be baked into commercial models, defining the "customer" is essential. The healthcare industry is a unique market where the decision-maker (i.e., providers, physicians, healthcare institutions, clinics, etc.) is different from the payer (i.e., insurance, government, employer, etc.), who in turn is different from the end consumer (i.e., patient, caregiver, etc.). The distribution channels (e.g., retail pharmacies, specialty pharmacies, hospitals, urgent care, long-term care, etc.) are significantly more complex than most other industries.

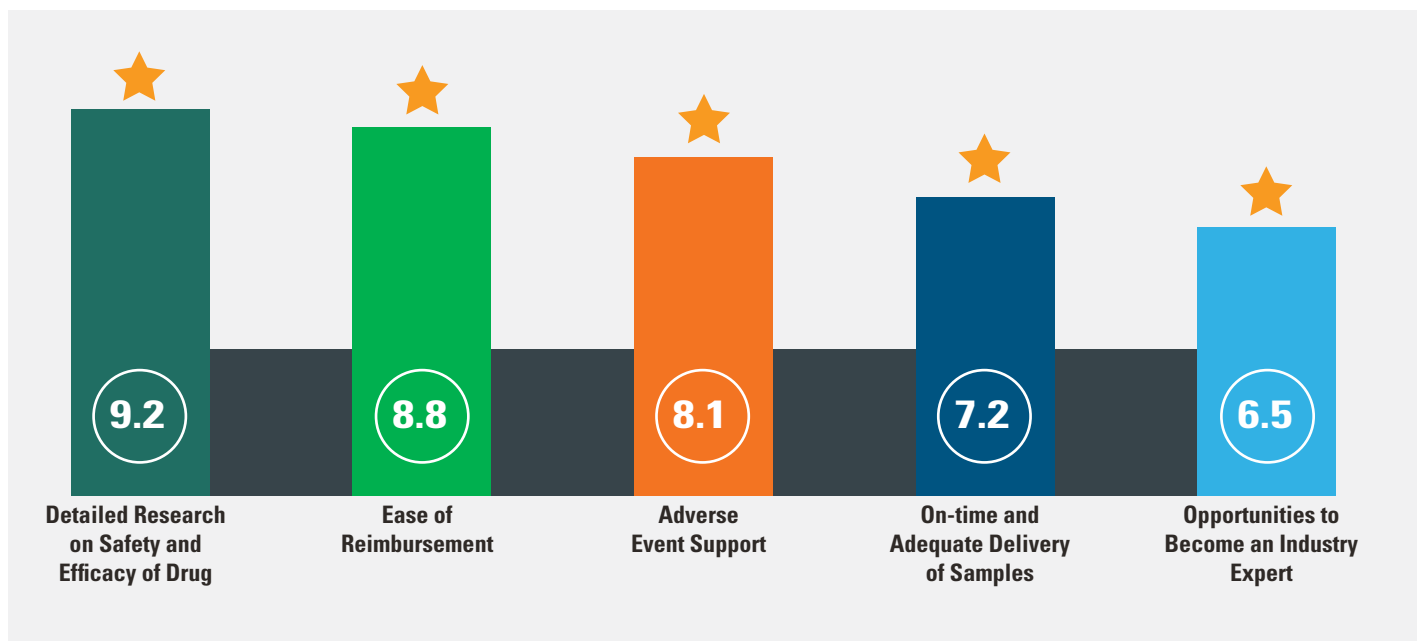
Healthcare providers (HCPs) control, directly or indirectly, 85% of all the money spent in the healthcare ecosystem⁶.

HCPs sit at the center of the healthcare ecosystem, constantly balancing between the treatment decisions and the financial constraints imposed by the payers. While all other entities (mentioned previously) are critical for the smooth functioning of the healthcare ecosystem, an HCP is the one where pharma can make a direct impact on the experience and can subsequently measure its impact on the prescribing behavior. We have thus defined HCP as the "customer" for this whitepaper.

Defining the customer enables us to formulate the two broad pillars of our go-to-market strategy, namely, where to play and how to win. We will begin by identifying the key elements of customer experience from the perspective of an HCP and then by determining the levers to drive high-quality customer experience.

The authors interviewed HCPs across disease areas. The research objective was twofold. First, to understand the various points of interactions with the pharma company through the course of the treatment of their patients. And second, to understand their definition of better customer experience across the interactions. We asked the HCPs to rate the drivers of superior customer experience on a scale of 1-10, where 10 implied the highest importance. The results from the study⁷ are summarized below:

Illustration 1 – Drivers of Customer Experience (Higher Rating Implies Higher Importance)



Source: Atria Inc.

