



# RE-THINKING PHARMA COMMERCIAL OPERATIONS

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As traumatic and disruptive as COVID-19 has been for the global community, the key fall-out has been the change in our social norms and business models. It might not, therefore, be too far-fetched to say that this outbreak will significantly change the world as we knew it before the virus came calling.

While many sectors, including brick and mortar retail, travel and hospitality fear this viral outbreak as death knell for their existing business models, there is general consensus that the healthcare sector might emerge relatively unscathed, if not stronger. The general hypothesis for this vote of confidence towards healthcare sector is that there will be an intensive investment in building stronger healthcare infrastructure and in strengthening drug portfolio(s) and pipeline(s).

However, in reality, I believe the healthcare sector is as impacted as nearly most of the other sectors. Supply chains have been heavily disrupted. Commercial business operations have virtually come to a stand-still. There are

long foreseeable delays in resuming clinical trials. Therefore, akin to every other industry, pharma companies will need to review and re-invent their business models – to adjust to new social and commercial realities.

Commercial operations (sales and marketing activities) across all countries have now come to a grinding halt. Sales representatives are not visiting doctors. All industry conferences stand cancelled. And, even when things do resume – in the next 4-6 weeks, on a positive note – the sales and marketing teams will need to adapt to unprecedented commercial dynamics.

*Crises and deadlocks, when they occur, have at least this advantage that they force us to think.*

*Jawaharlal Nehru*

Before we discuss, what will (need to) change for Pharma Commercial Operations as an outcome of this pandemic, it is important to understand the changes we foresee vis-à-vis operations within medical community:

- “Virtual” interfaces for consultation – There will be an increased adoption of tele-health and digital interfaces by physicians for consultation, routine check-ups and regular monitoring. This digitization of physician office will not only pave way for increased ability of patients and caregivers to access and consult physicians remotely, but also improves possibilities for pharma companies to use digital channels to reach physicians, considering that digital channels currently contribute rather insignificantly in physician engagement
- Increased need for education and awareness – I believe that there will now be a growing need for doctors across specialties to understand the impact of comorbidities on patients. While most of such research so far has focused on patient outcome, there will be increased attention on mitigating risk of infection due to existing comorbid condition.

For example, even as clinical trials to assess efficacy of medicines like Hydroxychloroquine in treatment of COVID-19 are underway, it is also under investigation in clinical trials for pre-exposure prophylaxis of SARS-CoV-2 infection. This means that an endocrinologist will now need to not only understand about new drugs that can alleviate symptoms and complexities of diabetes in her patients, but also other therapies to mitigate the patients' risk of infection due to their underlying condition. Hence, it will be critical for them to regularly obtain this knowledge; for example, possible need for B.C.G (re)vaccination or Hydroxychloroquine prescription to prevent COVID-19 infection based on outcome of ongoing clinical trials and so on.

This increased need for education and awareness amongst medical practitioners will

require a sales rep to assume the role of 'knowledge orchestrator'. Therefore, even as pharma companies scale their digital channels, there will also be signification need for investment in curating and creating rich and insightful information and need to enable their sales reps to be seen as supporting and enabling physicians in making the right decisions for patients. Thus, role of a sales rep will evolve from “active seller” to “trusted partner”.

Therefore, in my opinion, following are the key areas that will most likely be higher in the pecking order for evolution of commercial operations:

**1. Sales force structure:** Far from 'rep mirroring' models, the pharma sales force will now increasingly move to 1 rep per sales territory structure. This will mostly be driven, at least in the short term, by increased expectation for 'social distancing'. However, this will not necessarily translate into downsizing of the sales force. To the contrary, the sales force organizations will be re-structured to expand the universe of “targets”.

There will now be a renewed focus to include Integrated Delivery Networks (IDNs) and Pharmacy Benefit Managers (PBMs) into “traditional” call plans. So far, these stakeholders were reached by specialized sales teams, causing gaps in understanding and mapping the total pharma value chain at local / regional levels.

Analyzing the online news and posts over the last couple of weeks – using WNS' Social listening and monitoring platform Socioseer® - we have observed that 25 to 30 percent of all online and social activity (related to pharma) has been about 'Pricing and Affordability' and 'Availability and Access' of medicines. Unfortunately, the analysis also indicates that >80 percent of this 'Voice of customer' has negative sentiment and, subsequently, reflects poorly on the pharma companies and the entire value chain.

