

White Paper

THE RISE OF PHARMA'S CHIEF ORCHESTRATION OFFICER

MANISH GOEL, Orchestrated Customer Engagement Lead, IQVIA

MARK KARCH, VP, Sales, Technology Solutions, IQVIA



TABLE OF CONTENTS

Introduction	3
Decoding the Pharma Complexities	4
Drivers of Change	5
Orchestration	6
The Chief Orchestration Officer	8
Conclusion	10
References	11
About the Authors	11

INTRODUCTION

The pharmaceutical manufacturing industry continues to rank as one of the most complex industries in the world. At the core of its complexity are regulatory changes and rapid transformations prompting probing questions on how the pharmaceutical manufacturing industry (pharmacos) will evolve. Particularly, how will pharmacos continue to commercialize drugs in the life sciences marketplace?

Until now, commercial operations of most pharmacos consisted of retrofitted tools such as sales force automation, customer relationship management systems for field force purposes, marketing automation, digital message execution, and delivery tools for multichannel marketing purposes. These awkwardly retrofitted, non-industry specific systems, “coupled” (only slightly integrated) with a handful of industry specific technology tools and processes make up commercial operations. Pharmacos rely on these tools for formulary and/or guideline inclusion, market access, medical affairs, key opinion leader feedback, and home office/call center tools.

One could argue that executives in commercial operations in most pharmacos today are magicians, “making the most” by coupling non-industry specific tools in a retrofitted way, to meet the industry standards of efficiency, measurability and effectiveness to to enable differentiation in commercial operations. This is like trying to make an Indy 500 race car from retrofitted parts, and ending up with a functioning pace car. In 2018, pharmacos sales are projected to be \$1.6 trillion, challenging these “magicians” to make the most of a smorgasbord of tools and processes to drive sales. If these projections are to be true, then commercial operations must evolve and become more efficient, faster, and deliver near real time responses and solutions to meet the increasing demands from the life sciences marketplace.

In 2018, pharmacos sales are projected to be \$1.6 trillion, challenging these “magicians” to make the most of a smorgasbord of tools and processes to drive sales.

LET'S ASK THE TOUGH QUESTIONS

1. Are the needs to commercialize products in the pharmaceutical manufacturing industry so proprietary when compared to other industries – financial services, for example?
2. What has changed so much that the pharmaceutical industry now needs a new commercial model in order to be successful?

DECODING THE PHARMA COMPLEXITIES

THE UNIQUENESS OF SURROGATE CUSTOMERS.

The pharmaceutical industry educates, markets and influences multiple stakeholders/customers who proxy on behalf of the end consumer – the patient. For this reason, the pharmaceutical industry has a unique and sometimes indirect relationship with its customer. The uniqueness is an indirect relationship through intermediaries termed “surrogate customers,” to whom the pharmaceutical industry can provide its products and services to benefit end users. These “surrogate customers” include doctors, pharmacists, hospitals, policy makers, public opinion leaders and insurance payers. **The first complexity.**

MULTIPLE MESSAGES AND MESSENGERS.

Each brand in pharma may have up to five separate message types – clinical, marketing, pricing, medical and efficacy. The challenge lies in the shadows of compliance and regulatory guidelines that mandate some of these messages come from different messengers. Guidelines mandate that messengers should not collaborate with each other around the surrogate customers. For example, a field sales representative can only deliver marketing, clinical

and pricing messages, while a special medical liaison must deliver medical and efficacy messages. Regulatory guidelines prohibit the field sales and medical liaison representatives from communicating with each other about what they might have discussed or shared with one or multiple surrogate stakeholders.

The second complexity.

MULTIPLE MULTI-CHANNELS.

The two complexities above have created distinct bright vertical lines in the organizational structure of pharma. Subsequently, there are silos of sales, marketing, market access, medical affairs, home office and patient services. These silos are usually forced to be operationally and geographically separate. Each, in pure autonomy and wisdom, has a multichannel marketing program – blending digital and analog methods – to educate, market and influence the subset of surrogate stakeholders they service. If you assemble 100 random pharma executives from around the world and asked how many have less than five multichannel initiatives, you would be lucky if anyone raised a hand. Most admit they have almost a dozen multichannel programs, many times in one vertical, and while rare, sometimes aimed at the same surrogate stakeholder, sourced from different messengers or silos within their organization. **The third complexity.**

“For teams to work effectively together, colleagues need to be able to quickly and easily communicate with each other, share ideas, ask questions, provide insights and coordinate tasks. The pharmaceutical industry has a reputation for people working in silos, but a new culture of secure collaboration is evolving that will help advance the incredibly complex work they do.”

