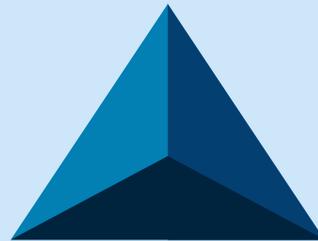


# The Best of Smart Pharma 2018

Concepts

Methods

Tools



**Smart Pharma**  
**Consulting**

## Strategy

- Pharma Market Perspectives 2023
- Pharma Strategy Crafting

## Marketing & Sales

- Pharma Market Research
- Pharma Field Force Organization

## Management

- Project Management
- KPIs & KEIs for Success

## Smart Pharma Care

- The Hidden Part of Smart Pharma

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Pharma Market Perspectives 2023	p. 6	KPIs & KEIs for Success	p. 184
Pharma Strategy Crafting	p. 40	Smart Pharma Care	p. 207
Marketing & Sales	p. 77	The Hidden Part of Smart Pharma	p. 207
Pharma Market Research	p. 77		
Pharma Field Force Organization	p. 114		

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*“Becoming Smarter is our ambition – Delivering Smarter Services our mission –  
Being Innovative our obsession”*

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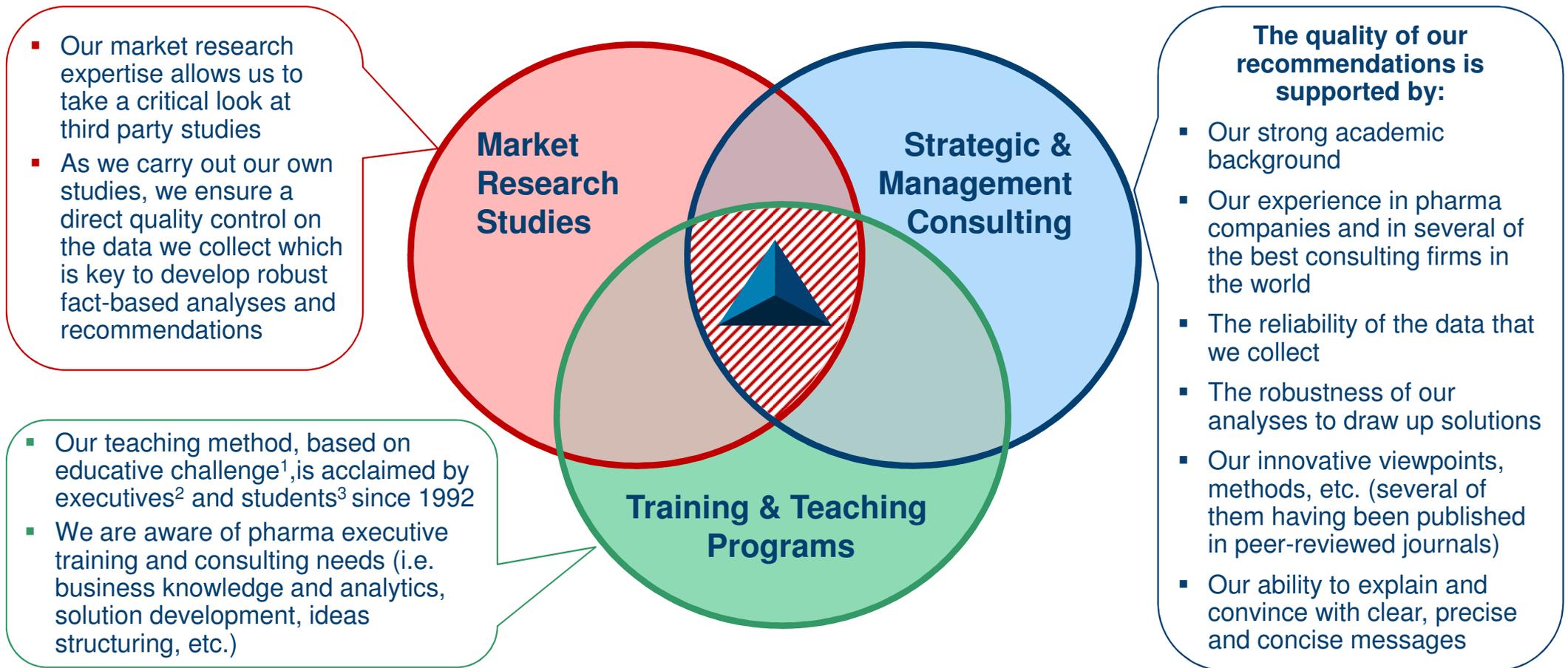
**Key features**

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- For the past 18 years, **becoming Smarter** has been our **corporate ambition...**
- ... and **providing our clients with Smarter services** has been our **corporate mission**
- Smart Pharma Consulting has strived to allocate its resources and to develop its capabilities to:
  1. **Generate** and **disseminate high quality insights** regarding healthcare environment and pharmaceutical market
  2. **Share knowledge** and **thoughts** through **consulting**, **training** and **teaching activities**, as well as through **numerous publications** such as reports, books, articles, position papers
  3. **Offer innovative viewpoints, concepts, methods, tools** and **solutions** that **outperform mainstream ones**

**Our triple expertise provides us with a unique positioning on the consulting market and enables us to create synergies to deliver our clients smarter services**

**Smart Pharma Consulting unique positioning**



Smart Pharma Consulting is officially registered as a training organization by the French government since 2002

Sources: Smart Pharma Consulting

<sup>1</sup> Challenge of participants (e.g. analytical rigor, relevance of recommendations, quality of the oral presentations, etc.) – <sup>2</sup> ~1,000 executives trained – <sup>3</sup> More than 1,900 students trained

The following selection of concepts / methods, tools and opinions, that are available on our website<sup>1</sup>, illustrates our “innovative power”

**Smart Pharma Consulting innovations**

	Concepts / Methods	Tools	Opinions
 <p><b>Strategy &amp; Management</b></p>	<ul style="list-style-type: none"> <li>4Ws (What, Why, so What, What to do?)</li> <li>Preference-driven Strategy</li> <li>Pharma Corporate Reputation</li> <li>The Smart Manager</li> </ul>	<ul style="list-style-type: none"> <li>Development Strategy Matrix</li> <li>Corporate ID Card</li> <li>Advanced SWOT</li> <li>Customer Preference Card</li> <li>Pharma Reputation Index</li> </ul>	<ul style="list-style-type: none"> <li><i>The mirage of the BRICs<sup>2</sup></i></li> </ul>
 <p><b>Marketing &amp; Sales</b></p>	<ul style="list-style-type: none"> <li>4Ws</li> <li>Brand Booster Program</li> <li>Segmentation</li> <li>KAM Expert Wheel</li> <li>The ELITE Program</li> </ul>	<ul style="list-style-type: none"> <li>Brand Preference Mix Index</li> <li>Behavioral Prescriber Segmentation (BPS)</li> <li>KEIs<sup>3</sup> vs. KPIs<sup>4</sup></li> <li>Portfolio Strategic Matrix</li> <li>High Impact Interactions (H2I)</li> </ul>	<ul style="list-style-type: none"> <li><i>Brand preference supersedes brand satisfaction</i></li> <li><i>Med reps are key to drive physician preference</i></li> </ul>
 <p><b>Medical</b></p>	<ul style="list-style-type: none"> <li>4Ws</li> </ul>	<ul style="list-style-type: none"> <li>KOL ID Card</li> <li>KOL Partnership Plan (K2P)</li> <li>Integrated Regional Strategic Plan</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> </ul>

Sources: Smart Pharma Consulting analysis

<sup>1</sup> www.smart-pharma.com – <sup>2</sup> Brazil, Russia, India, China – <sup>3</sup> Key execution indicators – <sup>4</sup> Key performance indicators



**Pharma Market  
Perspectives  
2017 – 2023**

**Key Insights**

**Strategic Implications  
for Pharma Companies**

*Position Paper*

**November 2018**

  
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Consulting**  
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**The purpose of this report is to analyze the current situation and the key trends of the pharmaceutical market by the end of 2023 at both global and French level**

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**Pharma Market Perspectives 2017 – 2023**

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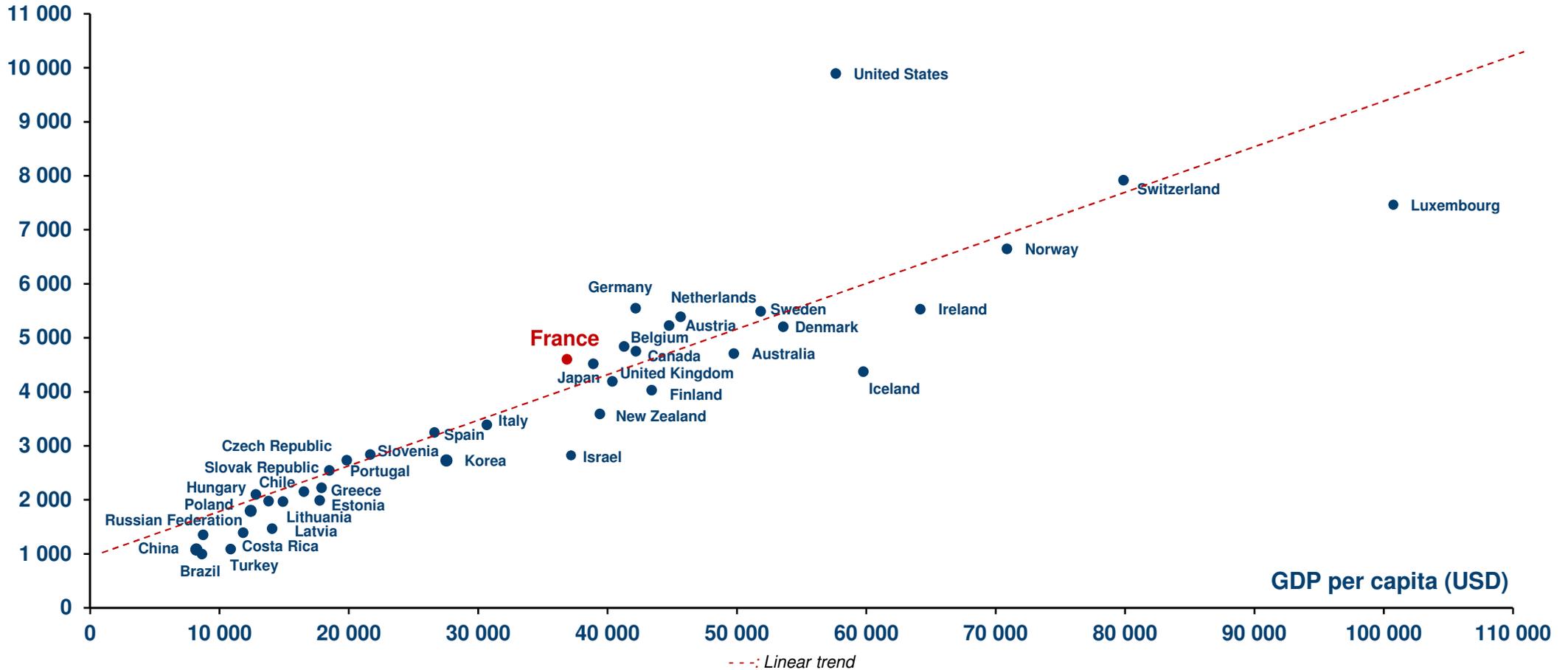
- Smart Pharma Consulting proposes to address the following key issues related to the pharma market evolution by the end of 2023, to better grasp its strategic impacts



Healthcare expenditure and GDP per capita are highly related and the ranking<sup>1</sup> of France (#14 and #20 respectively) shows that healthcare is a key national priority

**Relation between GDP and healthcare expenditure per capita (2016)**

Healthcare expenditure per capita (USD)



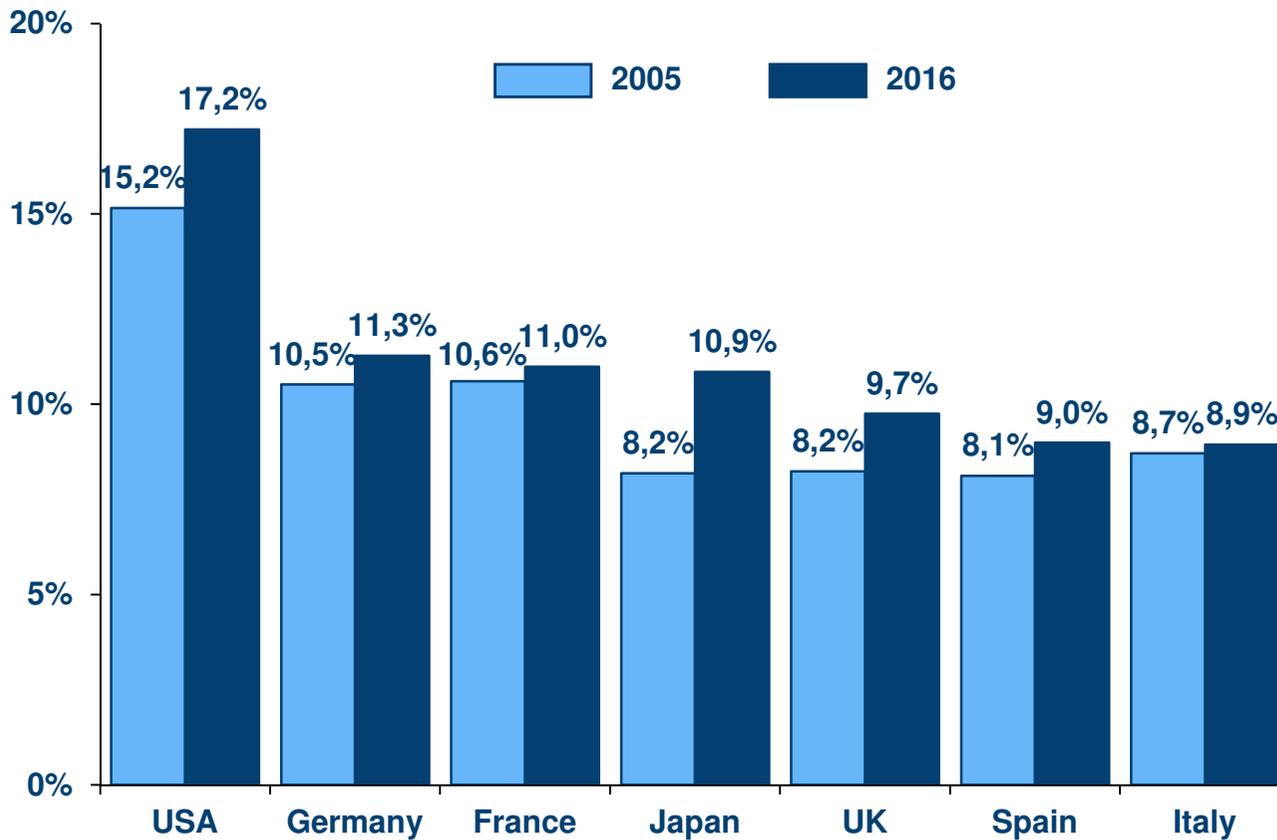
Sources: Health at a Glance, OECD (2017) – World Bank National Accounts Data (November 2018) – Smart Pharma Consulting analyses

<sup>1</sup> Amongst 44 countries in the world

# Healthcare expenditure will keep on growing faster than national economies due to demographic factors and willingness of citizens to have better access to healthcare

## Healthcare expenditure as a percentage of GDP

Total healthcare expenditure as a % of GDP  
(Local currency)



- Healthcare expenditure represent one of the largest public spending items in most developed economies: 1<sup>st</sup> (USA), 2<sup>nd</sup> (France, Germany, Japan, and UK)<sup>1</sup> and 3<sup>rd</sup> (Italy and Spain)<sup>2</sup>
- At best, governments and payers will manage to slow down the rise of healthcare expenditure as a percentage of GDP but would not be able to stop it
- There is no optimal ratio of healthcare expenditure over GDP, it primarily results from:
  - Public health conditions
  - Governments investment prioritization
  - Citizens willingness to seek for care
  - Healthcare cost

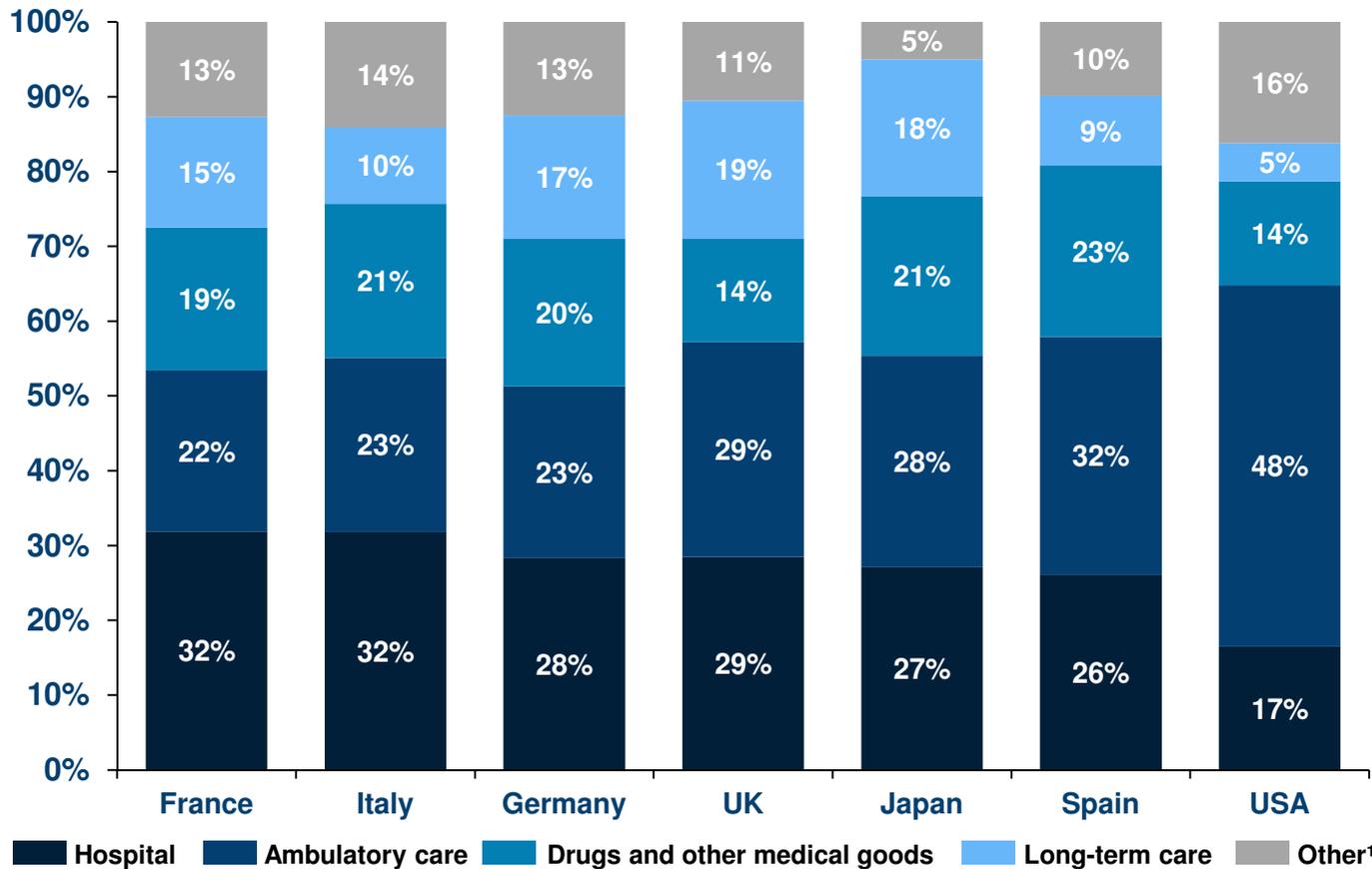
Sources: Health at a Glance, OECD (2017) – Government at a Glance (2017) – Smart Pharma Consulting analyses

<sup>1</sup> After social protection – <sup>2</sup> After social protection and general public services

**The cost of drugs is far behind that of hospital and ambulatory care, yet this segment is targeted by governments because it is easier and quicker to reduce**

**Breakdown of healthcare expenditure per country (2017\*)**

% of total healthcare expenditure



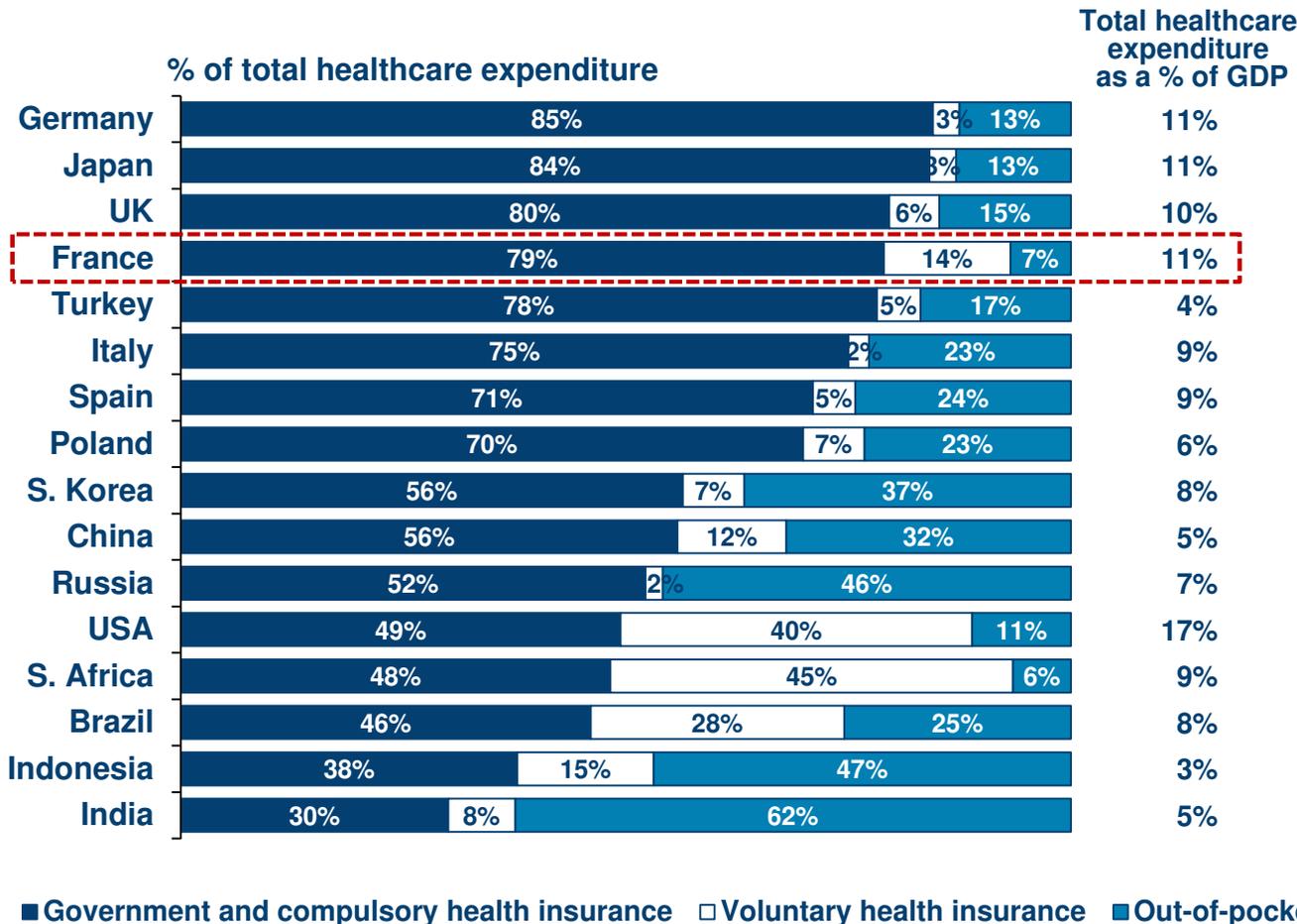
- Drugs represent the **3<sup>rd</sup> largest source** of healthcare expenditure in major developed countries
- Drugs are typically the **easiest segment** to apply cost-containment measures on, as decisions are:
  - Made by payers (either public and/or private), with a limited bargaining power of suppliers
  - Much better accepted by citizens than restriction measures on the other segments
- However, to significantly reduce total healthcare costs, governments will need to apply cost-optimization measures on all healthcare segments, irrespective of their relative importance

Sources: OECD Health Database (November 2018) – Smart Pharma Consulting analyses

<sup>1</sup> Other expenditure include ancillary services, preventive care & governance, health system and financing administration  
\* Data 2017 (Italy), 2016 (France, Germany, UK, Spain and USA) and 2015 (Japan)

## France is one of the countries where the percentage of “out-of-pocket” spending to cover the healthcare expenditure is the lowest

### Share of public spending in total healthcare expenditure (2016\*)



- With 11% of its GDP spent in healthcare, France belongs to the countries allocating the largest share of their resources
- Its level of public spending on healthcare is amongst the highest, just behind Germany, Japan and the UK, showing a highly protective healthcare system
- The great majority of the French citizens have a complementary private healthcare insurance (compulsory for all employees, irrespective of their employers company size, since the 1<sup>st</sup> of January 2016)
- As a result, “out-of-pocket” money is limited to 7% only

Sources: World Bank and OECD Health Databases (November 2018) – Smart Pharma Consulting analyses

\* Note: Data 2016 (Italy and S. Korea), 2015 (Germany, UK, France, Turkey, Spain, Poland and USA) and 2014 (Japan, China, Russia, S. Africa, Brazil, Indonesia and India)

The key drivers and limiters of the global pharmaceutical market by the end of 2023, as well as their probable impact on sales trends, are well identified

**Global pharmaceutical market drivers and limiters (2017 – 2023)**



Key forces



- 1** Population increase and ageing
- 2** Better access to medicines in emerging markets (e.g. BRICS<sup>1</sup>, Mexico, Turkey, etc.) as a result of an increasing GDP per capita
- 3** Strong development of generics market (access to a larger number of people, especially in low-income countries)
- 4** Strong demand from patients / PAGs<sup>2</sup> for new drugs more effective and better tolerated



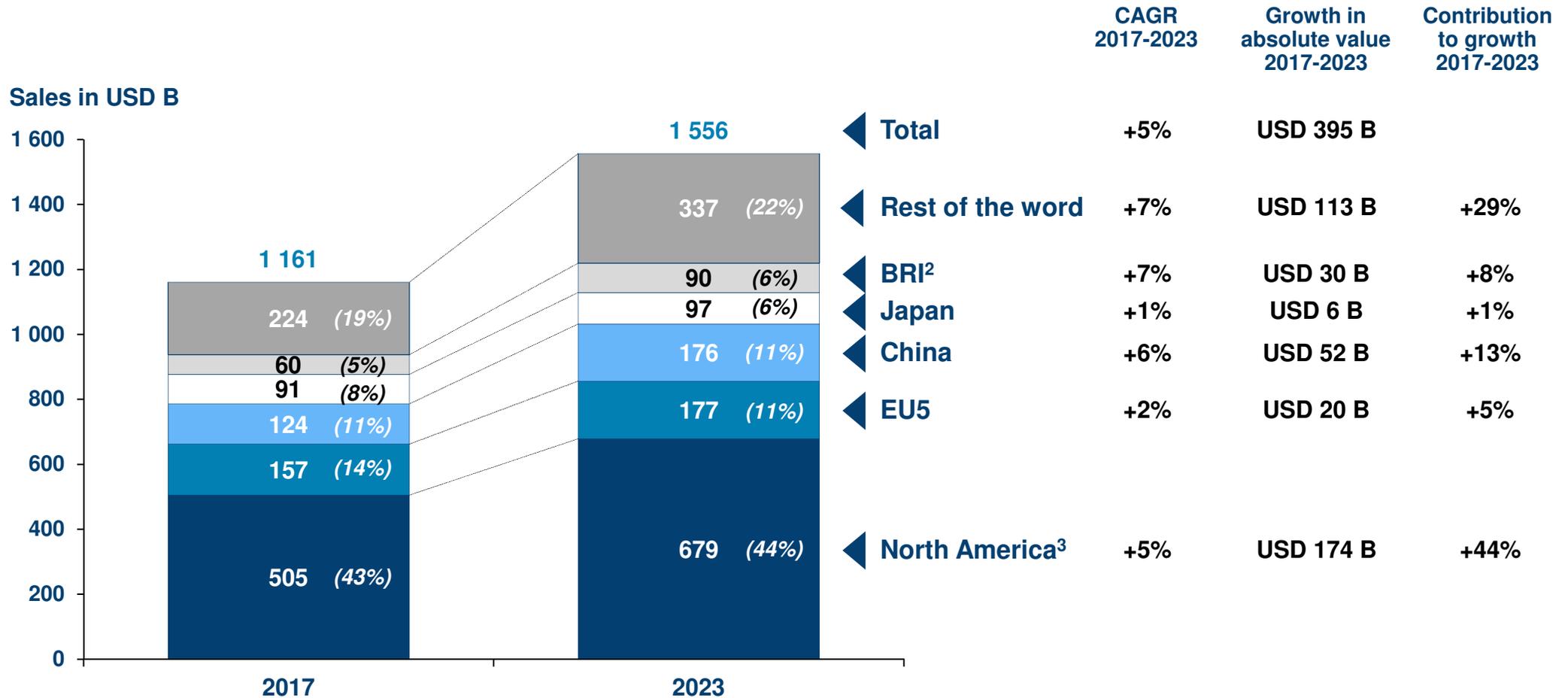
- 1** Decreasing R&D productivity of pharma companies re. breakthrough innovations
- 2** Increasing barriers to market access and price pressure from payers (governments, HMOs, patients, etc.), exacerbated by the economic environment
- 3** Increasing price sensitivity of customers for non-reimbursed drugs
- 4** Intensification of competition from generic and biosimilar drugs

Sources: Smart Pharma Consulting analyses

<sup>1</sup> Brazil, Russia, China, South Africa – <sup>2</sup> Patient advocacy groups

**Sales of EU5<sup>1</sup> should grow slowly by 2023 due to stringent cost containment measures leading to a three-point decrease of their weight in the global pharmaceutical market**

**Global pharmaceutical market size and growth (2017 – 2023)**



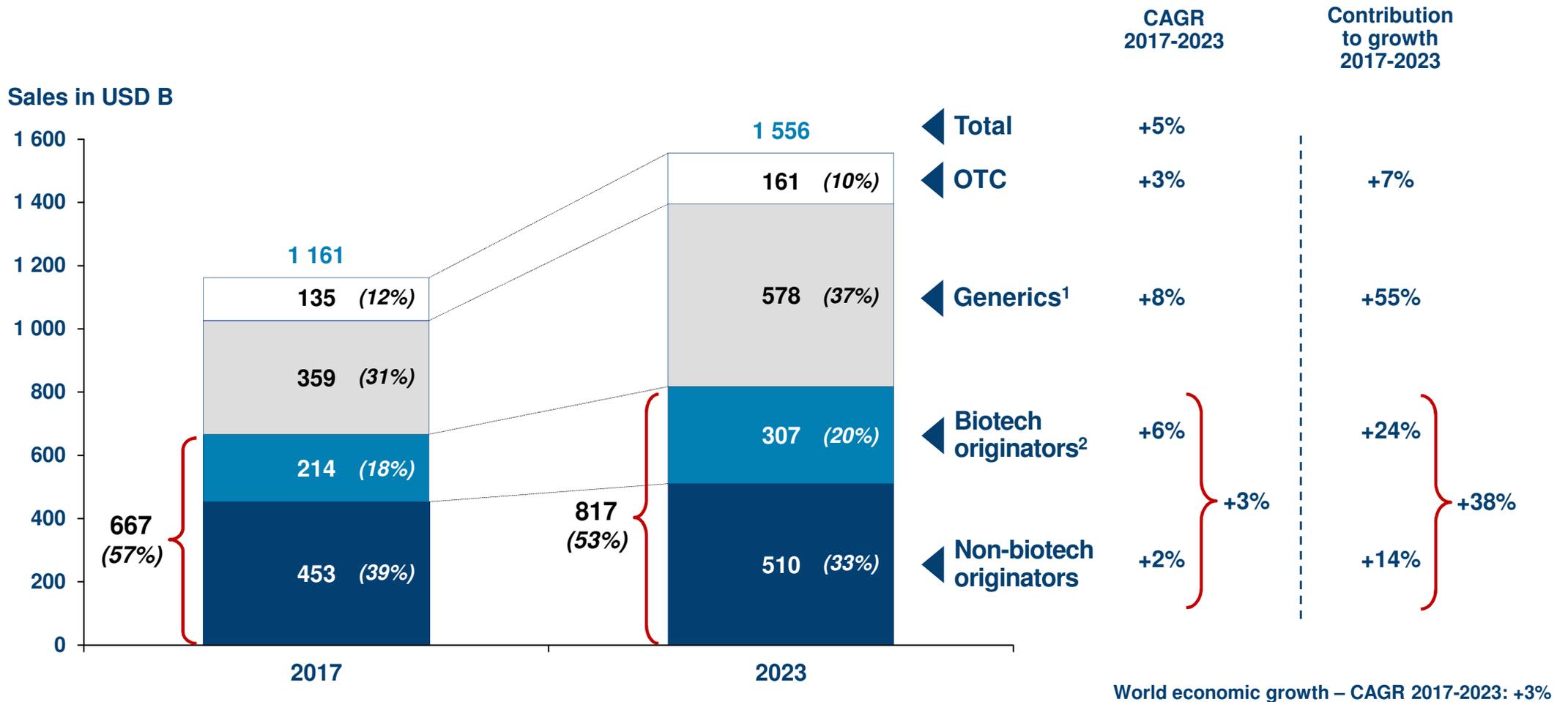
Sources: IQVIA Institute (March 2018) – Global OTC Drugs Market, Mordor Intelligence (May 2018) – Smart Pharma Consulting estimates

<sup>1</sup> France, Germany, Italy, Spain, UK – <sup>2</sup> Brazil, Russia, India – <sup>3</sup> USA and Canada



The generics segment should become more important in value than non- biotech original drugs one in 2023 and contribute to 55% of the growth between 2017 and 2023

**Global pharmaceutical market growth by strategic segment (2017 – 2023)**

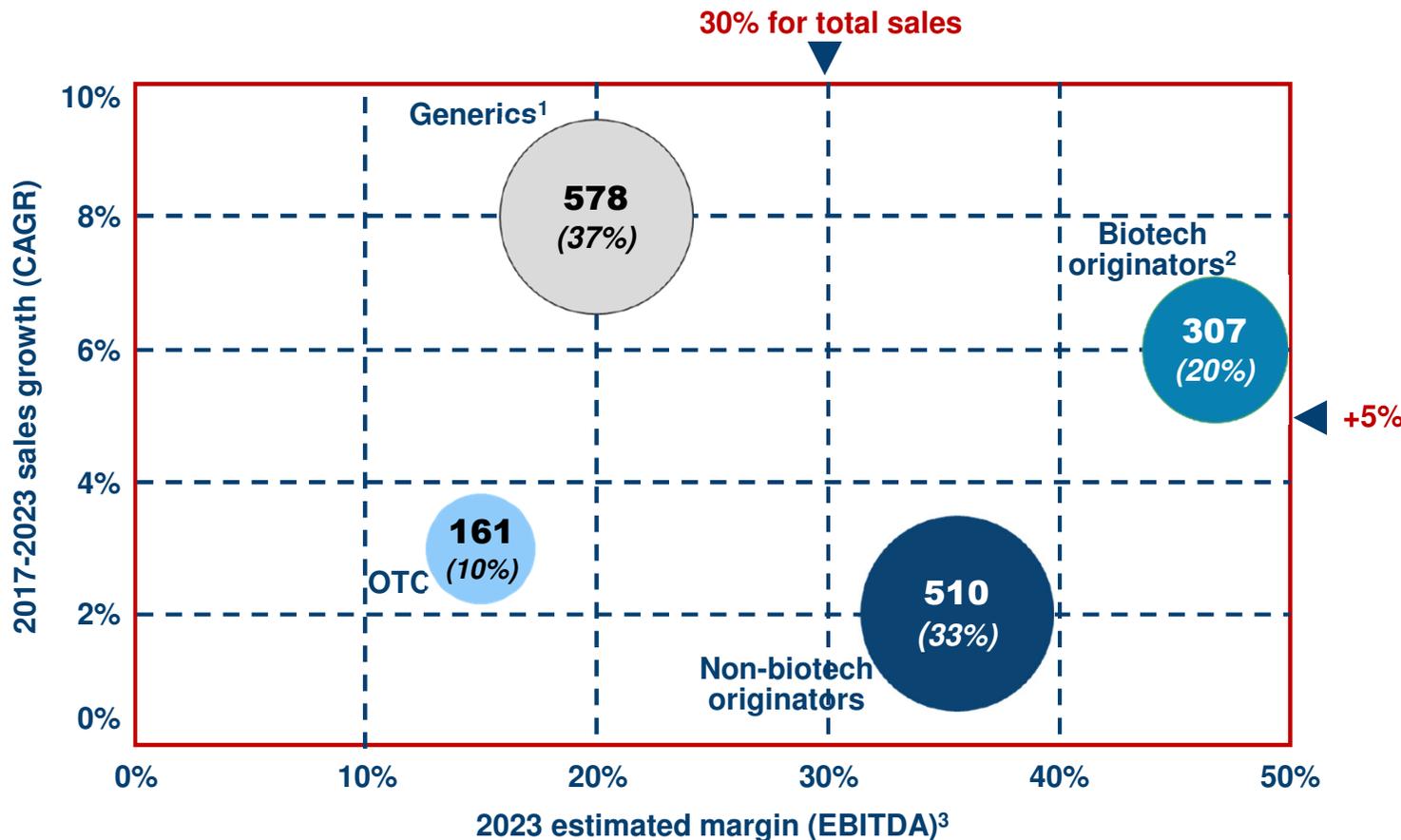


Sources: IQVIA Institute (March 2018) – Global OTC Drugs Market, Mordor Intelligence (May 2018) – Global economic growth projections, The Conference Board (November 2018) – Smart Pharma Consulting estimates

<sup>1</sup> Including branded and unbranded generics and biosimilars, excluding OTC –  
<sup>2</sup> Excluding biosimilars, already included in the “Generics” segment