HCPs confirmed the importance of efficacy and safety. They mentioned that if they were not convinced of the efficacy and safety through credible studies (e.g., randomized controlled trials), the pharma sales representative could spend the entire day with them and still be of limited value. HCPs also confirmed that if the pharma sales representatives and medical science liaisons (MSLs) give the same information as already published or was in the package insert, it was of limited value to them.

Getting support and guidance in case of an adverse event/ complication emerged as an important driver of experience. HCPs seek opportunities for introductions to other HCPs who might have faced similar adverse events.

Interestingly, the availability of an adequate number of free samples was important for getting patients initiated on the treatment and from preventing patients from dropping off while the reimbursement-related paperwork is processed. The HCPs also confirmed that if they used the product extensively, they were open to forums where they could be speakers and share their experiences and learnings of the product with other HCPs.

The logical question that emerges from this study is: *What prevents pharma companies from delivering the above experience to the HCPs in a seamless way?* We evaluated the current structures of commercial functions of pharma companies to answer this question.

The commercial functions across most pharmaceutical companies are structured in a comparable manner. The structure includes sub-functions such as Brand/Marketing, Sales Operations, Market Access, Business Insights (Primary Market Research), Advanced Analytics, and Data & Information Technology. Sometimes, the structure has variations, such as Analytics embedded within the Brand team and/or operating as an enterprise function. The siloed structure of the Commercial (sub) functions causes them to focus on individual touchpoints with the HCPs and not on the end-to-end customer journey. It is a classic case of “missing the forest for the trees!” In almost all cases, an important customer-facing function — the MSLs, are completely separated from commercial functions. The reporting

structure, allocation of funding/budgets, culture, performance measures, and in some cases, even the technology, etc., are separate. There is a good reason for MSLs being separate from the Commercial organization. However, given that they also speak with the same customers, the authors believe there is significant opportunity in, at minimum, enabling the exchange of information about touchpoints to provide a more unified experience to the customer.

To make it even more onerous, the underlying data assets have challenges around interoperability and integration. In a typical commercial function, multiple data sources (sometimes more than 50) are ingested through a combination of automated and manual ingestion processes and are inadequately integrated, which prevents a unified view of the customer. This results in half-baked (and at times stale) information about the customers and their interaction points, preventing seamless orchestration across customer journeys. Furthermore, not having appropriate KPIs/measures of customer experience and not tying it back to economic metrics and incentive structures creates additional barriers.

Three foundational changes are needed in a pharma company to drive superior customer experience:

1. Creation of a new (customer experience) organization structure.
2. Integration of data and systems for omnichannel orchestration.
3. Design/measurement of customer experience metrics.

These foundational changes are detailed below.

The New Organization Structure

As per an old saying: “When everyone is responsible, no one is responsible.” When everyone in the organization is responsible for driving customer experience, no one is truly accountable. Other burning priorities, combined with a lack of clarity on the definition, current vs. desired state, and specific activities required to drive customer experience, further dilutes the motivation. At the same time, driving customer experience cannot be a part-time activity for people in existing functions.



To drive customer experience, the organization structure of the non-marketing functions should be revisited along with the operating model, measurements, and incentives. Most importantly, the structure must sit across brands and answer directly to a C-level executive. We will attempt to lay out an overarching framework for this organizational structure in subsequent sections of this whitepaper.

Key guiding principles:

1. **C-level reporting:** The Customer Experience Organization should report to a C-level executive, preferably the Chief Marketing Officer. This will convey the clear message of the importance of customer experience, ensure the premise of it being brand agnostic, and empower them to make necessary decisions.
2. **Cross-functional:** A cross-functional construct will enable the organization to understand, assess, and design the customer journey across the various elements – clinical and safety, reimbursement, market access, patient support, medical/clinical information, and commercial.
3. **Digital:** A superior customer experience cannot be enabled without a well-orchestrated omnichannel strategy. Digital and analytics had started to be an area of focus before the COVID-19 pandemic. It will continue to play an increasingly dominant role in the future⁹ to not only understand the different customer journeys (treatment, access, engagement) but also to inform strategies and tactics to strengthen the customer experience and measure their effectiveness.
4. **Data and analytics-driven:** Data and analytics should be the fundamental drivers of:
 - a. Understanding the current state of the customer journey.
 - b. Identifying gaps and opportunities.
 - c. Conducting experiments to evaluate solutions that address the gaps and opportunities. The cross-functional leadership team will bring perspective about the end-to-end journey to guide the experiment design.
 - d. Scaling the solution to design and operate the to-be customer experience.
 - e. Measuring and assessing the impact of solutions and identifying new experiments for continuous improvement.
5. **Customer Experience quarterbacks:** The authors believe that a significant part of customer engagement tactics will be deployed at the brand or business unit level. Hence, there is a need for individuals who will have a solid line reporting into the brand teams and a dotted line reporting into the Customer Experience Organization. This group of individuals will form the critical bridge between strategy and execution of the various initiatives to drive superior customer experience.
6. **Change agents:** If there is one aspect that will make or break this organization, it is change management. Identifying personnel dedicated to change management will enable effective adoption and execution of the organization's initiatives.