– Alan Lepofsky

VP & Principal Analyst, Future of Work, Constellation Research

IMPERSONALLY PERSONAL.

One of the largest groups of surrogate stakeholders is the healthcare provider themselves, the doctor, physician assistant, nurse practitioner, or nurse. On average a pharmaceutical company can spend north of 50% of a brand's commercialization budget on the marketing, education and influencing of the healthcare providers. Most markets face regulatory challenges which prohibit or at a minimum, make it difficult for pharmacos to build a strong relationship with their healthcare providers or "surrogate customers." For example, in many EU countries, it is against the law for a pharmacos to build a strong professional relationship with a healthcare provider as a surrogate customer in a segment of one. This challenge creates a strain for pharmacos to be efficient and effective, forcing them to commercialize operations and deliver drugs globally, in a vacuum, to thousands healthcare providers and surrogate stakeholders in a customer segment. Messengers, messages and delivery often fail as pharmacos are unable to personalize messages, highlighting key benefits tailored to the HCP. This is where regulations leave them in the blind. **The fourth complexity.**

NO PRODUCT UPGRADE.

Imagine you are launching a piece of software or an automobile, and you only get one shot to launch without any product upgrades. Once you launch the software or the automobile - that is it. You are not allowed to release a software upgrade or a new and improved model of the vehicle next year. Intellectual property rights on pharmaceutical patents has a 20 year lifespan. It can take from 8-10 years to obtain compliance and regulatory approval, and when your intellectual property rights expire, anyone can manufacture and sell your product for a microscopic fraction of your price. The companies that commercialize their versions of your product will not incur the sunken costs of research and development, compliance and regulatory, education

and marketing. Generic manufacturers inherit a tested and proven market with established market demands and penetration, marketing and distribution channels, and surrogate stakeholders' endorsements. Maybe you can change the packaging and the dosage. If you are lucky, you may find a secondary indication.

The fifth complexity.

ADDRESSING CHANGE

3. What's going on in the market that's demanding change from pharmacos?
4. Why is it happening at this particular point in time?

DRIVERS OF CHANGE

DEMOCRATIZATION OF DIAGNOSIS.

A combination of Dr. Google, Nurse Wikipedia, and the wisdom of the crowd in networks such as "PatientsLikeMe," are creating a phenomenon where patients are self-diagnosing (many times incorrectly) more than ever. By the time the patient enters the provider's place of practice, the provider is the first of many second opinions. At this point, the provider now has to mentally un-diagnose the patient, and then re-diagnose them, a process which is often received by the patient quite begrudgingly. This change in the dynamic extends to the pharmacist and the payer, and as a result, creates a new strain and need in the already complex multi-surrogate stakeholder model of pharmacos. These multiple stakeholders need more information about diseases, brands, efficacy, side effects, etc., and they are increasingly using this information to combat

incorrect self-diagnosis. 10 years ago, a self-diagnosis required much more research than is required today, and this trend continues to move at exponential speed. This new strain erodes the trust between patient and doctor by creating doubts between a qualified professional and their patient. Healthcare providers are now forced to re-educate to regain trust.

HIGH DIGITAL, LOW CONTEXT.

Humans (including HCPs) are continuing to become more digital, while medical practice compliance and regulations such as HIPAA and EMR mandate that digital tools to accelerate the speed of the patient care process. As a result, pharmacos have increased their spending on digital, and in some cases, less on analog. Analysis shows that pharmacos are spending less on pure analog, and are evolving the pure analog touch points (some incorrectly refer to this category as personal) to blended engagements. The challenge is that when blending analog and digital for either personal or non-personal engagements, digital can be mathematically precise, but tone and/or context deaf. Humans can be quite imprecise and erratic, but also very tone and/or context aware. Exponential increase in digitization creates a challenge for rebalancing. Pharmacos are forced to de-risk the tone and/or context deafness of digital with manufactured human oversight and analytical systems. Executives at the vanguard of the digital phenomenon tend to coordinate digital and analog challenges where the digital learns from the context and/or tone observed and shared by the human, and the human is encouraged or incited to learn from the always precise and never erratic mode of the digital channels. There is a need to manage context and precision, and to drive customer insights, as more and more is invested in digital engagements and touch points.

SHOW ME THE OUTCOME.

