Getting Personal: Pharma's Future Commercial Model

The future is one of personalisation where all aspects of an organisation's commercial approach are tailored to individual patients, HCPs and payors based on their unique needs. To achieve this, companies and commercial teams will need to change

- *Pharma's future commercial model uses machine learning (ML) and agile marketing to make the most of multiple data sources to bring personalised messages to physicians, payors and where appropriate, patients*
- *Companies need to combine products with 'beyond the pill' solutions that support product use – this frequently will include 'digital medicine'*
- *Developing a seamless customer experience will ensure that products and 'beyond the pill' solutions are delivered in a way that meets customer expectations*
- *The threat of complete disruption from other sectors is unlikely due to the highly capital intensive and risky nature of the pharma business*
- *Achieving personalisation requires substantive change to processes, capabilities and culture – such change is hard, and history teaches us that this can be slow in the pharma industry*
- *Companies that embrace the opportunity of personalisation are those that will see the greatest results*

Pharmaceutical companies are continually seeking ways in which to improve their commercial effectiveness in order to increase revenue. Over the last 20 years, commercial models have shifted from building brands to securing access. The future commercial model will go further through personalised messages and 'beyond the pill' solutions to individual patients, HCPs and payors based on their unique needs. To achieve this companies and commercial teams will need to change.

The future is personal

We live in an age of personalisation, driven by big data and artificial intelligence (AI). Our mobile phones and online behaviour generate huge amounts of data (knowingly or not) and companies use this to tailor messages in order to encourage us to buy things or behave in a certain way. Though such an approach is not without controversy, it provides benefits that we willingly take advantage of – think about those Netflix recommendations you receive. Within the healthcare arena, the proliferation of genomic and proteomic data is enabling medicines to be created for specific patient populations and some healthcare systems are using such data to risk stratify patients and treat accordingly. For the commercial side of the pharmaceutical industry, personalisation is at best embryonic – a few pioneers are making changes, but for most its yet to be fully embraced.

15-20 years ago, the pharma industry was concerned with the creation of big brands and securing share-of-voice through large sales teams who communicated simple product messages to a wide audience. As the healthcare environment became more cost constrained, market access became paramount, and the industry adapted as a result. Dedicated market access and health economic teams are now common place to achieve this. Today, the pharma industry is entering the era of personalisation, where the ultimate goal is tailored messages and solutions to individual patients, HCPs and payors.

Pharma's Commercial Model Has Evolved from a Focus on Building Brands to Securing Access – the Next Era is Personalisation
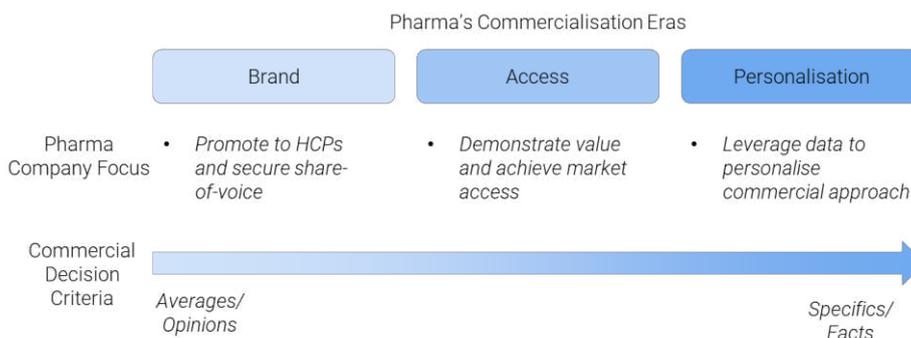
Embrace change rather than have it imposed upon you

Companies have a choice about how they face the future. In the past, organisations have changed only when external factors affected revenue – the increase in market access hurdles is a great example of this. Today, things are different. There is such a wealth of opportunity to improve commercial performance that companies can be bewildered by what to do – changing for a positive future which captures greater value for the company can be hard. Personalisation enables customers to receive product messages and solutions that are individually tailored to their unique needs – achieving it requires internal change which can be extremely difficult.

There is a perceived threat from external 'disruptors' such as Amazon or Google, who, according to the narrative, threaten the very existence of the industry in the same way Netflix wiped out Blockbuster. Talk of such industry-wide disruption is overblown due to the highly capital intensive and risky nature of developing and commercialising pharmaceuticals – such companies can invest in more attractive areas. The industry is also highly regulated, which limits innovations and requires a specialist skill set that non-sector players lack. However, there are discrete points across the value chain where pharma is at risk of disruption, companies would do well to understand what these risks are. In some cases, it makes sense to bring the disruptors 'in-house' and work together to address problems the industry faces.