	Availability and Access	Pricing and Affordability
% of all monitored online and social mentions	10– 15	15– 20
	<ul style="list-style-type: none"> <li>“.. have been taking for the last 40 years for Lupus.. is not available at my drugstore.”</li> </ul>	<ul style="list-style-type: none"> <li>“Drug companies price gouging during crisis”</li> <li>“#drug stores accused of #price-gouging by #Wisconsin Consumer Protection Bureau”</li> </ul>
Sentiment Polarity	100% negative	75% negative

Therefore, it is now imperative for pharma companies to leverage their existing sales organization to talk not just about ‘efficacy’ of drugs with prescribers, but also focus on ‘availability’ and ‘affordability’ while building stronger partnerships with IDNs, PBMs and so on.

**2. Multi-channel adoption:** It is now a foregone conclusion that pharma companies will need to scale up multi-channel marketing to reach their target accounts. As things stand, in-person contact by sales reps constitute between 80 percent – 90 percent of all engagements. These in-person interactions are not just the details / calls conducted during rep visits, but also include local events and conferences. Considering that non-personal and digital channels constitute a small proportion of the current outreach programs, the biggest challenge for pharma companies is not about setting up the systems or technology required but to facilitate this behavioral change.

Like nearly every industry, pharma sales reps also rely on building and nurturing relationships with their customers – physicians, nurses, front-desk executives and clinical staff. Therefore, expecting them to adopt and move to ‘digital’ interfaces is a big ask, which needs extensive re-training and re-tooling. Even from

the perspective of a physician, s/he are used to sales reps filling the cabinets with samples, dropping educational collateral at the front desk, sending invites for conferences and so on. Therefore, it is not any easier for physicians to adopt ‘pull’ models for information access or for ordering samples.

Every dollar spent towards enabling and scaling digital presence will need to be met with a comparable investment towards facilitating the adoption. In fact, pharma companies will need to get as close as possible to ‘omni-channel’ strategy where each channel is viewed not as a disparate program / engagement, but as organic extensions of each other. So, the corporate Website, e-sampling platform, e-detailing platform and even printed collateral need to “converge” to one theme and one experience. And, this will be the key to achieve value across both analog and digital worlds.

**3. Performance Measurement:** Even though this trend started a few years ago when some pharma companies decided to move completely to Management by Objective for Incentive Compensation, most of the pharma companies still use Territory Sales to measure their sales force performance. While we do not expect companies to drop ‘Sales’ as a metric



completely, it is now imperative for them to include and, perhaps, focus on other KPIs too while evaluating their sales force. This is especially important given the first two factors – re-structuring of sales force to focus beyond prescribers and encouraging multi-channel adoption.