**By 2023, the sales growth of the pharma market should be essentially driven by generics and biotech originators, but pharma companies should lose two points of profitability**

**Global pharmaceutical market growth by strategic segment (2017 – 2023)**



- By 2023, the sales (incl. human drugs only for the non-OTC segments; medical devices and food supplements for the OTC segment) should reach USD 1,556 B and grow at a pace of +5% p.a.
- The average EBITDA of the Pharma industry should decrease from ~32% in 2017 to ~30% in 2023, mainly as a result of increasing price pressure
- The OTC segment appears to be the least attractive
- The biotech segment will remain attractive but biosimilar competition will ramp up

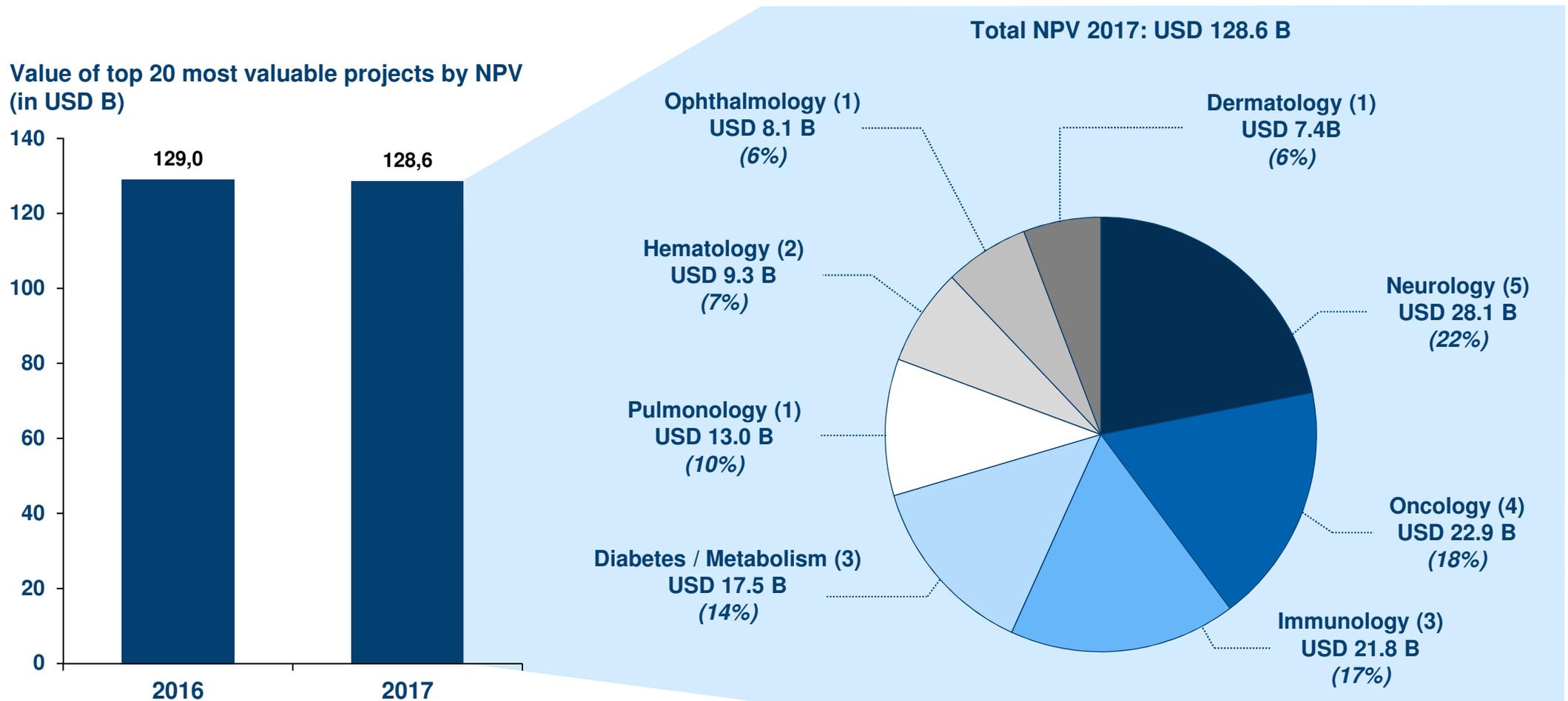
○ 2023 sales in USD B (the total accounting for USD 1,556 B)

Sources: IQVIA Institute (March 2018) – Global OTC Drugs Market, Mordor Intelligence (May 2018) – Smart Pharma Consulting estimates

<sup>1</sup> Including branded and unbranded generics and biosimilars, excluding OTC –  
<sup>2</sup> Excluding biosimilars, already included in the “Generics” segment –  
<sup>3</sup> Earnings before interest, taxes, amortization and depreciation

**In 2017, the top 20 most valuable R&D projects by net present value reached USD 128.6 B (vs. 129 B in 2016), with 22% of the potential in neurology**

**Top 20 most valuable R&D projects by therapeutic area (2017)**



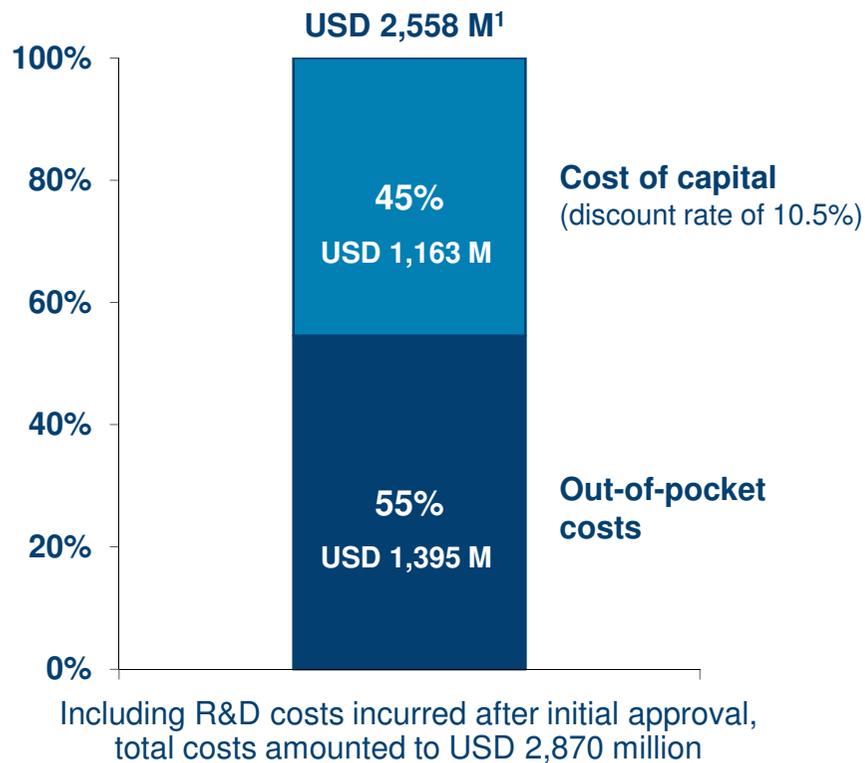
Sources: Evaluate Pharma "World Preview 2018, outlook to 2024" (June 2018) and previous version – Smart Pharma Consulting analyses

Note: (x): number of projects – USD B: total NPV by therapeutic area – (x%): Contribution in total NPV of Top 20 most valuable R&D projects

**The latest estimates by DiMasi concluded in an important out-of-pocket spending growth while cost of capital discount rate was decreased by one point of percentage**

**R&D costs estimates for drugs (2016)**

**Estimated capitalized cost per approved new drug (pre-tax)**



- DiMasi followed a similar methodology compared with its previous estimates on drugs costs (based on 106 new chemical and biologic drugs first tested in humans between 1995 and 2007)
- The database was also the same: Tufts Center for the Study of Drug Development proprietary database
- The cost of capital applied to out-of-pocket costs (10.5%) was decreased compared with previous analysis (11.5%)
- Out-of-pocket and capitalized preclinical costs were estimated at USD 430 M and USD 1,098 M, respectively
- Out-of-pocket and capitalized clinical costs were estimated at USD 965 M and USD 1,460 M, respectively
- Results showed an important increase of out-of-pocket costs compared with previous estimates. The CAGR of out-of-pocket R&D was estimated per period as follows:
  - 1970s to 1980s: +7.0%
  - 1980s to 1990s: +7.6%
  - 1990s to early 2010s: +9.3%

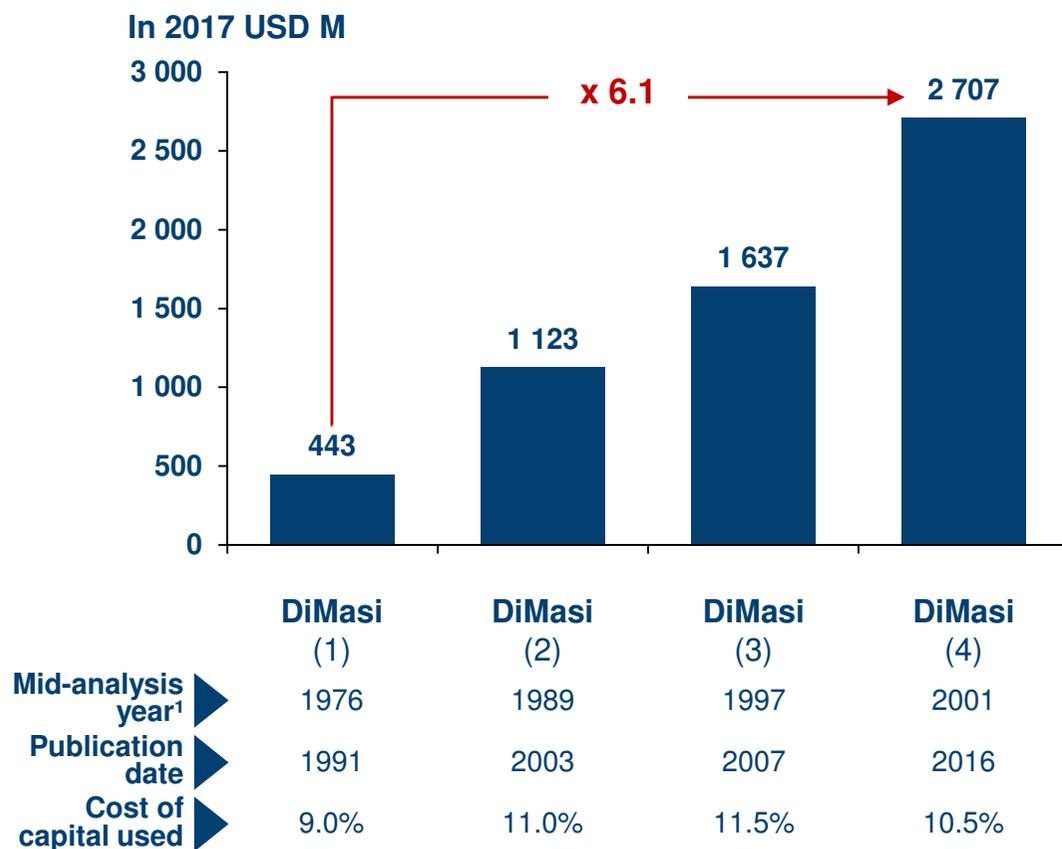
Source: DiMasi & Al. (February 2016) – Smart Pharma Consulting analyses

<sup>1</sup> Capitalized costs in 2014 USD

**The analysis of four studies carried out with the same methodology shows that the development cost of new drugs has more than sextupled over the last three decades**

**Evolution of R&D costs**

Estimated capitalized cost per approved new drug (pre-tax)



- The evolution of the capitalized R&D costs per approved new drug, after neutralization of the inflation, can be mainly explained by:
  - The growth of the out-of-pocket costs, especially the growth of clinical trials spending: x10.8 between the 1991 and the 2016 estimates (vs. preclinical spending which grew less: x3.9)
  - The decrease of the success rates to reach approval from phase I, ranging from 23% in the first 1991 estimates to 12% in the 2016 estimates
  - The overall increase of the used cost of capital, even if, in the 2016 estimates, a 10.5% cost of capital was used, in decrease of 1 point of percentage from the previous estimates. These assumptions of cost of capital seem overestimated compared with available data from NYU Stern School of Business for biotech products (9.2%, based on 411 firms) and for traditional pharma (7.7%, based on 157 firms)

Note: For the sake of comparability, all values are adjusted to USD 2017 prices using data of the US GDP implicit price deflator from the US Bureau of Economic Analysis. The GDP implicit deflator shows the rate of price change in the economy as a whole, being the ratio of GDP in current local currency to GDP in constant local currency

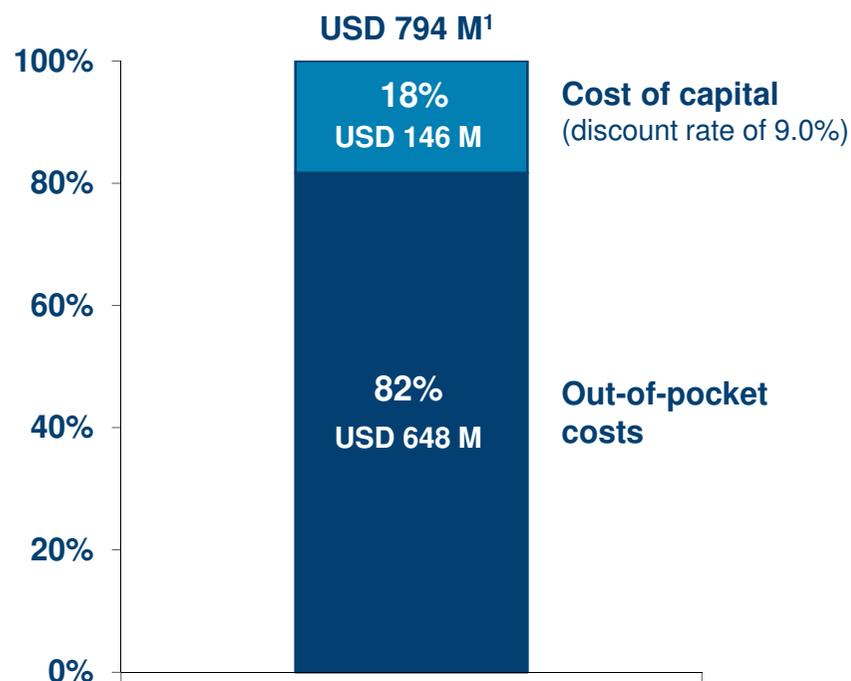
Sources: DiMasi (1991) – DiMasi et al. (2003) – DiMasi, Grabowski (2007) – DiMasi (2016) – Cost of Capital, NYU Stern School of Business (January 2016) – Implicit price deflators for GDP, Bureau of Economic Analysis – Smart Pharma Consulting analyses

<sup>1</sup> Products with first testing in humans over the analyzed period

**In the JAMA Internal Medicine study, the median cost of developing a single cancer drug was estimated at USD 794 M, including a 9% per annum cost of capital**

**R&D costs estimates for oncology drugs (2017)**

**Estimated capitalized R&D cost per new cancer drug**



- The study was conducted from December 2016 to March 2017
- 10 companies having received approval by the US FDA<sup>2</sup> for a cancer drug from January 1, 2006 to December 31, 2015 were included in the analysis
- Cumulative R&D spending was estimated from initiation of drug development activity to date of approval
- The 10 companies had a medium time to develop a drug of 7.3 years (range, 5.8 to 15.2 years)
  - 5 drugs received accelerated approval from the US FDA
  - 5 drugs received regular approval
- The median cost of drug development was estimated at USD 648 M (range, USD 157 M to USD 1,951 M) representing:
  - For a 7% per annum cost of capital<sup>3</sup>, USD 757 M (range, USD 204 M to USD 2,602 M)
  - For a 9% per annum cost of capital<sup>3</sup>, USD 794 M (range, USD 219 M to USD 2,827 M)
- With a median of 4.0 years (range, 0.8 to 8.8 years) since approval, the total revenue from sales of these 10 drugs since approval was USD 67.0 B compared with total R&D spending of USD 7.2 B

Source: JAMA Internal Medicine (November 2017) – Smart Pharma Consulting analyses

<sup>1</sup> Capitalized costs in 2017 USD – <sup>2</sup> Food and Drug Administration – <sup>3</sup> Opportunity cost

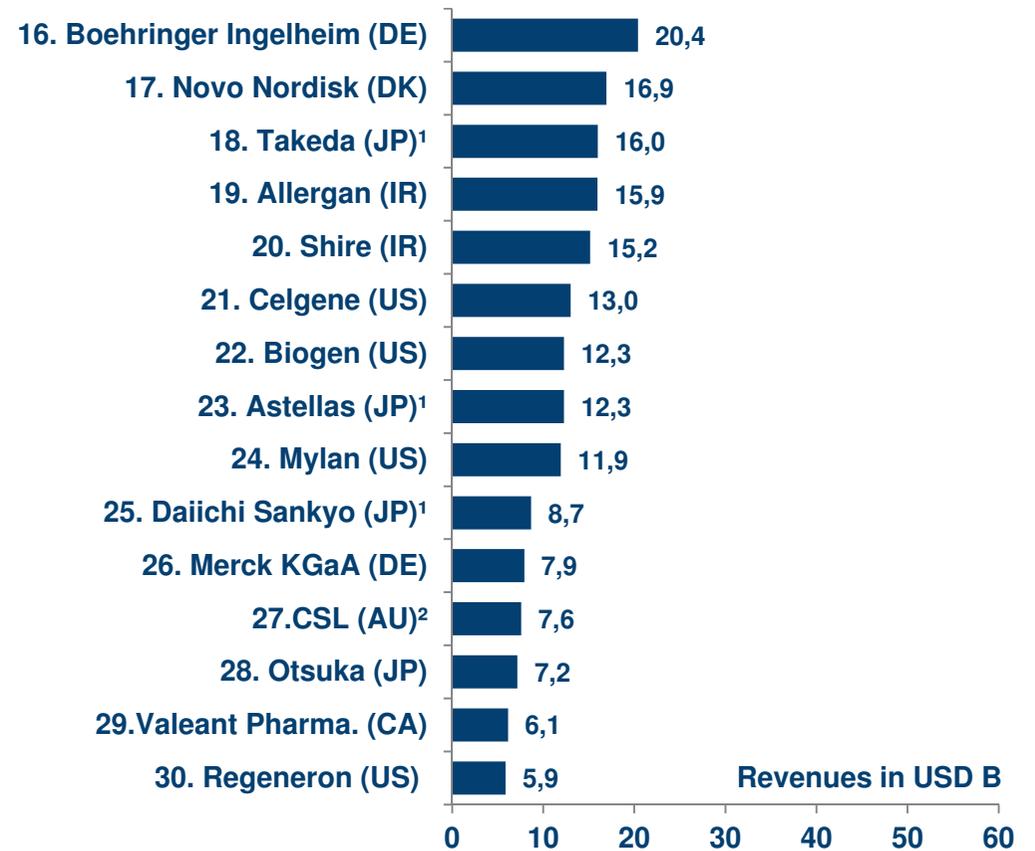
# The top 30 pharma companies based on prescription sales counts 12 companies from the USA and 11 from Europe

## Top 30 prescription sales pharma companies (2017)

**Top 1-15 (Big Pharma)**



**Top 16-30 (Mid Pharma)**



Note: panel of the 30 biggest pharma companies in terms of prescription sales in 2017 (excluding diagnostics, medical device and nutrition products)

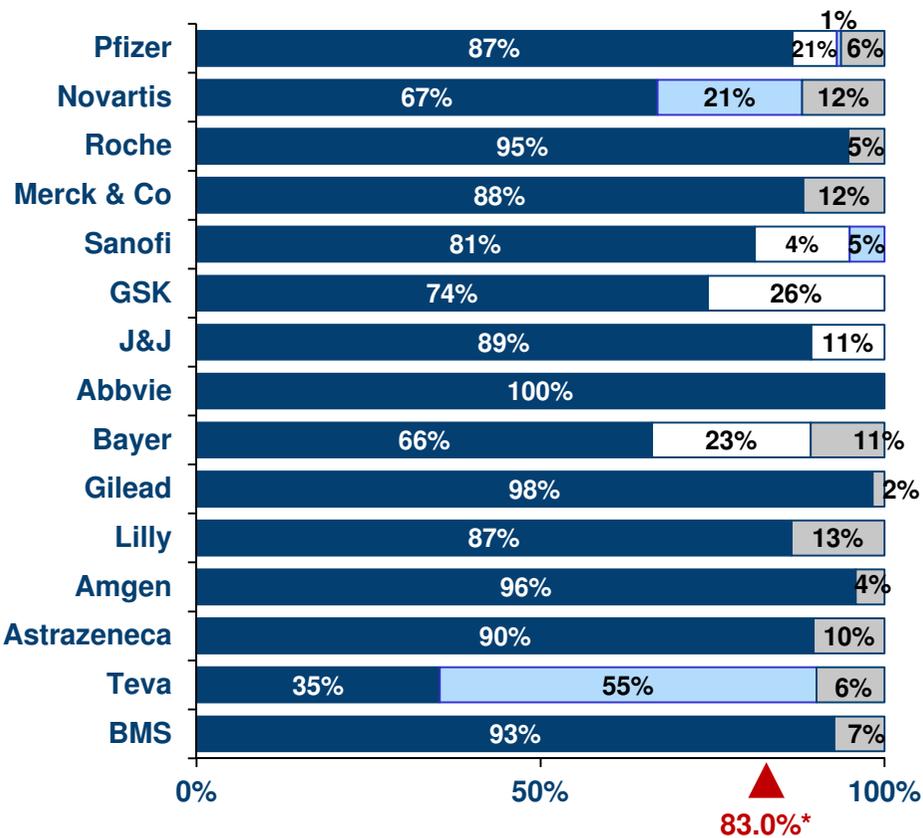
Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses

<sup>1</sup> Fiscal year ended March 31, 2018 – <sup>2</sup> Fiscal year ended June 30, 2018

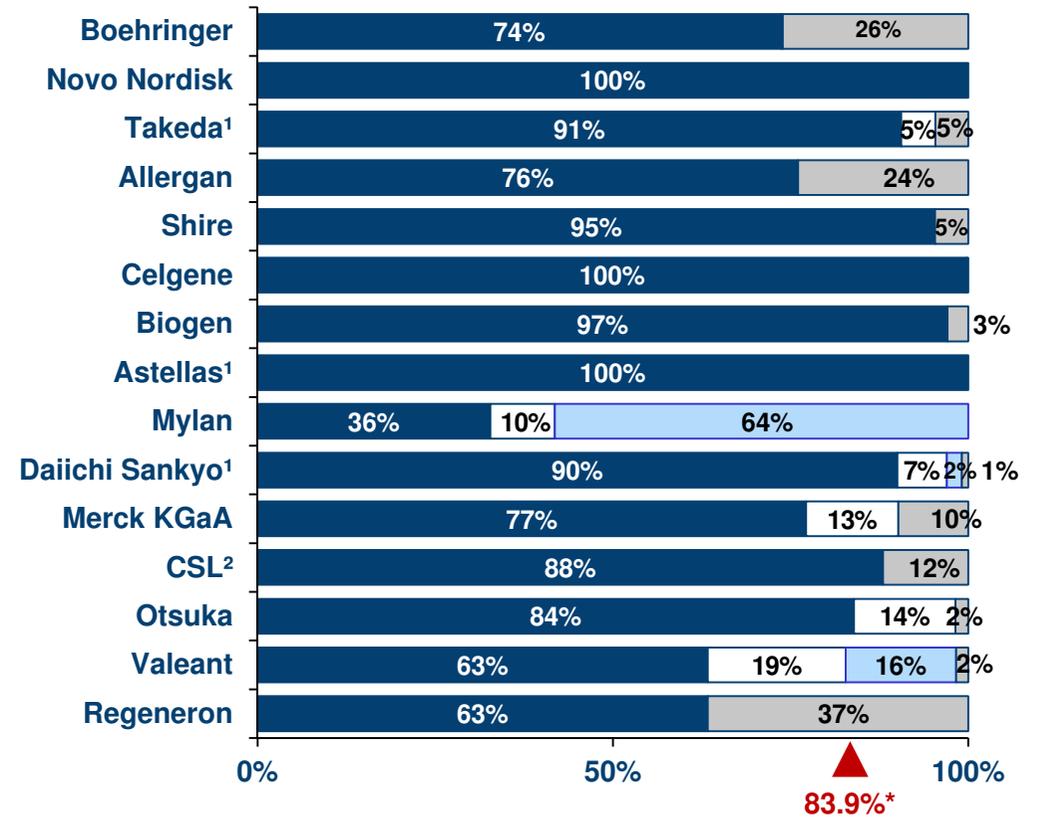
**In 2017, original Rx-bound drugs and vaccines was the main source of revenue for most Big and Mid Pharma companies**

**Strategic segments (2017)**

**Big Pharma**



**Mid Pharma**



■ Original Rx-bound drugs and vaccines    □ OTC & Consumer Health    ■ Generics    ■ Other

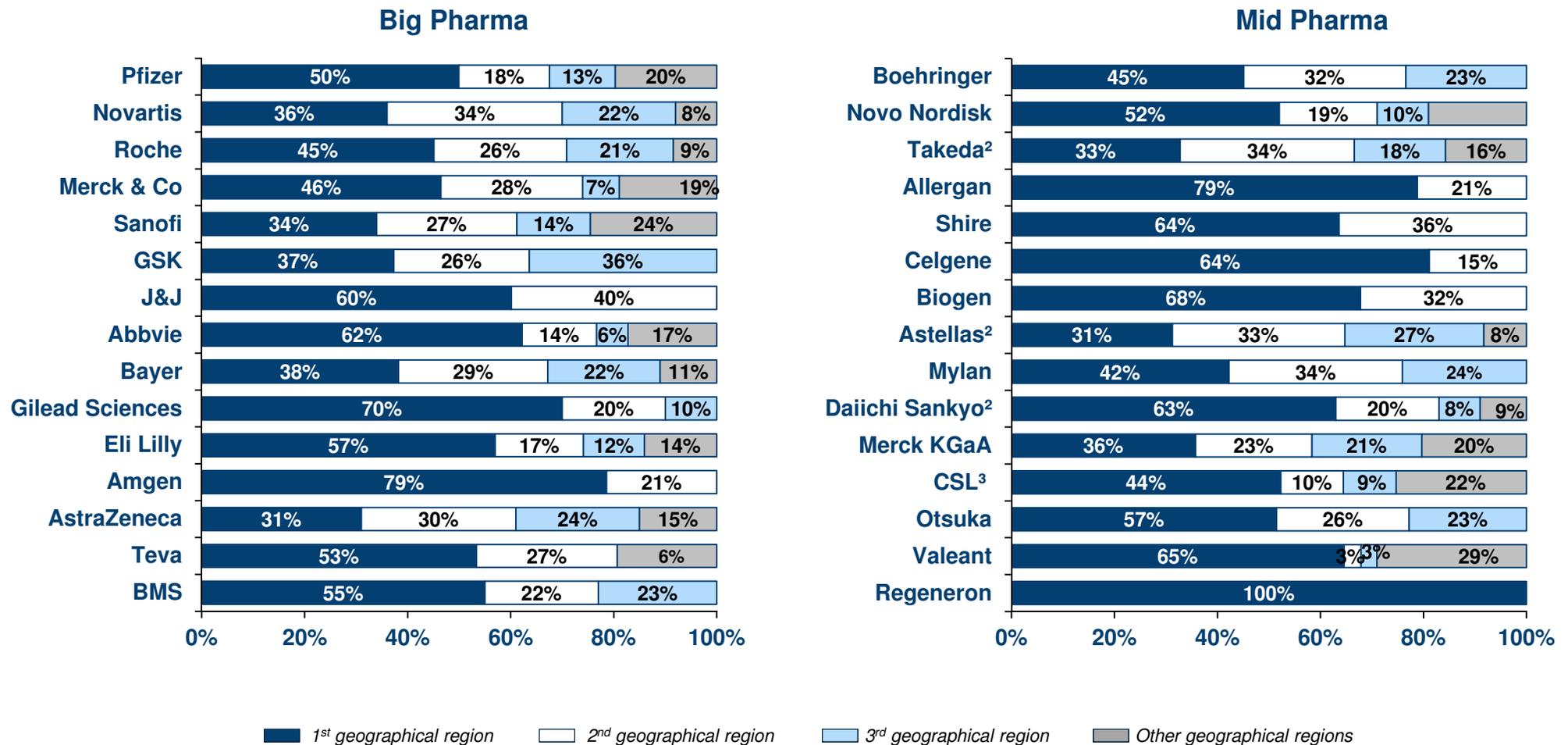
\* Weighted average of the original Rx-bound drugs and vaccines

Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses

<sup>1</sup> Fiscal year ended March 31, 2018 – <sup>2</sup> Fiscal year ended June 30, 2018

# Mid Pharma companies tend to be less geographically diversified, with most of them generating more than half of their revenues in a single region

## Geographical distribution<sup>1</sup> (2017)



Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses <sup>1</sup> 1<sup>st</sup> & 2<sup>nd</sup> geographical regions include North America (USA and Canada), Europe and Japan depending on companies – <sup>2</sup> Fiscal year ended March 31, 2018 – <sup>3</sup> Fiscal year ended June 30, 2018

## Most of the recent M&A operations have been carried out to strengthen Big and Pharma companies positions on their core strategic segments

### Major M&A operations (2015 – 2017)

#### Big Pharma

Acquirer	Acquired (> USD 2.0 B)	Strategic objectives		
		Diversification	Strengthening	Expansion
Pfizer	▪ Hospira (Generics / Biosimilars)	✓		
	▪ Medivation (Oncology)		✓	
	▪ Anacor (Anti-inflammatory)	✓		
Novartis	▪ Advanced Accelerator Applications (Oncology)		✓	
Sanofi	▪ Boehringer Ingelheim (Consumer healthcare business of the company)		✓	
J&J	▪ Actelion (Pulmonary arterial hypertension)		✓	
AbbVie	▪ Pharmacocyclics (Oncology)		✓	
	▪ Stemcentrx (Oncology)		✓	
Gilead Sciences	▪ Kite Pharma (Cancer immunotherapies)		✓	
AstraZeneca	▪ Acerta Pharma (Cancer and autoimmune diseases)		✓	
	▪ ZS Pharma (Cardiovascular and metabolic diseases)		✓	
Teva	▪ Actavis Generics (Generics business of Allergan)		✓	
	▪ Auspex Pharmaceuticals (CNS disorders)		✓	
	▪ Rimsa (Latin America)			✓
BMS	▪ Cardioxyl (Cardiovascular)		✓	
	▪ IFM Therapeutics (Cancer immunotherapies)		✓	

#### Mid Pharma

Acquirer	Acquired (> USD 2.0 B)	Strategic objectives		
		Diversification	Strengthening	Expansion
Boehringer Ingelheim	▪ Meril (Animal health business of Sanofi)		✓	
Takeda	▪ Ariad Pharmaceuticals (Oncology)		✓	
Allergan	▪ Life Cell unit of Acelity (Aesthetics & Regenerative)		✓	
	▪ Kythera Biopharmaceuticals (Aesthetics)		✓	
Shire	▪ Baxalta (Rare diseases)		✓	
	▪ Dyax Corp (Rare diseases)		✓	
	▪ NPS Pharmaceuticals (Rare diseases)		✓	
Celgene	▪ Receptos (Immune-inflammatory diseases)		✓	
Mylan	▪ Meda (OTC, Emerging markets such as China, Asia or MEA)	✓		✓
Valeant Pharma	▪ Salix Pharmaceuticals (Gastrointestinal)	✓		

Note: Diversification means entering new strategic segments/balancing minor segments – Strengthening means reinforcing major strategic segments – Expansion means geographical coverage

**Big and Mid Pharma companies are mainly focused on Rx branded segment, but Big Pharma companies are more geographically diversified**

**Pharma companies development strategy (2017)**

**Big Pharma**

**Strategic segments**

		Rx branded Focused	Diversified
Geographical coverage	Focused	<ul style="list-style-type: none"> <li> BMS</li> <li> Lilly</li> <li> Gilead</li> <li> Amgen</li> <li> AbbVie</li> <li> J&amp;J</li> </ul>	<ul style="list-style-type: none"> <li> Teva</li> </ul>
	Diversified	<ul style="list-style-type: none"> <li> Roche</li> <li> AstraZeneca</li> <li> Merck &amp; Co</li> <li> Pfizer</li> <li> Sanofi</li> </ul>	<ul style="list-style-type: none"> <li> Bayer</li> <li> Novartis</li> <li> GSK</li> </ul>

**Mid Pharma**

**Strategic segments**

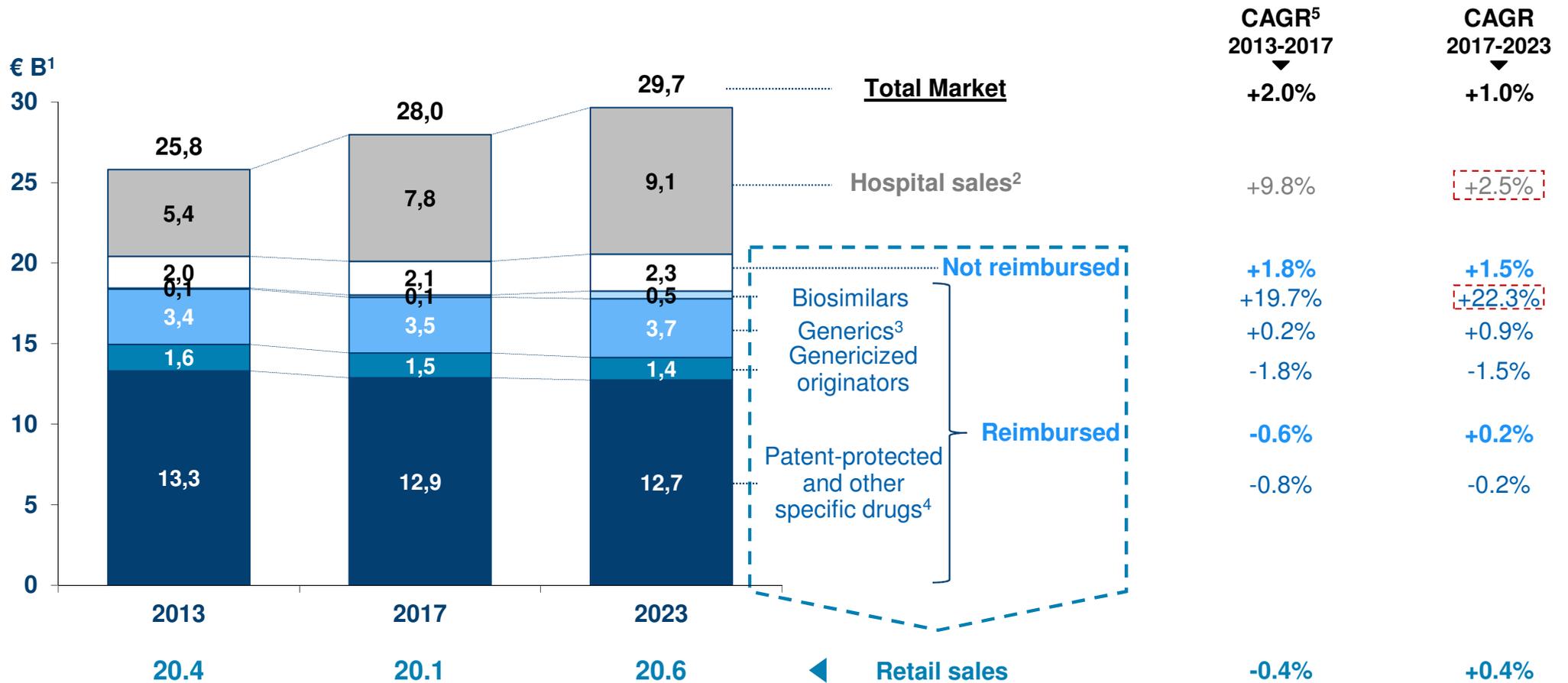
		Rx branded Focused	Diversified
Geographical coverage	Focused	<ul style="list-style-type: none"> <li> Allergan</li> <li> Amgen</li> <li> Shire</li> <li> Celgene</li> <li> Biogen</li> <li> Novo Nordisk</li> <li> CSL</li> <li> Daiichi Sankyo</li> <li> Otsuka</li> </ul>	<ul style="list-style-type: none"> <li> Valeant</li> <li> Regeneron</li> </ul>
	Diversified	<ul style="list-style-type: none"> <li> Boehringer</li> <li> Astellas</li> <li> Merck KGaA</li> <li> Takeda</li> </ul>	<ul style="list-style-type: none"> <li> Mylan</li> </ul>

Note: **Rx Branded focused:** Original Rx-bound drugs and vaccines ≥ 75% of total product sale – **Geographically focused:** >50% of sales in a single geographical region (e.g. USA, Europe, Japan, etc.)

Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses

# By 2023, the French pharmaceutical market should be mainly driven by innovative hospital products and biosimilars

## Evolution of drug sales by segment (2013 – 2017 – 2023)



\* Hospital rebates are estimated to -30% of total hospital sales

Sources: GERS and Top Pharma data – Smart Pharma Consulting analyses

<sup>1</sup> Constant ex-factory prices – <sup>2</sup> Estimated rebated sales including hospital sales of biosimilars, products invoiced in addition of the hospitalization charges (on top of T2A) and reassigned medicine sales – <sup>3</sup> Reimbursable generics and quasi-generics – <sup>4</sup> Sales of medicines whose patents have not expired and of other specific products (calcium, sodium, potassium, paracetamol, etc.) – <sup>5</sup> Compound Annual Growth Rate

**When compared to the other EU5 countries, a wider array of indicators are used by French health authorities to evaluate the economic value of drugs**

**Health economic evaluations: Submission requirements in Europe**

	Therapeutic benefit	Cost-effectiveness modeling	Budget impact modeling	HRQoL <sup>1</sup> data	Data vs. SoC <sup>2</sup>	Innovation	Comments
	✓	✓	✓	✓	✓	✓	Cost-effectiveness considered since 2013 with the creation of the CEESP (Economic committee for healthcare products)
	✓		✓	✓	✓		Free pricing during the first six months on the market: i.e. before the assessment by IQWiG (Institute for Quality and Efficiency in Health Care)
	✓	✓	✓	✓	✓		One of the first countries to implement a form of value-based pricing including cost-effectiveness and QoL (Quality of Life) data
	✓	✓ (national or regional requirement)	✓ (national and regional requirement)		✓	✓	Requirements may vary from a region to another
	✓	✓ (national or regional requirement)	✓ (national and regional requirement)		✓		Requirements may vary from a region to another

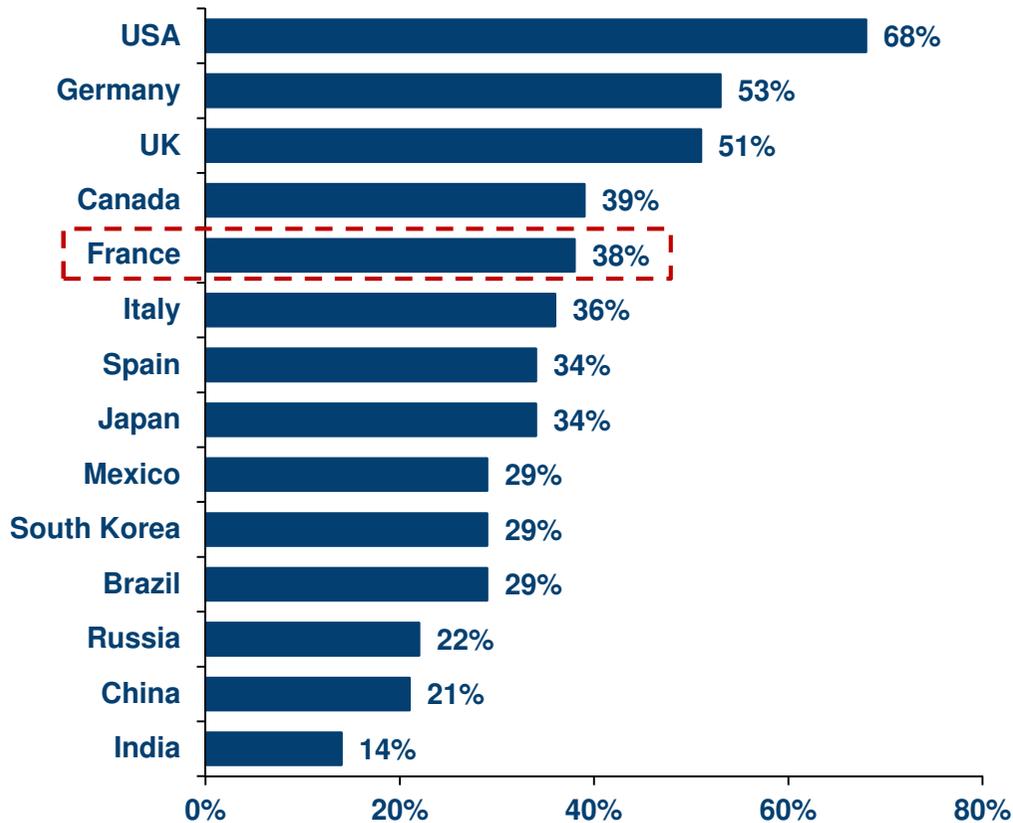
Sources: "An Introduction to European Market Access", PRMA Consulting – Smart Pharma Consulting updates

<sup>1</sup> Health-Related Quality of Life – <sup>2</sup> Standard of Care

**A small proportion of globally approved drugs are launched in France mainly due to market access obstacles (non-reimbursed, low price, etc.)**

**Market access to new drugs – International comparisons**

**% of NMEs available in 2013 out of the total NMEs globally approved from 2008 to 2012**



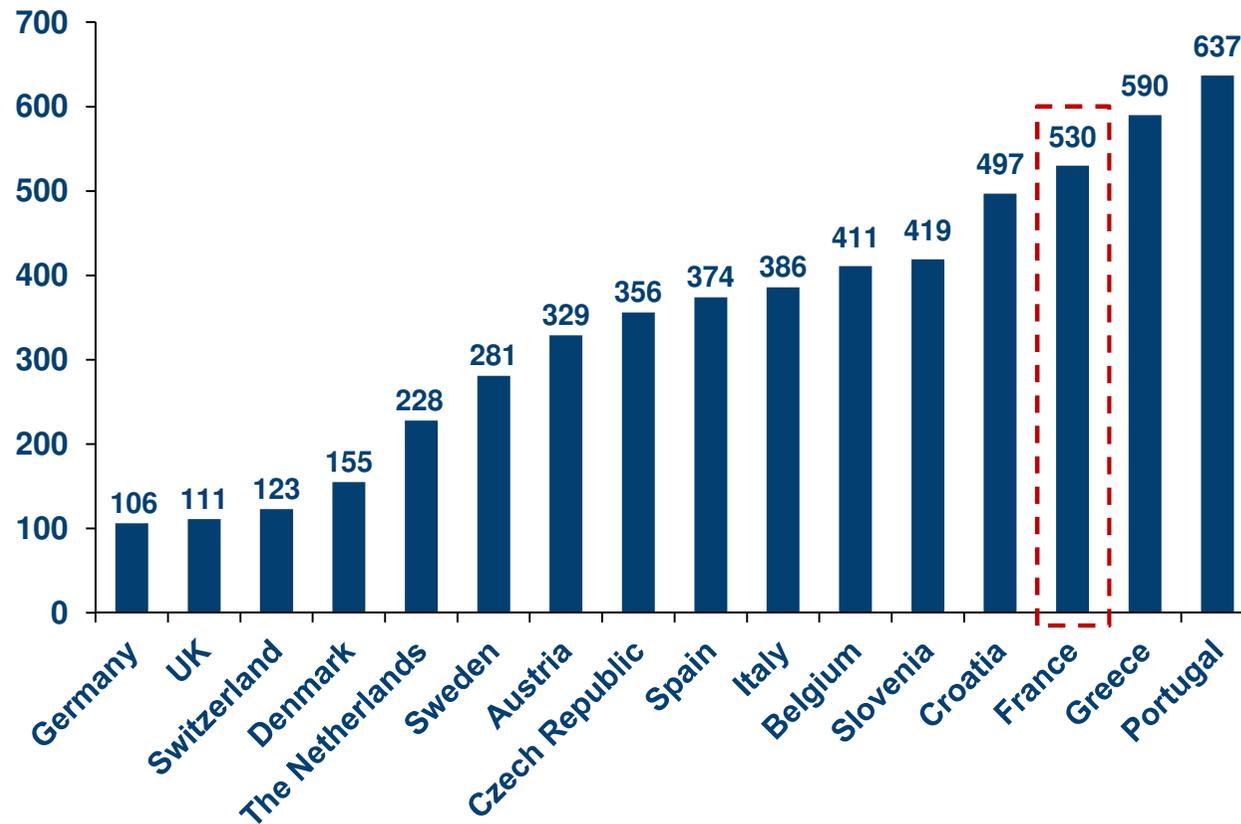
- The fact that all approved new molecular entities (NMEs) are not introduced everywhere depends on several factors:
  - **Different regulatory systems** and authorities (FDA, EMA, etc.) impose different market access requirements and procedures
  - Even when there is a centralized approval procedure like in the European Union, the approved drug is not necessarily introduced in all countries as **local pricing and reimbursement policies** can make the launch unattractive
  - Generally, market potential and attractiveness (epidemiology, pricing and reimbursement policies, etc.) are key factors in the decision of introducing a drug in a particular country by pharma companies
  - New drugs are usually more expensive, which makes their introduction more difficult in lower income countries, where the public budget for pharmaceuticals is lower
  
- In the future, the availability of new medicines might be reduced in developed countries (with the exception of the USA) due to **stricter cost containment measures**, but increased in emerging countries where spending on pharmaceuticals is growing strongly

Sources: "Global Outlook for Medicines Through 2018", IMS Health – Smart Pharma Consulting analyses

**In eight European countries, including France, pharma companies and patients must wait more than a year after marketing authorization to get a new drug reimbursed<sup>1</sup>**

**Average time to market in European countries**

Median time in days between marketing authorization and price and reimbursement<sup>1,2</sup>



- In Europe, the delay between marketing authorization of a drug and its availability on the market may vary widely, due to the time required to obtain its inclusion on reimbursement list and a price agreement
- In countries such as France, Italy or Spain, this delay exceeds the 180 days recommended by the European Commission
- An important delay may be harmful both for patients who do not have full access to innovative therapies and for companies which face a loss of revenues<sup>1</sup>
- The UK and Germany have no delay since the price and reimbursement negotiations occur once the product has reached the market

Sources: Patients W.A.I.T. Indicator – IFIP (June 2018)

<sup>1</sup> Excluding early access programs for breakthrough innovations (e.g. ATU / post-ATU in France) –  
<sup>2</sup> For drugs receiving their first marketing authorization between 2013 and 2015

# The implementation of managed entry agreements are most often time-consuming and costly for payers and/or pharma companies, outweighing their benefits

## Pros & Cons of managed entry agreements

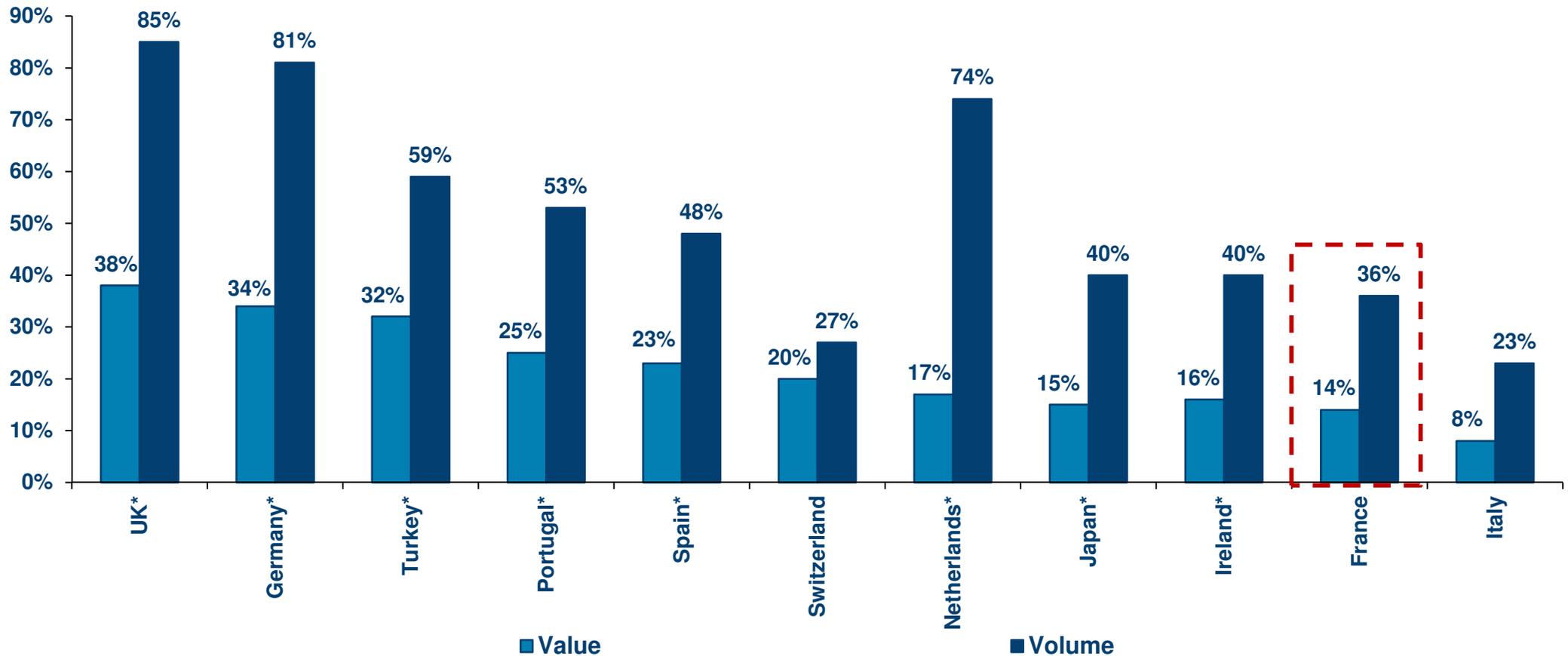
	Pros	Cons
CEPS	<ul style="list-style-type: none"> <li>▪ Potential to <b>re-evaluate</b> the effectiveness of drugs at a later stage and <b>re-negotiate</b> the price based on <b>real-world evidence</b></li> <li>▪ Help <b>address post-licensing uncertainty</b> by offering flexibility in dealing with new and often expensive treatments</li> <li>▪ Improve the <b>cost-effectiveness</b> through a <b>discount</b> or a <b>payback</b> agreement for non-responders</li> <li>▪ Enable <b>different types of schemes</b> addressing <b>different needs</b>, both <b>financial</b> and <b>non-financial</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Additional efforts</b> required to make a new drug available to patients, such as <b>negotiation time, monitoring of patient response, data gathering</b>, development of <b>registries</b>, etc.</li> <li>▪ Threat that manufacturers could start proposing <b>higher entry prices</b> in the expectancy of having to engage managed entry agreements</li> <li>▪ <b>Limited capacity</b> to <b>implement</b> and <b>assess evidence</b>, notably if implementation takes place at regional/hospital level</li> </ul>
Pharma companies	<ul style="list-style-type: none"> <li>▪ Speed up <b>pricing</b> negotiations and <b>reimbursement</b></li> <li>▪ Potential to benefit from a better <b>corporate reputation</b> as a result of the willingness to take responsibility for the use of the drug in real-life</li> <li>▪ Potential to <b>reinforce</b> the <b>long-term collaboration</b> between <b>payers, health authorities</b> and <b>pharmaceutical companies</b></li> <li>▪ Enable <b>discounts</b> without impacting list prices</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Costs</b> related to the implementation of the managed entry agreement can, in some cases, totally <b>outweigh benefits</b></li> <li>▪ <b>Concessions</b> required such as refunds for non-respondent patients, discounts, gathering of additional data</li> <li>▪ Voluntary versus no voluntary nature of such contracts leading to a <b>variability in stakeholders perception</b></li> </ul>

Sources: "Managed entry agreements for pharmaceuticals: the European experience", Alessandra Ferrario and Panos Kanavos, April 2013 – Smart Pharma Consulting analyses

**France is below most OECD countries in terms of generics penetration in the pharmaceutical market mainly due to a more restrictive definition of generics**

**Share of generics in the reimbursed pharmaceutical market (2017)**

% of reimbursed drugs sales

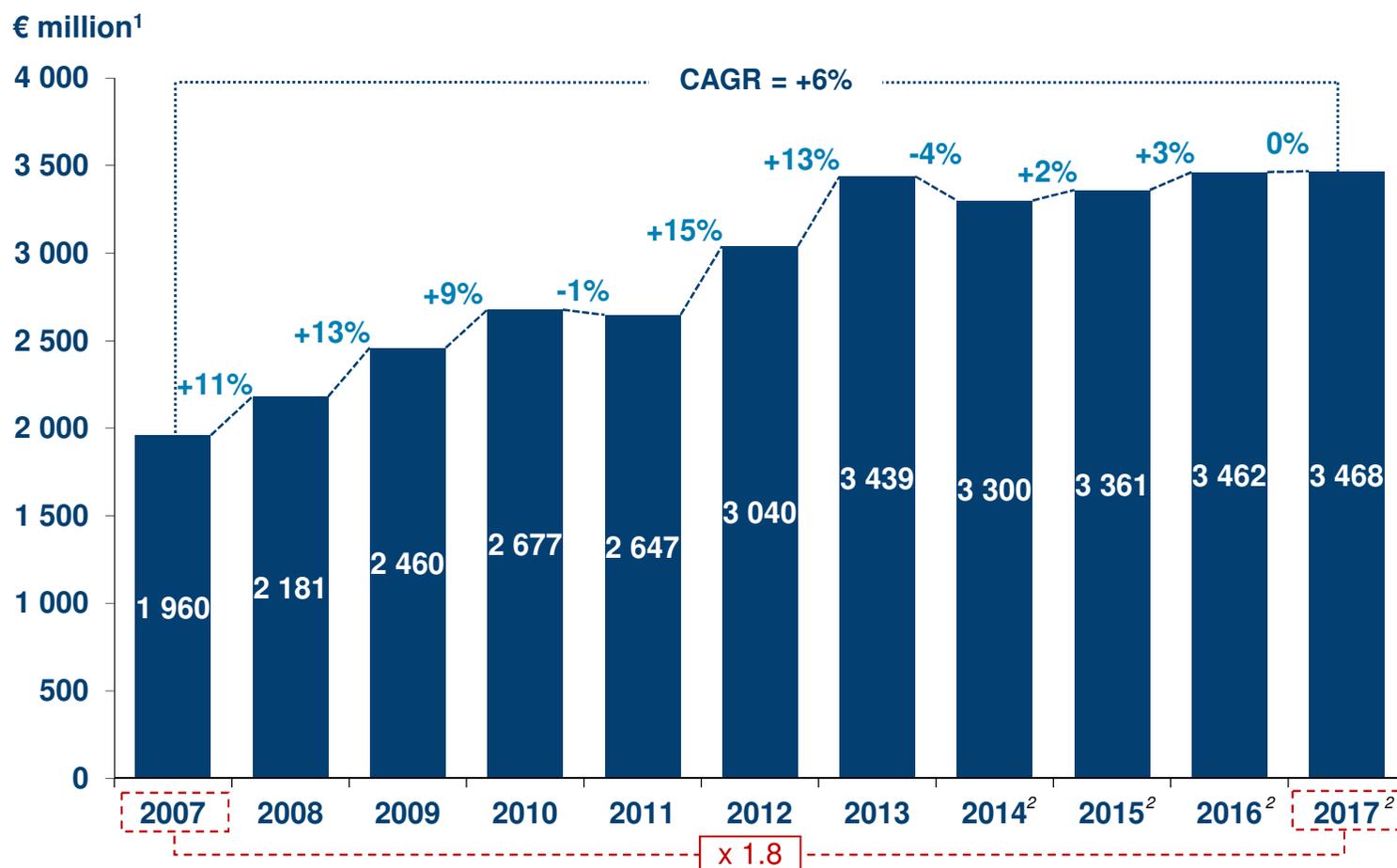


Sources: OECD Health Statistics for 2017 – GERS data for France – Smart Pharma Consulting analyses

\* Data for 2016

The retail generics market size has remained stable, in value terms, since 2013 due to strong price pressure applied by the French government

**Evolution of reimbursable generics in the retail market**



- After a decrease in 2011, the sales of the generics market have been re-boostered by governmental measures<sup>3</sup> introduced since 2012
- Since 2001, there **have been four successive waves of drugs de-reimbursement**. Thus, in 2011, 85% of the medicines were reimbursed. Since then, these waves have led to regular re-evaluations of the SMR (clinical benefit)
- Regarding the sales of non-reimbursable generics, they were estimated at:
  - € 233 M in 2014
  - € 241 M in 2015
  - € 252 M in 2016
  - € 284 M in 2017
- At the end of 2016, the Ministry of Health launched a campaign to promote the use of generics

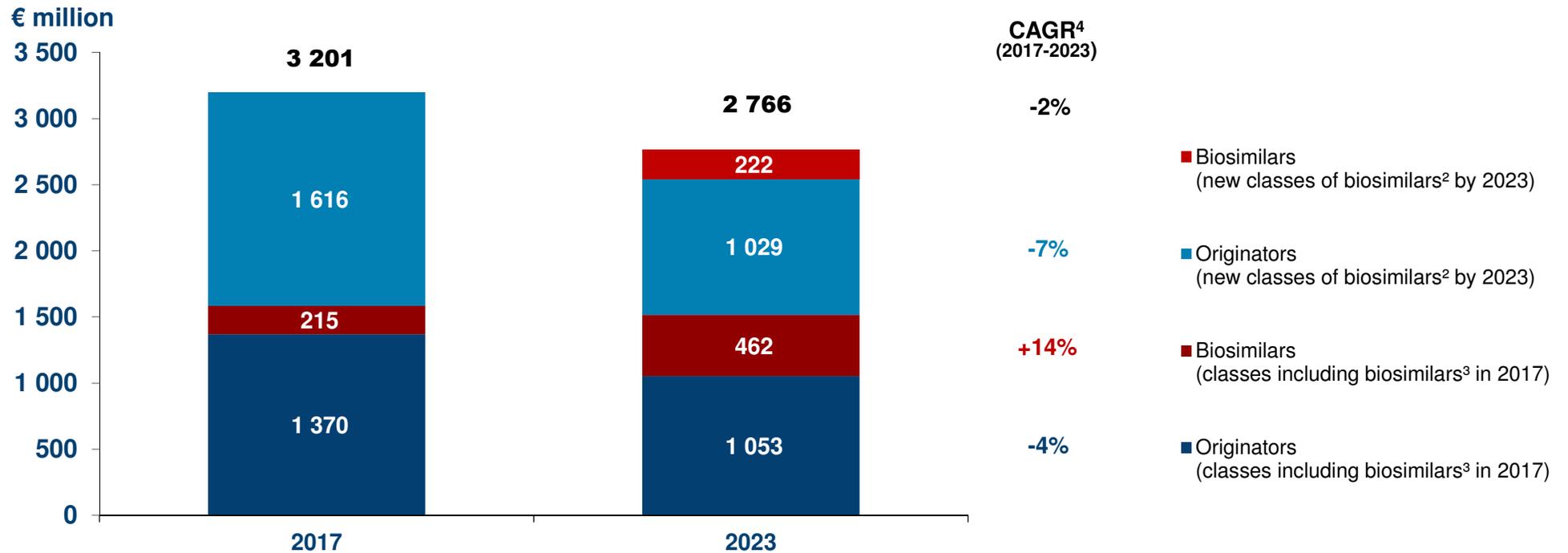
Sources: GERS dashboard (December 2017) – Senate report – Smart Pharma Consulting analyses

<sup>1</sup> Constant ex-factory price – <sup>2</sup> Excluding sales of non-reimbursable generics from 2014 to 2017 – <sup>3</sup> Increase of the national objective of average generics penetration, introduction of individual incentives for pharmacists achieving substitution objectives on a selection of generic groups, generalization of the “Tiers Payant” system, which exempts from upfront payment patients accepting the generic substitution



# Sales of biosimilars could increase significantly and reach € 684 million in 2023, thanks to new classes contribution

## Originators and biosimilars sales forecasts – Retail and hospital markets (2017 – 2023)



Original brands <sup>1</sup> sales (€ M)	2,986	2082	-6%
Biosimilars sales (€ M)	215	684	+21%
Biosimilars penetration rate <sup>1</sup>	14% <sup>2</sup>	25%	

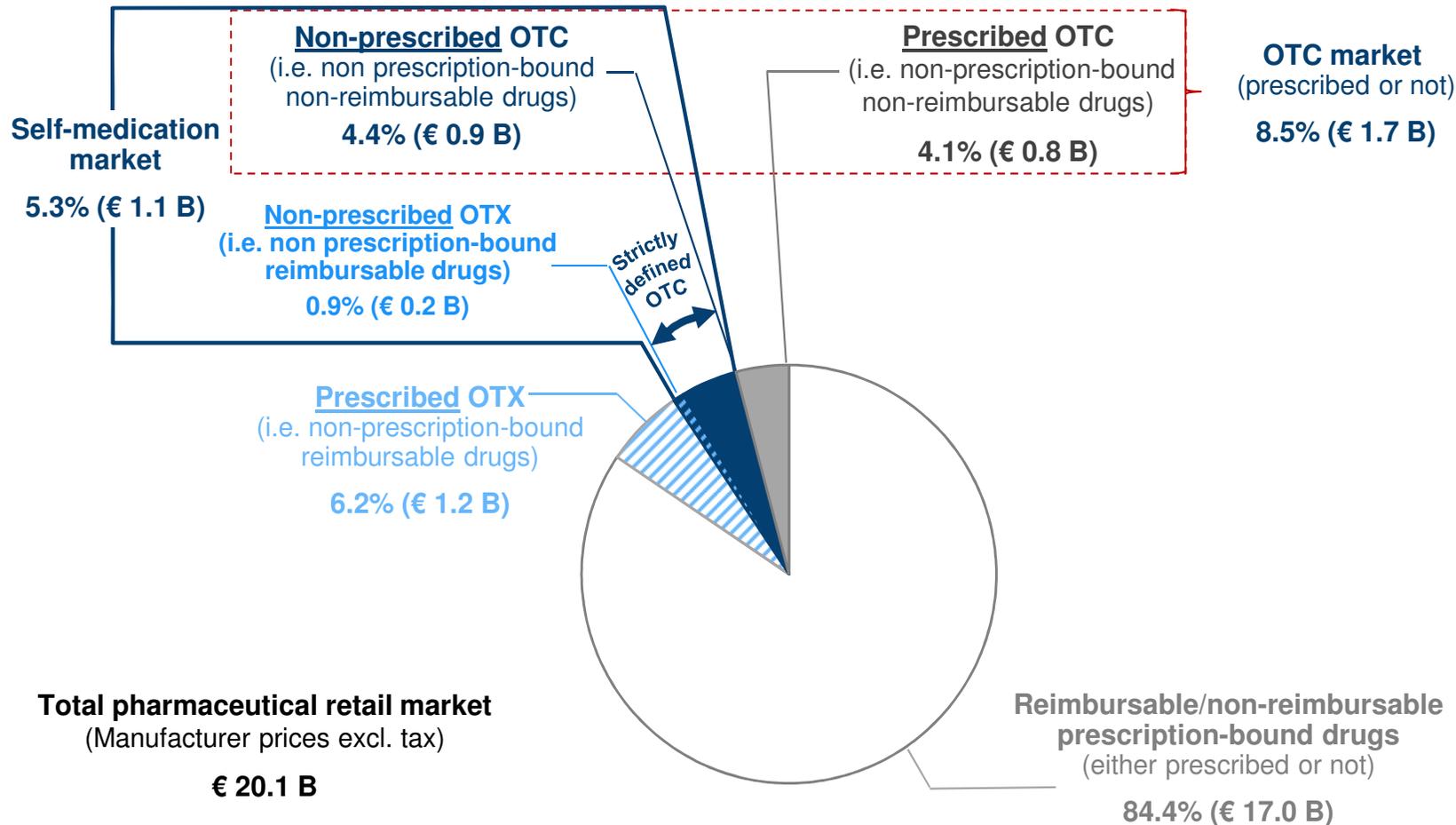
**Note: Sales to hospitals including rebates**

Sources: GERS – Smart Pharma Consulting analyses

<sup>1</sup> Include originators and other brands of the class without biosimilars – <sup>2</sup> Only takes into account the classes for which biosimilar products are already marketed – <sup>3</sup> Pegfilgrastim (Neulasta), trastuzumab (Herceptin), cetuximab (Erbix), palivizumab (Synagis), natalizumab (Tysabri), adalimumab (Humira), teriparatide (Forsteo), omalizumab (Xolair), tocilizumab (roActemra), panitumumab (Vectibix), ipilimumab (Yervoy), bevacizumab (Avastin) – <sup>4</sup> CAGR: Compound annual growth rate

**In 2017, the self-medication market accounted for 5.3% of the retail pharmaceutical market and included both reimbursable and non-reimbursable non-prescribed drugs**

**OTC market size and structure (2017)**

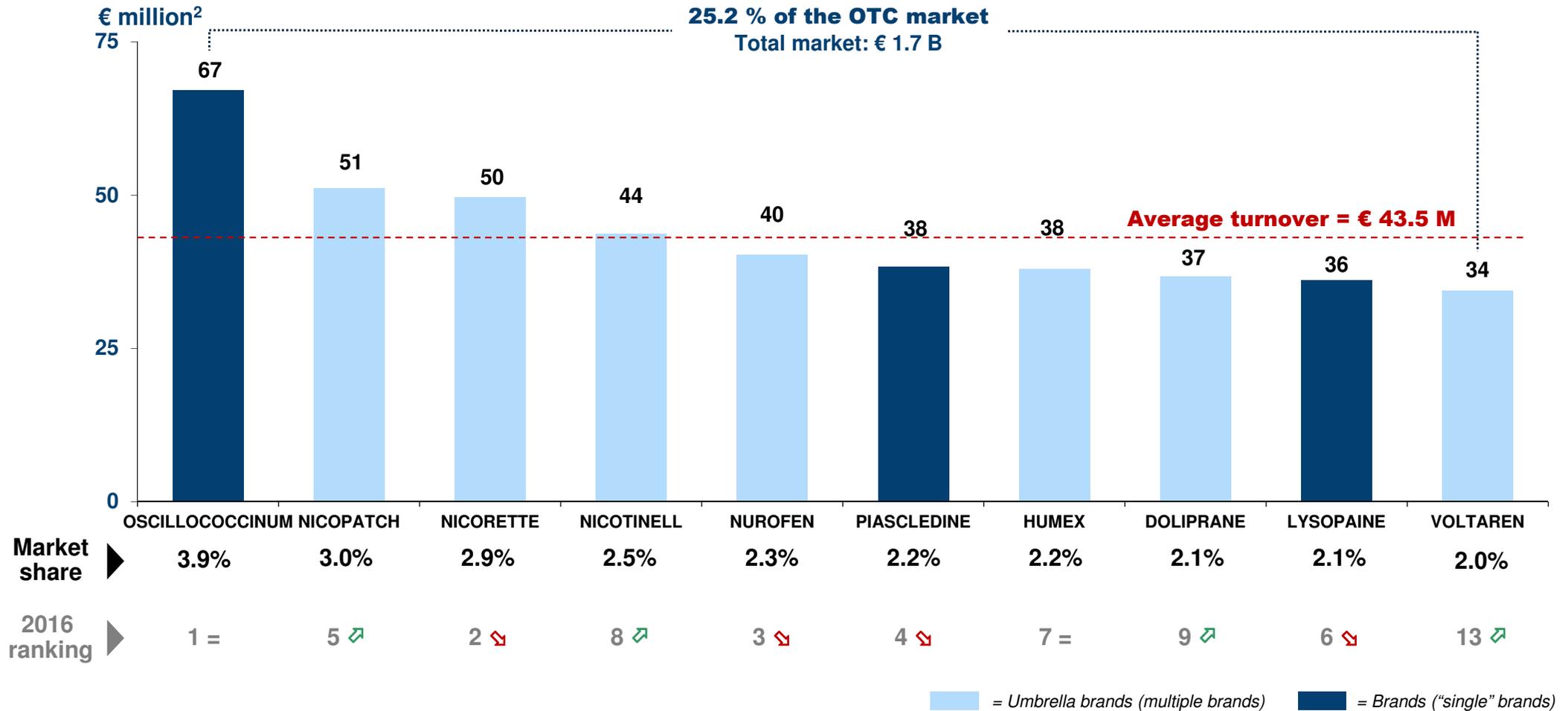


- The strictly defined OTC market accounts for **84% of the self medication market**
- OTX or semi-ethical drugs (non-prescription-bound, reimbursed only if prescribed) are massively prescribed by physicians (sometimes on patient request), which limits the growth of the reconstituted self-medication sales

Sources: Smart Pharma Consulting estimates based on data from GERS and Pharmastat-IQVIA

The top 10 brands – including seven umbrella brands – of the OTC market generated 25% of the total sales in 2017

**Top 10 brands and umbrella brands – OTC<sup>1</sup> market (2017)**



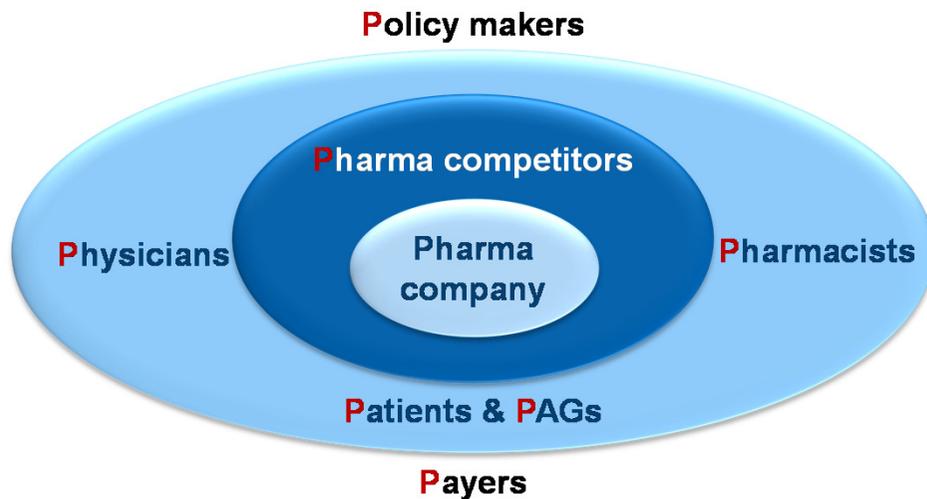
Sources: GERS – Smart Pharma Consulting analyses

↗: Rise - ↘: Drop - = No change in 2017 vs. 2016 ranking

<sup>1</sup> Non-listed, non-reimbursable products – <sup>2</sup> Ex-factory prices

The French pharma market will remain a priority for global pharma players because, despite a slower growth, it will still belong to the top 10 markets worldwide in 2023

**Competitive environment on the French pharma market**



**Opportunities**

- Access to high quality healthcare will remain one of the top priorities of the current government and of French citizens
- Thus, the French pharma market should remain amongst the top ones in the world
- Shift from hospital to ambulatory care will be accelerated by the government
- Government wish to foster innovation

**Threats**

- Stricter control of reimbursed drug expenditure
- More transparency required from pharma companies by stakeholders, leading to a certain number of constraints:
  - Systematic control of partnerships between pharma companies and HCPs
  - Stringent control of medical calls content (basically limited to SmPCs) making them less interesting for HCPs

Sources: Smart Pharma Consulting analyses

**The pharmaceutical market sales should keep on growing at a pace of +5% p.a. but pharma companies profitability will be significantly impacted by price cuts**

**Global Pharma Market SWOT analysis**

**Market Opportunities**

- **Access** to high **quality healthcare** will remain one of the **top priorities** of governments and citizens
- Thus, the **pharma market** should keep on **growing at 5%** per annum, on average, over the 2017-2023 period
- Market **consolidation through M&As** will contain competitive intensity amongst pharma companies
- Increasing **collaborations with academics** contributing to discover more effective and better tolerated drugs

**Market Threats**

- **Increasing price pressure** on all categories of drugs (innovative or not, reimbursed or not) from public and private health insurers; and from patients for OTCs
- **Higher risks** and **stricter regulation** re. R&D and registration leading to higher costs to launch innovations
- Increasing **difficulties** to **interact with healthcare professionals** to inform them or create partnerships due to lack of interest and time; and regulatory constraints

**Pharma Companies Strengths**

- **Improving portfolio management** with a more focused strategy on the most attractive strategic segments
- **Breakthrough innovative** drugs to come by the end of 2023, especially in neurology, oncology and immunology
- Improved **clinical studies quality** and development of **real word data** contributing to optimize drugs benefits
- **Reduction** or **removal** of **marketing** and **sales** investments which have **no** or **limited business impact**

**Pharma Companies Weaknesses**

- **Poor reputation** of the global pharma industry
- **Weak negotiating power** of pharma companies vs. public payers or private payers (e.g. HMOs in the USA)
- **Lack of robust strategy** as shown by frequent changes of priorities amongst numerous pharma companies<sup>1</sup>
- **Rigidity** and **complexity** of internal **processes** preventing pharma companies from optimally seizing opportunities and addressing threats<sup>1</sup>

Sources: Smart Pharma Consulting analyses

<sup>1</sup> See the position paper "Best-in-class Pharma Strategy Crafting" released in March 2018 and freely available on our website: [www.smart-pharma.com](http://www.smart-pharma.com)

Each pharma company should reinforce stakeholders preference to grow its market share by offering better drugs, highly valued services and building a good reputation

**One-page Strategic implications**



Sources: Smart Pharma Consulting analyses

<sup>1</sup> Patient advocacy groups – <sup>2</sup> See the position paper “How to create a superior Pharma Corporate Reputation?” released in August 2016 and freely available on our Website: [www.smart-pharma.com](http://www.smart-pharma.com) – <sup>3</sup> And to a lesser extent in distribution or manufacturing facilities



Smart Pharma Consulting publishes regularly well-documented reports, including thoughtful analyses to help pharma companies make fact-based strategic decisions

**Selected market studies relative to corporate strategy**

**How to create a superior Pharma Corporate Reputation?**

15 Years in Search of Innovative Solutions

The "Pharma Corporate Reputation Booster™"  
A practical approach to strengthen your competitive position  
Position Paper  
August 2016



**Best-in-Class Pharma BD&L**

Concepts  
Methods  
Tools

- From Theory to Practice -  
Key Guidelines  
November 2017



*Jean-Michel Peny*

**Pharma Market Insight & Strategy**



**Performance & Organization of most successful mid pharma companies**

— Business Report —  
"New business strategies consist in doing different things while new business models consist in doing things differently"

**Global Biosimilar Drugs Market Outlooks**

2016 Edition

Specific focus on the French market (2017 forecasts)  
February 2015



*Smart Pharma Consulting*

**The French Pharma Market 2016 – 2022 Prospects**

Strategic Implications for Pharma Companies  
Business Report  
September 2017



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**Drug Value & Market Access Optimization**

From Drug Cost to Payer Valuation  
- How to get the best value? -  
Report  
June 2016



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Source: Smart Pharma Consulting

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**Strategy sets long term direction and scope of a company to achieve a competitive advantage through proper capability building and resources allocation**

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**Strategy definition**

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- Strategy is a **consistent, unifying** and **integrative assembly** of decisions defined to **achieve** the **ambition** and the corresponding **objectives set** by a company, in the **most effective, efficient** and **less risky manner**
- It attempts to achieve the **long-term sustainable advantages** the company can maintain in its businesses, by responding to the present and future **opportunities** and **threats** in the market segments it covers, through the optimal management of its **strengths** and **weaknesses**
- It is concerned with the definition of **optimal capabilities** and **resources** configuration to **take advantage**, better than competition, of the **evolving customers needs** and **wants**
- It **covers** the **responsibilities** and **actions** required from **all hierarchical levels** (corporate, business, operational) in the firm
- It **defines** the nature of the **economic** and **non-economic contributions** the company intends to make to its stakeholders