Though there are external challenges such as pricing restrictions that enforce changes to pharma's existing model, personalisation is a bright future which companies should be moving towards. Unfortunately, history shows us that progressive change can be hard for pharma, so leaders should be aware of what has limited progress in the past.

Progressive Change in Pharma Has Been Historically Limited by Five Factors

| Fear of Failure	Decision Bias	Solution Focused	Too Comfortable	HIPPOs
Possibility of failure prevents creativity and innovation	New initiatives are subject to more stringent ROI calculations than existing activities	Leaders focus on implementing a solution, without full understanding of the problem it addresses	Strong profitability and generous benefits reduce the appetite for innovation	HIghest Paid Persons Opinion determines the future – potentially with and absence of expertise

Once leaders have decided to move towards a future that is focused on personalisation, creating a positive message that engages the entire organisation about the benefits is key. Novartis stands out in this regard. Its CEO, Vas Narasimhan, has a very clear vision to reimagine medicine using data and digital to do so. This ethos spans the entire organisation from R&D to commercial – and is a great demonstration of embracing a positive future, rather than having change imposed.

Personalisation needs data enabling ML and agile

Given the future of pharma's commercial model is centred around personalisation, it should be no surprise that there is no 'one size fits all' solution. There are however four components that organisations need to understand and integrate when developing the model that works best for them – data, ML, agile and 'beyond the pill' solutions:

Personalisation Combines Data, Decision Enablers and 'Beyond the Pill' Solutions, Wrapped Together Through a Seamless Customer Experience
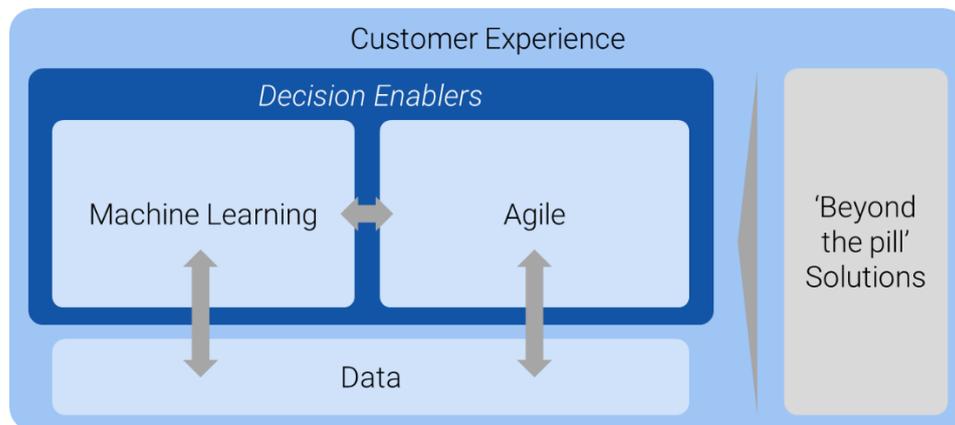
A. Data

Personalisation is built upon a solid foundation of data gathered from a wide range of sources. An organisation's CRM system provides data on who representatives have seen, what they discussed and what the perceived outcomes were. This is combined with data gathered from an organisation's multi/omni-channel activity to give a rich picture of HCPs/patients/payors down to an individual level. Other sources, such as real-world evidence can expand the picture further. Though the sources of data are clear, organisations face challenges on how to make the most of it. Some of the data may be in an unusable format. It may require cleansing and/or validation. It can be incomplete. All these challenges need to be overcome, or at the very least acknowledged, if personalisation is to be achieved.

As companies gather increasing amounts of data about patients, HCPs and payors, they need to pay close attention to the laws that surround data protection and management. In Europe, General Data Protection Regulation (GDPR) sets out very clear boundaries for data collection, management and storage, that organisations, regardless of where they are headquartered, need to adhere to if they are to conduct business in Europe. As companies establish their data strategy, close co-operation between the teams that gather data and those that provide oversight, such as regulatory and legal teams is critical to ensure that laws are respected.