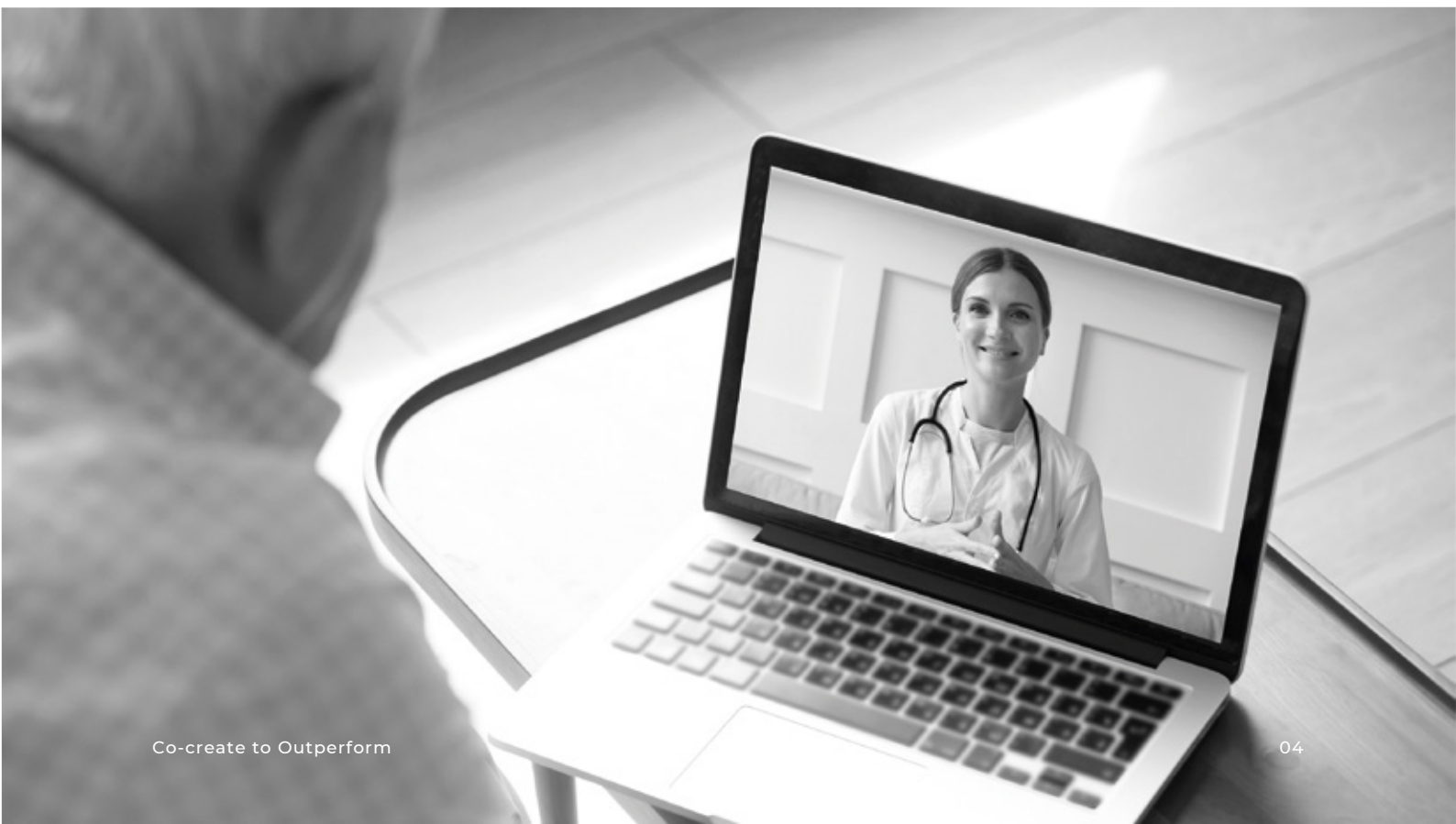
We, at WNS, have been encouraging our clients to consider ‘Quality of Effort’ as an equally significant performance indicator as the ‘Outcome of effort’. While Territory sales is usually a good proxy for ‘Outcome of effort’, there are many metrics that need to be included to understand ‘Quality of Effort’ – the intent is to ensure we acknowledge and appreciate the key behavioral aspects that lead to sustained long-term impact and not just immediate monthly / quarterly sales. For example, one such KPI we recommend is **Cadence of activity** – looking at not just average reach or frequency, but at the discipline too. For one of our clients, we used statistical measures to prove that maintaining a well-scheduled cadence of calls yields better result than sporadic visits even though the total number of visits over a period of time might be the same. For example, a rep calling on a physician once every month will have better long-term relationship than another rep calling physicians twice every other month, even though both of

them would have called on the physician ~ 12 times in a year.

#### **4. Automation and Artificial Intelligence:**

Commercial teams that have so far largely refrained from adopting automation and artificial intelligence systems by generally labelling them as ‘retail industry constructs’ will now have a new-found appreciation for these solutions. It is now critical for them to evaluate and deploy solutions, including ‘Next Best Action’ and ‘Nurture Marketing’ to ensure that physician (and patient) engagements continue to the extent possible. The need to develop rich content repositories and ability to serve relevant content will be important.

For example, based on physician specialty or her patient mix (by leveraging patient level data (APLD) or basic demographic data in / around physician’s postal code or even her social media interests as visible through tweets or ‘following’), pharma companies can push and recommend relevant and personalized collateral for physician education. This could include invites to conferences that are specifically relevant to the physician – so, it is possible that a conference on “Acute Respiratory Disorders” might actually be very relevant for an endocrinologist based on her patient-mix.