*“A successful strategy meets or, better, exceeds customers, employees and shareholders expectations to raise their respective preference for the company, its products and associated services”*

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Corporate strategy selects the strategic segments, business strategy creates a competitive advantage and operational strategy defines the appropriate organization

**Multi-level Strategies**



- **Corporate strategy** defines the purpose and the scope in which a company competes or should compete and how value will be added to its different businesses
- **Business** or **competitive strategy** is concerned with how to compete successfully within particular strategic segments (e.g. original brands, generics, OTCs, medical device, etc.)
- **Strategic segments** correspond to companies within an industry which are subject to the same critical success factors which are addressed by a given business unit of the company
- **Operational strategy** determines the activities, capabilities, processes, structure<sup>1</sup>, culture and resources needed to effectively support the corporate- and business-level strategies

Source: Smart Pharma Consulting, adapted after G. Johnson et al., 2008

<sup>1</sup> Including the headcounts and the organigramme

The key drivers and limiters of the global pharmaceutical market by the end of 2023, as well as their probable impact on sales trends, are well identified

**Global pharmaceutical market drivers and limiters (2017 – 2023)**



Key forces



- 1** Population increase and ageing
- 2** Better access to medicines in emerging markets (e.g. BRICS<sup>1</sup>, Mexico, Turkey, etc.) as a result of an increasing GDP per capita
- 3** Strong development of generics market (access to a larger number of people, especially in low-income countries)
- 4** Strong demand from patients / PAGs<sup>2</sup> for new drugs more effective and better tolerated



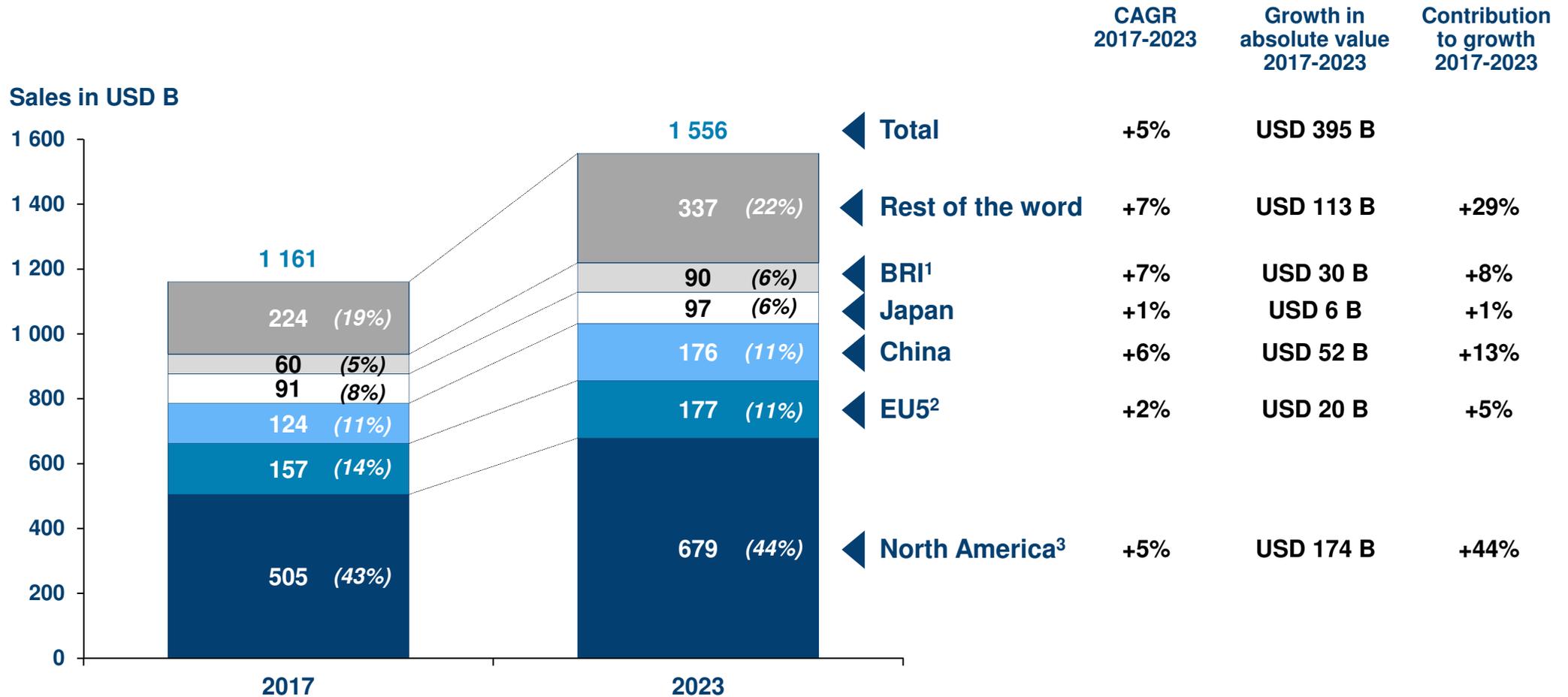
- 1** Decreasing R&D productivity of pharma companies re. breakthrough innovations
- 2** Increasing barriers to market access and price pressure from payers (governments, HMOs, patients, etc.), exacerbated by the economic environment
- 3** Increasing price sensitivity of customers for non-reimbursed drugs
- 4** Intensification of competition from generic and biosimilar drugs

Source: Smart Pharma Consulting analyses

<sup>1</sup> Brazil, Russia, China, South Africa – <sup>2</sup> Patient advocacy groups

**Sales of EU5 should grow slowly by 2023 due to stringent cost containment measures leading to a three-point decrease of their weight in the global pharmaceutical market**

**Global pharmaceutical market size and growth (2017 – 2023)**



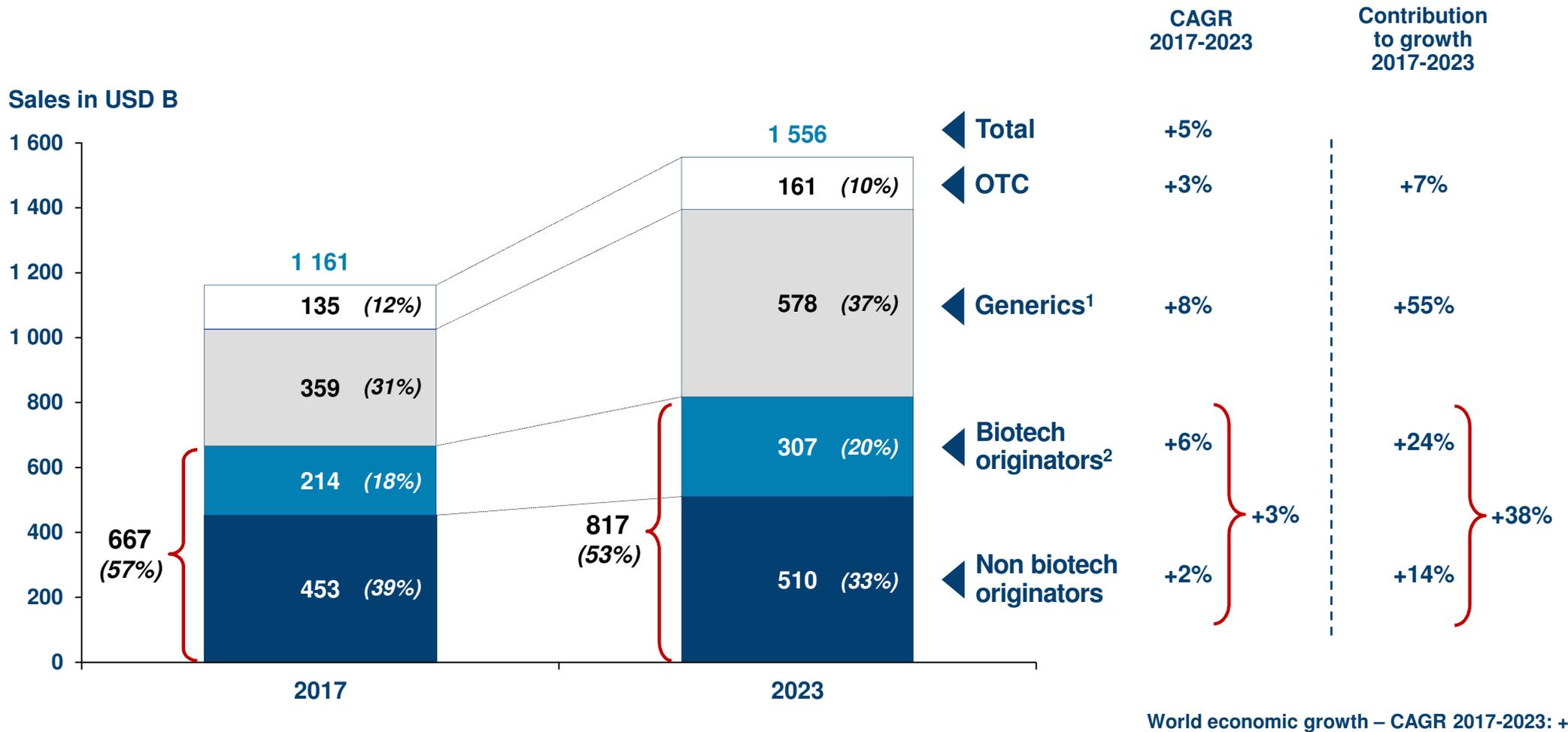
Sources: Outlook for Global Medicines through 2021, Quintiles IMS (December 2016) – Smart Pharma Consulting estimates

<sup>1</sup> Brazil, Russia, India – <sup>2</sup> France, Germany, Italy, Spain, UK – <sup>3</sup> USA and Canada



The generics segment should become more important in value than non- biotech original drugs one in 2023 and contribute to 55% of the growth between 2017 and 2023

**Global pharmaceutical market growth by strategic segment (2017 – 2023)**

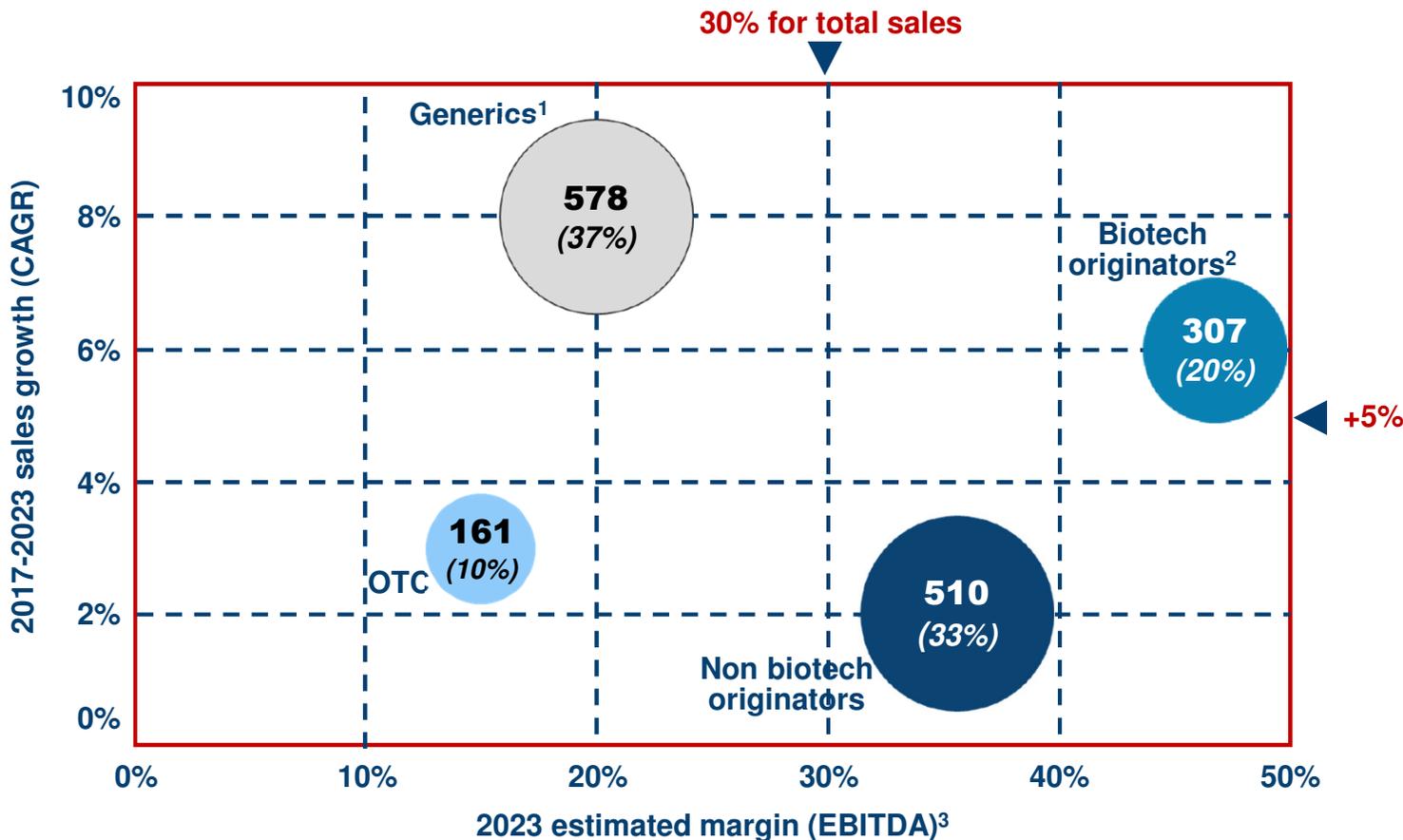


Sources: Outlook for Global Medicines through 2021, Quintiles IMS (December 2016) – Global OTC Drugs Market, Mordor Intelligence (August 2016) – Global economic growth projections, The Conference Board (November 2017) – Smart Pharma Consulting estimates

<sup>1</sup> Including branded and unbranded generics and biosimilars, excluding OTC – <sup>2</sup> Excluding biosimilars, already included in the “Generics” segment

**By 2023, the sales growth of pharma companies should be essentially driven by generics and biotech originators, but they should lose two points of profitability**

**Global pharmaceutical market growth by strategic segment (2017 – 2023)**



- By 2023, the sales (incl. human drugs only for the non-OTC segments; medical devices and food supplements for the OTC segment) should reach USD 1,556 B and grow at a pace of +5% p.a.
- The average EBITDA of the Pharma industry should decrease from ~32% in 2017 to ~30% in 2023, mainly as a result of increasing price pressure
- The OTC segment appears to be the least attractive
- The biotech segment will remain attractive but biosimilar competition will ramp up

○ 2023 sales in USD B (the total accounting for USD 1,556 B)

Sources: Outlook for Global Medicines through 2021, Quintiles IMS (December 2016) – Global OTC Drugs Market, Mordor Intelligence (August 2016) – Global economic prospects, World Bank (June 2017) – Smart Pharma Consulting estimates

<sup>1</sup> Including branded and unbranded generics and biosimilars, excluding OTC –

<sup>2</sup> Excluding biosimilars, already included in the “Generics” segment –

<sup>3</sup> Earnings before interest, taxes, amortization and depreciation

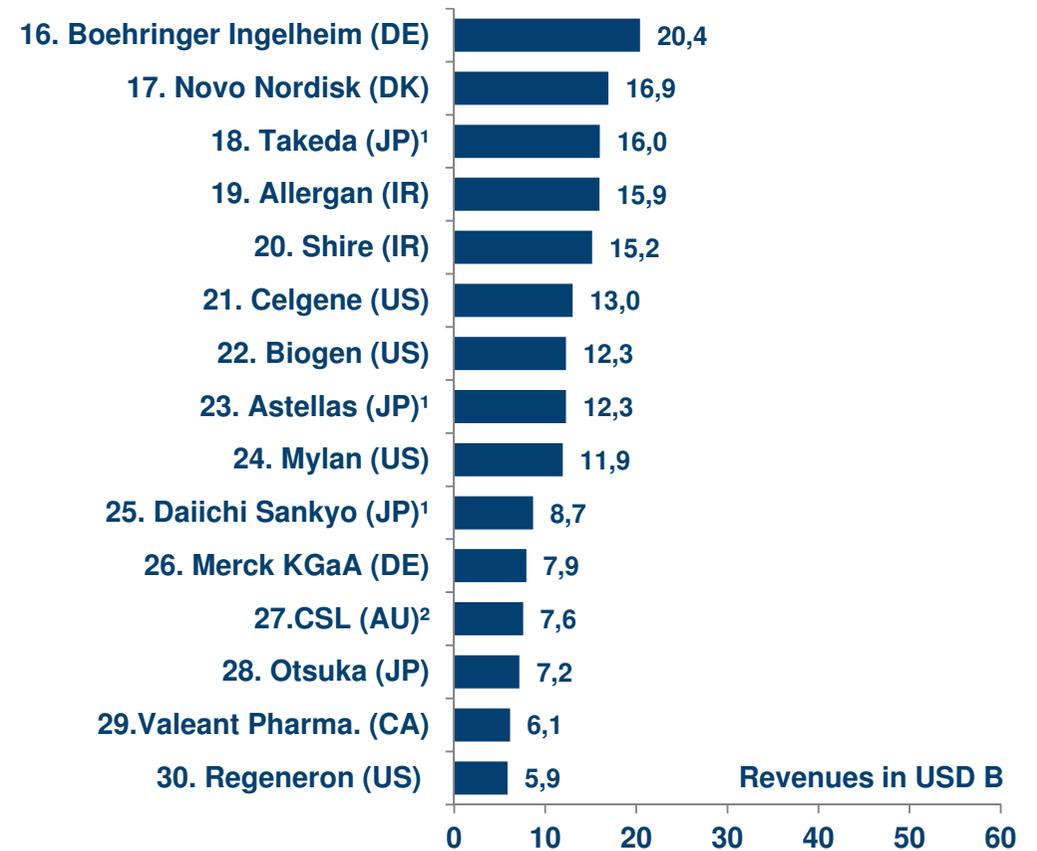
**The top 30 pharma companies based on prescription sales counts 12 companies from the USA and 11 from Europe**

**Top 30 prescription sales pharma companies (2017)**

**Top 1-15 (Big Pharma)**



**Top 16-30 (Mid Pharma)**



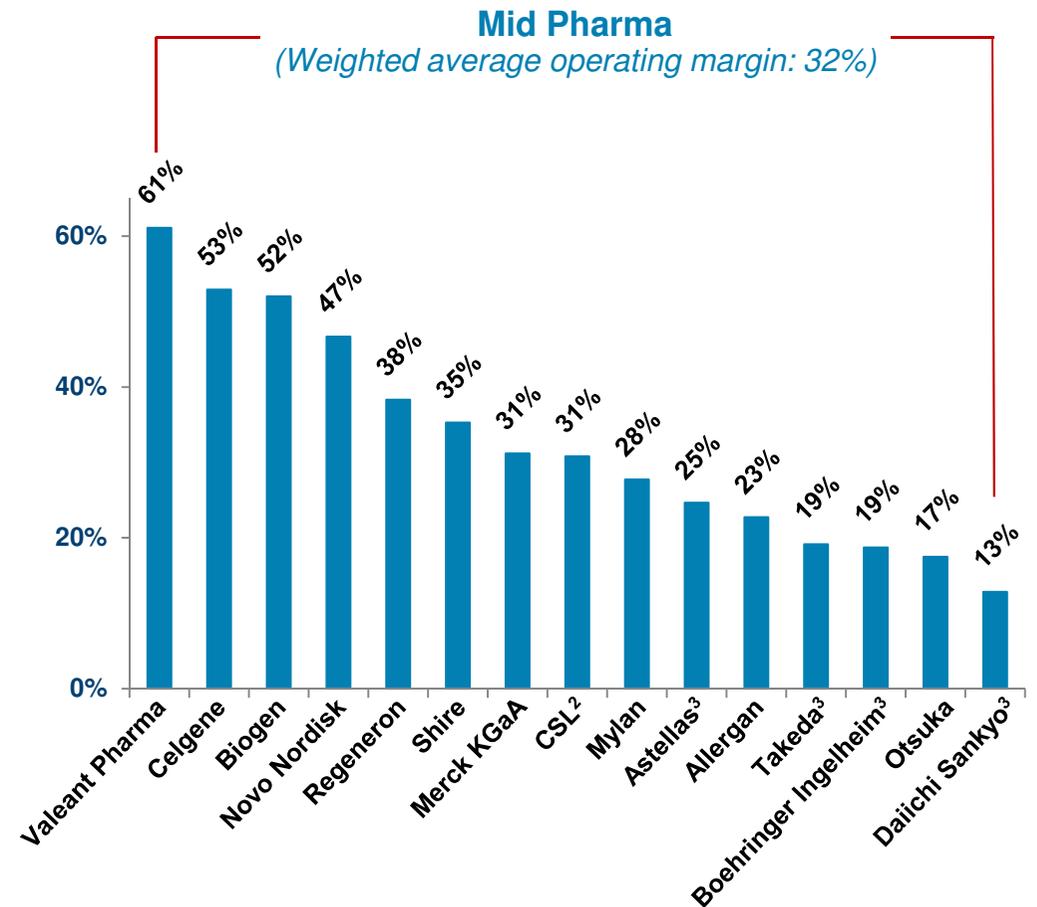
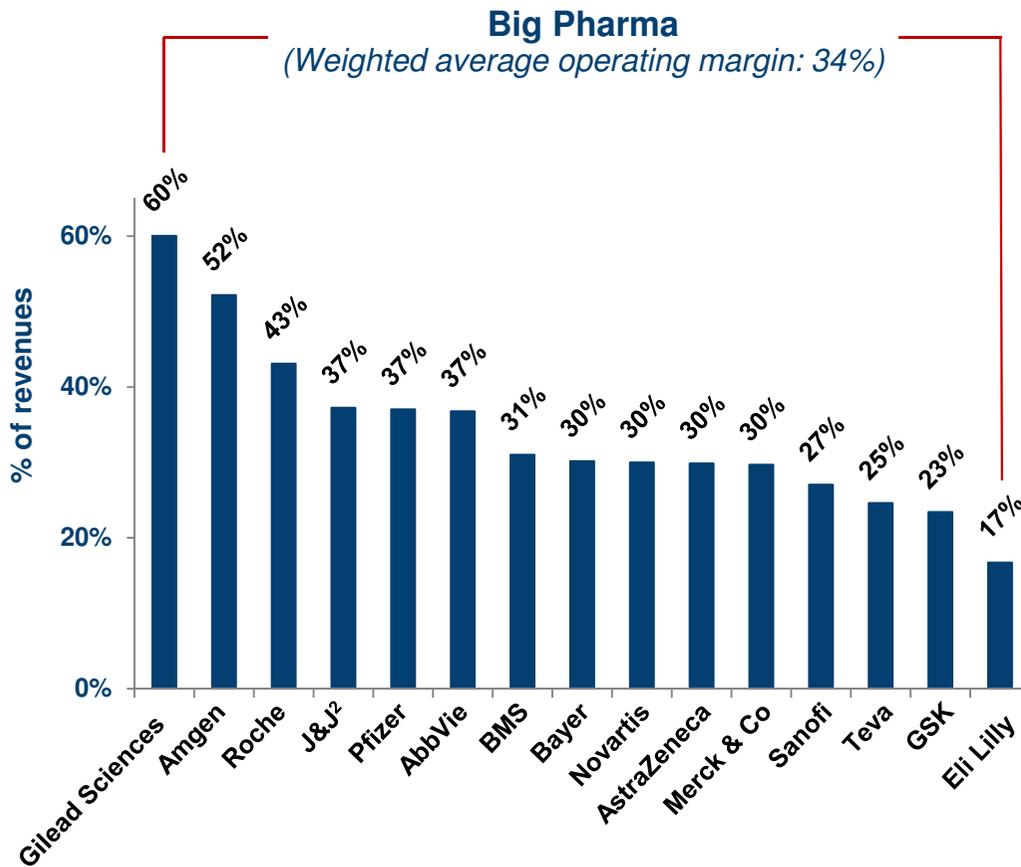
Note: panel of the 30 biggest pharma companies in terms of prescription sales in 2017 (excluding diagnostics, medical device and nutrition products)

Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses

<sup>1</sup> Fiscal year ended March 31, 2018 – <sup>2</sup> Fiscal year ended June 30, 2018

The 2017 average operating margin was higher for Big Pharma companies in comparison to Mid Pharma companies, with a similar dispersion profile

**Top 30 prescription pharma companies – EBITDA<sup>1</sup> (2017)**



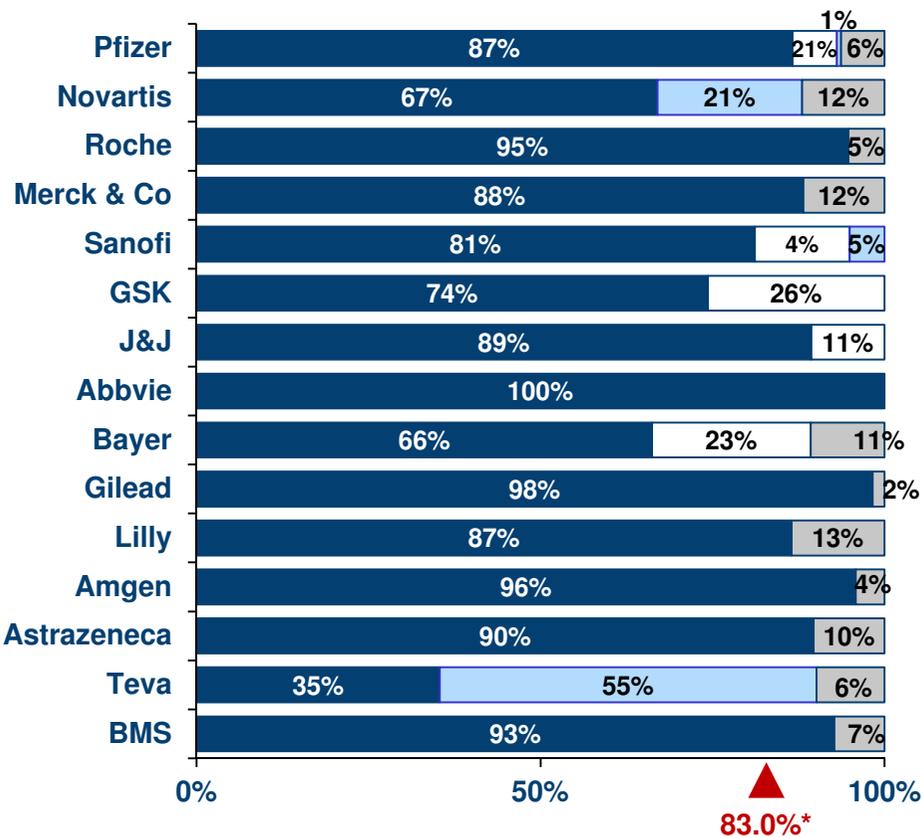
Sources: Companies annual reports (2017 or 2016) – Smart Pharma Consulting analyses

<sup>1</sup> Earnings before interest, taxes, amortization and depreciation – <sup>2</sup> 2016 data – <sup>3</sup> Fiscal year ended June 30, 2018 – <sup>3</sup> Fiscal year ended March 31, 2018

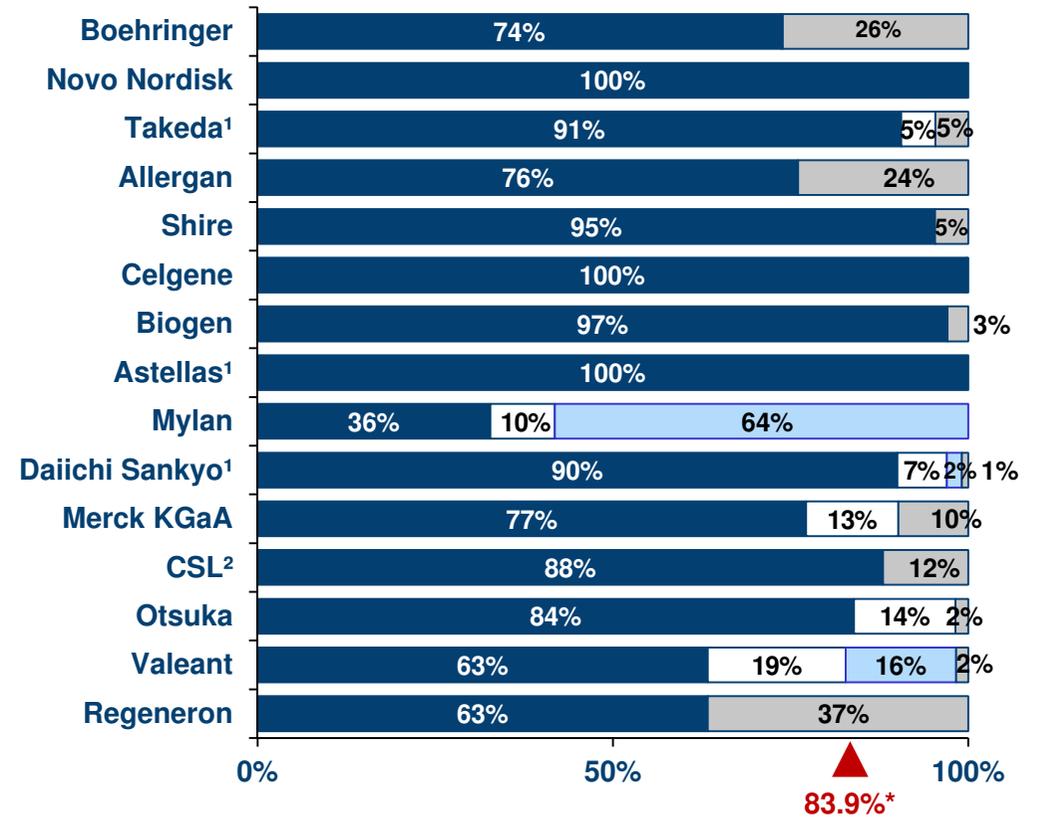
**In 2017, original Rx-bound drugs and vaccines was the main source of revenue for most Big and Mid Pharma companies**

**Strategic segments (2017)**

**Big Pharma**



**Mid Pharma**



■ Original Rx-bound drugs and vaccines    □ OTC & Consumer Health    ■ Generics    ■ Other

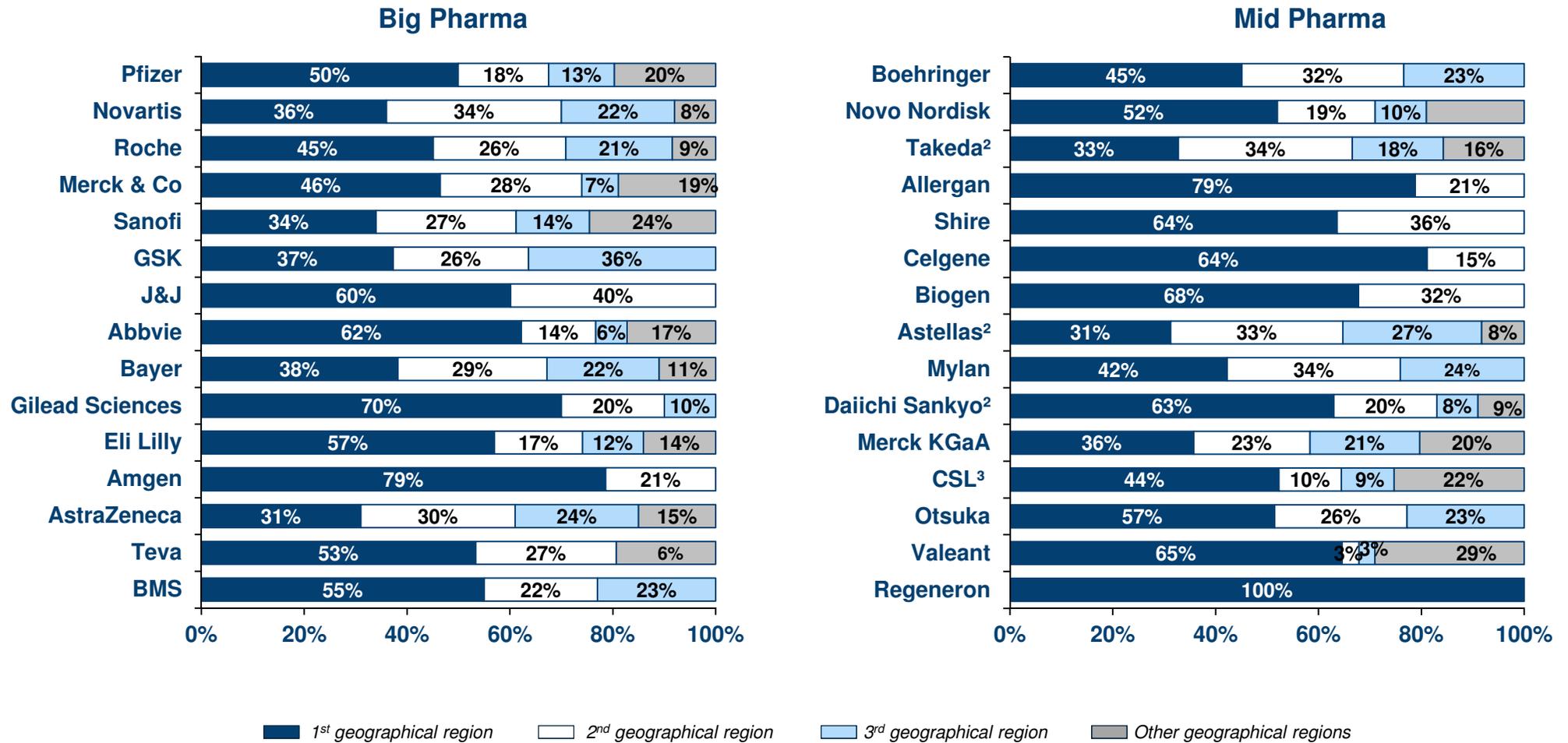
\* Weighted average of the original Rx-bound drugs and vaccines

Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses

<sup>1</sup> Fiscal year ended March 31, 2018 – <sup>2</sup> Fiscal year ended June 30, 2018

**Mid Pharma companies tend to be less geographically diversified, with most of them generating more than half of their revenues in a single region**

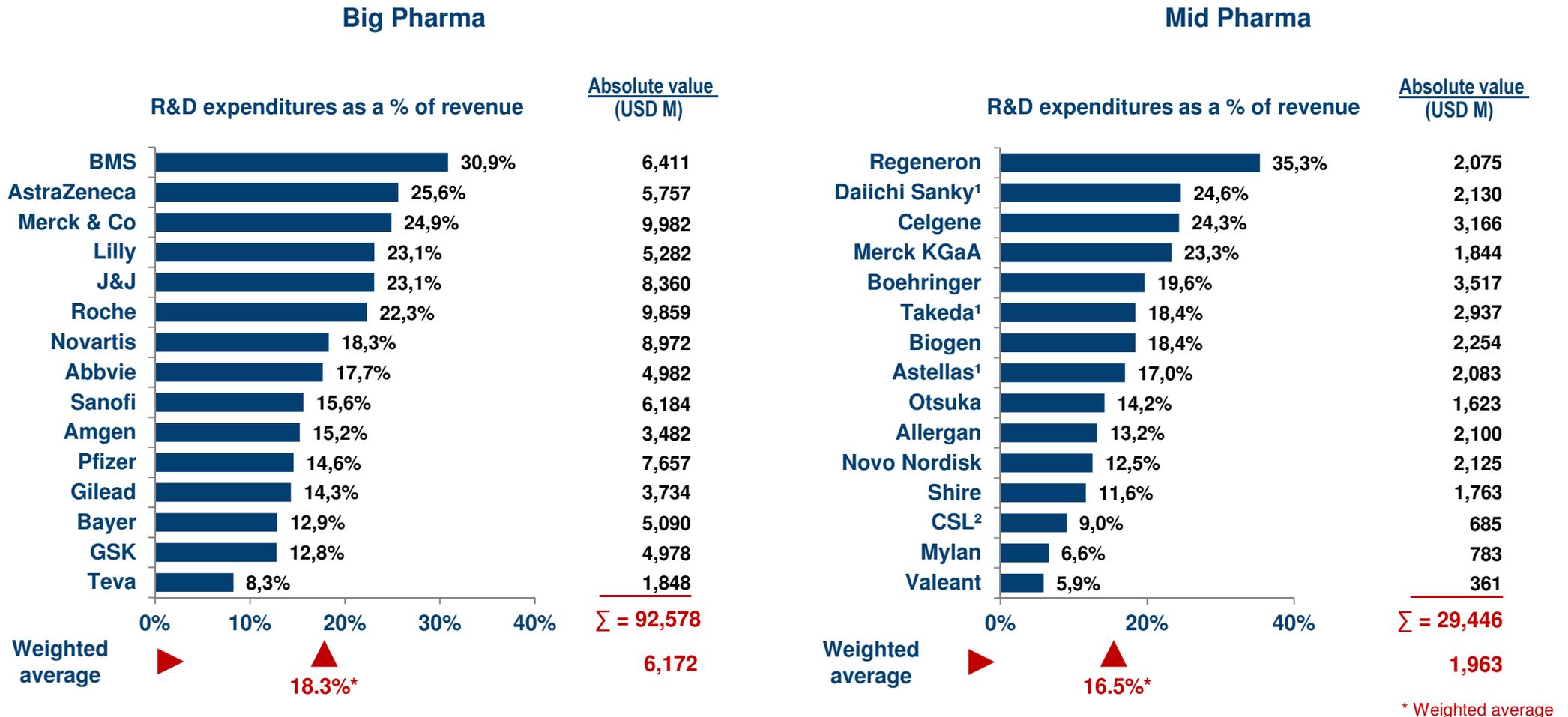
**Geographical distribution<sup>1</sup> (2017)**



Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses <sup>1</sup> 1<sup>st</sup> & 2<sup>nd</sup> geographical regions include North America (USA and Canada), Europe and Japan depending on companies – <sup>2</sup> Fiscal year ended March 31, 2018 – <sup>3</sup> Fiscal year ended June 30, 2018

**Big Pharma companies have spent three times more for R&D in absolute value than Mid Pharma companies and ~2 points more as a percentage of their revenues**

**Top 30 prescription pharma companies – R&D expenditures (2017)**



Sources: Companies annual reports (2017 or 2016) – Smart Pharma Consulting analyses

<sup>1</sup> Fiscal year ended March 31, 2018 – <sup>2</sup> Fiscal year ended June 30, 2018

