Pharmaceutical firms: Customer-focused and primed for growth

Some feel it when their sales force automation (SFA) technology becomes obsolete. Others notice it when their new customer relationship management (CRM) solution doesn’t live up to expectations. When an organization’s attempts to efficiently and correctly capture, analyze and use information aren’t working, a “Band-Aid” treatment may bring temporary relief. But, for long-term health, a more systemic approach is often the best medicine.

Like their counterparts in other industries, pharmaceutical firms know the importance of putting their customers first, whether they are managed care organizations, group purchasers, hospitals, medical practices or grassroots consumers. And it’s no secret that acquiring new customers is more costly than keeping existing ones.

With the appropriate management systems and infrastructure in place, customer information can become an organization’s most valuable asset. A companywide view of the customer can lead to a more savvy sales force, lower R&D costs, a marketing strategy that anticipates customers’ needs…and a healthier bottom line. But integrating information across an enterprise is a big undertaking—not a quick fix.

While the products, companies and individuals in the following pages are hypothetical, similar scenarios take place in pharmaceutical companies every day.
Dr. Walker is on his way to a conference workshop on osteoporosis. At his hotel, he stops by a kiosk hosted by PharmaGoods, maker of OsteoFormulaZ, a drug newly approved by the food and drug administration (FDA). Using the touchscreen application, Dr. Walker quickly finds information on the new product. Next, he inserts his business card for scanning, then types a few questions before hurrying off to the workshop. The doctor never has much free time; between seeing patients, making scores of telephone calls and dealing with piles of paper each day, he no longer plays golf or responds to dinner invitations, and is reluctant to meet with sales reps.

The next morning, Chris, a new detail rep for PharmaGoods, sits in Dr. Walker’s outer room. To build a sales call plan, Chris has downloaded the latest information on Dr. Walker, including the demographic and prescribing profile of his practice, as well as records of his attendance at the osteoporosis conference that Chris’s company recently sponsored. Prepared and confident, Chris catches up on e-mail with his wireless, handheld device while he waits. And waits.

Called in at last, Chris offers to supply follow-up information on the benefits of OsteoFormulaZ to elderly women, who make up a significant portion of Dr. Walker’s practice. When Dr. Walker asks for backup data, Chris presses the stylus to his handheld screen and suggests that the doctor check his e-mail. At his computer, the doctor opens an article Chris has sent. The piece shows that OsteoFormulaZ results in greater bone-mass density than competing drugs. Seeing the doctor’s ease with the computer, Chris also sends him the address for the OsteoFormulaZ “e-detailing” program for doctors on the PharmaGoods Web site. The two men then engage in a discussion about other drugs from the PharmaGoods product line. Dr. Walker mentions that one of his patients has a mild skin rash associated with DermOxyMax, a smoke cessation patch. Chris taps into his handheld computer—simultaneously notifying the specialty rep, the product marketing team and the medical affairs office of a possible adverse reaction. The wireless device, which tracks product samples, shows a “green light” for Dr. Walker’s sample requests. As the doctor signs his name on the screen, the sales rep produces the samples from his briefcase. The doctor tells Chris that if all visits can be this productive, he looks forward to seeing the sales rep again.
You run a team of sales reps. Like every good manager, you want your team to be well trained and fully equipped. Since their mission is to persuade doctors to prescribe your drugs, your best approach is getting exactly the right information to the right person at the right time. You’ve decided that in an age where doctors are almost always overwhelmed with administrative work—plus offers of free lunches, tickets to shows and golf excursions—the best “gifts” your reps can provide are time and convenience—both great ways to differentiate your company from its competitors. Seen from this customer-centric perspective, the doctors you serve are your allies; the enemy is poor planning and wasted time. Your “e-detailing” Web sites help by giving doctors options for finding the specific information they need. Your detail reps’ wireless, handheld devices keep them connected to doctors, to headquarters and to each other—helping them stay more productive on the road.