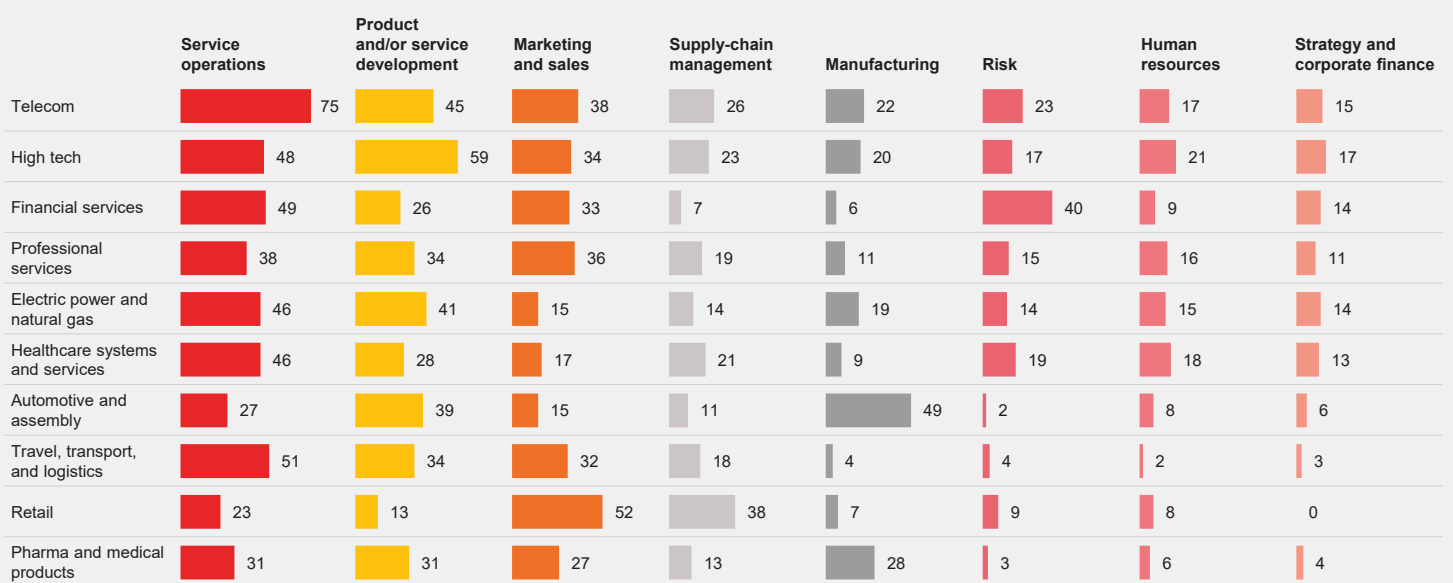


While there have been investments in AI and Automation by pharma companies over last few years, they have so far been limited and, perhaps, concentrated on chronic disease management in the areas of oncology and diabetes. Therefore, this is still an enormous opportunity to leverage AI in

improving the patients' and physicians' ability to prevent and manage diseases.

As we observe from the survey conducted by McKinsey in late 2018, pharma companies have generally lagged behind other industries in adopting AI and automation to support their commercial operations.<sup>1</sup>