## Most of the recent M&A operations have been carried out to strengthen Big and Mid Pharma companies positions on their core strategic segments

### Top 30 prescription pharma companies – Major M&A operations (2015-2017)

#### Big Pharma

Acquirer	Acquired (> USD 2.0 B)	Strategic objectives		
		Diversification	Strengthening	Expansion
Pfizer	▪ Hospira ( <i>Generics / Biosimilars</i> )	✓		
	▪ Medivation ( <i>Oncology</i> )		✓	
	▪ Anacor ( <i>Anti-inflammatory</i> )	✓		
Novartis	▪ Advanced Accelerator Applications ( <i>Oncology</i> )		✓	
Sanofi	▪ Boehringer Ingelheim ( <i>Consumer healthcare business of the company</i> )		✓	
J&J	▪ Actelion ( <i>Pulmonary arterial hypertension</i> )		✓	
AbbVie	▪ Pharmacyclics ( <i>Oncology</i> )		✓	
	▪ Stemcentrx ( <i>Oncology</i> )		✓	
Gilead Sciences	▪ Kite Pharma ( <i>Cancer immunotherapies</i> )		✓	
AstraZeneca	▪ Acerta Pharma ( <i>Cancer and autoimmune diseases</i> )		✓	
	▪ ZS Pharma ( <i>Cardiovascular and metabolic diseases</i> )		✓	
Teva	▪ Actavis Generics ( <i>Generics business of Allergan</i> )		✓	
	▪ Auspex Pharmaceuticals ( <i>CNS disorders</i> )		✓	
	▪ Rimsa ( <i>Latin America</i> )			✓
BMS	▪ Cardioxyl ( <i>Cardiovascular</i> )		✓	
	▪ IFM Therapeutics ( <i>Cancer immunotherapies</i> )		✓	

#### Mid Pharma

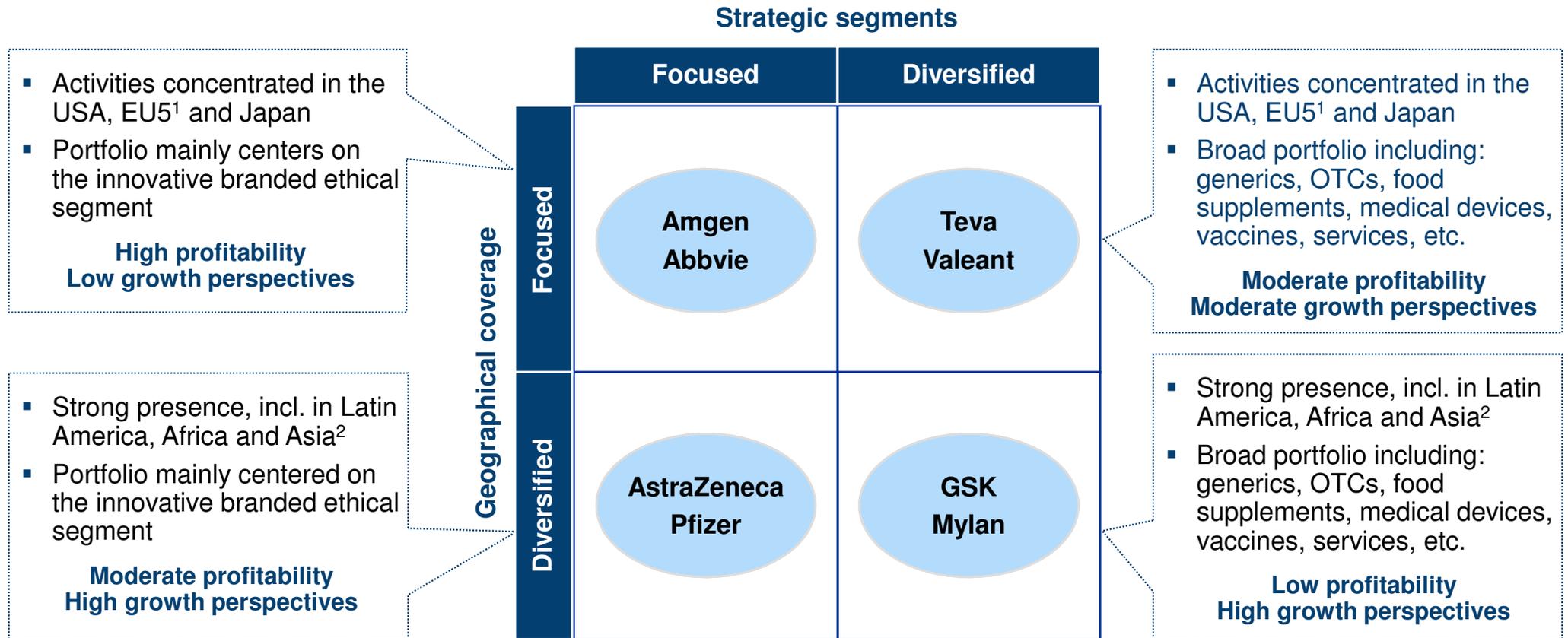
Acquirer	Acquired (> USD 2.0 B)	Strategic objectives		
		Diversification	Strengthening	Expansion
Boehringer Ingelheim	▪ Meril ( <i>Animal health business of Sanofi</i> )		✓	
Takeda	▪ Ariad Pharmaceuticals ( <i>Oncology</i> )		✓	
Allergan	▪ Life Cell unit of Acelyty ( <i>Aesthetics &amp; Regenerative</i> )		✓	
	▪ Kythera Biopharmaceuticals ( <i>Aesthetics</i> )		✓	
Shire	▪ Baxalta ( <i>Rare diseases</i> )		✓	
	▪ Dyax Corp ( <i>Rare diseases</i> )		✓	
	▪ NPS Pharmaceuticals ( <i>Rare diseases</i> )		✓	
Celgene	▪ Receptos ( <i>Immune-inflammatory diseases</i> )		✓	
Mylan	▪ Meda ( <i>OTC, Emerging markets such as China, Asia or MEA</i> )	✓		✓
Valeant Pharma	▪ Salix Pharmaceuticals ( <i>Gastrointestinal</i> )		✓	

Note: Diversification means entering new strategic segments/balancing minor segments – Strengthening means reinforcing major strategic segments – Expansion means geographical coverage

Sources: ThePharmaLetter – Companies' press releases – Smart Pharma Consulting analyses

**Concentration strategies use to generate higher profitability ratios, whereas diversification and geographical expansion strategies provide higher profit growth**

**Development strategy matrix: Principles**

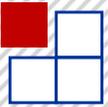
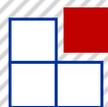
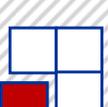


Source: Smart Pharma Consulting analyses

<sup>1</sup> France, Germany, Italy, Spain, UK – <sup>2</sup> Including segments of the population with lower income and/or from rural areas

**Even if there is no one-size-fits-all winning strategy, a “global healthcare” strategy seems to be a reasonable long-term default option for Big Pharma companies**

**Development strategy matrix: Features**

Strategic development directions	Sales evolution*	Profitability evolution*	Profit evolution*	Recommendations
 <span data-bbox="248 576 501 692">Local ethicals</span>	+	--	++	<ul style="list-style-type: none"> <li>Strategy showing the highest return on investment</li> <li>Moderately risky if portfolio of breakthrough innovations</li> <li>Reservoir of sales growth on the lower priced me-too markets (e.g. Amgen entering the biosimilars market)</li> </ul>
 <span data-bbox="248 777 501 893">Local healthcare</span>	++	--	++	<ul style="list-style-type: none"> <li>Diversification in new strategic segments should be carried out preferably through acquisitions to save time, take advantage of brand equity (especially in the OTC market), know-how, and access to clients</li> </ul>
 <span data-bbox="248 978 501 1094">Global healthcare</span>	+++	---	+++	<ul style="list-style-type: none"> <li>Portfolio diversification is best implemented through the acquisition of global players (e.g. Pfizer and Hospira)</li> <li>Geographical expansion is preferable through the acquisition of local leaders (e.g. Teva and Rimsa)</li> </ul>
 <span data-bbox="248 1179 501 1295">Global ethicals</span>	++	---	++	<ul style="list-style-type: none"> <li>Geographical expansion implies an “aggressive” direct or indirect presence (through licensing-out deals)</li> <li>Social “expansion” requires a tiered pricing policy or low-priced products to access low-income patients</li> </ul>

\* +++ Highly positive    ++ Moderately positive    + Slightly positive    --- Highly negative    -- Moderately negative    - Slightly negative

Source: Smart Pharma Consulting analyses

**Big and Mid Pharma companies are mainly focused on the Rx branded segment but Big Pharma companies are more geographically diversified**

**Pharma companies development strategy (2017)**

**Big Pharma**

**Strategic segments**

		Rx branded Focused	Diversified
Geographical coverage	Focused	<ul style="list-style-type: none"> <li> BMS</li> <li> Lilly</li> <li> Gilead</li> <li> Amgen</li> <li> AbbVie</li> <li> J&amp;J</li> </ul>	<ul style="list-style-type: none"> <li> Teva</li> </ul>
	Diversified	<ul style="list-style-type: none"> <li> Roche</li> <li> AstraZeneca</li> <li> Merck &amp; Co</li> <li> Pfizer</li> <li> Sanofi</li> </ul>	<ul style="list-style-type: none"> <li> Bayer</li> <li> Novartis</li> <li> GSK</li> </ul>

**Mid Pharma**

**Strategic segments**

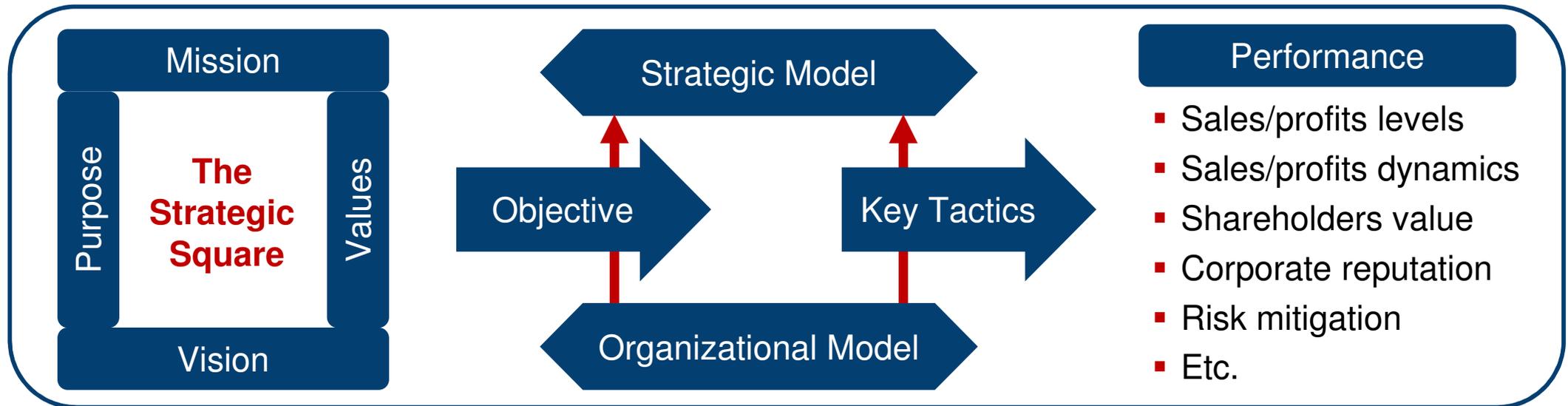
		Rx branded Focused	Diversified
Geographical coverage	Focused	<ul style="list-style-type: none"> <li> Allergan</li> <li> Amgen</li> <li> Shire</li> <li> Celgene</li> <li> Biogen</li> <li> Novo Nordisk</li> <li> CSL</li> <li> Daiichi Sankyo</li> <li> Otsuka</li> </ul>	<ul style="list-style-type: none"> <li> Valeant</li> <li> Regeneron</li> </ul>
	Diversified	<ul style="list-style-type: none"> <li> Boehringer</li> <li> Astellas</li> <li> Merck KGaA</li> <li> Takeda</li> </ul>	<ul style="list-style-type: none"> <li> Mylan</li> </ul>

Note: **Rx Branded focused:** Original Rx-bound drugs and vaccines ≥ 75% of total product sale – **Geographically focused:** >50% of sales in a single geographical region (e.g. USA, Europe, Japan, etc.)

Sources: Companies annual reports (2017) – Smart Pharma Consulting analyses

This strategic process should help pharma companies translate their “Strategic Square” into the right strategy and tactics supported by the right organization

**Methodology: Smart strategic process**



- **Purpose:** Why do we exist?
- **Vision:** What do we aspire to become?
- **Mission:** What do we do and for whom?
- **Values:** What do we believe in and how do we behave?
- **Objective:** What do we want to achieve?

- **Strategic model:** Where do we want to play and how are we going to play to win?
- **Organizational model:** What are the activities/capabilities, the processes, the structure<sup>1</sup> and culture we need to put in place to execute the strategy?
- **Key tactics:** How are we going to execute the strategy?
- **Performance:** What have we quantitatively and qualitatively<sup>2</sup> achieved and what are the gaps and why, if any?

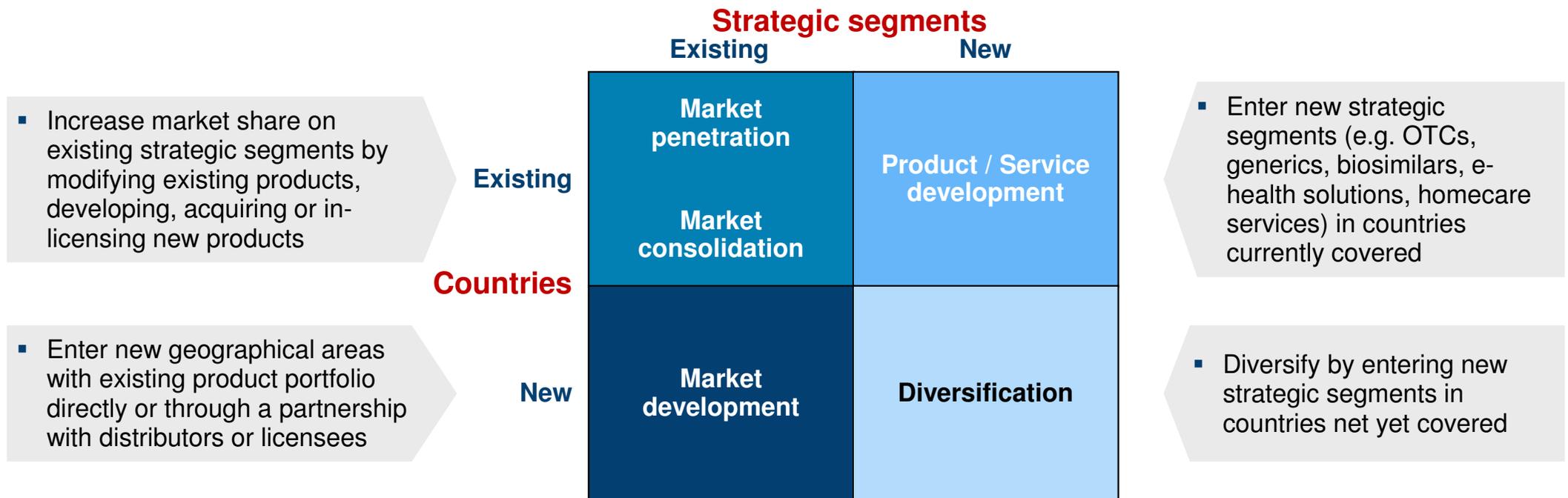
Source: Smart Pharma Consulting

<sup>1</sup> Including the headcounts and the organigramme – <sup>2</sup> Such as corporate reputation (see our position paper on our website)

**Four basic corporate strategies can be adopted by pharma companies to secure a long-term and profitable growth, in line with their shareholders expectations**

**Corporate strategy crafting (1/2)**

- The Development strategy matrix is a practical tool to select the most attractive sources of growth
- Diversification is in general the riskiest option because the farthest from the company core competencies
- However, playing in diverse strategic segments with different characteristics can enable to mitigate business risks



*“The purpose of corporate strategy is to decide where to play and how to play to succeed”*

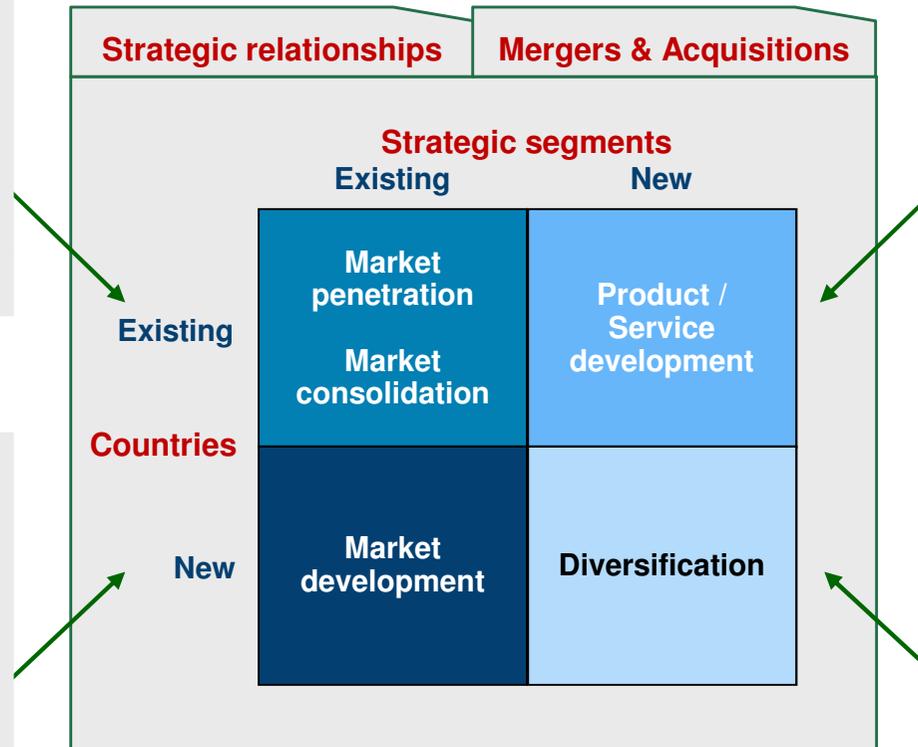
Source: Adapted by Smart Pharma Consulting from H. Ansoff

**The corporate strategy can be implemented by pharma companies organically or inorganically, through strategic partnerships, mergers or acquisitions<sup>1</sup>**

**Corporate strategy crafting (2/2)**

- Collaboration with a third party (e.g. pharma company and/or CSO<sup>2</sup>) to increase share of contacts and/or share of voice
- Co-marketing or co-promotion agreements to increase resources to market a product
- Acquisition of competitors to reduce or better manage competitive intensity

- Direct market entry by setting up its own subsidiary
- Indirect market entry by licensing-out its product portfolio to a third party or with a CSO
- Indirect market entry by acquiring a local player to take advantage of its resources and capabilities



- Entry on new strategic segments can be carried out through in-house R&D and/or through:
  - Horizontal integration (e.g. OTC, generics, homecare services)
  - Downward integration (e.g. distribution business)
  - Upward integration (e.g. toll manufacturing business)
  - Outsourcing to a CRO<sup>3</sup>
  - Etc.

- New strategic segments entry and new geographical coverage can be carried out organically or through acquisition, merger, joint-venture, in-licensing (e.g. with a pharma company) or subcontracting (e.g. with a pharma company, a CSO, a CRO) agreements

Source: Adapted by Smart Pharma Consulting from H. Ansoff

<sup>1</sup> See our position paper "Best-in-Class Pharma BD&L" available on our website –  
<sup>2</sup> Contract sales organization – <sup>3</sup> Contract research organization

**To craft a successful strategy, pharma companies must evaluate their business environment to identify where their competitive advantage will be the strongest**

**Business strategy crafting (1/3)**

- To create a successful business strategy, pharma companies should carefully evaluate the strategic segment landscape they play in by:

**Customers**

- Developing a detailed understanding of customer needs / wants
- Segmenting and targeting customers
- Identifying unique ways of creating superior value for customers

**Competitors**

- Analyzing competitors' current strategies, their impact, and predicting how they might change in the future

**Company**

- Providing products and services fulfilling better than competition, tangible and intangible customers needs / wants
- Finding strategic spaces or “blue oceans” that align the company’s capabilities with customer unmet needs and...
- ... raising barriers to prevent competitors to enter



*“Don’t just give customers excellent services, make sure they realize how great is the service they get”*

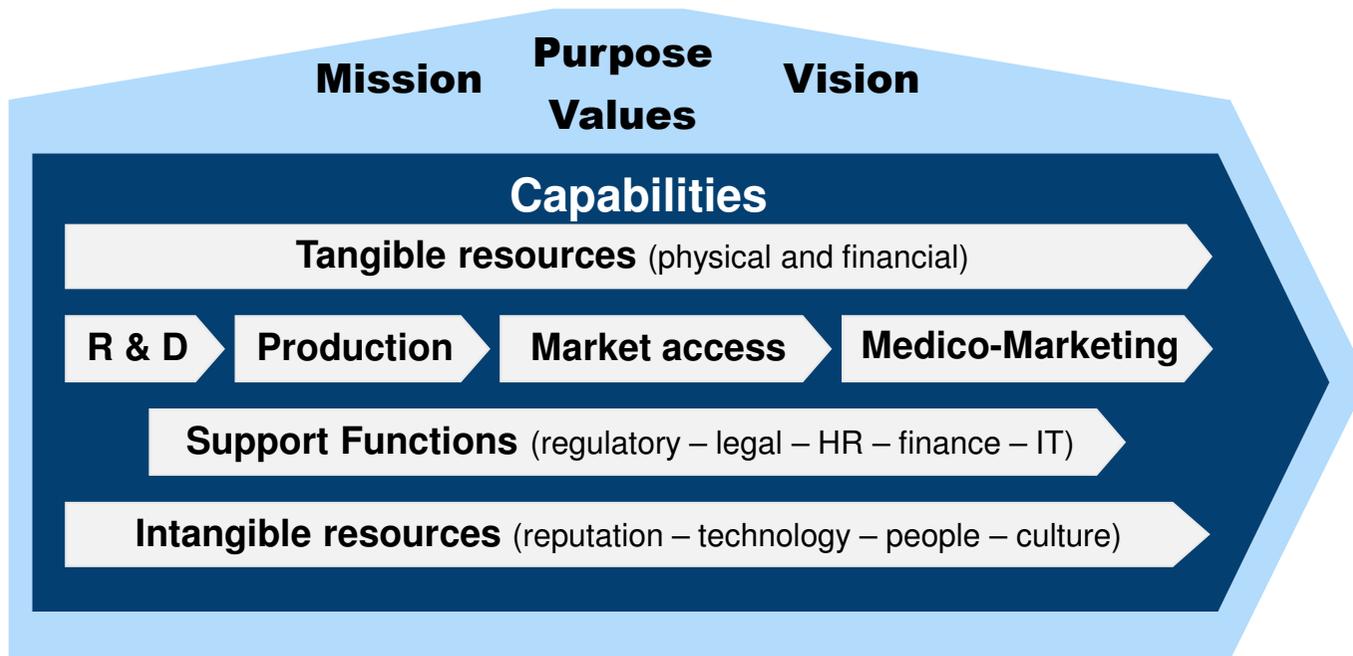
Source: Adapted after C. Kim et R. Mauborgne 2005 - D.J. Collis , HBR April 2008 - Smart Pharma Consulting

<sup>1</sup> Political/legal, Economic, socio-demographic and technological factors –  
<sup>2</sup> Including Suppliers, new entrants, substitutes, complements

The business strategy must offer a value proposition that meets, better than competition, customers needs and wants, by mobilizing capabilities and resources

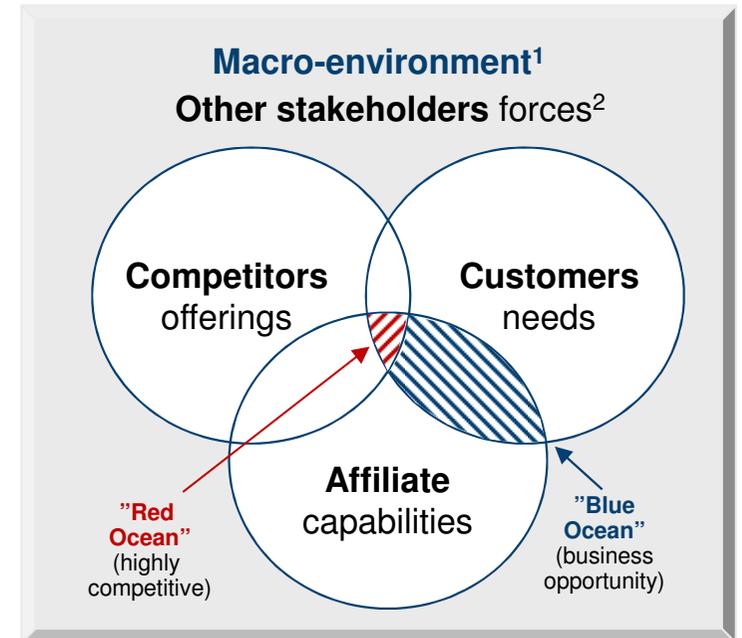
**Business strategy crafting (2/3)**

**Business model**



**Strengths & Weaknesses**  
(Competitive advantage)

**Strategic segments**  
(e.g. Rx-bound brands, generics, OTCs, devices, etc.)



**Opportunities & Threats**  
(Attractiveness & Key success factors)

**Objectives & Strategic priorities**

Sources: Adapted by Smart Pharma Consulting from C. Kim et al. and from D.J. Collis, HBR April 2008

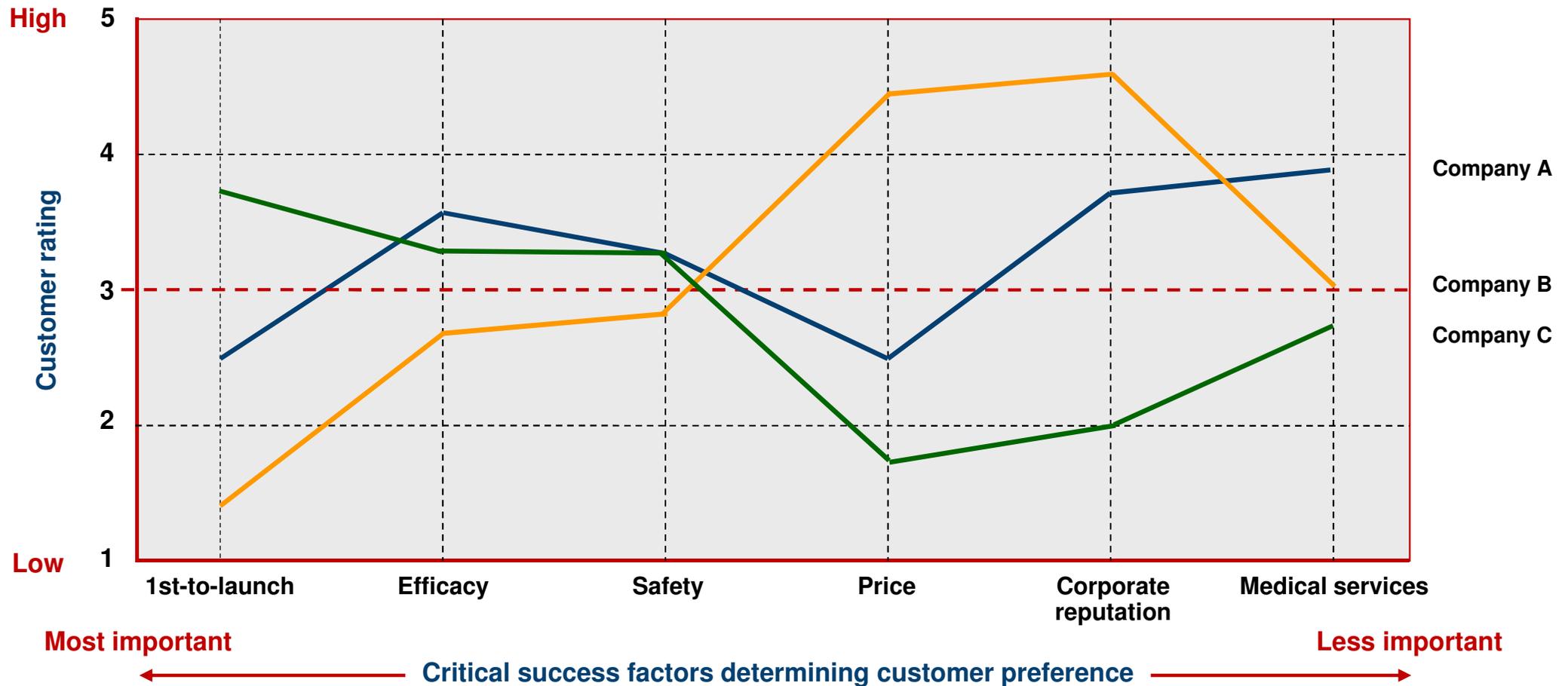
<sup>1</sup> Political / legal, economic, socio-demographic and technological factors –  
<sup>2</sup> Including suppliers, new entrants, substitutes, complements

The strategic canvas can help identify strategic gaps which represent opportunities that are not being fully exploited by competition

**Business strategy crafting (3/3)**

Strategic canvas

*Illustrative*

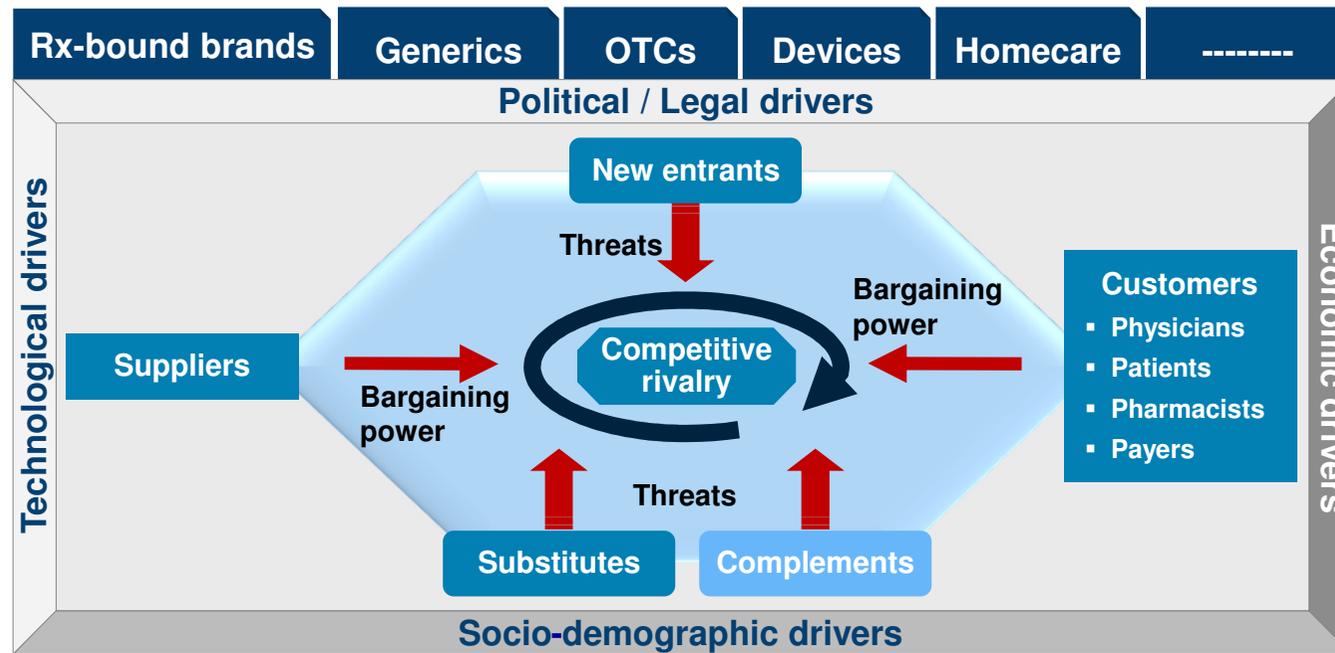


Source: Adapted after C. Kim et R. Mauborgne 2005

<sup>1</sup> Political / legal, economic, socio-demographic and technological factors –  
<sup>2</sup> Including suppliers, new entrants, substitutes, complements

**Business opportunities by strategic segment (e.g. original Rx-bound drugs, generics, OTCs, etc.) can be assessed through PEST analysis and the “5+1 forces framework”**

**Business strategy – Attractiveness of strategic segments (1/3)**



- The four key macro-environmental drivers:
  - Political / Legal
  - Economy
  - Socio-demography
  - Technology
- The five key micro-environment drivers:
  - Suppliers
  - Customers
  - New entrants
  - Substitutes
  - Competitive rivalry
- ... plus the “Complements” influence the attractiveness of each strategic segment and impact the success or the failure of pharma companies strategy
- These key drivers for change can be used to build scenarios of possible futures, especially by adopting the “what if” technique

Analysis of Political / Legal – Economic – Socio-demographic – Technological drivers, called PEST analysis, and then the “5+1 forces Framework” will help pharma companies set an appropriate strategy per strategic segment

■ “Porter's five forces”    ■ “Additional force”

Source: Adapted by Smart Pharma Consulting from M. Porter 2008

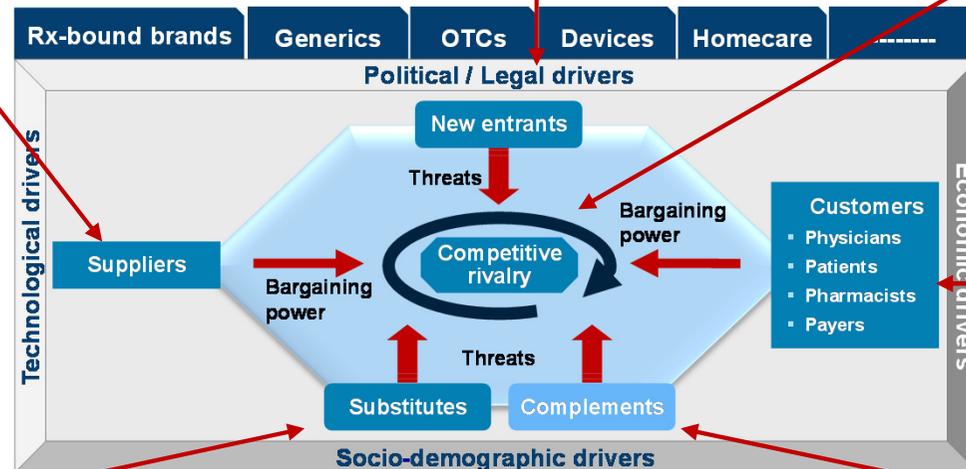
The “5+1 forces framework” is particularly helpful to identify the key stakeholders that will influence the long-term structure and profitability of strategic segments

**Business strategy – Attractiveness of strategic segments (2/3)**

- **Most R&D-based pharma companies** being vertically integrated, threats from suppliers are rarely an issue
- **However, on the generics segment**, API<sup>1</sup> or DDS<sup>2</sup> suppliers may have a stronger bargaining power

- **New entrants** (e.g. innovative products, “me-too” products, generic products) are likely to modify competitive intensity and therefore pharma companies performance

- **Competitive rivalry intensifies with:**
  - Price discounting
  - New formulations, indications, products
  - Commoditization
  - Service improvement
  - Promotional costs



- **Higher pressure from groups of customers:**
  - Patient advocacy groups asking for better services
  - Buying groups have increased the distributors’ leverage

- **Substitute products or services include:**
  - Alternative therapies
  - Preventive therapies (e.g. vaccination vs. anti-infective drugs)

The “5+1 forces framework” allows to determine how strategic segment’s profit will be shared between stakeholders, depending on their respective competitive advantage

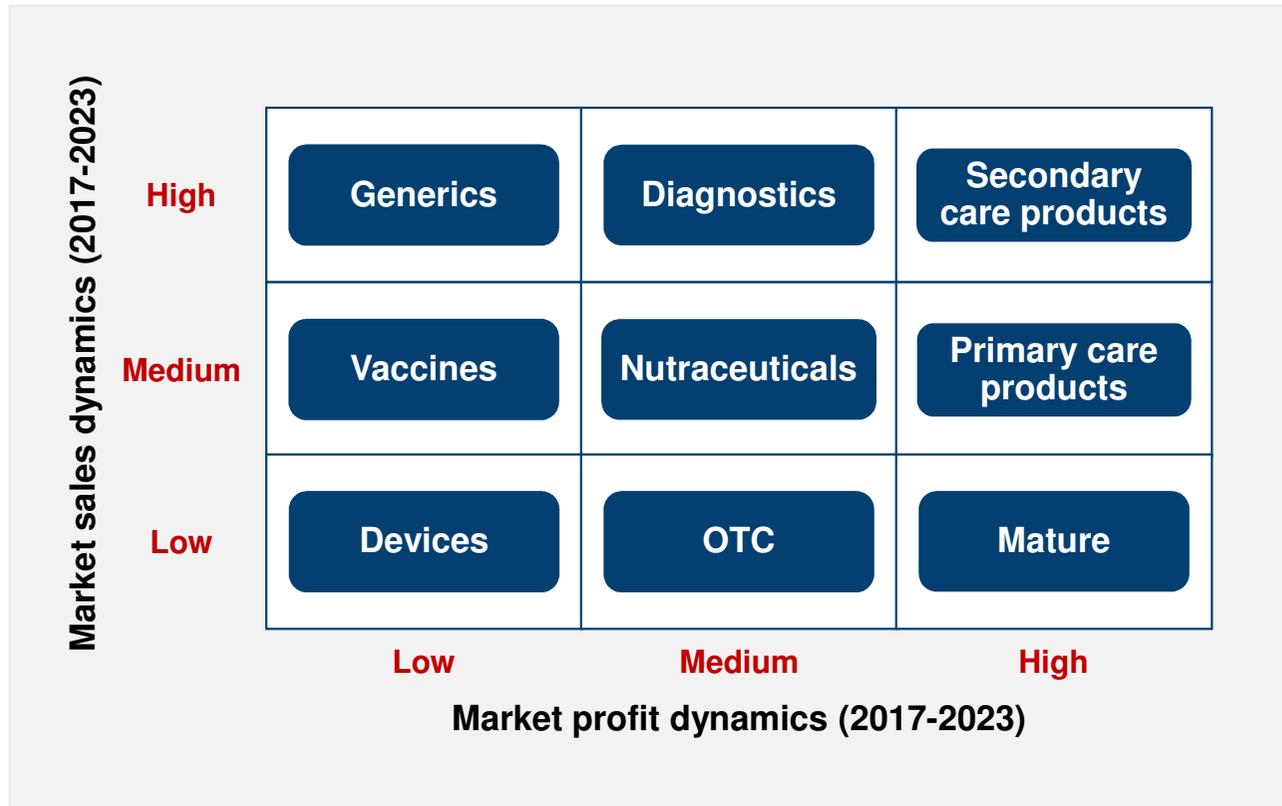
- **Complementary products or services include:**
  - Devices (e.g. BGM<sup>3</sup>)
  - Diet food
  - Patient compliance management services

Source: Adapted by Smart Pharma Consulting from M. Porter 2008

<sup>1</sup> Active pharmaceutical ingredients – <sup>2</sup> Drug delivery system – <sup>3</sup> Blood glucose meter

Attractiveness of new strategic segments should be put into a dynamic perspective and potential synergies with existing businesses also be considered

**Business strategy – Attractiveness of strategic segments (3/3)**



- The attractiveness of a strategic segment should be defined, based on the evolution of economic indicators such as sales and profits
- Additional parameters such as potential synergies with the existing business should also be considered, while evaluating attractiveness of new strategic segments

Source: Smart Pharma Consulting analysis

**Key success factors by strategic segment where business opportunities have been identified are driven from competitive intensity and from customers needs and wants**

**Business strategy – Key success factors by strategic segment**

**How do affiliates survive competition?**

▪ **Competitive analysis**

- What drives competition?
- What are the main dimensions of competition?
- How intense is the competition?
- How can we obtain a superior competitive position?
- How can we create customer's preference?