Your customer relationship management solution integrates information from all touch points, including contact centers, Web sites, kiosks and shared data from sales reps. When Dr. Walker registers with the conference kiosk and allows his queries to be tracked, the detail rep and his colleagues are notified. The system’s “intelligent” interface adapts to incoming data and offers tailored suggestions. For example, when a doctor starts prescribing a particular drug, the sales reps will be prompted to focus on other drugs, or shift their strategy from establishing the relationship to leveraging it. Perhaps a physician who has been “converted” would consider joining a speaker program targeting other doctors, or agree to be an advocate while he’s serving on a pharmacy and therapeutics committee. What’s more, sales reps can better coordinate their activities, reduce mistakes, align selling efforts and give customers the information they need, when and where they need it.

The net result? Knowledge becomes power. By using the right technology, you can optimize the efforts of your sales force and potentially improve your bottom line.
Harnessing the full power of the Web

When Sarah decided to stop smoking cigarettes, her doctor prescribed DermOxyMax, a smoking-cessation patch. The product packaging included a Web address for a free online smoking-cessation support program. When Sarah registered, she voluntarily disclosed her health history. Her enthusiastic participation in the wellness program eventually led to a job as an online product evangelist with PharmaGoods, the manufacturer of DermOxyMax. Today, Sarah works from home, leading discussions in the DermOxyMax forums, coordinating Web cast speakers, proposing ways to help customers track their progress and compliance, and monitoring other sites and bulletin boards to look for trends. The wellness program is a grassroots success that offers buddy systems, interactive calendars, prize T-shirts, a cartoon of the day and links to other sites—all designed to help users build a positive, long-term association with the product.

During a chat room discussion, a participant named Doris asks if anyone has information about a minor rash that appears on the skin near where the patch is placed. With Doris’ permission, Sarah relays the inquiry to the PharmaGoods team responsible for tracking adverse reactions. The team, which is on call 24 hours a day, reviews Doris’s registration data, then sends the query to the PharmaGoods toll-free number center, the company’s e-mail center and other touchpoints, asking for information about similar reports.

Meanwhile, a marketing team is gathering information from the PharmaGoods online wellness program—analyzing the demographics of DermOxyMax users in preparation for the product’s next promotional campaign. In comes an e-mail from Sarah, the online product evangelist. “I know we’re considering sponsoring a national marathon race,” she writes. “But I see support in the chat rooms for a series of five-kilometer fun runs around the country, primarily targeted at females who have recently stopped smoking and who are just starting to build endurance. Could we see if the data supports DermOxyMax sponsorship, perhaps with free T-shirts for race finishers? I think it will receive a groundswell of participation and help differentiate our brand as promoting a healthy, positive lifestyle.”
You discovered early that consumers have become important players in the pharmaceutical industry. Around the world, where governments have relaxed rules on consumer advertising, sales rose when you ran campaigns. The Internet has empowered grassroots consumers as never before. In fact, it’s been shown that before they pay a visit to the doctor, today’s Web-savvy customers research their ailments online more than forty percent of the time. Doctors, in turn, prescribe the drug their patients request almost ninety percent of the time.

You firmly believe that all of your customers — individuals or organizations — should be able to choose the channels that are the most convenient for them. Years ago, the low costs of providing information on the Web persuaded you to start an aggressive, Internet-based wellness program — an effort that continues to grow. You’ve also established parallel “e-detailing” sites for medical professionals, as well as mail-in and telephone centers you set in place much earlier.

Internet-based consumer marketing helps you boost compliance — and prescription refills — through Web-based interactive tracking systems and e-mail reminders. These efforts help build brand loyalty by providing accurate information, expert advice, discussion forums and links to other reputable sites. The greatest value doesn’t come from sending “one-way” information to consumers; on the contrary, it comes from getting it back and connecting it to the rest of your enterprise in one continuous, seamless loop. As a result, all of your touchpoints can share customer information quickly and effectively to track and resolve queries. Each of these channels can report adverse events to the same early warning center. In addition, aggregated program data, analyzed by R&D and marketing, can help you more accurately predict consumer trends.

The net result? Knowledge becomes power. You know what’s going on with consumers. And you can anticipate — and influence — the choices they’ll make in the future.
Improved information for R&D—at a lower cost

Dr. Stephanie, a practicing physician and lead researcher on clinical drug trials, hurries into her office at the university hospital. At her computer, she logs onto a bulletin board for researchers like herself. A query from a colleague catches her eye. It’s about DermOxyMax, the new smoking-cessation product for which she had conducted some earlier trials. A few patients are complaining about a mild rash at the patch site. Dr. Stephanie fires back a response summarizing known adverse reactions; she also sends copies of the query and her reply to the PharmaGoods project director.