B.   Decision Enablers – ML and Agile

With good data quality and quantity, teams can leverage the benefits of ML and agile. These complementary approaches enable teams to make decisions based on data, rather than solely relying on opinions or 'experience'. ML is currently the most advanced and increasingly is a feature of an organisation's CRM system. For sales representatives and key account managers the benefits are huge. The system provides them with suggested pre-call objectives, tailors content to the individual prescriber's need and provides suggestions as to what the best next step could be. These recommendations are created based on combining organisation wide historical activity and outcomes, with the specific history and outcomes of each representative and customer. Such recommendations enable representatives to focus on the sales calls themselves, rather than be concerned with analysis which is often not a core competency.

Agile is a data-driven marketing approach that is complementary to ML. Historically, teams have created annual strategic and tactical plans that possessed limited tracking measures – if something did or did not work, teams would take 9-12 months to realise it. Agile totally changes this. Rather than relying on a 'set and forget' approach, marketing teams create multiple pilots which are deployed simultaneously, and the resulting customer feedback informs which is the most successful. Subsequent strategy and tactical plans are changed as a result, leading to teams rapidly adapting their approach to what really works. Though agile works best with digital marketing (due to its data richness and speed of data capture), it can also be expanded to include campaigns that involve the sales teams. It is also worth noting that in the future, pharmaceutical companies will not treat 'digital marketing' as a separate activity – in common with other industries, it will simply be referred to as 'marketing'.

C.   'Beyond the pill' Solutions

Though pharmaceutical companies ultimately sell products that address patient needs, a combination of the changing payor environment and greater competitive pressure mean that most need to develop innovative solutions that support patient care 'beyond the pill'. What this looks like will depend on each organisation and the product's unique context, but solutions can include wearable technology, patient support or drug administration guidance. They are often digital, with many organisations embracing 'digital medicine'. How companies develop 'beyond the pill' solutions is equally nuanced. It can involve partnering with patient groups, acquiring established companies or forming partnerships with academia – fostering diverse relationships is a common theme. For many organisations, creating internal innovation units that sit outside the traditional commercial organisation has been the answer to this problem. These units are deliberately created to bring disruption to existing thinking and develop innovative solutions to problems that patients have, that pharma companies have the appetite to address. Such units can also include R&D and commercial colleagues, enabling creation of solutions that stretch beyond those that are purely commercially focused.
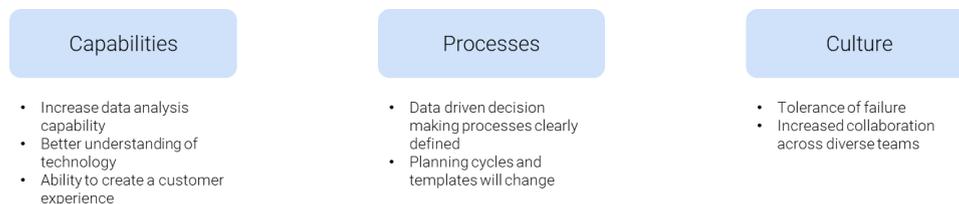
D. Customer Experience

Who are the pharmaceutical industry's true customers is a topic of much debate, but payors, physicians and patients are all groups that can be described as such. As companies embrace personalisation and invest in decision enablers such as ML and agile, they must equally spend time actively considering the customer experience. This goes beyond understanding the existing patient/physician journey which features in many brand plans. Its about identifying the touch points that the customer has with the brand, understanding the environments the customer experiences and making sure that it is in-line with the customers' expectations. By delivering a good customer experience, companies can gain a competitive advantage, something that is particularly important in the online environment, where a negative experience can be rapidly shared with others. Companies must therefore *actively* design the customer experience they want to create, rather than letting it happen by chance.

Change across the business is required to make the most of personalisation

To achieve the benefits of personalisation and to integrate ML, agile and 'beyond the pill' solutions into the business, companies need to change.

Capabilities, Processes and Culture All Need to Change to Make the Most of Personalisation

Capabilities	Processes	Culture
• Increase data analysis capability • Better understanding of technology • Ability to create a customer experience	• Data driven decision making processes clearly defined • Planning cycles and templates will change	• Tolerance of failure • Increased collaboration across diverse teams

In addition to building capability, developing new processes and redefining culture, organisational structure will also need to change to reflect the new commercial approach. This is not a one-size-fits-all endeavour however. Some organisations will choose to structure around a disease; others will focus around patient populations. What will remain in common is product (i.e. drug) teams and solutions teams need to work closely together, as the end user be it the patient, physician or payor, does not distinguish between the two and expects a seamless offering.

The nature of the cross-functional team that supports the commercial team will also change. With a reliance on data to inform decisions, IT, customer insights and data analytics need a seat at the table. More established functions such as compliance, regulatory and medical affairs will also be vital, but will need to be open to new approaches if personalisation is to be achieved.