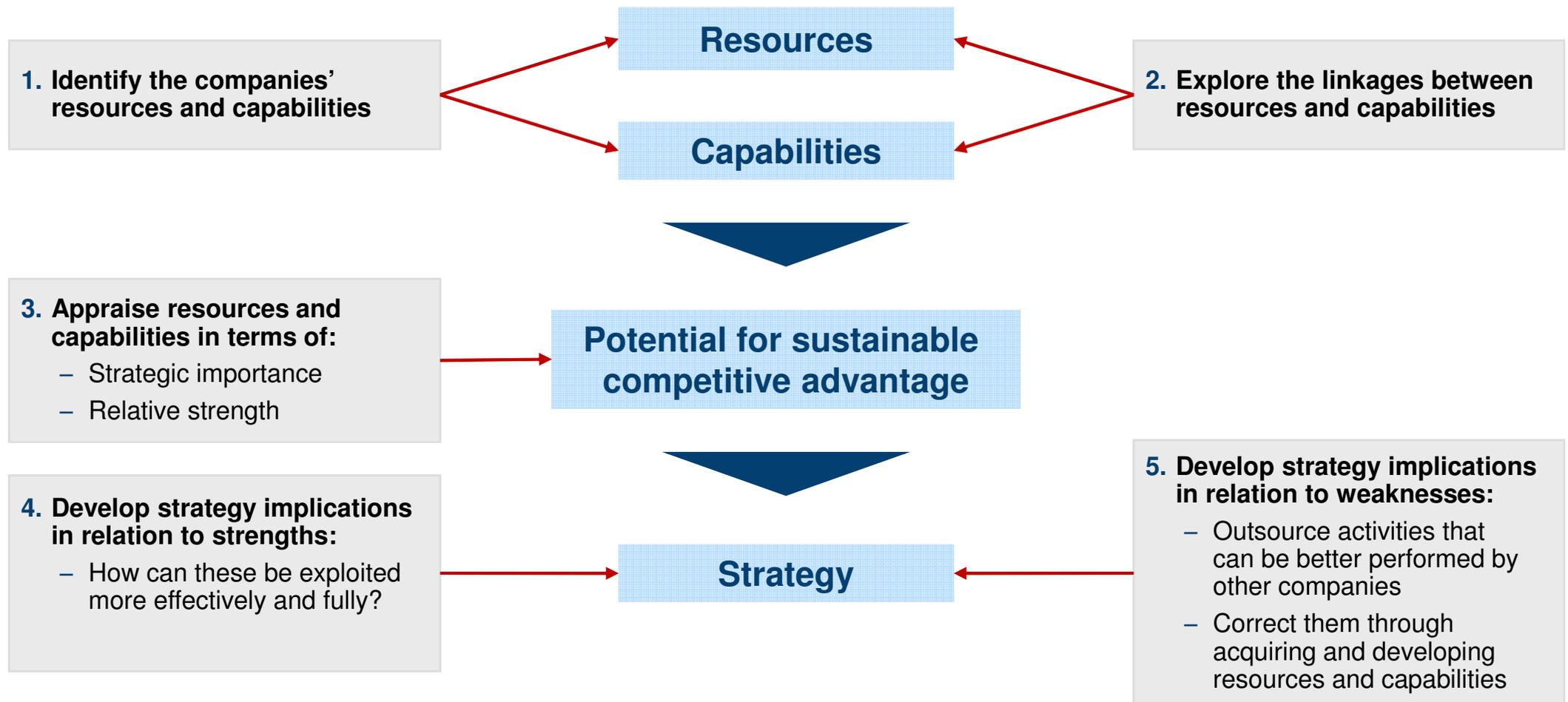
**What do customers need and want?**

▪ **Demand analysis**

- Who are our customers?
- What is their respective role? (prescribers, consumers, distributors, payers, influencers, “injectors”, etc.)
- What do they want?
- What do they need?
- What are their available alternatives?
- What does create customers' preference?

**Systematic appraisal of company’s resources and capabilities provides the basis for formulating operational strategy**

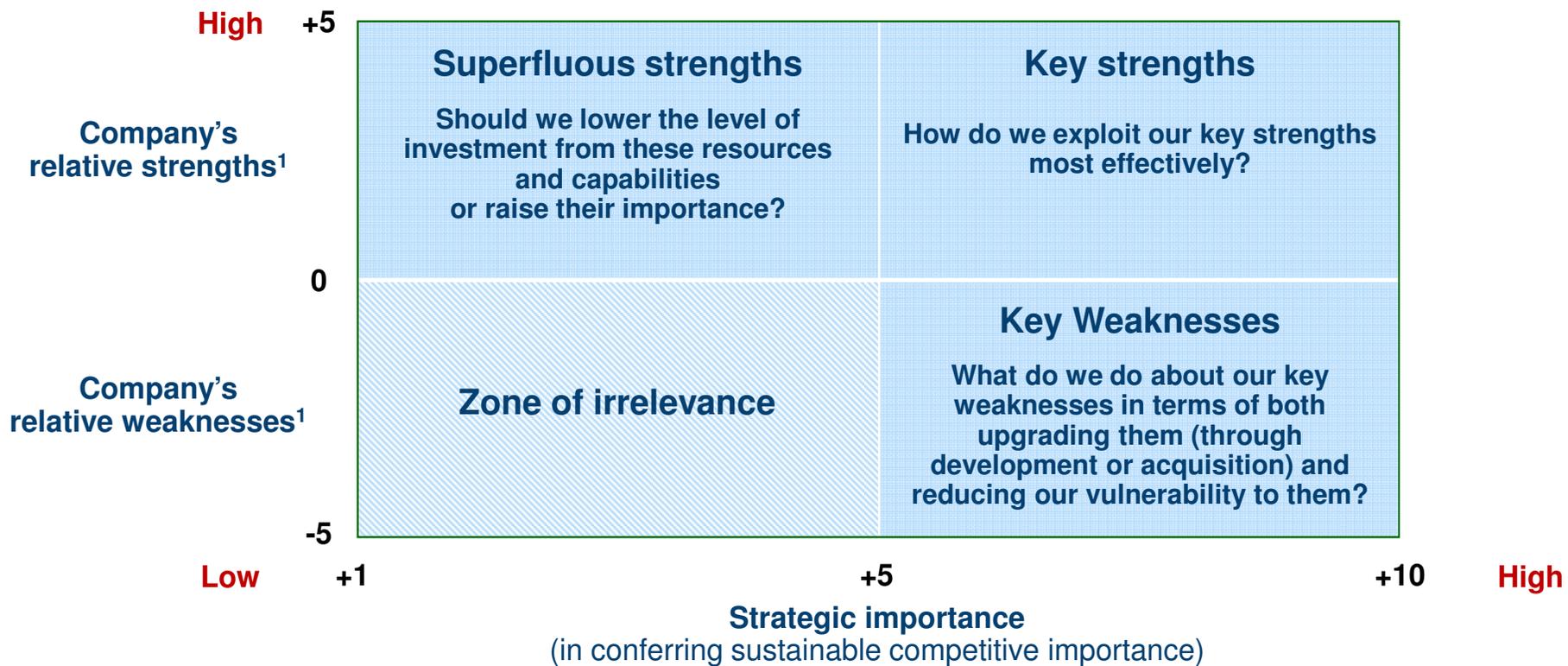
**Operational strategy crafting**



Source: Adapted by Smart Pharma Consulting from R. Grant 2008

Pharma companies should reinforce resources and capabilities that are critical to establishing a sustainable competitive advantage to generate superior profits

**Operational strategy – Resource and capabilities assessment**



*“ Some resources and capabilities are needed to play, but not needed to win ”*

Source: Adapted by Smart Pharma Consulting from R. Grant 2008

<sup>1</sup> Compared with competitors

## Pharma companies capabilities can be developed or adjusted internally, as well as externally through outsourcing, strategic alliances or merger and acquisition

### Operational strategy – Approaches to capability development

#### Merger & Acquisition

- Acquiring capabilities should be considered if desired capabilities can only be developed over long periods
- Integrating the acquired capabilities with the acquirer's ones involves major risks such as:
  - Culture clashes
  - Personality clashes
  - Incompatibility of management systemsresulting in degradation or destruction of the capabilities that were sought

#### Outsourcing

- Companies can access capabilities (and resources) by borrowing them from other companies through outsourcing arrangements

#### Internal Development

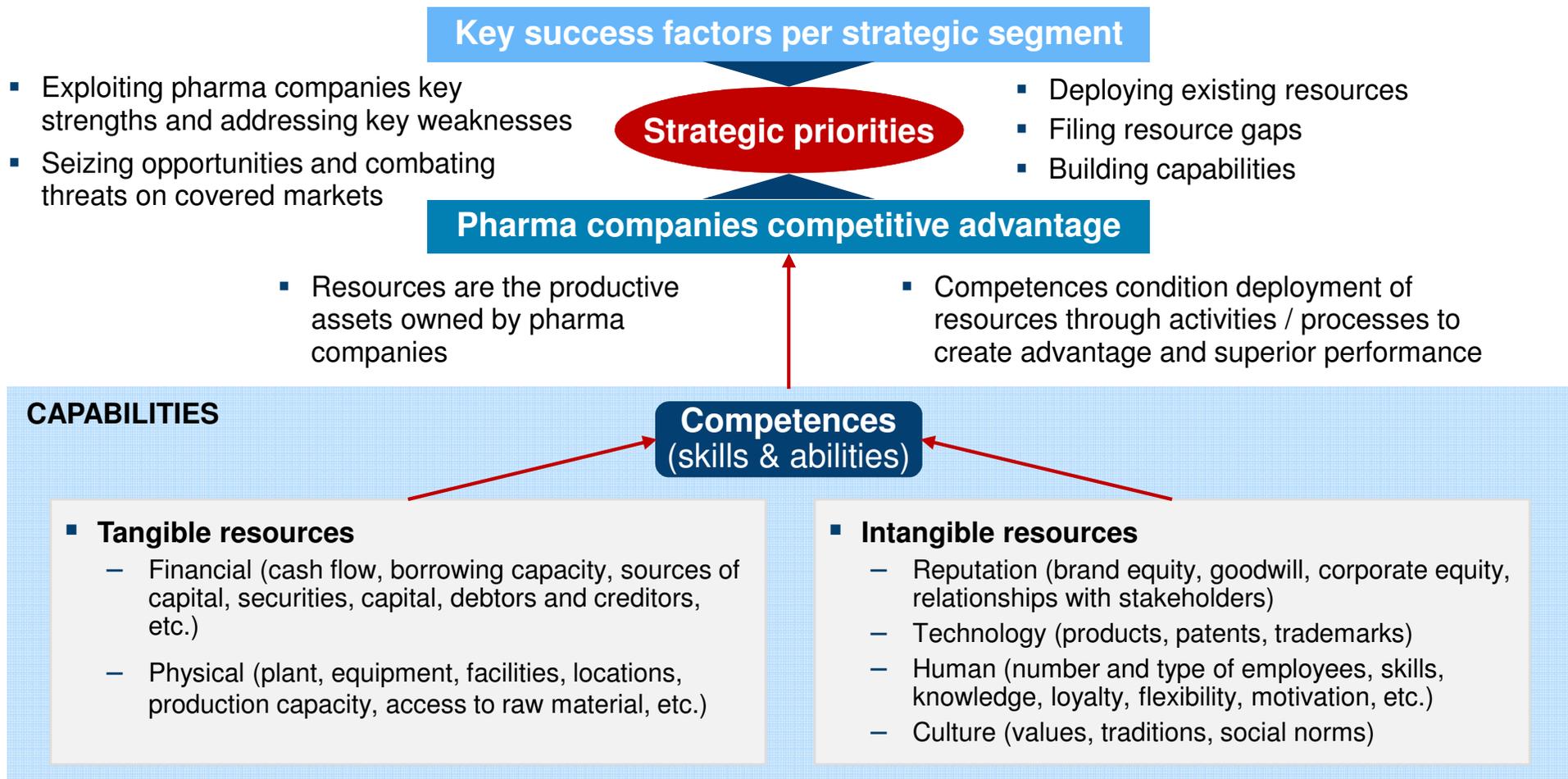
- Growing capabilities requires that companies replicate them internally...
- ... by systematizing the knowledge that underlies capabilities through the formulation of SOPs<sup>1</sup>

#### Strategic Alliances

- Accessing capabilities through alliances offers a more targeted and cost effective mean than acquisition
- A strategic alliance involves the sharing of resources in pursuit of common goals
- Where both alliance partners are trying to acquire one another's capabilities, the result may well be a "competition for competence" that ultimately destabilizes the relationship

**Strategic priorities should be set after capabilities assessment to outperform competitors on key success factors inherent to each targeted strategic segment**

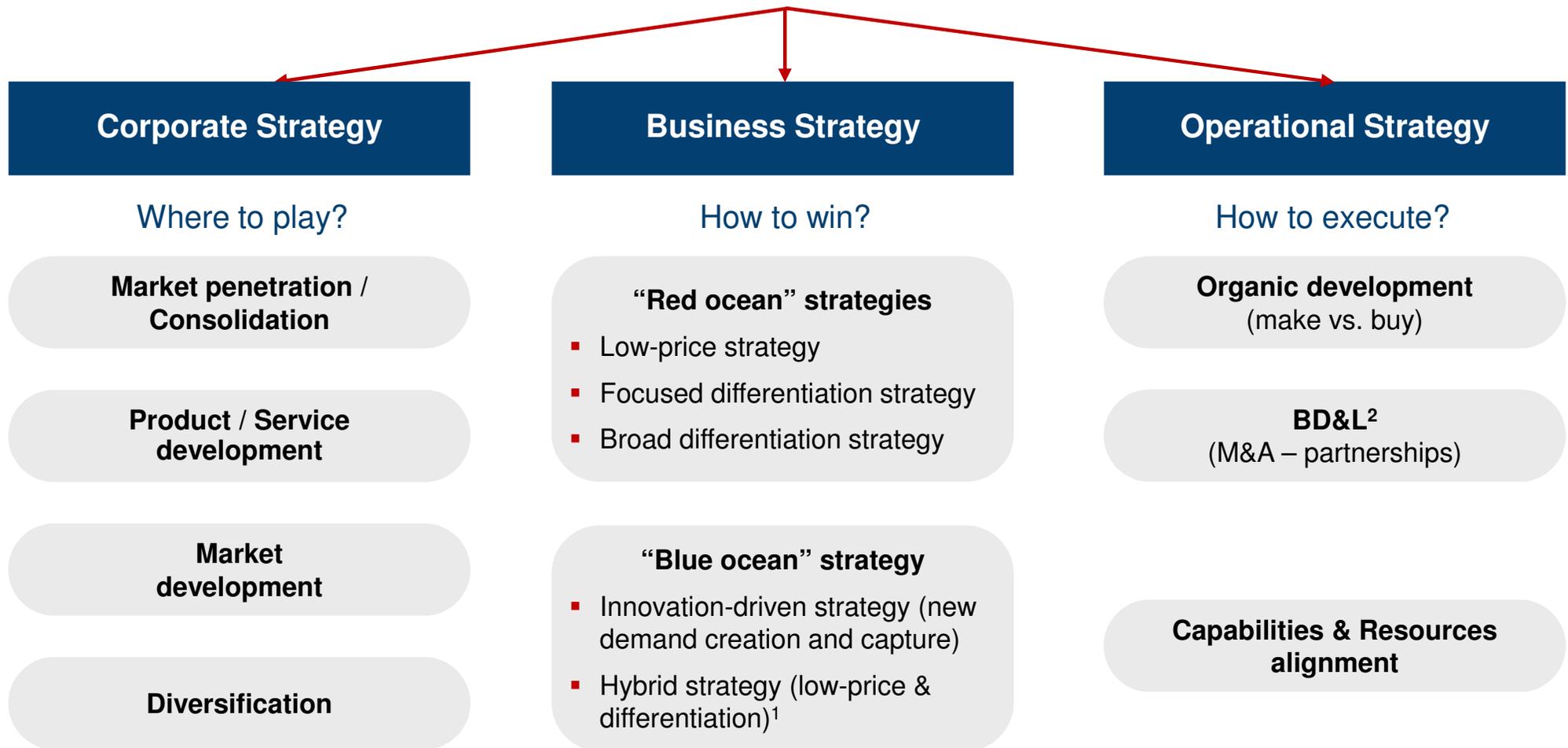
**Strategic priorities & competitive advantage**



Source: Adapted by Smart Pharma Consulting from R. Grant 2008 and D. Waters 2006

The three different strategic levels – corporate, business and operational – must be crafted in a consistent manner to optimize the impact on performance

**Multi-level strategic options**



Sources: Adapted by Smart Pharma Consulting from G. Johnson et al., 2008, W.C. Kim & R. Mauborgne, 2005

<sup>1</sup> Eliminating or reducing costs while raising or creating value – <sup>2</sup> Business Development & licensing

The strategic thinking process aims at aligning company’s unique capabilities and resources to seize market opportunities and address market threats

**Strategic thinking framework (1/3)**



Source: Smart Pharma Consulting

<sup>1</sup> Including payers, physicians, patients, pharmacists, nurses

## Smart Pharma Consulting recommends the following approach to craft a strategy at corporate, business and operational levels to boost pharma companies performance

### Strategic thinking framework (2/3)

#### Situation Analysis

- **Kick-off meeting organization**
  - Agreement on project management, scope and deliverables
- **Historical market and product data analysis (2014 – 2017)**
  - Internal and external data collection through desk research, and interviews to acquire the right level of insights
  - Analysis of sales and profits per strategic segment:
    - Competitive landscape (health authorities, clients and competitors opinions and behaviors)
    - Corporate assets (product portfolio, capabilities and resources)
  - Advanced SWOT analysis
- **Sales and profits growth modeling (2018 – 2023) by applying the on-going strategy (“as is” scenario)**
- **Writing of the situation analysis summary**

#### Strategy Formulation

- **Strategy crafting workshops**
  - Review of situation analysis outputs
  - Reassessment of the strategic square (purpose, mission, vision, values)
  - Strategic objective setting
  - Review and prioritization of multi-level strategic options (corporate, business, operational)
  - Development of tactics that will support the selected strategies (alignment of capabilities and resources along the different components of the value chain)
- **Fine-tuning of the strategy**
  - Sales and profits growth modeling (2018 – 2023) following the integration of the recommended strategy and tactics (“boosted” scenario)
  - Final selection of the strategic levers (suitability, efficacy / acceptability and feasibility) to boost the performance
  - Tactical recommendations (key activities supporting strategic priorities) and monitoring tools<sup>1</sup>
- **Writing of the 2018 – 2023 Strategy Plan**

The following enabling tools will help pharma companies make strategic decisions and formalize them in a robust and practical strategic plan

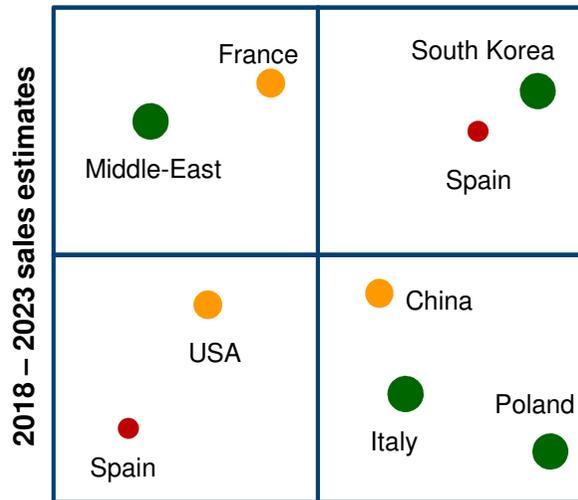
**Strategic thinking framework (3/3)**

*Illustrative*

**Situation Analysis**

**Strategy Formulation**

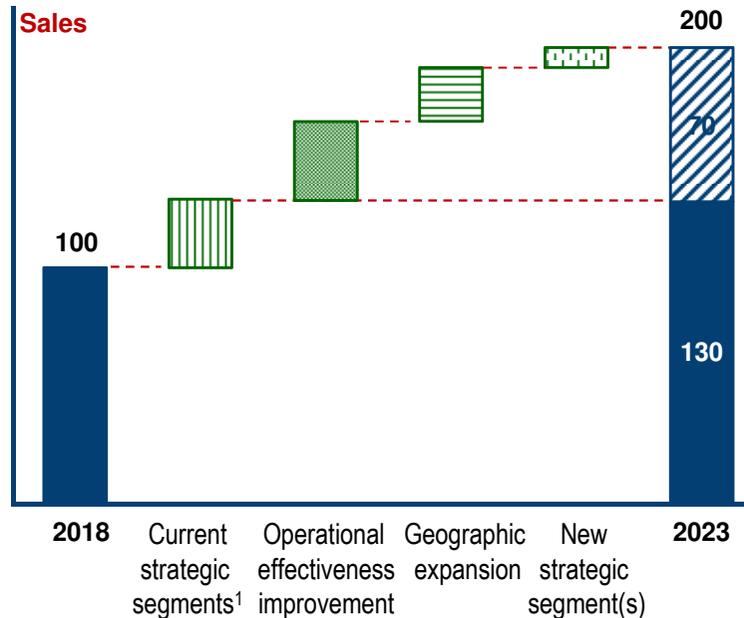
**Potential of current strategic segments by country**



**2018 – 2023 profits estimates**

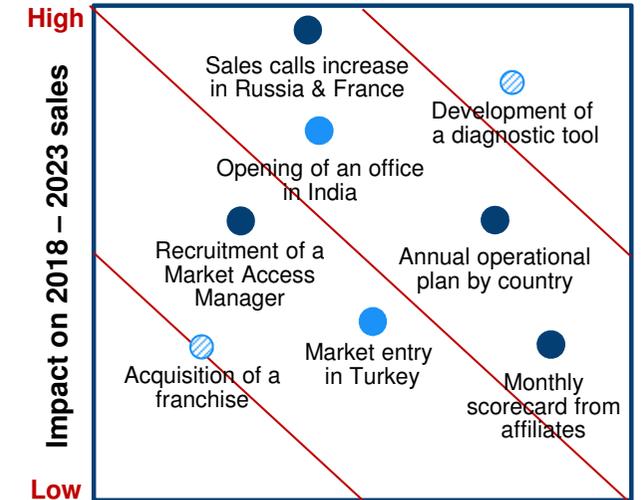
**Operational effectiveness level**  
 Low ● Moderate ● High ●

**2018 – 2023 sales growth estimates**



Sales gap between the “as is” and the “boosted” scenarios

**Prioritized strategic levers**



**Low Feasibility High**  
 (Legal - technical - financial - economic)

**Operational effectiveness** ●  
**Geographical coverage** ●  
**New strategic segment** ●

**This masterclass has been designed to help pharma executives build robust and relevant strategies while ensuring their proper execution for an optimal result**

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**Masterclass: Pharma Strategy & Operational Excellence**

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**Day 1: Market Analysis**

- 9:00 Introduction to the masterclass
- 9:10 Review and discussion of most appropriate concepts, methods and tools to analyze current strategies (at corporate, business and operational levels)
- 10:30 *Break*
- 10:45 Case study #1: **Strategic situation analysis:**
  - Analysis of strategic segments covered
  - Analysis of products/services offered by segment
  - Corporate, business and operational strategy assessment
- 13:00 *Lunch*
- 14:00 Presentation of the case study outputs, discussion and agreement on key learnings
- 15:30 *Break*
- 15:45 Lecture by and discussion with an expert:  
**“Review of the most audacious and successful strategies – Lessons from non pharma markets“**
- 17:00 End of the 1<sup>st</sup> day

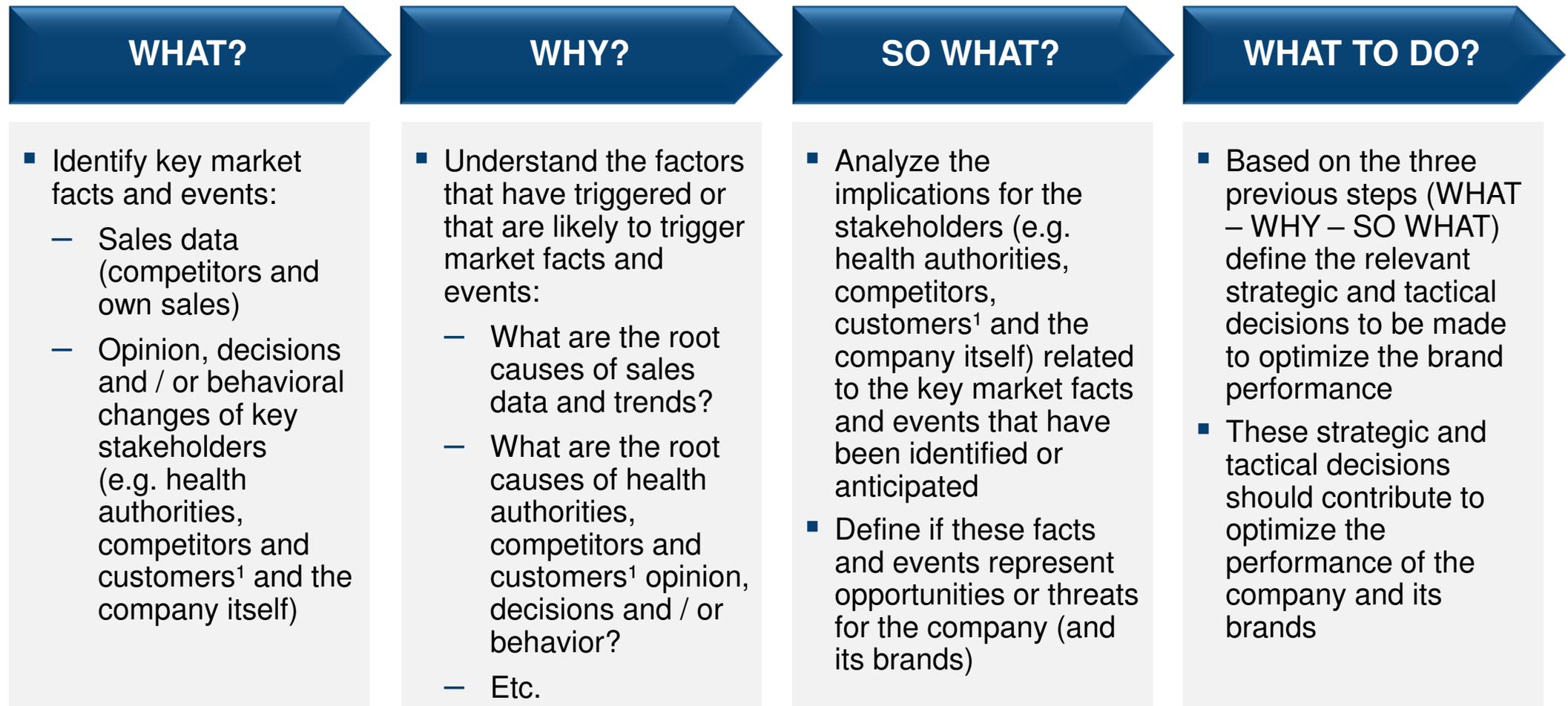
**Day 2: Strategy Crafting & Execution**

- 9:00 Introduction to the 2<sup>nd</sup> day
- 9:10 Review and discussion of most appropriate concepts, methods and tools to craft and execute strategies (at corporate, business and operational levels)
- 10:30 *Break*
- 10:45 Case study #2: **Strategy crafting:**
  - Setting a strategic objective
  - Selecting strategic options at corporate, business and operational levels
- 13:00 *Lunch*
- 14:00 Presentation of the case study outputs, discussion and agreement on key learnings
- 15:00 Case study #3: **Strategy execution:**
  - Developing high execution standards
  - Monitoring the quality of execution with KEIs<sup>1</sup>
- 16:15 *Break*
- 16:30 Presentation of the case study outputs, discussion and agreement on key learnings
- 17:30 End of the masterclass



**Smart Pharma Consulting applies systematically the 4 Ws approach which enables to make evidence-based decisions and therefore to improve their relevance**

**The 4 Ws approach**

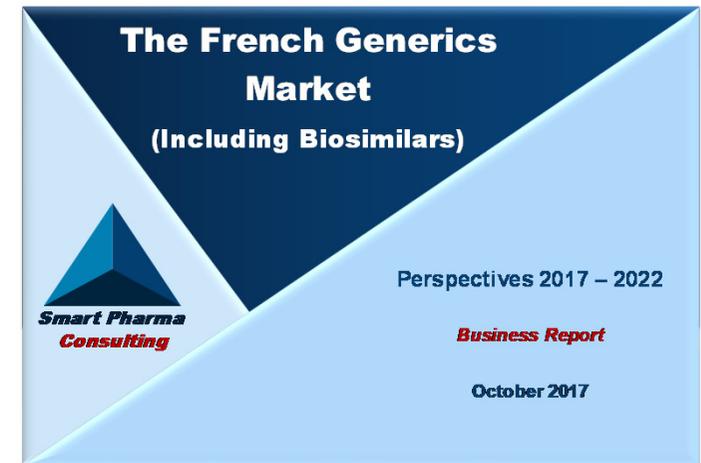


Source: Smart Pharma Consulting

<sup>1</sup> Distributors, nurses, patients, payers, patients advocacy groups, pharmacists, physicians, etc.

Smart Pharma Consulting publishes regularly well-documented reports, including thoughtful analysis to help pharma companies make fact-based decisions

**Selected market studies recently published**

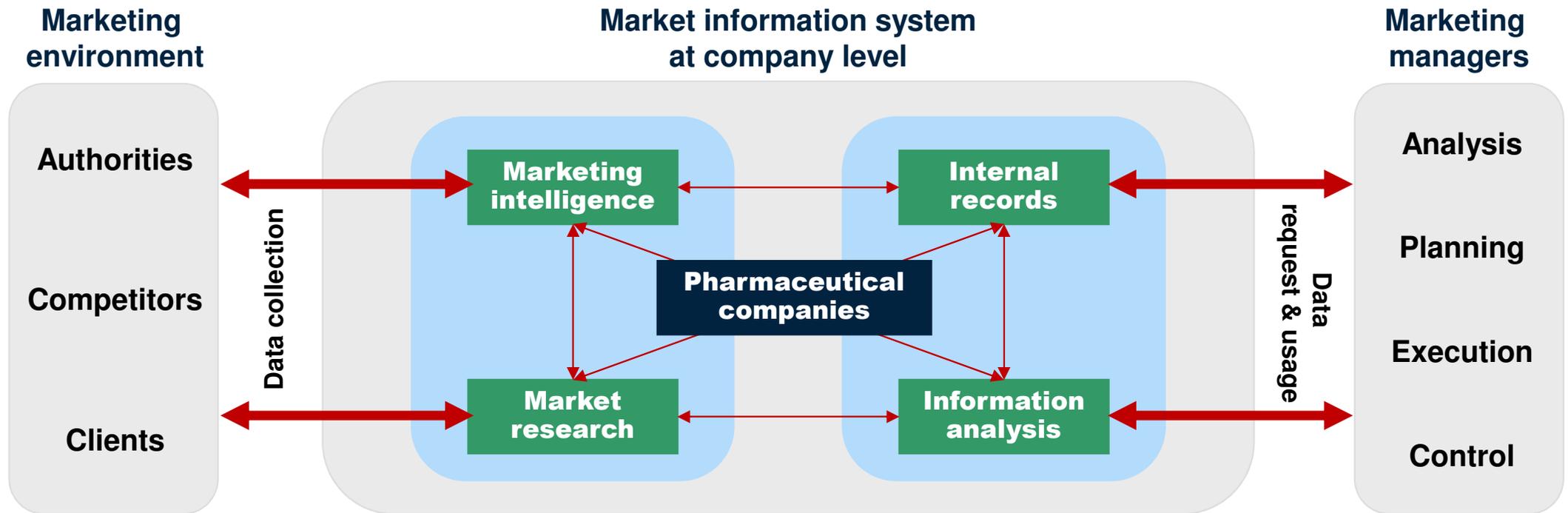


Source: Smart Pharma Consulting

A well-designed market information system reconciles what managers would like to have, what they really need and what is feasible to obtain

**Market Information system**

*“By itself, information has no worth – its value comes from how it is used”*



*“The market information system begins and ends with the information user”*

Sources: Adapted after P. Kotler by Smart Pharma Consulting

**Marketing intelligence is an on-going process requiring a curious state of mind and which often needs to be completed by specific market researches**

### **Marketing Intelligence vs. Market Research**

#### **Marketing intelligence**

- **The role of marketing intelligence is to identify market opportunities and threats, including changes related to regulations, competitors' activities, clients' behaviors... that help marketers prepare and adjust marketing plans**
- **Multiple sources of information should be considered:**
  - Company's own staff
  - Partners (co-marketers, CROs<sup>1</sup>, CSOs<sup>2</sup>...)
  - Suppliers
  - Clients (especially through sales force)
  - Government
  - Competitors (annual reports, press releases and ads...)
  - Publications (general, economic, scientific, legal)
- **Specific data research on an *ad hoc* basis with the help of an agency**
- **The marketing intelligence system must systematically scan the environment, sort out relevant and actionable information, assist managers in evaluating and using it**

#### **Market research**

- **Managers cannot always wait for information to arrive in bits and pieces from marketing intelligence system**
- **They often require formal studies of specific situations**
- **The most common studies carried out are:**
  - Assessment of market potential
  - Market share analysis
  - Determination of market characteristics
  - Sales analysis
  - Studies of business trends
  - Sales forecasting
  - Competitive product studies
  - Testing of existing products
  - Client behavior analysis
- **These studies can be done internally or by a market research agency**

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**The appropriate use of market information should help marketers better understand the competitive environment to make more relevant decisions**

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**Market Research Purpose**

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**Definition**

- Market research is the systematic design – collection – analysis – reporting of data and findings relevant to a specific marketing situation faced by the company or the brand

**Objective**

- Market research can be carried out to:
  - Better understand the market
  - Support a decision
  - Monitor / control marketing activities
  - Develop sales forecasts

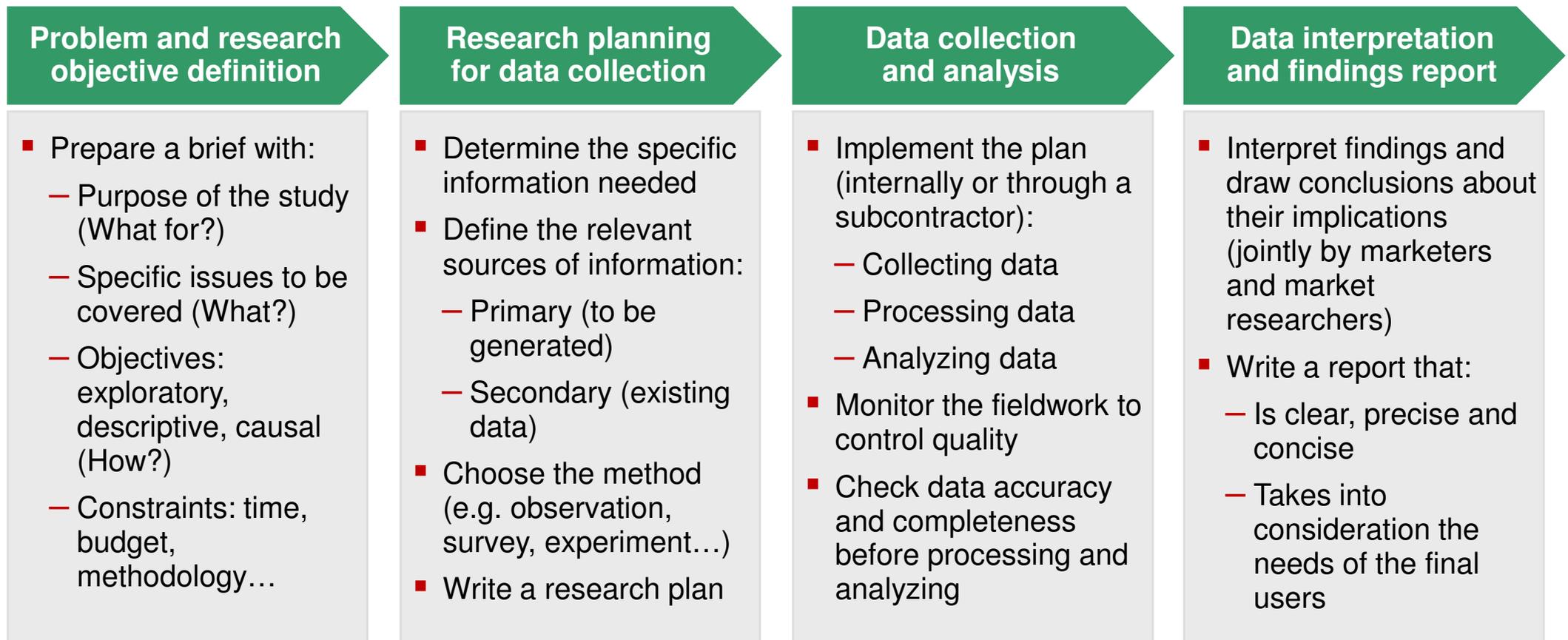
**Approach**

- Methods generally involve analyzing behaviors, attitudes and opinions of key market stakeholders such as:
  - Authorities
  - Clients
  - Competitors