Many executives in commercial operations lived through the boom of the pharmaceutical manufacturing

industry. They assembled brilliant technology teams to retrofit systems to respond to the challenges of providing answers to millions of healthcare providers, a billion times a decade – and to hundreds of millions of patients, a trillion times a decade. Pharmacos are in the business of providing solutions and answers in a complex industry. Exponential growth has created a demand for a change in the type of content pharmacos provide to its multiple surrogate customers. It is a shift to outcome-based delivery of care, whereby pharmacos are asked to provide evidence of medicine’s efficacy. This evidence, frequently termed “real world evidence” (RWE), is not easy to obtain. Data science evidence has to be collected from patients, those “real customers,” with whom the pharmacos have the indirect relationship. This trend is rapidly challenging pharmacos’ ability to collect the real world evidence. Increasing the use of digital medical instruments and devices on the human body, including micro sensors collecting the digital exhaust of our existence in both wellness and sickness. Wearables and sensors in digital health will drive more evidence than one might know what to do with. How will pharmacos gain access to this data?

THE SOLVE TO A COMPLEX PROBLEM

5. What commercial model will meet these new market dynamics?
6. Are we at a tipping point that warrants a new c-level officer who can ensure significant change?

ORCHESTRATION

When we add the unique intricacies of the pharmaceutical industry, to the lack of industry specific technology tools, and persistent market trends, the

result is uber-complexity. The notion that leaders in the commercial operations space are magicians suddenly becomes a tad bit more real. They must be. How else are pharmacos still in business? The crafty process of retrofitting via technology creates the illusion of magic tricks. However, illusions and tricks only work to a certain extent. The fact remains that pharmacos are structured vertically, with minimal horizontal collaboration, which promotes inefficiencies on several levels. They broadcast more to multiple stakeholders than they listen, and the messages they send are often inconsistent, and sometimes incorrect.

For the stakeholders of pharmacos – doctors, pharmacists, hospitals, policy makers, public opinion leaders and insurance payers – experiences of engaging with pharmacos is fragmented, inconsistent, unreliable and completely absent of trust. Why? Because behind the scenes are a hundred ducks – some in sales, some in marketing, some in market access, some in medical affairs, and some in the home office. They all seem to be swimming somewhat smoothly above water in different ponds. However, below the surface, all are treading frantically to stay afloat, moving in any direction they can, as long as they move. Ducks aligned, only if you're lucky! The entire commercial operations department of a pharmaco needs to be orchestrated horizontally so that the vertical departments converge rather than combine. Messages must be consistent, correct and deeply contextual to engender and restore the trust of surrogate customers and patients. Ducks will align and swim smoothly.

BORN HORIZONTAL.

Orchestration is the science that combines analytics and psychology from sales practices, marketing sciences, market access techniques, medical affairs best practices and home office design into a single horizontal meta-layer of science. This layer is adjusted for the uniqueness of commercializing a brand in a pharmaco, and is relevant to the trends changing the industry. Orchestration systems are born horizontal by design,

require little hand off or integration, and leverage techniques that help employees of pharmacos interact with each other in an orchestrated way, to rally around the customer with ease.

For example, an orchestration system would cut above the noise of multiple multichannel systems, CRMs and other retrofitted tools. This orchestration will deliver horizontal capabilities, such as micro-intelligence, to accentuate the actions of pharmacos' employees, instead of augmenting them. Micro-intelligence focused on next best actions can make recommendations in real time – such as next best colleague (to pass a case or customer to), next best customer, next best conversation, next best channel, next best campaign, or next best content (we call this NBC6) – and layer them into a system that is born horizontal. This horizontal layer will reduce the uncertainty, and eventually help the ducks tread less frantically, in the same direction, and in a row.

TWO EARS AND ONE MOUTH.

Orchestration caters heavily to the customer by enabling all relevant pharmaco employees and systems to listen more, to the same voice of customer signals, in a way that is near real time. An orchestrated system captures and consolidates the active and passive signals sent by multiple stakeholders, and shares insights to all verticals and employees. Insights initiate respective employees to confidently take action from a position of deep contextual understanding of customer needs, wants and aspirations for your brand or product. This requires that systems are not only integrated with each other inside the pharmaco, but to B2B, B2C and person to person (P2P) systems outside the pharmaco. In order to listen more and be integrated, the systems need to move closer to a common vocabulary, with a unified agreement of what connectors should be built. Connectors with standardized vocabulary need to be delivered through an API-first culture into the entire industry. The data is the fabric of orchestration, with connectors speaking a vocabulary over APIs.

GET BACK TO TRUST.

Orchestration delivers an engagement and experience layer that feels natural, smooth and trusted, to both employees and stakeholders. If we interact with LinkedIn, we do not need a training manual, a translator, or worry about whether the system is working or telling us the truth. We don't look for answers or insights by "running a report," as we do with enterprise systems in pharma today. The user interface and the user experience of non-enterprise applications are usually natural, because they are using human-centered design. Most enterprise software, and almost all consumer software, have moved past a time when humans questioned the software. Society has moved to a place where we can trust what the software tells us, trust that it will continue to serve us, and we trust that it is telling us everything we need to know. The software enables us to trust each other, whether it is homogeneously enabling trust between employees of a single pharma organization, between employees in a partnership ecosystem or supply chain in a B2B, or heterogeneously with customers and influencers in a more B2C or P2P model. An orchestrated pharma, is one that is trusted again.

