



Analytical CRM: Improving Data Utilization to Increase Sales Force Effectiveness

*Findings and Implications of Qualitative Research
Among Pharmaceutical Decision Makers*



Table of Contents

Executive Summary	2
Research Overview	4
Escalating Data Requirements.....	5
Higher Standards for Data Management	8
Broadening Data Utilization.....	10
C3i's Perspective: Gain New Customer Insights through Enhanced Analytic Capabilities that Leverage Innovative Technologies.....	12



Executive Summary

Physicians are demanding more from pharmaceutical companies and their sales forces. Doctors want to see sales representatives only as frequently as is necessary to obtain objective, medical information for treating their patients. To protect market share, pharmaceutical companies have concluded, rightly, that new business intelligence and information technology are capable of helping them respond to prescribers' demands. But deploying the new strategies—and doing so more effectively than the competition—isn't easy. It requires industry focus and experience resolving tough technical and data issues facing sales and marketing.

C3i recently sponsored research among leading pharmaceutical firms to discuss the business intelligence and information technology strategies they are using.

We found:

- Rising usage of physician data and information collected by the sales force, coupled with new approaches to prescriber analysis,
- Difficulty cleansing prescriber data and an urgent need to improve the largely manual validation process, and
- Differences in analytical sophistication between large and mid-sized companies, and ways to narrow the gap.

Our findings are based on the answers to questions we posed to decision-makers in sales force management. We wanted to know:

- What physician information, sourced through customer relationship management (CRM) technology, is being used to advance sales analysis?
- What data management challenges are companies facing and what resources should be deployed to speed decision-making?
- How are innovative firms gaining greater control over the critical aspects of sales and customer analytics?



“Mid-sized and small drug companies can grow their business, too, by learning from leading companies and using emerging technology to replicate successful approaches used by analytical experts.”

Innovative companies are keeping up with the changes in their business by employing analytical CRM to secure, cleanse, and integrate physician data while disseminating useful sales and marketing insights. Large drug firms appear to have an easier time accomplishing this, owing to their resources, but mid-sized and small drug companies can grow their business, too, by learning from leading companies and using emerging technology to replicate successful approaches used by analytical experts.

C3i believes that leading firms will manage more information better by:

- Linking transactional and analytical environments,
- Cleansing data using specialty, low-cost resources, and
- Transferring analytical expertise to departments that need it.

We also believe that mid-market firms will start benefiting from advances in R&D from high-end business intelligence software companies and from renewed focus on vertical industries such as pharmaceuticals.

Innovative firms will explore ways to improve sales force effectiveness through a unique combination of pharmaceutical information technology expertise and software advances. For example, we foresee that drug companies will find high-value prescribers with easy-to-use, configurable tools for conducting sophisticated analysis. Such solutions will provide pharmaceutical sales operations departments with the ability to play a more proactive role in improving field force productivity and effectiveness.



Research Overview

"We asked drug manufacturers about their most challenging problems with sales information and the analytical processes and solutions that they used to resolve them."

To keep abreast of market and IT evolution, C3i interviewed decision-makers in sales and marketing from large and mid-sized pharmaceutical companies. In these discussions, we asked drug manufacturers about their most challenging problems with sales information and the analytical processes and solutions that they used to resolve them. What we discovered were innovative technology applications to manage sales information and the field force more effectively.

Research findings are based on in-depth discussions with decision-makers in sales analysis and planning, commercial analysis, and sales operations. A semi-structured, open questionnaire was used for each interview, with most conversations lasting 30 minutes or more. Interviewees were from leading companies such as:

- Allergan
- Amgen
- Bristol-Myers Squibb
- Boehringer Ingelheim
- Eli Lilly and Company
- Merck & Co.
- Novo Nordisk Pharmaceuticals
- Ortho-McNeil Pharmaceutical
- Sanofi-Synthelabo

In the pages that follow, we report on respondents' problems and new ideas across three areas of findings:

- Escalating data requirements,
- Increasing standards for data management, and
- Broadening usage of data

As well, we offer insights gleaned from C3i's experience delivering over 17 CRM implementations; providing help desk and hardware support to more than 30% of the pharmaceutical sales representatives in the U.S.; and deploying analytical CRM and business intelligence systems for the past three years.