## An effective market research requires careful preparation and close collaboration between researchers and marketers

### Market Research Process

#### A four-step approach



Sources: Adapted after P. Kotler by Smart Pharma Consulting

Once the problem has been clearly defined, research objectives must be set by the marketers and the market researchers

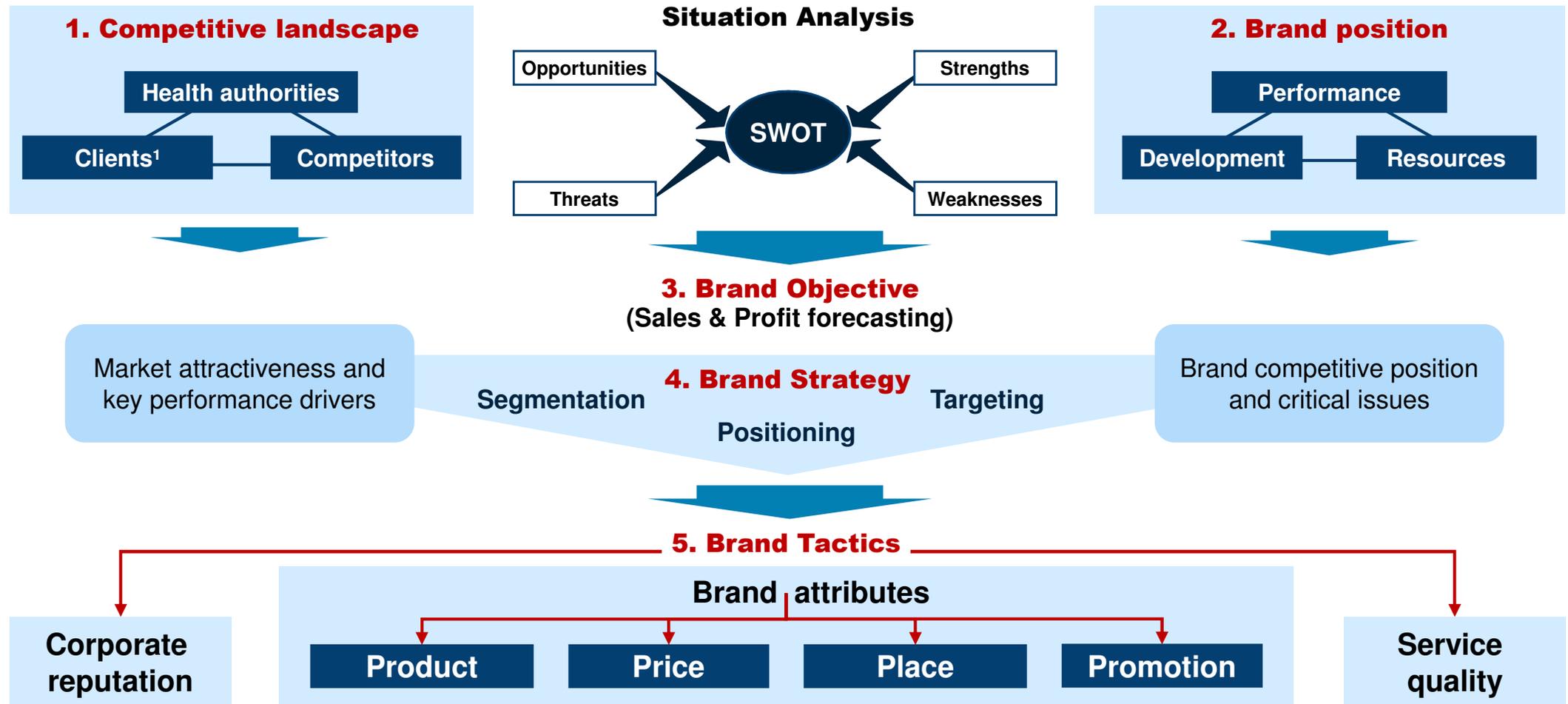
**Market Research objectives**

	Characteristics	Examples
<b>Exploratory objective</b>	<ul style="list-style-type: none"> <li>▪ Preliminary data gathering that will help better define a problem, suggest hypotheses and specify research</li> <li>▪ Methods are informal (documentary search, qualitative studies)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand sales are declining, why?</li> <li>▪ Are the patients complaining about the injector? What are they saying?</li> </ul>
<b>Descriptive objective</b>	<ul style="list-style-type: none"> <li>▪ Data collection to describe a market, a target...</li> <li>▪ The problem must be well defined</li> <li>▪ Studies are more quantitative and methods include surveys, panels, internal or external secondary data</li> </ul>	<ul style="list-style-type: none"> <li>▪ What is the market potential for a brand?</li> <li>▪ What are the demographics and attitudes of physicians that most use the current leading brand?</li> </ul>
<b>Causal objective</b>	<ul style="list-style-type: none"> <li>▪ Information is collected with the objective of explaining the market or target features</li> <li>▪ These studies enable hypotheses about cause-and-effect relationships to be tested and can be used to evaluate strategic alternatives, optimize the marketing mix, develop forecasts...</li> </ul>	<ul style="list-style-type: none"> <li>▪ Which brand positioning is the most effective?</li> <li>▪ Are physicians strongly influenced by scientific papers?</li> <li>▪ Is price a key prescribing factor?</li> </ul>

Sources: Adapted after J.J. Lambin and P. Kotler by Smart Pharma Consulting

Smart Pharma Consulting supports pharma companies in their marketing thinking process, from situation analysis to objective setting, strategy and tactics crafting

**Marketing thinking process**



Source: Smart Pharma Consulting

<sup>1</sup> Including payers, physicians, patients, pharmacists, nurses

**Our ability to collect insights from all market stakeholders and our robust analytical skills allow us to deliver high value-added recommendations**

**Methodological approach**

**Clients**

- Physicians
- Pharmacists
- Patients
- Hospitals
- Distributors
- Payers
- Learned societies
- Unions
- ...

- Therapeutic needs
- Prescription patterns
- Preference drivers
- Delivery standards
- Purchasing habits

**Health authorities**

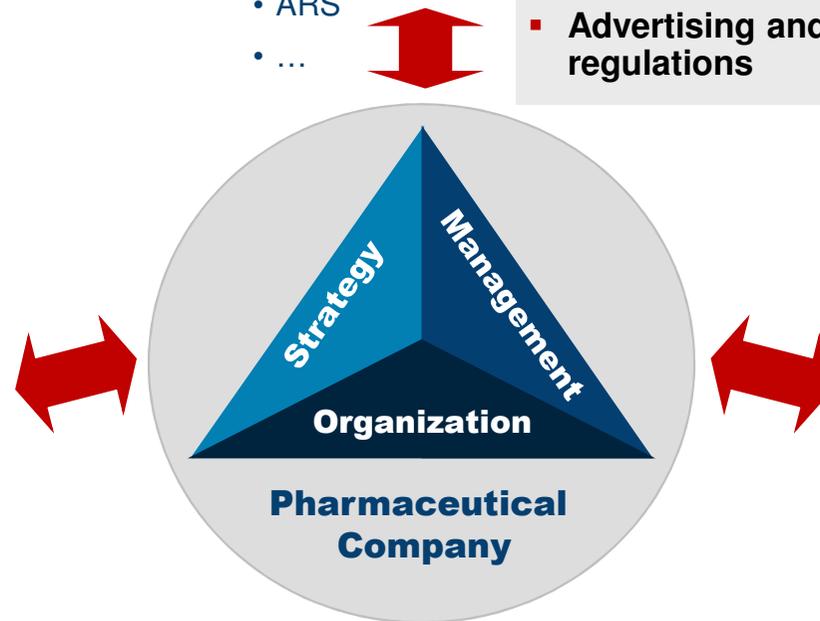
- EMA
- FDA
- ANSM
- CEPS
- HAS
- ARS
- ...

- Marketing authorization
- Market access (price and reimbursement)
- Therapeutic guidelines
- Advertising and promotion regulations

**Competitors**

- Innovators
- Generic companies
- Biotech companies
- OTC companies
- ...

- Benchmarking
- Differentiating factors
- Growth drivers / orientations



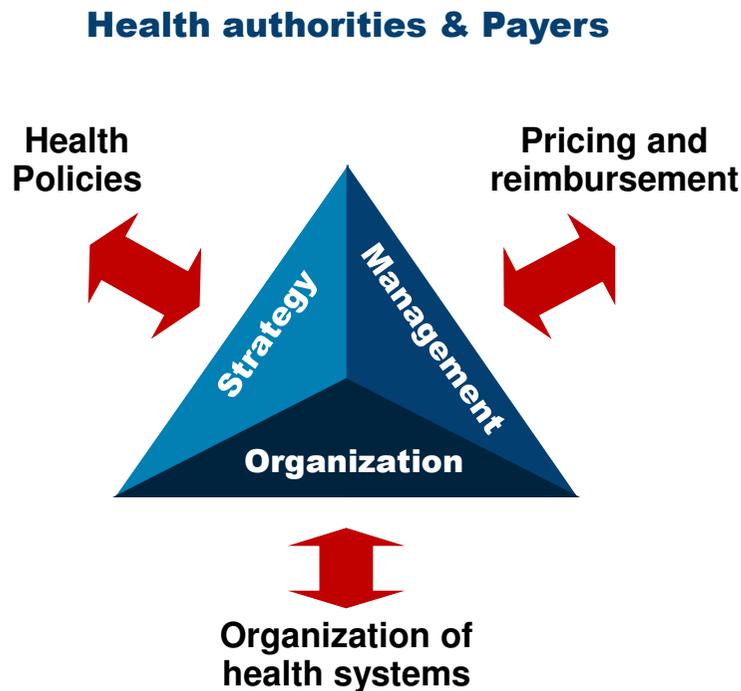
Source: Smart Pharma Consulting

Smart Pharma Consulting is used to carrying out studies to better know and understand healthcare systems through individual interviews and in-depth desk researches

Health authorities

**Market studies targeted at health authorities**

**Illustration**



**Types of studies recently undertaken**

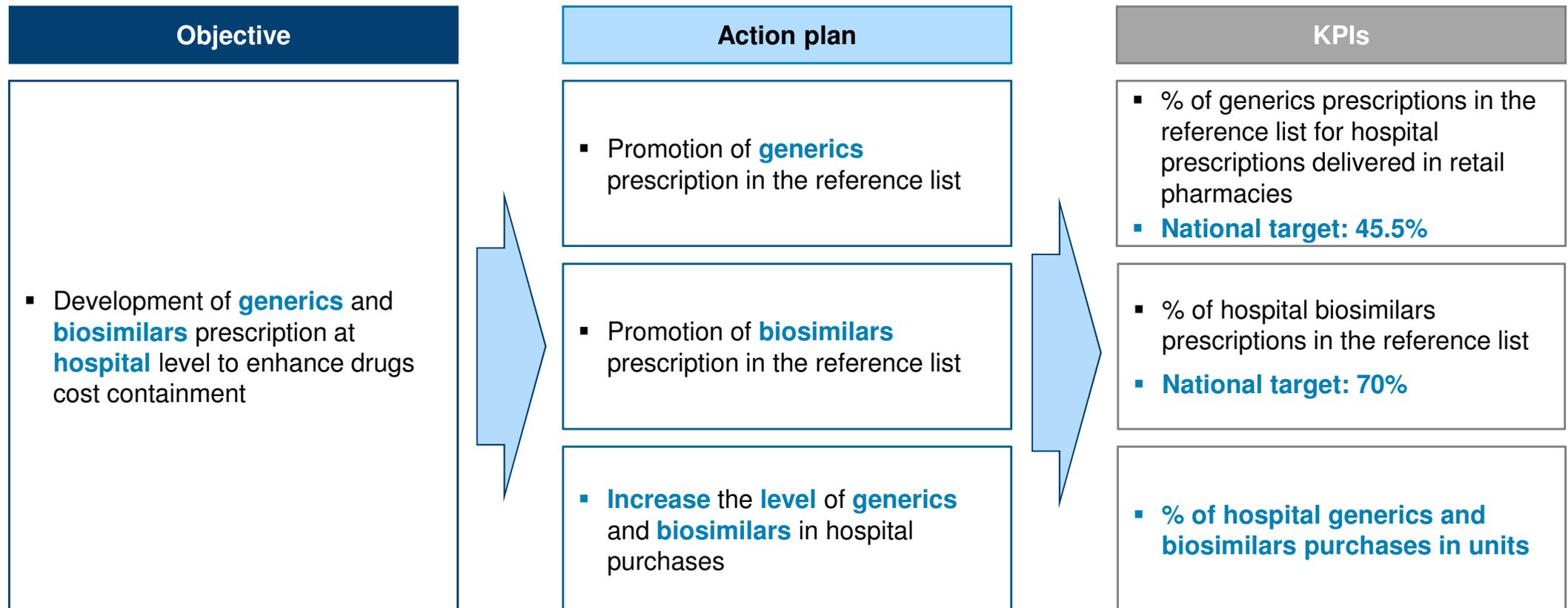
- **Organization of health systems**
  - Research on health systems across the world
  - Market access systems by country
  - Study of the organization, the composition and the strategic priorities of regional health bodies
- **Health Policies**
  - Analysis of healthcare reforms across Europe
  - Study of healthcare expenditure containment policies
  - Comparison of health policies regarding Rx-to OTC switches in Europe
- **Pricing and reimbursement**
  - Analysis of decision-making processes and key decision criteria re. pricing and reimbursement
  - Study of the copayment policies of supplementary health insurance funds re. drugs according to the reimbursed level by the Social Insurance

## Smart Pharma Consulting has interviewed hospital and regional health authorities collaborators to evaluate the impact of a new measure on drug performance

Health authorities

**Example: Measure to enhance drug prescription quality and efficiency**

The French health authorities have recently introduced contracts between hospitals, regional health agencies and regional health insurance through which physicians are encouraged to prescribe more generics and biosimilars



Source: Smart Pharma Consulting

<sup>1</sup> Regional Health Agency (Agence Régionale de Santé) – <sup>2</sup> Hospital medical commission (Commission Médicale d'Établissement) – <sup>3</sup> Contract for healthcare quality and efficiency enhancement (Contrat d'Amélioration de la Qualité des Soins)

Smart Pharma Consulting is used to collecting and analyzing information about all pharma companies clients involved on the retail and the hospital markets

Clients

**Market studies targeted at clients**

**Illustration**

**Clients**  
(payers, physicians, pharmacists, patients, hospitals, distributors, etc.)

Opinion

Behavior



Attitude

**Types of studies recently undertaken**

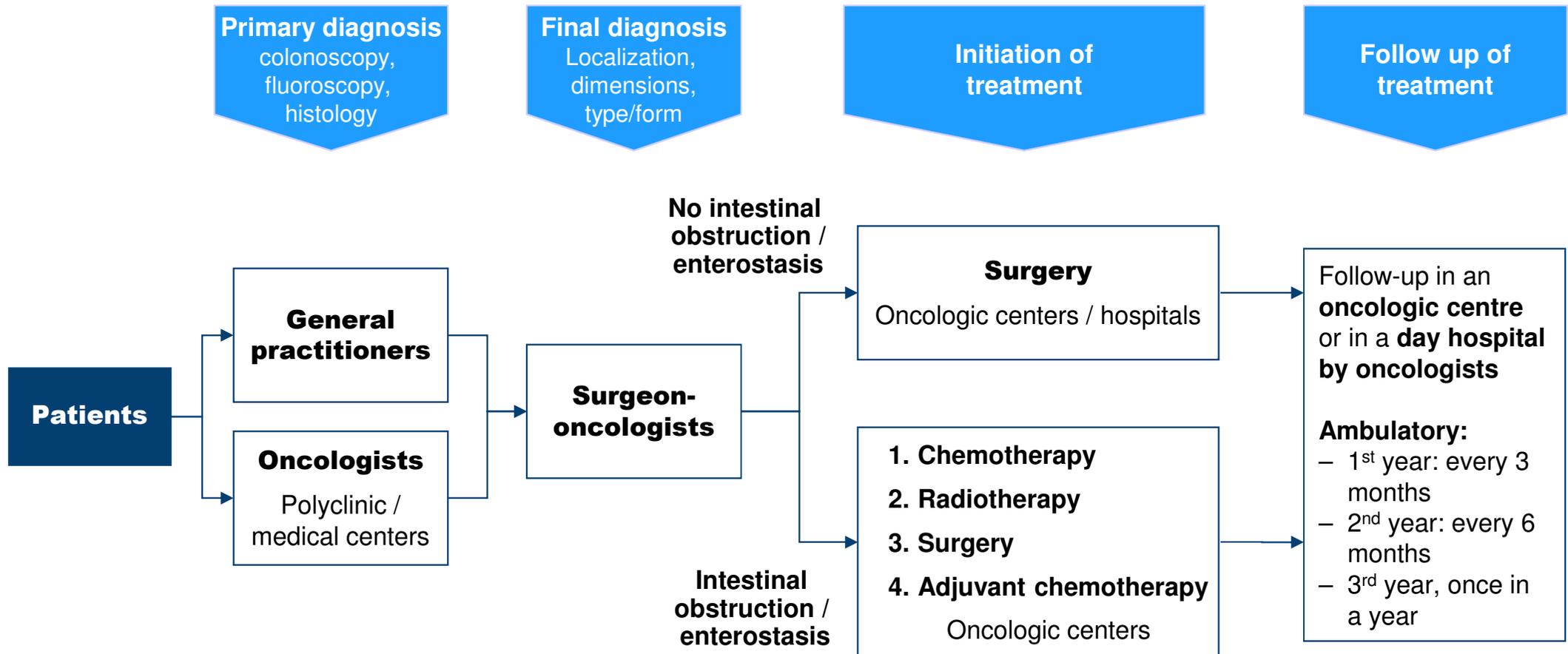
- **New launches**
  - Impact assessment of new product launches
  - Brand positioning studies
- **Generics / Biosimilars**
  - Attitudes and behavior of key stakeholders regarding generics and biosimilars
- **Reimbursement rate changes / Rx-to-OTC switches**
  - Impact assessment of changes in reimbursement rate or Rx-to-OTC switches on clients attitude
- **Commercial policy**
  - Discounts and associated services offered to pharmacists
  - Analysis of pharmacists expectations regarding direct sales offers
  - Price sensitivity studies
- **Decision-making process in hospitals**
  - Listing / purchasing in hospitals
  - Conditions of introduction and deployment of new care practices in hospitals
  - Physicians prescribing trends in oncology

**Smart Pharma Consulting is able to figure out protocols and disease management in countries where there is little data published, by interviewing stakeholders**

Clients

**Example: Colorectal cancer (CRC) management in Kazakhstan**

Physicians



Source: Smart Pharma Consulting

Smart Pharma Consulting assesses regularly the degree of physicians preference for competing brands with the help of the “ Brand Preference Mix” concept<sup>1</sup>

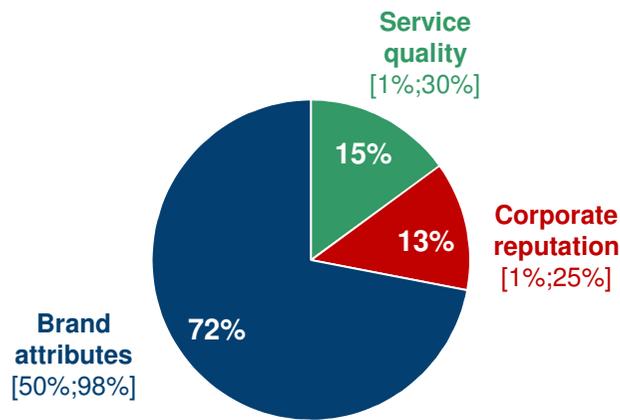
**Clients** – **Example: Assessment of brand preference in the respiratory market**

**Physicians**

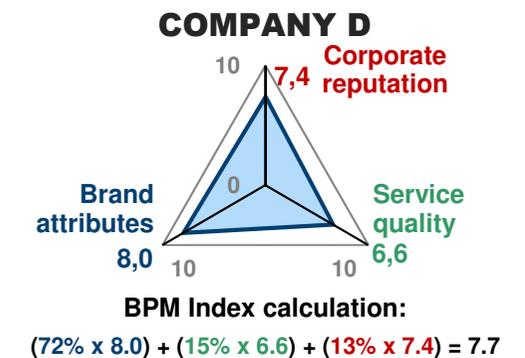
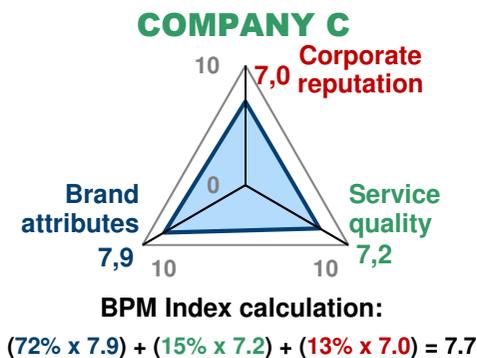
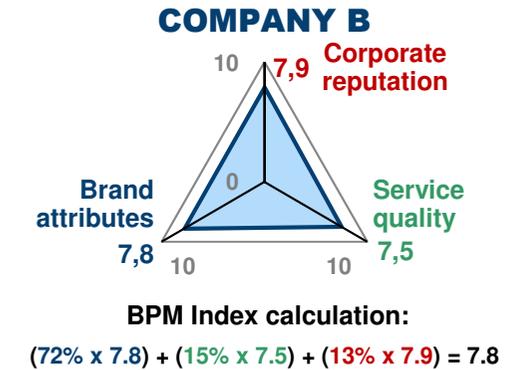
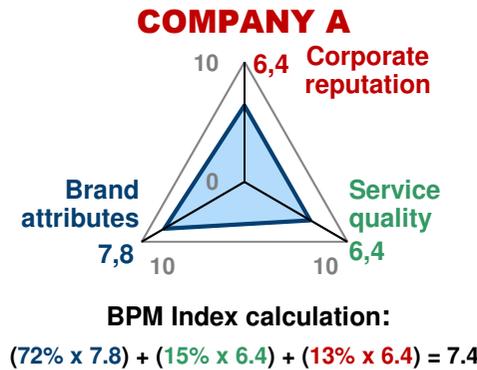
The Brand Preference Mix helps determine the key prescribing drivers that can be activated to enhance prescribers preference for a brand, and thus increase its market share

**General Practitioners**

*“When you decide to prescribe a maintenance treatment in COPD over another one, what is the relative weight in your decision of the three following components?”:*



As an average of respondents' answers  
Number of respondents: 10



Source: Smart Pharma Consulting

<sup>1</sup> Developed by Smart Pharma Consulting (see position paper “How to get physicians prefer your brand?” on: [www.smart-pharma.com](http://www.smart-pharma.com))

The in-depth knowledge and understanding of the market, through regular studies, enables Smart Pharma Consulting to produce complex and insightful analyses

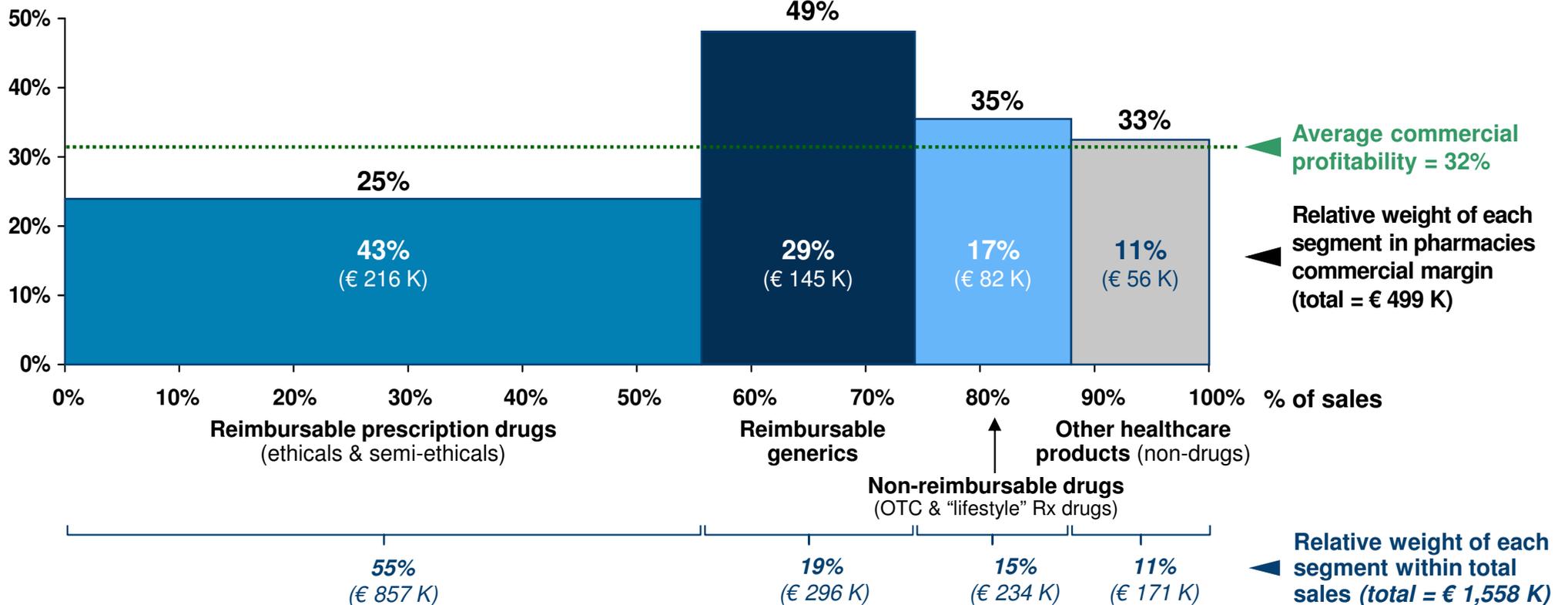
Clients

**Example: Economic structure of retail pharmacies in France**

Pharmacists

Average annual turnover of a retail pharmacy in 2016: € 1,558 K  
(public price excluding VAT)

Average profitability by segment



Source: Smart Pharma Consulting

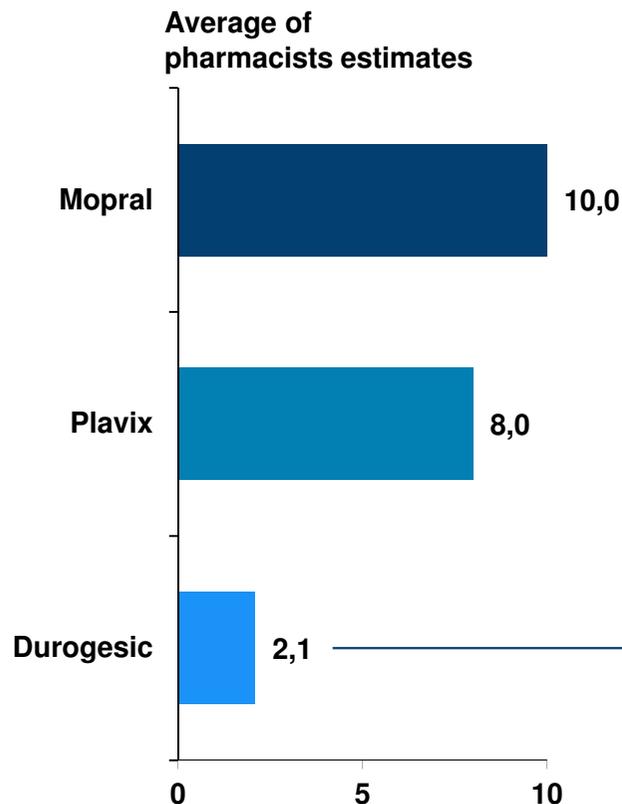
# Smart Pharma Consulting is used to conducting interviews with pharmacists to get a fine understanding of their behavior

Clients

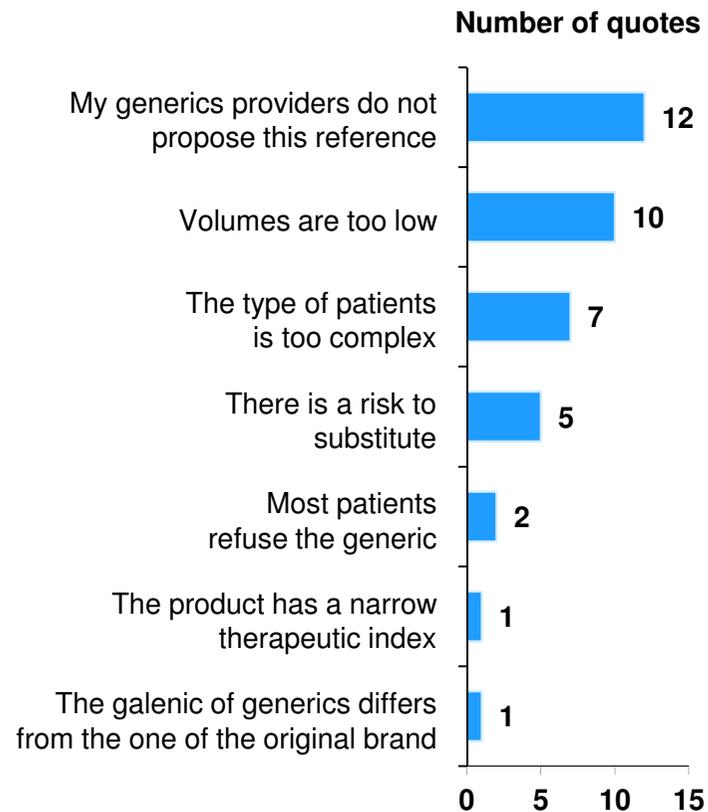
## Example: Generics substitution behavior of retail pharmacists

Pharmacists

“Out of 10 prescriptions, how often do you propose the generic instead?”



“For what reason(s) do you not propose generics of Durogesic?”



### Comments

- When they propose generics, all interviewed pharmacists have declared to respect the wish of physicians to not see their prescriptions substituted, whatever the pathology is
- “I am not sure that physicians are used to writing ‘not substitutable’ on their prescriptions”
- “Physicians only specify ‘not substitutable’ for patients who had trouble with a generic form, but they do not really specify it right away when patients start a treatment”

# Smart Pharma Consulting is used to carrying out patient surveys to understand patients behaviors and motivations

Clients

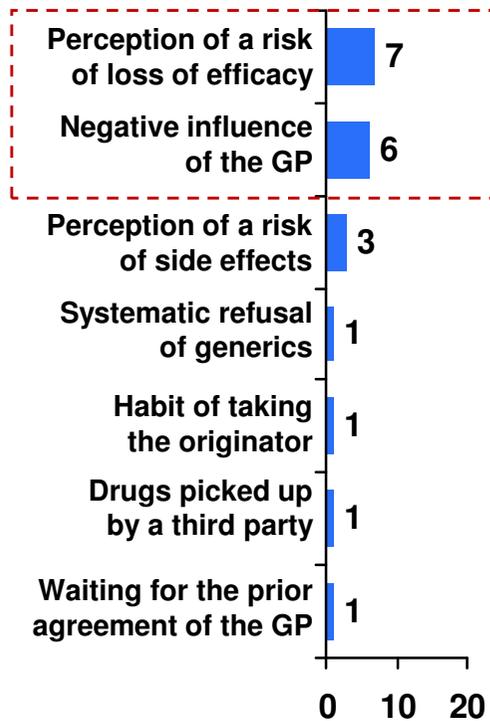
**Example: Generics substitution refusal by patients**

Patients

*“Why do you refuse generics substitution?”*

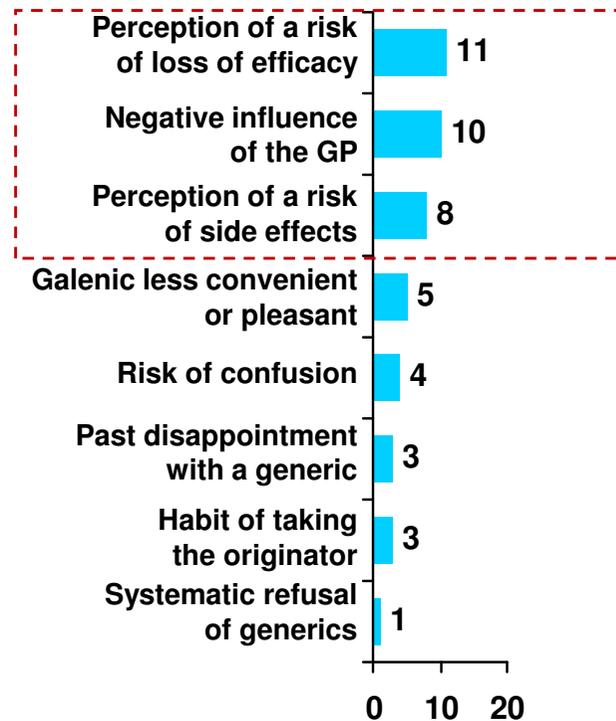
### DUROGESIC

Number of quotes



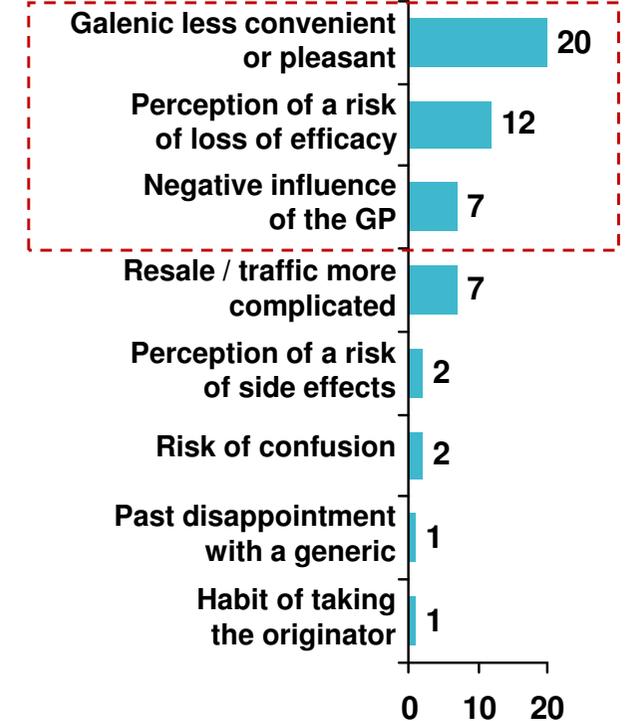
### RISPERDAL

Number of quotes



### SUBUTEX

Number of quotes



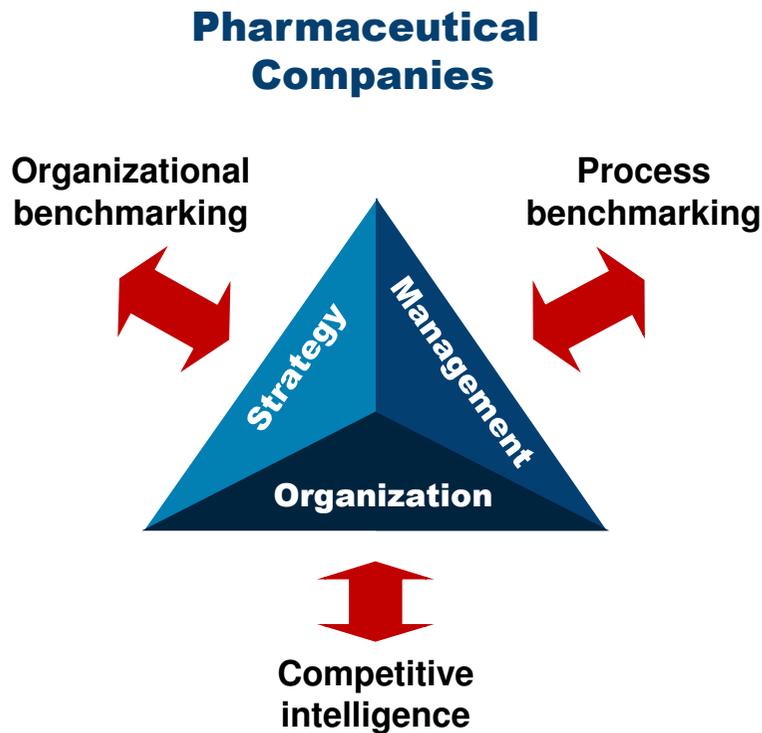
Source: Smart Pharma Consulting

Smart Pharma Consulting carries out various types of benchmarking and competitive intelligence studies in the pharmaceutical sector, following a strict code of ethics

Competitors

**Market studies on competitors**

**Illustration**



**Types of studies recently undertaken**

- **Organizational benchmarking**
  - Surveys on organizational models
  - Surveys on different jobs in the pharmaceutical industry
  - Investigation of headcounts and the resources allocation
- **Process benchmarking**
  - Best practices identification
  - Surveys on adoption of new sales and marketing tools (CRM, trigger marketing, digital media, etc.)
- **Competitive intelligence**
  - Identification of future entrants and impact assessment
  - Investigation of product launches (dates and conditions)
  - Promotional investments assessment
  - Pricing policy at hospital

As shown in this example, Smart Pharma Consulting is able to realize organizational benchmarking such as detailed headcount surveys