The critical roles that will be key to enabling the success of this organization are as follows:

1. **Chief Customer Experience Officer**, or CCXO, or similar title, who will be the single person accountable for driving customer experience.
2. **Cross-functional customer journey committee**, reporting to the CCXO. This committee will propose and set the vision and goals for the Customer Experience Organization. It will have the following sub-functions and roles reporting into it:
 - Customer journey managers
 - Customer experience designers, including digital strategists
 - Customer success managers

The above roles do not necessarily have to be net-new headcount. In fact, it is recommended to staff the roles with existing people who have a deep understanding of brands, markets, customer needs, and data.

- **Customer experience data and technology unit.** This unit will formulate its data and technology needs and collaborate with the enterprise-level functions (including IT) for enablement, execution, and support.
- **Innovation and prototype unit.** Given the scope and multi-dimensional world of the customer journey, there will be no one-model-fits-all approach for informing critical commercial decisions. An innovation lab will be critical for continuous innovation and experimentation. The innovation lab will require its own vision, people, operating model, and processes supported by the technology infrastructure. The most important enabler of success for this group will be a culture that allows tolerance for failure and identifying and scaling the experiments that work.
- **Data and analytics unit.** This unit will leverage data and analytics to monitor, deep dive to understand reasons for deviation from expectations, and inform strategic decisions. The unit will also drive initiatives that embed advanced analytics and AI/ML into running business operations, continuous learning, and refining tactical execution. This unit will be the most people-heavy and will require the following skills:
 - Data engineering
 - Data science
 - Machine Learning Operations
 - Business intelligence
 - User interface design

Integrated Data and Systems for Customer 360 and Omnichannel Engagement

There are a few large components that need to be stitched at the ground level to enable a successful customer experience program:

- **Customer 360:** Over the last several years, and especially in the pandemic-evolved business models, a mix of channels such as field rep, website, search engine, TV, print ads, social networks, blogs, emails, opinions of key opinion leaders (KOLs), medical journals, etc., has been used by pharma to communicate with HCPs. Pharma companies should decide the scope of coordination between Commercial and MSLs to enable and maximize the effectiveness of that coordination. HCPs could be using multiple platforms for research, requesting samples, assisting patient support, recording diagnosis and treatment decisions, managing reimbursements, etc. Unless these disparate systems or, at the least, insights from them come together, it will be difficult to build an end-to-end view of the customer journey. The Customer Experience Organization must identify initiatives that integrate data and insights across sales, marketing vendors, CRM, promotion, customer master, medical information sources, content management systems, digital, etc., to create a unique and holistic view of the customer and deliver a seamless journey. This integration is a foundational requirement for creating personalized customer journeys.
- **Decision engine for driving omnichannel engagement:** Organizations must leverage an AI/ML-based engine to understand HCPs' decision triggers, their history of interactions with promotion tactics, affinity towards channel or content, etc. This understanding will identify the next best action for the HCP. An end-to-end integrated enterprise-grade solution that is scalable across brand/divisions/geographies will be a critical enabler.
- **Omnichannel orchestration engine:** Customer interactions with the omnichannel ecosystem must be orchestrated to deliver the right message via the right channels in a timely manner and enable timely intervention by patient support services, reimbursement managers, nurse educators, diagnostic specialists, etc. The orchestration engine also needs to track the sequence of deployments and enable a feedback mechanism to be brought back to the decision engine for continuous improvement.
- **Engagement reporting engine:** This would enable capturing the value and trends of key metrics pertaining to customer experience and establishing co-relations with economic/financial metrics. The output of this engine will also be critical for incentive calculations.



Customer Experience Metrics


As with any transformational program, it is critical to drive the customer experience program through a combination of qualitative and quantitative metrics. These metrics must be tied to what matters the most to the customers.

The concept of Net Promotor Score (NPS) should be adopted to measure the success of these programs. Since its inception in 2003, the NPS has expanded rapidly to become the predominant framework for assessing customer success across industries. Currently, NPS is used by two-thirds of Fortune 1000 companies. The NPS framework assesses how consistently an organization converts customers into advocates by evaluating the percentage of customers that are promoters* of the organization and subtracting the percentage of customers that are detractors of the organization.