Companies Need to Create Teams Focused Around Diseases and Change the Nature of the Cross-functional Team

Disease Lead — Responsible for achieving commercial targets for both products and solutions

Disease Lead → Solutions Leads → Solutions Teams

Disease Lead → Product Leads → Sales Teams

Disease Cross-functional Team:
IT, Digital/creative agency, Medical Affairs, Data Analytics, Customer Insights, Patient Relations, Commercial Excellence, Market Access/HEOR, Compliance, Regulatory
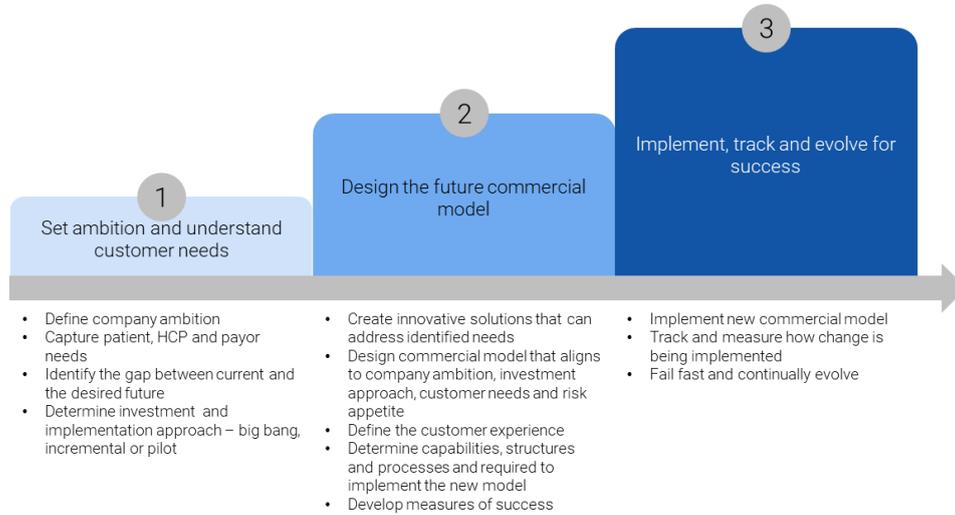
Disease leaders will still need a strong grounding in marketing to be successful. The principles of segmentation, positioning and message development do not disappear in the era of personalisation – in fact they are more important than ever. Marketers who lead personalisation will need to have greater agility in thinking and be able to move away from an annual planning cycle, to one that is more rapid and frequent. A deep understanding of the desired customer experience is also key to future success. They also will need to accept a data driven decision-making approach and listen to what sales representatives are telling them, through the CRM system, about customer behaviour. These changes may be difficult for some, given that the industry has operated in a top-down, annually driven approach for the last two decades.

Sales and solutions teams will also need to change. Though ML promises to improve customer engagement, many may feel that the machine doesn't know their customers as well as they do. Bringing team members along with these changes and engaging them in the change is crucial. Ultimately personalisation relies on data primarily gathered by sales representatives. If the data they provide is of poor quality due to limited engagement, then outputs will also be poor, leading to a downward spiral of performance.

Getting to personalisation in 3 steps

Each organisation needs to take time to create a bespoke solution that is right for its unique context. The level of required investment will depend on its product pipeline, investment appetite and existing capability. There are 3 that every organisation should go through in order to embrace personalisation.

Organisations Need to Take 3 Steps to Achieve Personalisation

1
Set ambition and understand customer needs

2
Design the future commercial model

3
Implement, track and evolve for success

- Define company ambition
- Capture patient, HCP and payor needs
- Identify the gap between current and the desired future
- Determine investment and implementation approach – big bang, incremental or pilot

- Create innovative solutions that can address identified needs
- Design commercial model that aligns to company ambition, investment approach, customer needs and risk appetite
- Define the customer experience
- Determine capabilities, structures and processes and required to implement the new model
- Develop measures of success

- Implement new commercial model
- Track and measure how change is being implemented
- Fail fast and continually evolve

Fortune favours the bold

Personalisation has the potential to improve commercial performance by getting medicines and 'beyond the pill' solutions to patients that need them in a more targeted way than ever before. Pharma has a history of being slow to respond to change and only really adapting when forced to. Personalisation is an exciting opportunity that has benefits across the product lifecycle, from pre-launch planning to mature brand management. Now is the time to start. Now is the time to embrace change. Now is the time to get personal.

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