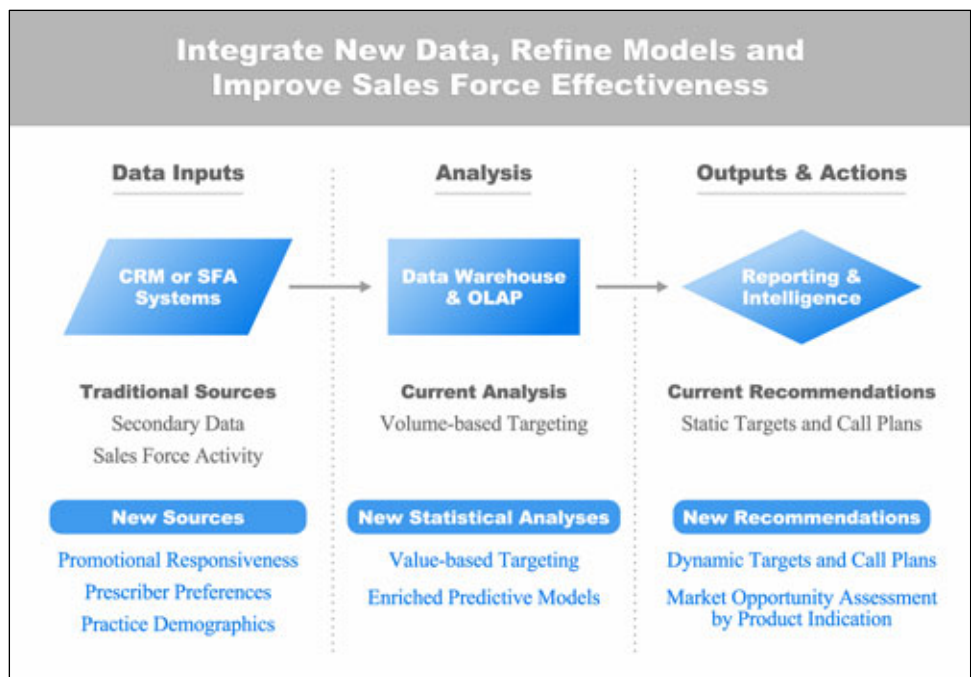
Escalating Data Requirements

Segmentation Variables and Sales Force-Collected Data

Propelled by declining sales force productivity and slowing pharmaceutical sales force growth, firms are conducting more in-depth analysis on emerging data streams with an aim to better equip their sales representatives to call on physicians. Given cutbacks in direct-to-consumer spending and fixed sales force sizes, drug companies are taking seriously market optimization tactics. And these analytic sales tactics may be leading to requirements for new physician-level data.

Traditionally, targeting methods have relied on secondary data such as therapeutic class prescription volume or potential, physician rank in class, and product market share to assess prescriber value. We uncovered a few new trends in sales analysis.

- Emerging segmentation approaches use brand attributes, competitive position, degree of unmet segment needs, and market size using patient-level data for multiple product indications.
- New data from sales representatives covers prescriber preferences, office policies, and practice demographics.





Implications

Integrating secondary data with newer segmentation variables from multiple sources is achievable within today's CRM systems and analytical processing environments. To design the necessary connections between transactional and analytical processes, your organization will need to:

- Identify sales needs and information requirements along with existing technology and technical resources to manage an analytical CRM system.
- Manage new sales force-collected data by integrating transactional systems, warehousing data and creating analytical processing environments.
- Train and support sales representatives and home office sales and marketing management so they act on promotional insights from new physician-level data.

New information will lead to new processes that enable sales teams to leverage the data's value. Firms can best prepare to transform transactional data into analytical information by:

- Pinpointing crucial information requirements that directly support their sales and marketing strategies rather than seeking to simply replicate current reports and utilization,
- Building the technical infrastructure to manage the information with flexibility for improvements, and
- Supporting salespeople in using the results derived from new intelligence to benefit your product's sales promotion.

In the following section, we will look at best practices related to each of these topics.



"My company spared no expense in building the 'perfect' CRM system... No one stopped to ask if the users (namely the field force) needed all the functionality contained in the CRM system. The result was, the field force was overwhelmed and did not use the system."

**– DIRECTOR, SALES
OPERATIONS & PLANNING**

Best Practices

The most successful analytical CRM implementations start with identifying relevant sales and marketing objectives and strategies. From there, organizations can readily hone in on implementing simple but powerful functionality. A focused, low-risk, phased approach guarantees that sales management and field representatives achieve quick wins from the new data and systems.

The key is to keep initial new functionality simple. If results from analyses don't lead you to act any differently in the field, then leave out the analyses and the resulting reports. The repercussions of neglecting this simple rule can be costly.

Using internal resources that are often over-committed, or consultants with few pharmaceutical successes in system implementation, leads to wasted time and effort. Knowing the detailed configuration and capabilities of analytical software takes years of experience. Companies should select vendors with a solid track record of serving the pharmaceutical industry and an intimate knowledge of the CRM systems from which new data will be collected. Only experienced consultants can design and deploy systems capable of scaling and adapting as a business grows.

Finally, analyzing new data in new ways won't help an organization unless it can persuade salespeople to change their behavior in the field. Firms should include sales managers so they can help field representatives implement recommendations. By tying results to incentive compensation, managers have a way to hold sales representatives accountable for improvements.