As an illustration, through the framework of NPS, the customer experience program leaders should be able to assess if the following are being enabled for HCPs:

1. Getting the right level of research and education that would give them confidence in the efficacy and safety of the drug.
2. Receiving the right guidance and comfort on the support they will get from the pharma company in case of adverse events.
3. Reducing the administrative hassle of the reimbursement process.
4. Improving the delivery of samples.
5. Creating opportunities for the HCP to become an industry expert.
6. Connecting the dots across interactions so that questions raised in one interaction are being systematically followed up in the next to create a seamless, fulfilling, and memorable experience.
7. Solidifying the level of trust and depth of relationship with the sales reps/MSLs.
8. Etc.

* Promoter is defined as a customer who would recommend the organization to others. Detractor refers to a customer who is disappointed with her experience with the organization and is thus not likely to recommend the organization.



In addition to metrics like the NPS to measure the efficacy of customer experience programs, there is a need to have metrics that draw on the actual financial results for the organization. This is where concepts like the Annualized Recurring Revenue (ARR) could be especially useful. ARR is used in several industries to understand total revenue this year from customers who were with the organization in the prior year. Metrics like ARR can incorporate the phenomena of growth (or decline) of prescription share with the HCPs. The growth coming in from increased ARR of existing customers (particularly those who become “promoters”) can create significant long-term value for the organization (in-line with the increased transaction volumes through loyalty programs across industries).

Metrics like the NPS and ARR together can enable a clear correlation/validation of the business impact of providing a remarkable customer experience.

Conclusion

As evidenced across industries, customer experience must become an integral part of future go-to-market strategies and should not only inform the strategic decisions like

commercial model design and customer segmentation but should also inform the investments in data and technology to embed customer experience in the end-to-end integrated commercial operations.

While everyone talks of customer experience being the next competitive battleground, the pharma industry has not yet fully understood the economic impact it can create. As mentioned earlier, it has the potential to create 100 bn dollars of value for the pharma industry.

To capture this value, the authors have recommended three foundational changes:

1. a new organization structure focused on customer experience,
2. integrated customer data and systems for omnichannel engagement, and
3. new metrics of measurement to drive cultural change.

Implementing these changes would call for substantial leadership, change management, and coordination. Business and IT executive leadership would need to commit jointly to drive such a change.

References

1. Lisa Murch, Sarah Rickwood, Bill McClellan, Dr. Simone Seiter, IQVIA, *Launch Excellence V, Surviving and Thriving When Launching in An Increasingly Specialized World*, 2017 lqvia.com.
2. The data pertains to public companies with revenues of more than \$500 Mn as of 2010. Fred Reichheld, Darci Darnell, Maureen Burns, HBR.Org, *Net Promoter 3.0. A Better System for Understanding the Real Value of Happy Customers*, Nov-Dec 2021.
3. Blake Morgan, Forbes.com; *50 stats that prove the value of customer experience*, 2019.
4. Jan Ascher, Daniel Hoglund, Arafat M'lika, Ivan Ostojic, Maxence Vancauwenberghe, McKinsey & Company, *From product to customer experience: The new way to launch in pharma*, 2018.
5. Sean Flavin, Jason Heller, McKinsey & Company, A technology blueprint for personalization at scale, May 2019, available at <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/a-technology-blueprint-for-personalization-at-scale>.
6. Alan Sager and Deborah Socolar. *Health Costs Absorb One-Quarter of Economic Growth, 2000-2005* (Boston, MA: Boston University School of Public Health, 2005)
7. Axtria study of HCPs across Optha, Neuro, Cardio, Respiratory and Dermatology, 2021.
8. McKinsey & Company, A new operating model for pharma: How the pandemic has influenced priorities, December 21, 2021, available at <https://www.mckinsey.com/industries/life-sciences/our-insights/a-new-operating-model-for-pharma-how-the-pandemic-has-influenced-priorities?cid=other-eml-alt-mip-mck&hdpid=dc0e217a-055c-4e6a-859a-09695913883e&hctky=1387811&hlkid=753970fdd1104c9389bd2d2511d5b5d2>.



Rishi Agarwal

Principal, Axtria Inc.
300 Connell Drive, Suite 5000
Berkeley Heights, NJ 07922
E: rishi.agarwal@axtria.com



Amanjeet Singh

Principal, Axtria Inc.
300 Connell Drive, Suite 5000
Berkeley Heights, NJ 07922
E: amanjeet.saluja@axtria.com

Contact Us

+1-877-9AXTRIA
info@axtria.com

Disclaimer


Axtria® understands the compliance requirements behind personalization and we do not work with any personally identifiable data that can identify an end-customer of a business.

We have the strictest data security guidelines in place as we work with businesses to improve the experience for their customers.

 www.axtria.com

 facebook.com/Axtria

 info@axtria.com

 Axtria – Ingenious Insights

 @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™ 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.

For more information, visit www.axtria.com

Follow Axtria on LinkedIn, Twitter, and Facebook

Copyright © Axtria Inc. 2022. All Right Reserved