Working with PharmaGoods and other researchers worldwide, Dr. Stephanie has helped design the double-blind trials for a promising new treatment for sun-damaged skin. Some of the subjects have been invited to participate in the study based on their involvement in online discussion groups on tanning and health. All the information—preliminary sign-ups, medical histories and scheduling—are Web-based, and use standard browsers, sign-ins and passwords. The entire cycle is paperless, and seamlessly joined one process to the next. Today is the trial subjects’ first “in-person” visit to the clinic. After each participant signs an FDA-approved consent form on an electronic tablet, Dr. Stephanie leads the group through other questions and answers, entering the information directly into her computer before taking standard baselines such as EKG, blood pressure, blood and urine samples. To help track compliance during the study, subjects will make daily journal entries from home on a special, password-protected Web site. The software will automatically remind them via e-mail when it’s time to make another visit to the clinic.

When the session is over, Dr. Stephanie presses the computer keys to start the automated data analysis. Remembering the query on the electronic bulletin board, she then composes another message to the PharmaGoods R&D project director. Based on the information she provides, the project director will see that it might be worthwhile to check the adhesive on the smoking cessation patch for impurities that could cause dermatological interactions.
In the pharmaceutical industry, a healthy bottom line most often depends on a few hugely successful drugs with short lifecycles. This puts pressure on research and development, whose high costs and uncertain payoffs sometimes resemble roulette or oil drilling, to find the next winner.

Determined to better your odds, you examined your company’s clinical-trial process and discovered that many of your outside clinical teams, even those at world-famous university hospitals, were still entering data on paper forms—a practice that was significantly hampering their efforts. Since deciding to require researchers to use well-designed, customizable Web-enabled processes, you have helped cut clerical costs and dramatically raise efficiency. Anxious to earn your business, third-party research organizations integrated one feature after another—from subject enrollment, pre-screening, scheduling and statistical analysis to realtime reporting and “intelligent” aids for compliance with government research requirements. Very quickly, researchers were spending less time on administration and more time on the clinical science itself. Plus, study managers were identifying problems in days—sometimes hours—rather than weeks. Setting up trials and signing up patients, analyzing results and making decisions to eliminate products or trials all happened faster. And the savings were substantial.

The other benefit you began to see was better integration of outside clinical researchers into your extended R&D “family.” Busy doctors liked how the new technology saved time and reduced the chance of clerical errors; they also favored the idea of conducting research for a pharmaceutical company that helps them work intelligently in their chosen fields. For physicians who saw patient reimbursement revenues dropping because of changes in managed care, the financial and career incentives to make clinical research a larger part of their schedule became even more powerful. In this sense, outside clinical researchers can become loyal customers, too.

**The net result?** Knowledge becomes power. Share your best ideas with your partners, and they’ll share theirs with you.
Fred, the marketing vice-president of PharmaGoods, leans back in his office chair. He is pleased. Although a few patients have experienced a mild skin rash associated with DermOxyMax, his company’s new smoking-cessation patch, the contact centers, consumer Web sites and the sales reps tackled the issue immediately. The epidemiologists in the adverse-event early-warning center cross-referenced the reporting data with a suggestion from a clinical researcher and information from the manufacturing side of the business. Within hours, they had pinpointed the problem—one faulty shipment of adhesive from an outside supplier. To Fred, the payoff was the media’s recognition of the vigorous and prompt corrective action that PharmaGoods took—a move that held the company up as a model of responsible corporate behavior. And judging from recent sales figures, the publicity had had no negative repercussions. After a brief downturn, DermOxyMax sales continued to rise higher than ever. Subsequent surveys showed that consumers trusted PharmaGoods more than other pharmaceutical brands.

Fred believed this was all due to his company’s commitment to putting the customer first and investing in a technology infrastructure that helps gather accurate information, use that information wisely and tie it all together in a meaningful way. Now, everything was connected—from Web strategies to print campaigns to R&D. Fred felt confident that following his afternoon meeting with the CEO of Amalgamated HealthCorp, a nationwide health maintenance organization, DermOxyMax would be placed on the top tier of the HMO’s formulary.