Higher Standards for Data Management

Aiming for Accuracy and Efficiency in Cleansing Physician Data

“If validation services improve by utilizing technology... to search and validate physician information, maybe we would consider taking this function out of the hands of our reps.”

Though they're eager to leverage emerging new physician-level data streams, pharmaceutical companies struggle to manage burgeoning prescriber data. Several pharmaceutical directors with whom we spoke cited the problems with cleansing and validating physician data. Respondents complained that the data cleansing process was expensive since it requires manual intervention to validate the information. A few firms said that rather than rely on a third party to take these actions, they would authenticate customer information using their sales forces.

Here are the highlights of our research findings.

- With physician profile information coming from more sources, database merges become more problematic.
- Large drug firms outsource data cleansing and validation work since it's a highly labor-intensive process.
- Smaller firms rely on their sales forces to validate data because outsourced efforts are costly and prone to error.

Across the board, companies struggle to cleanse and validate data efficiently, and seek a more accurate and cost-effective way to verify physician information. Most respondents believe that data cleansing and validation will always require manual intervention. While pharmaceutical companies will provide business rules for cleaning data, vendors will process large volumes of data according to those rules and call physician offices to verify addresses when those rules fail. Without manual verification, sales representatives will find themselves acting on inaccurate prescriber information.

Drug firms want to avoid the costly repercussions of giving their sales forces inaccurate data. They also want a more efficient way to keep up with changes to physician information.

“If validation services improve by utilizing technology... to search and validate physician information, maybe we would consider taking this function out of the hands of our reps.”



“C3i expects pharmaceutical companies will package and outsource data cleansing and validation work to be completed by lower cost offshore resources under the management of U.S.-based, pharmaceutical-savvy information technology experts.”

Implications

Although there was no consensus about how to fix the problems associated with data cleansing and validation, many of the respondents echoed the need for outsourcing the function. To reduce the costs associated with data cleansing and ensure their salespeople focus on what they do best—persuading physicians to write their products—organizations should focus on their core competencies, selling and marketing products, while outsourcing data cleansing and validation. This requires:

- Fully understanding the sources of data and the process by which information flows throughout their organization,
- Determining the areas where processing may be streamlined,
- Partitioning the process and outsourcing the cleansing and validation parts to firms specializing in data management, and
- Creating criteria for selecting vendors that have access to qualified, low-cost resources for manual intervention.

Predictions

Leveraging the benefits of expanded physician information requires tapping into qualified technical resources while simultaneously streamlining the process by which data is cleansed and verified.

C3i expects pharmaceutical companies will package and outsource data cleansing and validation work to be completed by lower cost overseas resources under the management of U.S.-based, pharmaceutical-savvy information technology experts. By relying on third party firms with both expertise and low-cost resources, mid- and small-sized pharmaceutical companies are rapidly matching their larger competitors’ ability to improve data accuracy and information usage in sales and marketing.



Broadening Data Utilization

Advancing Sales Analysis Using Technology

"My company outsourced many key analytical functions but we now, with the exception of data validation and sales force sizing and structure, perform all analysis in-house with trained SAS programmers and statisticians."

**– DIRECTOR, SALES
OPERATIONS & PLANNING**

To make the best use of new data on physicians, organizations are extending sales and marketing analysis within their companies. We discovered that mid-sized and large firms are establishing commercial analytics departments to manage complex research. Preferring not to outsource this critical function, research participants from large companies said their firms are hiring—or would like to hire—the statistical programming expertise to improve analysis and decisions.

Depending largely on the organization's size, leading companies handle data utilization and analysis differently.

- Large and, increasingly, mid-sized pharmaceutical firms conduct analysis and planning internally, relying heavily on SAS given the need for power and sophistication.
- Smaller-sized pharmaceutical companies outsource high-end analytics, or do without refinements to targeting or call plans throughout the year.

Smaller pharmaceutical companies can compete against large firms, though not by expanding their analytic expertise with statisticians and programmers or expensive strategic consultants. They can do it by extending sales analytics using existing resources in sales operations and marketing.