THE CHIEF ORCHESTRATION OFFICER

Since orchestration spans across multiple functions, it is critical to have the right person in a position of authority to ensure its success. That person should report directly to the CEO, and have the title, Chief Orchestration Officer.

WHAT MUST THE CHIEF ORCHESTRATION OFFICER DO?

Think horizontal.

The Chief Orchestration Officer (COO) must be transformative, adaptive and agile to respond to the near real time orchestrations of the evolving commercial operations of pharma. A transformative mind set

enables one to think and lead horizontally with the ability and behavior to rise above the vertical incentives. Most of the current C-suite in large enterprises manage a vertical chain, with the exception of the CFO, legal, HR and sometimes marketing. A Chief Orchestration Officer will be one of the first entrants into pharma C-level ranks that is motivated to think and act horizontally. As with other horizontal functions, most recently like the CDO, the ability to conjure consensus without authority has to be key. Having a governance model where the COO can have leverage over individual brands or markets, will be important to pull the company together, and start to bring orchestration to life.

"The leadership roles that should be working together to coordinate horizontally across boundaries are too busy and focused on their own roles. A Chief Orchestration Officer will accelerate innovation and adoption of new technology needed to compete in a digital world, far more effectively than a cross functional committee. Thus, speed, focus and organizational agility in driving horizontal business value are the key benefits of the COO role."

***– Larry Pickett
Chief Executive Officer
RxDataScience Inc.***



Be a customer advocate.

A COO will listen to understand customers better, beyond the provider, and focus on consolidating and sharing the multiple voice-of-customer streams. The ratio of product managers to customer experience managers in the pharmaceutical industry is high, likely about 10 product managers to each customer experience manager. The COO will look at the entire commercialization model from the customer experience lens, and advocate for and govern the execution of systems that are designed to improve customer engagement and experience. This could prove to be a difficult task as pharma is very “product centric” by design, and the shift in commerce is to become “engagement centric,” or even better, “experience

centric.” The COO will think about the continuum of experiences of the customer, where pharma fits in that continuum, and how their experience with pharma aligns to the other customer experiences in their lives - such as with banks, travel, entertainment and retail.

Bring back authenticity.

A COO will translate the value of the pharma to meaningful benefits and differentiators, will rely less on the agencies to create the hype, and focus more on the brand promise, by relying on the strength of R&D science, and RWE data. The pharmaceutical industry relies on design agencies to create stories and brand personas for drugs, more than most other industries. Automobile spends 10% of its P&L on marketing.

Pharmacos spend nearly three to four times that on marketing and marketing agencies. Messaging and engagement model will need to be redesigned around benefits and outcomes, and rely less on story and brand persona, in order to ensure that trust is restored in the industry. A COO will engage in transformative thinking with brand teams and marketing teams in bringing the message of the pharmaco together, to add corporate values to the logo as a trusted source of drugs, rather than just the value of a particular drug.

CONCLUSION

Although we reference B2B and B2C, the fact is that all interactions are P2P. There are many different customers of the pharmaceutical company, and at the end of the day, they are all people. The same people who have grown accustomed to the personalized and beneficial engagement they enjoy with their banks and online retailers, and the same people who get annoyed by unwanted phone calls and irrelevant emails.

Moving to the orchestration commercial model requires change on many levels. That's why pharmacos will need a strong leader at the COO position. Pharma employees are also people, and change is one of their most common fears. A Chief Orchestration Officer with a clear horizontal view can navigate the organization through a complex environment, to a place where it is delighting customers, operating more efficiently, and achieving higher profit margins.

REFERENCES

1. EPG Health Media (October, 2015). Pharmaceutical industry: HCP engagement. Retrieved from www.epghealthmedia.com/ddrr/pharmaceutical-industr-hcp-engagement.pdf
2. "Building Trusted Relationships Through Analytics and Experience," EY and Forbes Insights, 2015
3. "The Digital Universe of Opportunities: Rich Data and the Increasing Value of the Internet of Things," IDC, April 2014

ABOUT THE AUTHORS



MANISH GOEL

Orchestrated Customer
Engagement Lead
IQVIA



MARK KARCH

VP, Sales, Technology Solutions
IQVIA

CONTACT US

iqvia.com/contactus

LOCATION

83 Wooster Heights Road
Danbury, Connecticut 06810
USA

IMS Health & Quintiles are now

