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COMPETITIVE INTELLIGENCE: AN ESSENTIAL PILL IN THE PHARMACEUTICAL KIT

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According to the Tufts Center for the Study of Drug Development, the average cost of developing a new drug is ~USD 2.6 Billion.¹ In general, it takes approximately 12 years for a new drug to hit the market. Moreover, only ~10 percent of drugs make it from phase 1 testing to market. Clearly, the process of getting a drug to the pharmacy is protracted, hugely expensive and highly risky, to say the least. In such an environment, enterprises need wide-ranging Competitive Intelligence (CI) to fuel strategic decision-making.

CI is a nuanced domain that requires careful analysis. However, it is often incorrectly viewed as merely a support function driven by desk-based research that collates published data. Here are some of the myths surrounding CI and the reality behind it:



¹<https://www.forbes.com/sites/tomdavenport/2018/11/18/the-state-of-ai-in-pharmaceutical-drug-development/#6e700ad81f45>

BENEFITS OF CI

The Return on Investment (RoI) of CI cannot be determined by revenue alone. It has to be assessed in terms of impact on strategic decisions. CI can assist in making superior business decisions, right from product planning to due diligence at the time of acquisitions. Specifically, for pharmaceutical companies, CI can deliver several benefits, including:

Enhanced Drug Development: Pharmaceutical companies generally operate on a 'fail early, fail fast' principle to cut losses and move on. Keeping track of competitors' failures through CI will prevent companies from making the same mistakes, saving precious resources. CI will also help them stay on top of the latest breakthrough therapies and trials, and give them enough time to re-calibrate drug development plans.

Improved Due Diligence in Mergers and Acquisitions (M&As), and Licensing: While due diligence before M&As or licensing agreements is always vital, this is even more crucial in the case of pharmaceutical companies. CI can help generate valuable insights such as determining Research and Development (R&D) synergies between two companies, or understanding the combined operational metrics or risks involved.

Effective Portfolio Management: For pharmaceutical companies, effective drug development program management or portfolio management is crucial to maximize the output based on selected clinical, commercial and regulatory criteria. The key components here are managing multiple pipeline assets, prioritizing development and ensuring optimal resource utilization. A drug maker can ace portfolio management only by constantly staying abreast of the latest trends and developments, especially with regard to the competition. In turn, effective portfolio management will ensure a steady and promising pipeline, tailored not only to the current market scenario, but to future trends identified by CI as well.

Better Brand Positioning: CI not only assists with key decisions that are made prior to drug marketing, but enables pharmaceutical companies with solutions for better market positioning as well. In order to design superior brand strategies, product management teams need to be aware of competitor brand messaging, key target areas, geographical reach, marketing activities and sales force strength. CI provides this knowledge beforehand and helps prepare an effective brand strategy for quick product uptake.

Insights for Market Penetration: Penetration into new markets, especially emerging ones, poses many challenges for pharmaceutical companies. However, CI can help in quickly assessing the new environment and creating roadmaps to deal with the challenges.

While CI is undoubtedly great for drug makers, they face several challenges in establishing and benefiting from an effective CI practice.

CHALLENGES FOR SMALL AND MID-CAP COMPANIES

Lack of a Dedicated Team: Small and mid-cap pharmaceutical companies often lack a dedicated CI team due to operational and budget constraints. As CI functions do not directly generate revenue, they feature lower on management's priority scale and are designated to non-specialist teams. This leads to meaningless insights and creates a disconnect between the activities of the organization and its competition.

Issues with Quality: Sometimes, when CI functions are managed in-house, biases stemming from internal knowledge can potentially distort the way information is collected, lowering the quality of CI.



Commercialization Challenges: Smaller pharmaceutical companies are often under-equipped for large-scale commercial launches. In many cases, information garnered by CI is often not considered due to a company's inability to handle commercialization.

CHALLENGES FOR LARGE COMPANIES

Absence of Formal CI Channels: Large pharmaceutical companies operating on a global scale usually amass their CI via field force executives. However, without proper CI training, these executives often fail to identify or report

valuable nuggets of information. Additionally, the lack of a proper channel to communicate field information to the boardroom acts as a major show-stopper.

Gaps in Knowledge Sharing: CI practices at larger organizations often occur in silos and lack a robust knowledge-sharing mechanism. This inadvertently leads to duplication of information, leading to productivity, quality and efficiency issues.

Size is a Challenge: The dissemination of relevant CI to the key decision-makers at the right time is a major challenge for large companies owing to their sheer size. In some cases, information fails to reach regional offices, and in other cases, regional units are unable to deliver CI to global offices at the right time.