Recommendations

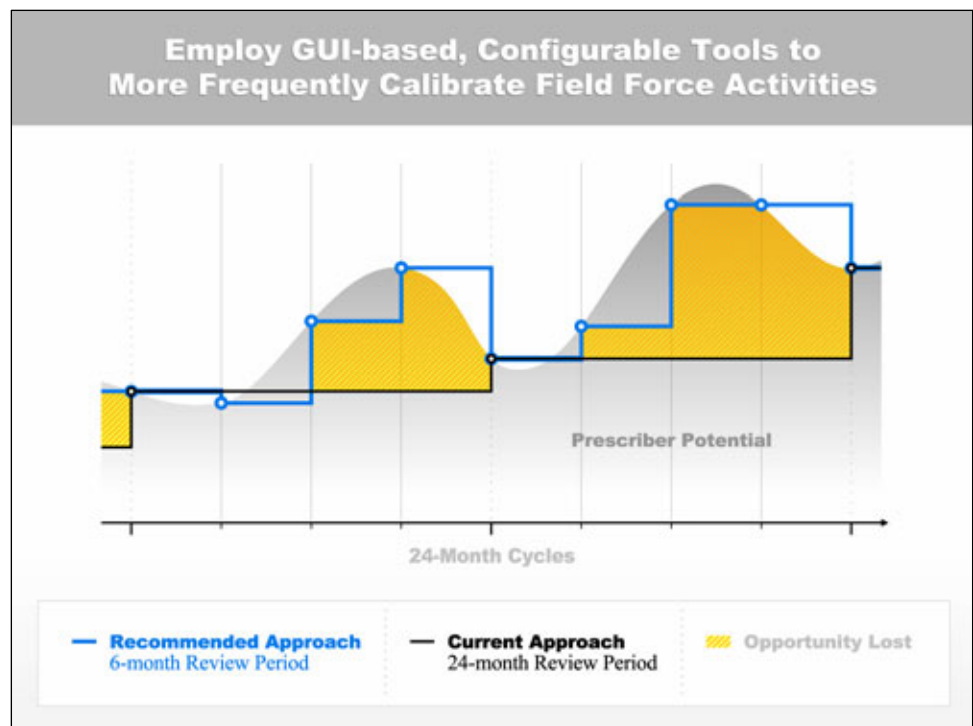
Smaller-sized pharmaceutical companies should use open, configurable tool sets to conduct more innovative sales analysis for refining physician targets and call plans. By taking advantage of pre-configured tools, these firms simplify the complicated process of analyzing new data streams.



A straightforward process means sales operations can use valuable analytic methods without having to write complex, statistical programming code.

For instance, by using Graphical User Interface (GUI)-based configurable analytical modules, sales and marketing analysts will be able to access transparent call planning procedures. These open modules allow Sales Operations' analysts to control and conduct more frequent targeting or call planning analyses. Pre-configured tools benefit sales representatives who act on results that mirror actual market opportunity as reflected by more valuable physician targets and refined call frequencies.

“Open, GUI-based configurable analytical modules will enable sales and marketing analysts to refine physician targets and call plans more easily.”



Already, leading drug firms are testing new interfaces and functionality that analyze prescriber behavior over time to address sales planning needs. This enables them to identify high-value physicians and predict their behavior. The solution reduces the time and effort needed to react to changes in the marketplace. Further, the approach can be integrated with existing transactional and OLAP based tools. This architecture enables companies to tap into new sales force-collected customer data and communicate findings quickly to salespeople so that they can exploit emerging opportunities.



C3i's Perspective: Gain New Customer Insights through Enhanced Analytic Capabilities that Leverage Innovative Technologies

C3i's research shows how pharmaceutical companies are staying ahead of their competitors with new data, new data management approaches and sophisticated technology. Market leaders are, or plan on:

- Deploying analytical CRM implementations focused on staging functionality tied closely to their most critical sales and marketing business goals,
- Leveraging offshore resources to cleanse and validate physician data and support sales representatives' efforts, and
- Exploiting emerging business intelligence software to transfer advanced sales analytic methods to sales and marketing departments.

Experience demonstrates that today's technology is capable of meeting sales force demands for new and more valuable customer information. Organizations are tackling the sales force challenges head on, integrating transactional CRM systems and analytical processing environments, tapping into low-cost technical experts and effectively deploying new technology to expand its analytic capabilities. The companies that succeed with these initiatives will be enduring market leaders.

For more on C3i's research findings, we invite you to call us to discuss how your company can deliver analytical CRM to improve sales force effectiveness.

About C3i

C3i is devoted to helping life sciences companies realize the potential of their investment in customer relationship management. Focusing on the full CRM solution, C3i provides business consulting, systems implementation, training, analytical services, end-user help desk, hardware and logistics, asset management, and outsourced managed services. By combining these end-to-end services in a seamless solution, C3i delivers superior value to over 30 pharmaceutical, biotechnology and medical products companies in North America. C3i has facilities in Morristown, NJ, Denville, NJ and Hyderabad, India. For more information, please visit C3i's website at C3i-Inc.com.

For more information, call us at 800.732.8179, send an e-mail to AnalyticalCRM@C3i-Inc.com, or contact your C3i account executive.

Locations

Headquarters and Operations Center

25 Lindsley Drive
Morristown, NJ 07960
Tel: 866.327.6234

Hardware & Logistics

5 Stewart Court
Denville, NJ 07834
Tel: 866.234.6699

Global Operations Center

B4, Vanenburg IT Park,
Plot No. 17, Software Units Layout
Madhapur, Hyderabad - 500 081
India