That morning, Fred’s team had run updated analyses using the PharmaGoods database and third-party information. The clinical evidence was compelling: With DermOxyMax, patients experienced lower recidivism than with competing brands. Plus, for HMOs, non-smokers obviously had lower long-term medical costs. Based on its share of the HMO’s prescription volume, Fred’s company would offer staged discounts. Fred could have waited for Amalgamated HealthCorp to ask for price cuts, but he liked being proactive. The co-marketing opportunities he was going to propose had phenomenal potential—for everyone.
Information is of little use if it remains trapped in vertical silos. To offer the most value, it must be integrated, sifted and assessed with data from other sources—quickly and accurately. Many executives remember the cumbersome methods of previous eras, when staffers had to sort through stacks of paper trying to find statistics to support ad campaigns or to make sales projections. Pervasive computing can change all that, but only with pragmatic investments in information. Today, with a few clicks of a mouse, the well-equipped pharmaceutical company can view sales results by region or sales rep, prescription levels by HMO, doctor or medical practice, or compare the effect of advertising campaigns against predictions. But these analytical tools are only the foundation for more powerful capabilities, such as proactively influencing the public and group purchasing organizations through smart marketing strategies.

In our hypothetical scenario, a marketing vice president like Fred might propose co-marketing agreements between his pharmaceutical company and the HMO. Other good but conventional ideas might include a letter to network physicians from the HMO’s CEO explaining the benefits of the new smoking-cessation patch, co-branded ads in magazines, and links to one another’s Web site wellness programs, for example. One idea that is consistent with a multidirectional information flow would be to cosponsor an event that was suggested by the grassroots community, such as simultaneous 5K fun runs for women around the country, with free T-shirts and prizes for those who have recently quit smoking. These events could be promoted on Internet wellness sites, as well as through other media and customer touchpoints. Not only would these efforts generate healthy publicity and brand loyalty; they would add value through the use of registration information, which could be applied by the pharmaceutical company and the HMO to help deepen their demographic understanding of smoking cessation. Analyzing data coming in from different channels...pushing information out through different channels, from billboards to magazine ads to the Internet...then gathering useful information again to build strong relationships. That’s what an integrated, end-to-end approach to customer relationship management is all about.

The net result? Knowledge becomes power. Investing in resources to manage information can bring strategic and tactical advantages. Used fully, these resources can help you shape your business relationships proactively—and profitably.
Earning customer loyalty is more a journey than a destination. There is always room for improvement. Whether you’ve started down the road, or are still thinking about first steps, here are some questions to ask:

• Have you recently communicated your vision and strategy for effectively using customer information?
• Do you insist on enterprisewide compliance with technology standards to make current and future systems integration easier?
• Are you ready for electronic prescriptions and other emerging "e-health" technologies and business models? Can you leverage the accurate, realtime information that will result?
• When your customers contact different areas of your organization—from the call center to the reps to the Web site—do they have a consistent, positive experience?
• When you reach out to customers, is your message always consistent…no matter what channel you are using?
• Have you asked your top sales reps what they need to do their jobs more effectively? Have you had them compare your sales force automation methods with those of your competitors?

• Do your sales force job descriptions, evaluations and compensation programs emphasize entering data accurately and completely? Do you reward your sales team for improvements they suggest?
• Is your Web presence aligned with your sales force's marketing message…all the time?
• Have you correctly measured the effectiveness of marketing and sales campaigns…enough that you can accurately predict the results?
• Have you run information audits of all your touchpoints—your sales force, your mail and call center and your Web site—and seen personally how information can be easily combined from different sources?
• Have you visited your clinical trial sites…and assessed the speed and efficiency of their process?
• Do you have a stated privacy policy for protecting customer information? Have you tested it?
• If you could get a billion-dollar drug to market six months earlier, what would that mean to your bottom line?

At IBM, we understand the complex challenges that new technologies and information integration bring to the pharmaceutical industry. Contact us at insights@us.ibm.com to investigate how we can put you on the path to competitive success. To locate additional resources for business executives, please visit our Web site at:

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