WINNING STRATEGIES WITH CI

So, how can pharmaceutical companies improve the RoI of their CI activities? Understanding that impactful CI requires dedicated resources will go a long way in getting the most out of the function. At the very least, companies should do the following:

Establish a Professional CI Team: Competitive research demands an inquisitive mind. Identifying the right resources who are naturally proficient at the job should be the initial step. A great CI team will be able to:

- Identify small nuggets of information which when viewed in isolation may display no apparent benefit
- Piece together small sets of information to form a bigger picture of the competitive landscape
- Understand the background, rationale and outcomes of specific activities
- Build expertise in a therapeutic area to further aid CI extraction

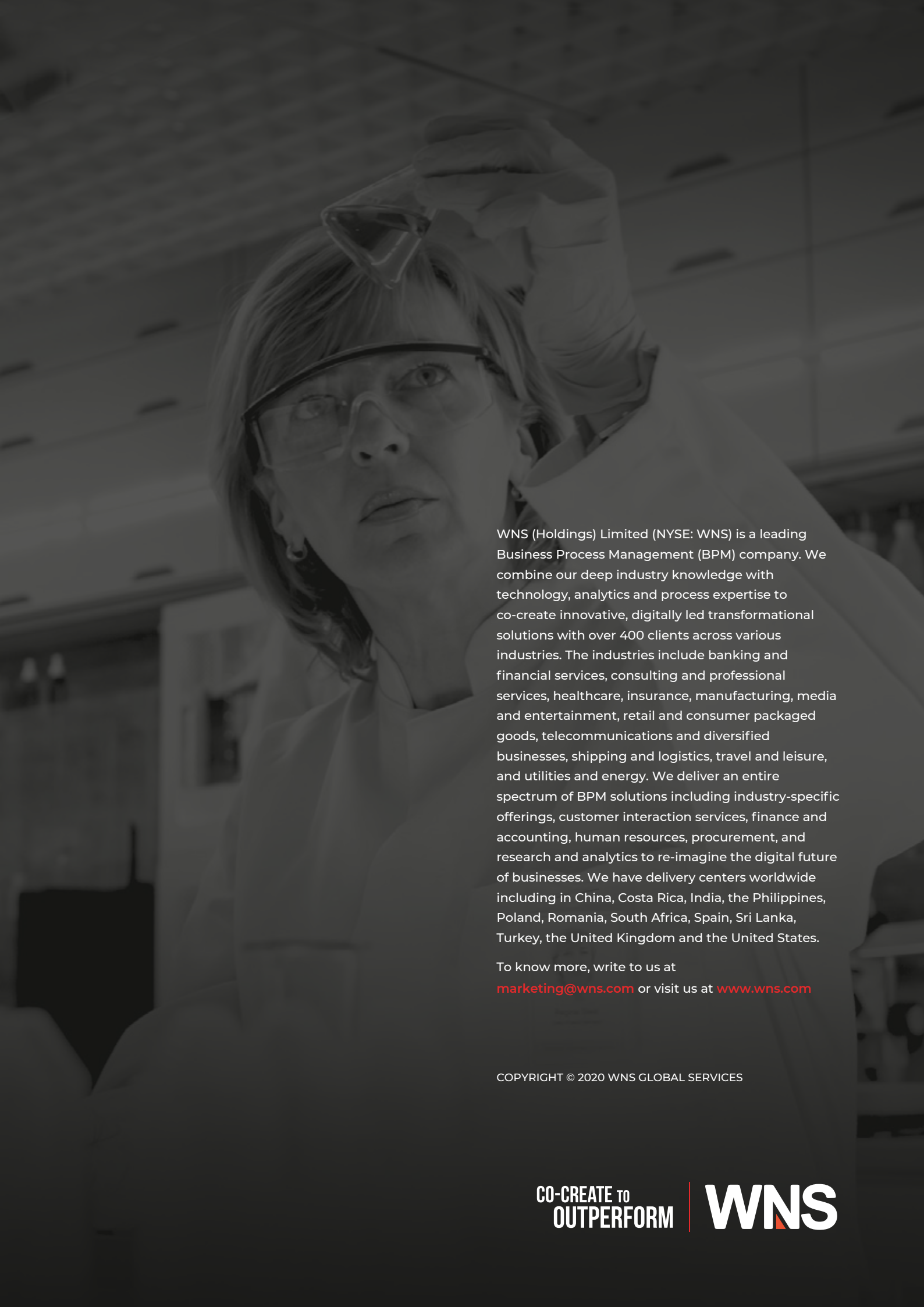
Leverage the Extended Workbench: Since pharmaceutical companies have a limited number of dedicated CI professionals, they often depend on external parties to help them balance the inherent shortcomings in their own research. Such partners should be treated as an extended workbench and granted access to the company's resources, and the partnership

should not be viewed as merely 'transactional.' External partners also provide a third-party perspective without any internal biases. Companies can sift through all the noise and identify important patterns thrown up by data by combining organization-level thinking with skilled research by experts.

Harness Technology: Technology can play a vital role in delivering actionable insights to the right stakeholders at the right time. Cloud-based platforms offer automated functionality, comprehensive analysis of multiple resources and real-time information and insights. This enables key personnel to make better strategic decisions. Aided by technology, CI can assume a strategic and central role for companies, enabling them to outsmart the competition. Artificial Intelligence (AI) can potentially be a game-changer, allowing companies to transform manual assessments into automated processes and thereby significantly widening the scope of evaluation. Through the creation of AI-led advanced analytical models, organizations can accurately predict the probability for success.

CI, when conducted and applied systematically, can separate the winners from the also-rans. An organized and technology-backed CI function can provide actionable and timely insights to drug development teams, ensuring commercial success. This will, in turn, have significant implications for enterprise profitability as well as patient outcomes.





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