### Business functions in which AI has been adopted, by industry,<sup>1</sup> % of respondents



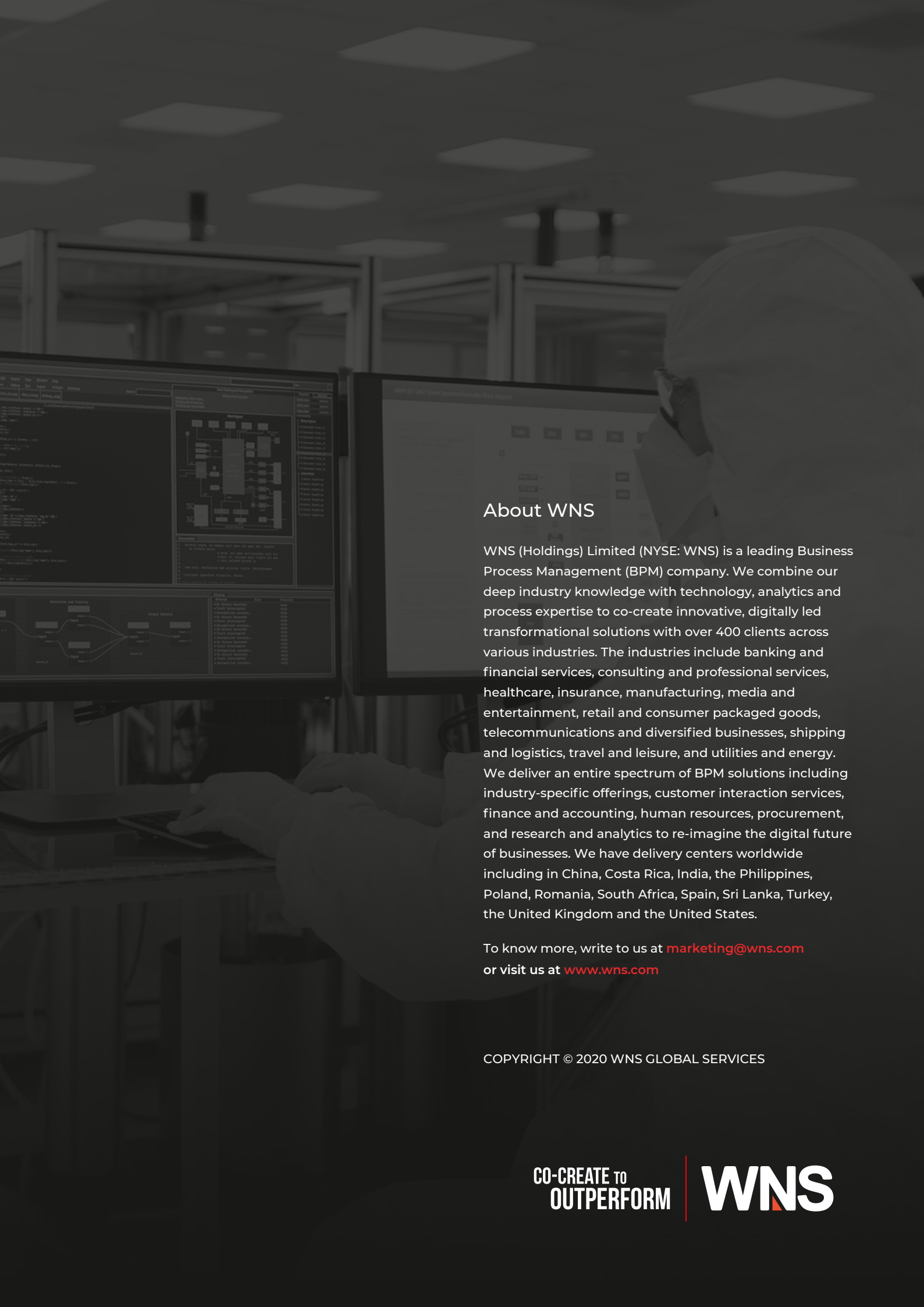
<sup>1</sup> This question was asked only of respondents who said their organizations have piloted or embedded at least 1 AI capability in 1 or more functions or business units. Respondents who answered "don't know" or "none of the above" are not shown. For telecom, n = 77; for high tech, n = 215; for financial services, n = 306; for professional services, n = 221; for electric power and natural gas, n = 54; for healthcare systems and services, n = 67; for automotive and assembly, n = 120; for travel, transport, and logistics, n = 55; for retail, n = 46; and for pharma and medical products, n = 65.

Source: McKinsey

Irrespective of how things evolve in the future, we have to acknowledge that while most of us 'stayed home' to prevent the spread of the disease, the medical community has been fighting at the front lines to treat and cure. So, even when things return back to normal, it is important for pharma commercial organizations to realize that medical professionals are

more than just 'prescribers', influencers and KOLs. Therefore, even though there will be a need to meet 'pent-up' sales numbers, it is important to remember that the medical community will need time to rest, relax and rejuvenate... before they can reflect on the learnings from the crisis, and life in general, and move on...

<sup>1</sup><https://www.mckinsey.com/featured-insights/artificial-intelligence/ai-adoption-advances-but-foundational-barriers-remain>



## About WNS

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