**Competitors** — **Example: Headcount survey in small to mid-sized pharma companies**

Organizational benchmarking

	Pharma company A	Pharma company B	Pharma company C	Pharma company D	Pharma company E	Pharma company F	Pharma company G	Mean
Sales	50 to 79 €M	20 to 49 €M	20 to 49 €M	50 to 79 €M	50 to 79 €M	80 to 120 €M	20 to 49 €M	
General management	2	2	1.5	1.5	1.5	2	2	2
Marketing	6	7	3	5	6	10	5	6
Sales management	5	1	4	3	2	7	9	4
Medical	3	0	2.5	2.5	3.5	8	5	4
Finance	8	5	3	3	2.5	13	4	6
Regulatory affairs	2	12	2	0.5	8	12	4	6
Legal	0	0	0	0	0	2	2	1
Human Resources	2.5	2	1	3	1	6	4.5	3
Public affairs / Communication	0	0	0	0	0	0	0	0
Commercial excellence	0	0	0	0	0	8	0	1
Training department	0	0	0	1	0	0.5	0	0
Business Development	0	1	0	0	0	1	0	0
Market access	0	0	0	1	0	2	0	0
General services	1	1	0	0	0	3	0.5	1
Logistic / IT	0	0	2	0	0	7	0	1
R&D / Clinical studies	0	0	0	0	4	12	0	2
<b>Total headquarters</b>	<b>29.5</b>	<b>31.0</b>	<b>19.0</b>	<b>20.5</b>	<b>28.5</b>	<b>93.5</b>	<b>36.0</b>	<b>37</b>
Sales Reps – GPs	66	8	48	160	20	111	33	64
First line managers – GPs	6	1	0	16	3	13	4	6
Second line managers	0	0	4	2	0	2	0	1
Sales Reps – Specialists & hospital	11	10	0	10	0	6	0	5
First line managers – Specialists & hospital	0	0	0	1	0	1	0	0
KAM & others	0	0.5	0	0	0	0	3	1
<b>Total field forces</b>	<b>83.0</b>	<b>19.5</b>	<b>52.0</b>	<b>189.0</b>	<b>23.0</b>	<b>133.0</b>	<b>40.0</b>	<b>77</b>
<b>Grand total</b>	<b>112.5</b>	<b>50.5</b>	<b>71.0</b>	<b>209.5</b>	<b>51.5</b>	<b>226.5</b>	<b>76.0</b>	<b>114</b>
<b>Number of therapeutic areas</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>9</b>	<b>4</b>	<b>6</b>
<b>Number of products</b>	<b>18</b>	<b>7</b>	<b>16</b>	<b>17</b>	<b>1</b>	<b>32</b>	<b>16</b>	<b>15</b>

Source: Smart Pharma Consulting

# Smart Pharma Consulting interviewed service providers and pharma companies to survey the remote e-detailing adoption, identify best practices and assess the impact

Competitors

## Example: Benchmarking of remote e-detailing practices

Process benchmarking

### Context

- Specific needs to strengthen detailing:
  - Inform physicians about new indications and side effects of non-promoted products
  - Vacancies
  - Campaigns with temporary increase of targeted physicians
  - Geographic dispersion of physicians (Russia)
  - Limited access to physicians (Sweden, Turkey)

### Objectives

- Increase the reach of the message by expanding the target
- Improve the efficacy of communication by increasing the call frequency
- Reduction of overall detailing costs

### Implementation

- France: sales reps 100% dedicated to remote e-detailing, quantitative approach (20 contacts/day)
- Italy: sales reps 100% dedicated to remote e-detailing, qualitative approach (retention goal)
- Russia, Sweden: implementation of hybrid sales reps (face-to-face and remote e-detailing)

### Results



- France: some physicians systematically refuse remote e-detailing
- Italy: 35%-40% of physicians regularly accept remote e-detailing
- Russia and Sweden: increase of call frequency

### Key learning

- Remote e-detailing does not suit all physicians, hence, before implementing it, to identify those who:
  - Can have online access
  - Are likely to accept remote e-detailing
- The quality of calls is key to build a long term relationship with physicians, thus it is important to:
  - Train the sales force properly
  - Propose interesting and useful contents, meeting customer expectations and needs
  - Fix appointment by telephone rather than by e-mail (risk of spamming)

# Through desk research and interviews, Smart Pharma Consulting has been able to estimate the magnitude of generics price war overtime on the French hospital market

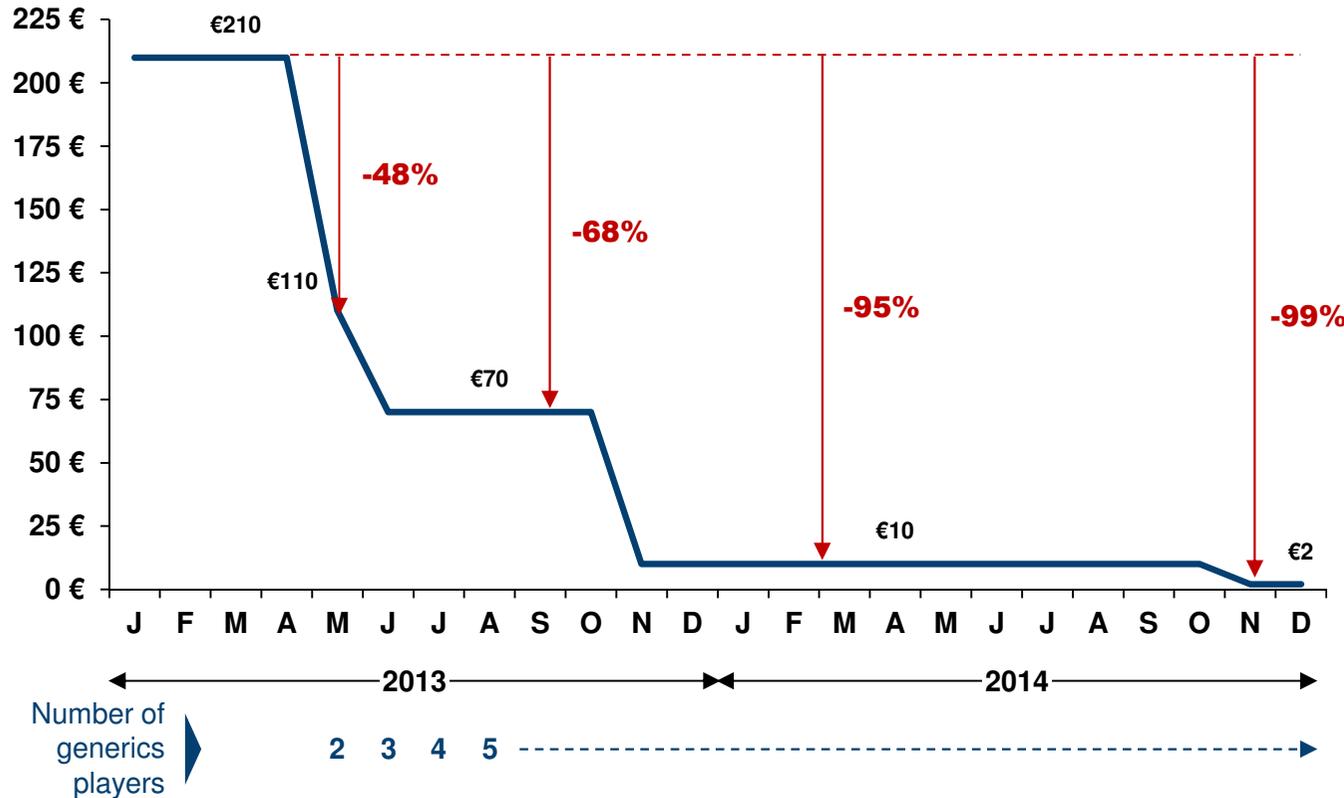
Competitors

**Example: Hospital generics pricing**

Competitive intelligence

Zometa case study in France

Estimated price on hospital market

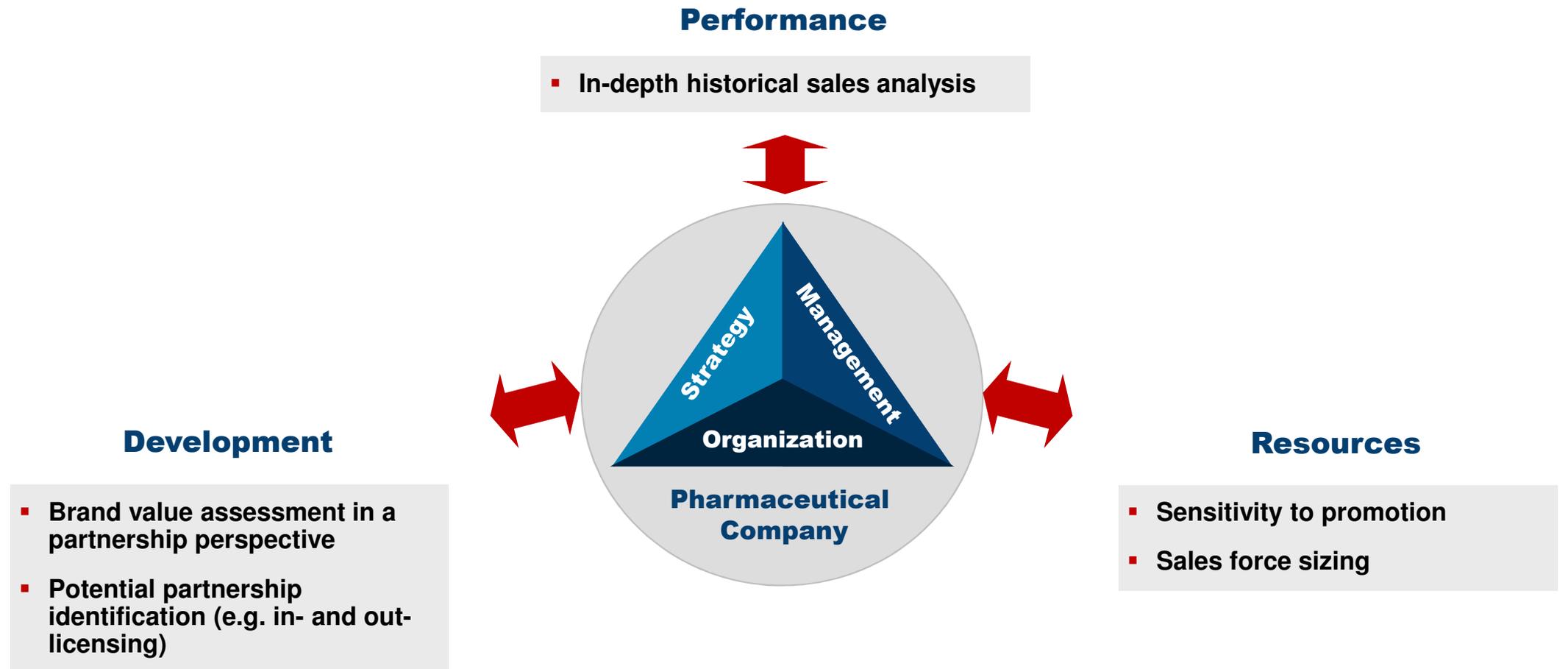


Comments
<ul style="list-style-type: none"> <li>Zometa (zoledronic acid), marketed by Novartis, is a bisphosphonate used in:                             <ul style="list-style-type: none"> <li>The prevention of bone complications in adult patients with advanced malignant disease with bone involvement</li> <li>The treatment of tumor-induced hypercalcemia in adult patients</li> </ul> </li> <li>The first generic, marketed by Sandoz, entered the market mid-May 2013, a week before Mylan. Fresenius launched its 4 mg version in June, Hospira in May and Medac in August</li> <li><b>Competition on price is usually even more aggressive in hospital when there are more than one company marketing a generic version</b></li> <li>According to a generics company: <i>“This behavior is illogical and is prejudicial for all generics companies as this price does not support the market and does not permit us to offer associated services”</i></li> </ul>

Source: Smart Pharma Consulting

Smart Pharma Consulting rigorous and evidence-based analyses allow to transform information into actionable and added-value recommendations to pharma companies

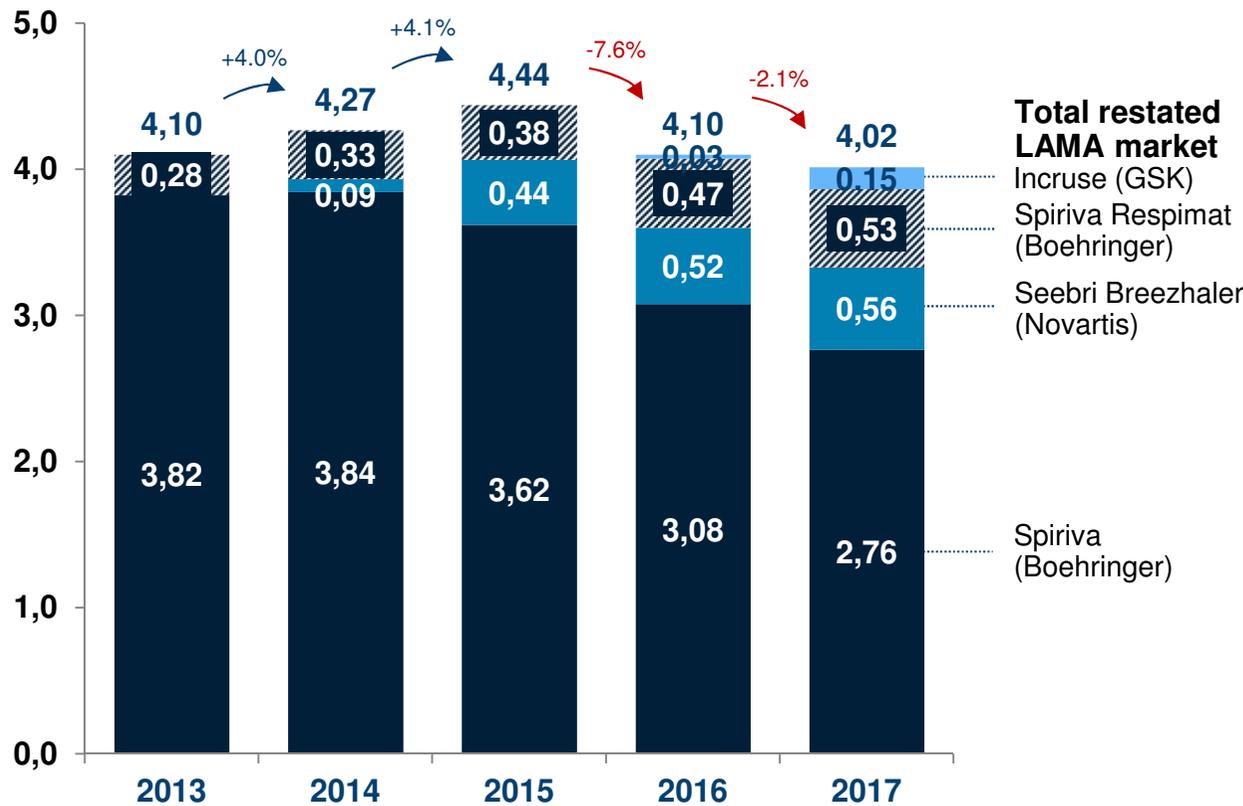
**Methodological approach**



Smart Pharma Consulting regularly carries out in-depth brands analyses to get a comprehensive understanding of the dynamics of their performance

**Performance** ————— **Example: Historical analysis of COPD products** —————

Million packs (MAT<sup>1</sup> September)



CAGR <sup>2</sup> 2013-2017	Evolution 2016-2017	Market share	
		2013	2017
-0.5%	-2.1%		
-	+69.6%	0%	3.8%
+17.6%	-	6.8%	13.3%
-	+8.2%	0%	14.1%
-7.8%	-10.2%	93.2%	68.9%

LAMA market defined here as the combination of all LAMA drugs specifically prescribed in COPD

Source: Smart Pharma Consulting

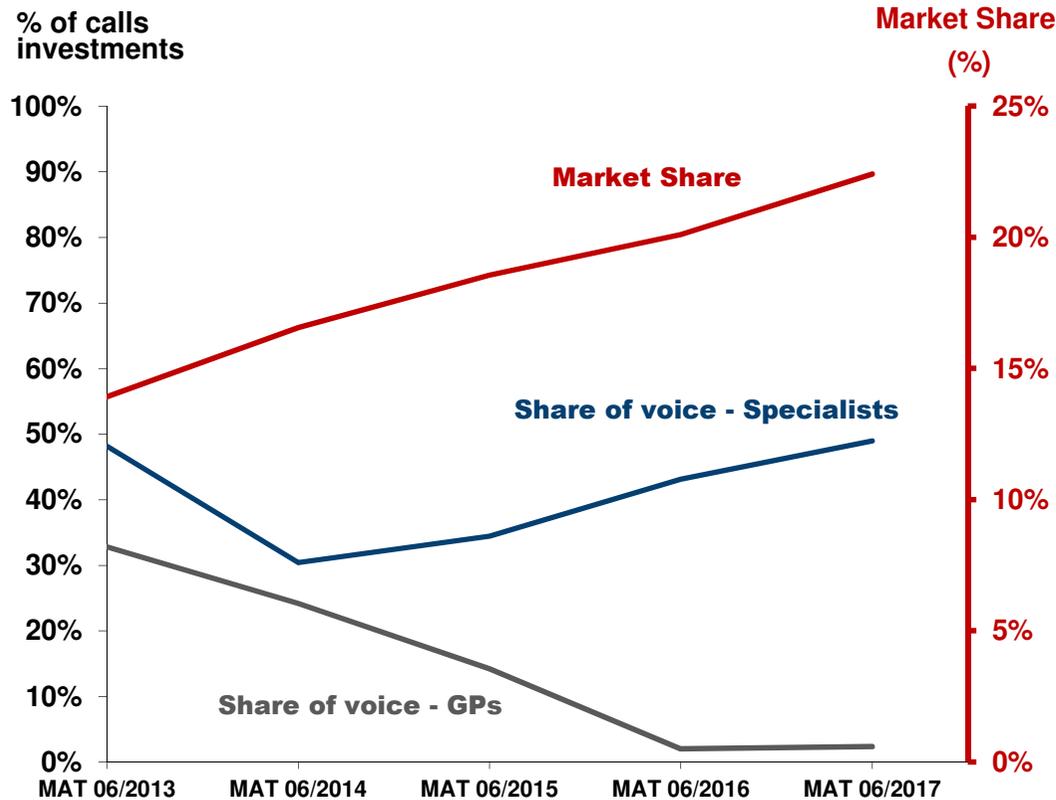
<sup>1</sup> Moving Annual Total – <sup>2</sup> Compound Annual Growth Rate

Smart Pharma Consulting can help pharma companies assess the sensitivity of their brands to promotional investments in quantitative and qualitative terms

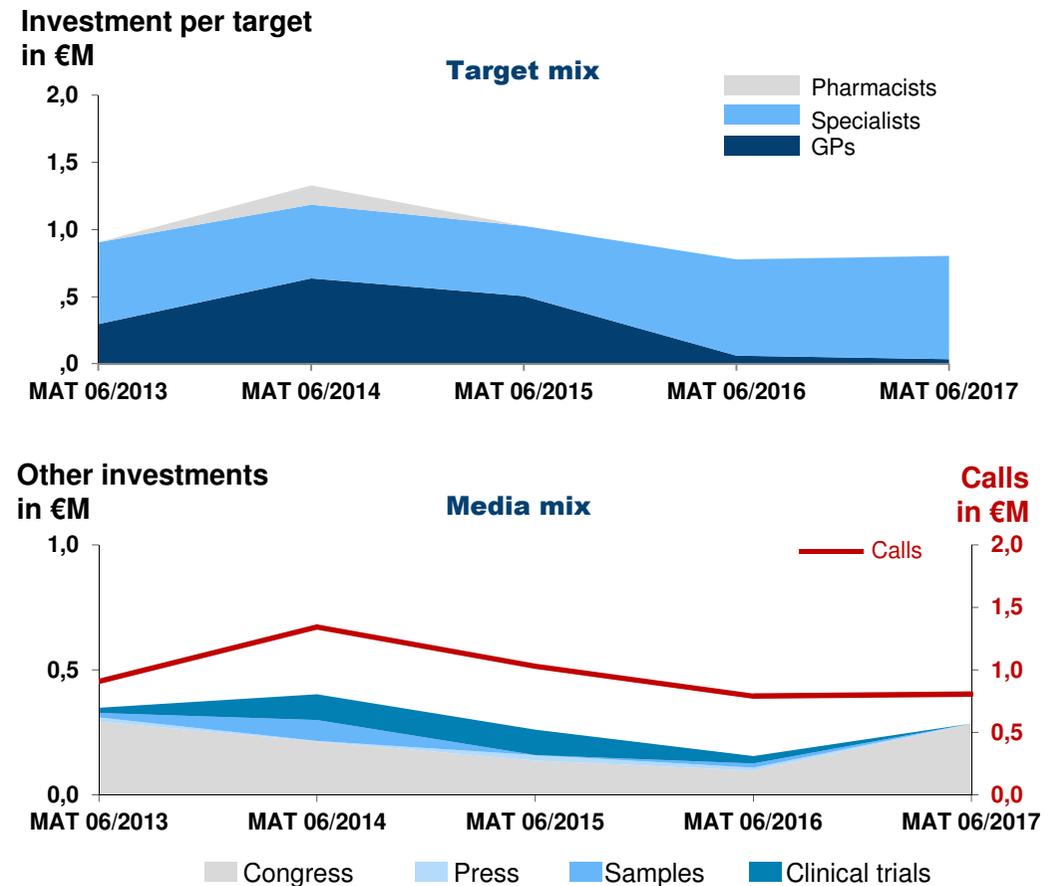
Resources

**Example: Sensitivity to promotional investments**

**Performance & share of voice**



**Promotional mix**

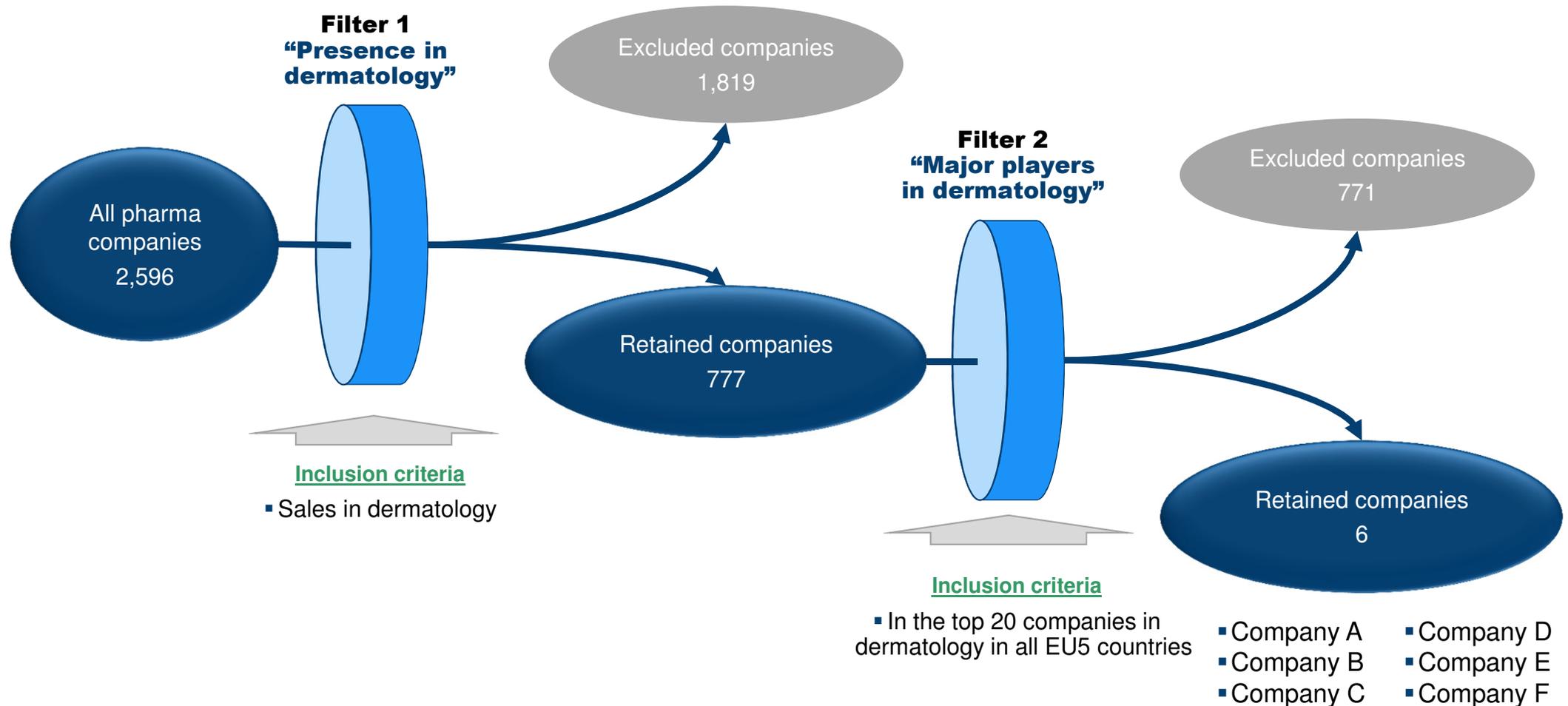


Source: Smart Pharma Consulting

Based on rigorous market analyses and an effective methodology<sup>1</sup>, Smart Pharma Consulting can help identify potential partners for in- or out-licensing deals

Development

**Example: Identification of partners for an out-licensing deal**

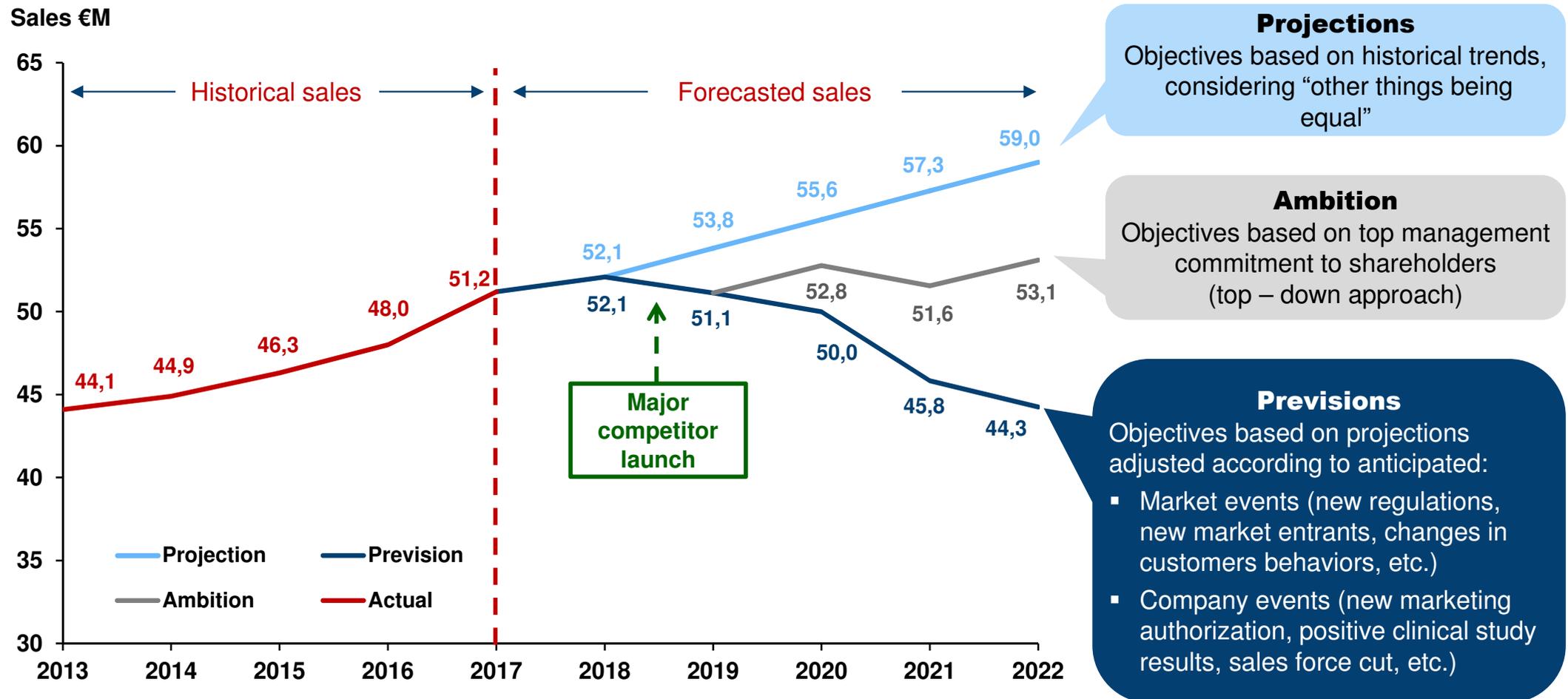


Source: Smart Pharma Consulting

<sup>1</sup> Developed by Smart Pharma Consulting (see position paper “Best-in-Class Pharma BD&L” on: [www.smart-pharma.com](http://www.smart-pharma.com))

Smart Pharma Consulting is regularly asked by pharma companies to build scenarios to estimate sales and profits objectives according to the prevision method

**Methodological approach**



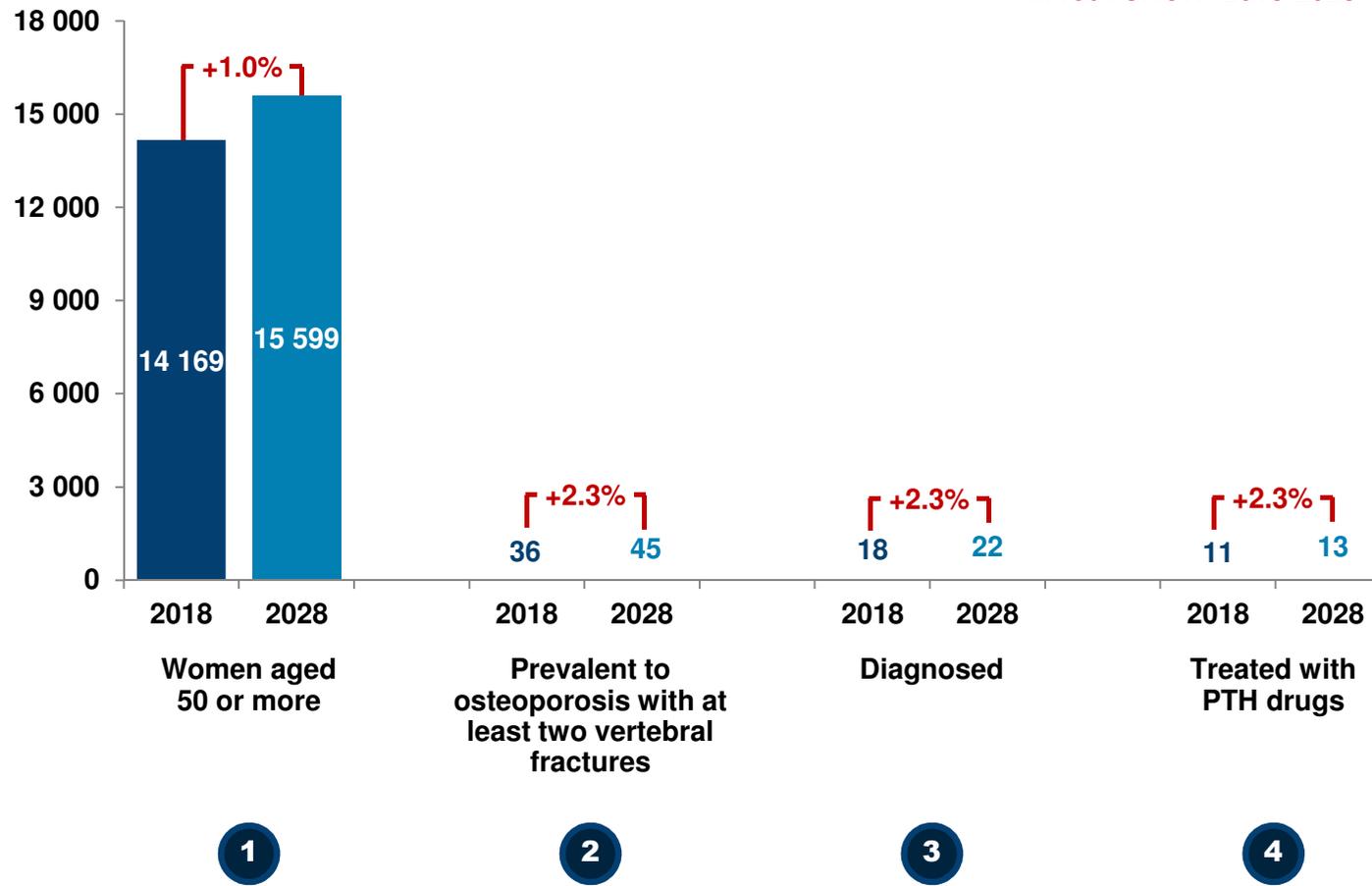
Source: Smart Pharma Consulting

**A patient approach based on epidemiological data, diagnosis and treatment rates can be applied to estimate the evolution of a market size and of a brand market share**

**Example: Sales forecasting in the osteoporosis market**

Patient approach

Number of women, in thousands



In red: CAGR<sup>1</sup> 2018-2028

Comments
<ul style="list-style-type: none"> <li> <b>Prevalence</b> (+2.3% on average per year) <b>increases faster</b> than the total <b>population of women aged 50 or more</b> (+1.0% p.a.) because of a mixed effect :                             <ul style="list-style-type: none"> <li>– <b>Ageing effect (baby boomers)</b>: women aged <b>75 and more</b> will represent <b>~31%</b> of the women aged 50 and more in <b>2028</b>, vs. <b>~27%</b> in <b>2018</b></li> <li>– In addition, the <b>prevalence</b> rate within women aged <b>75 and more</b> (<b>~0.85%</b>) is much higher than the prevalence of women <b>aged between 50 and 74 years</b> (<b>~0.04%</b>)</li> </ul> </li> <li> <b>Diagnosis</b> and <b>treatment rates</b> have been maintained at a <b>stable rate</b> over the period, in accordance with interviewed KOLs feedback:                             <ul style="list-style-type: none"> <li>– <b>Diagnosis</b> rate: <b>50%</b> of prevalent women</li> <li>– <b>Treatment</b> rate: <b>60%</b> of diagnosed women</li> </ul> </li> </ul>

Source: Smart Pharma Consulting

<sup>1</sup> Compound annual growth rate

**A market approach based on the adjustment of historical sales projections can also be applied to estimate the dynamics of a brand on its market**

**Example: Sales forecasting in the oncology market**

Market approach

Sales in '000 units



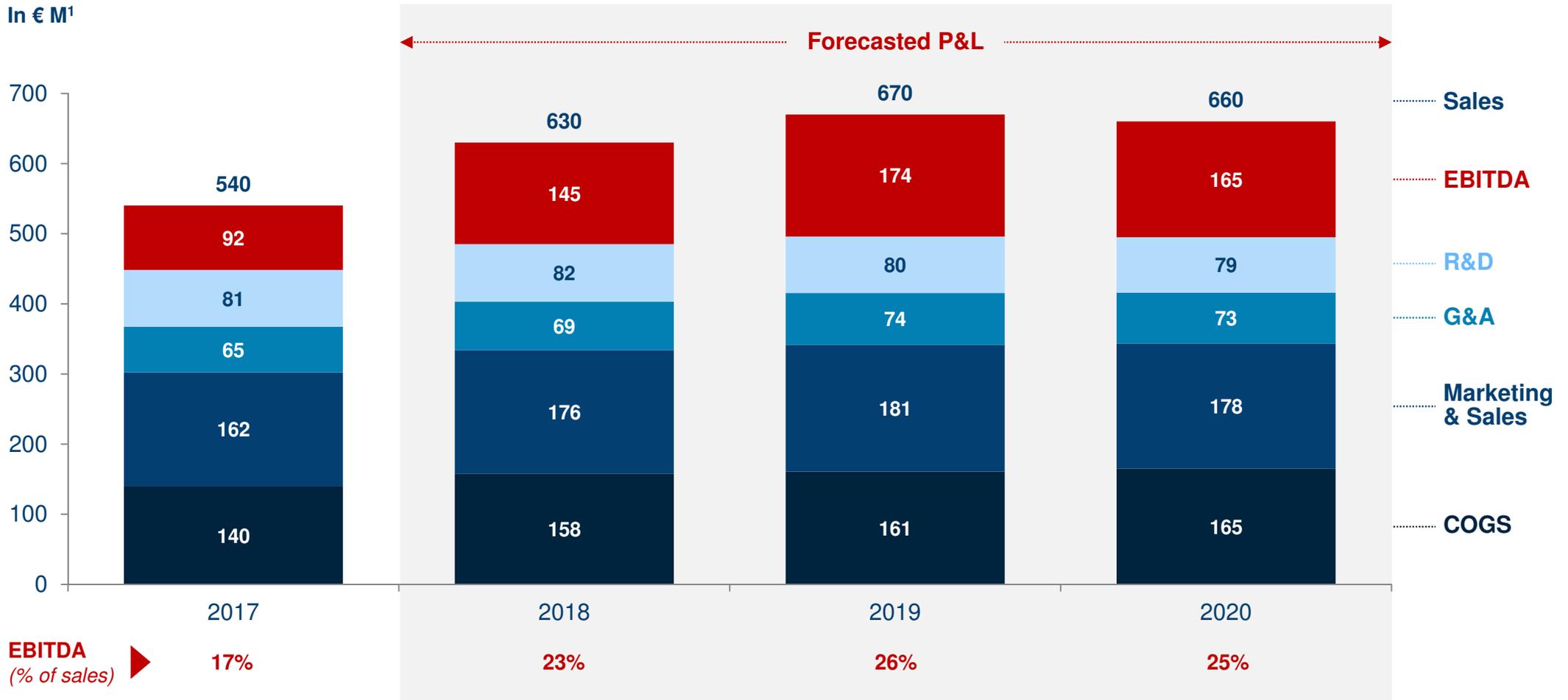
	CAGR <sup>1</sup> 2016-2022	Market share		
		2016	2020	2022
Total market	+1.7%			
Product A	-3.0%	28.8%	24.0%	21.7%
Product B	+7.1%	35.1%	44.0%	47.9%
Product C	-1.2%	36.2%	32.0%	30.4%

Source: Smart Pharma Consulting

<sup>1</sup> Compound annual growth rate

Smart Pharma Consulting can develop for pharma companies models to forecast the potential margin of selected products

**Example: Profit forecasting for a CNS product**

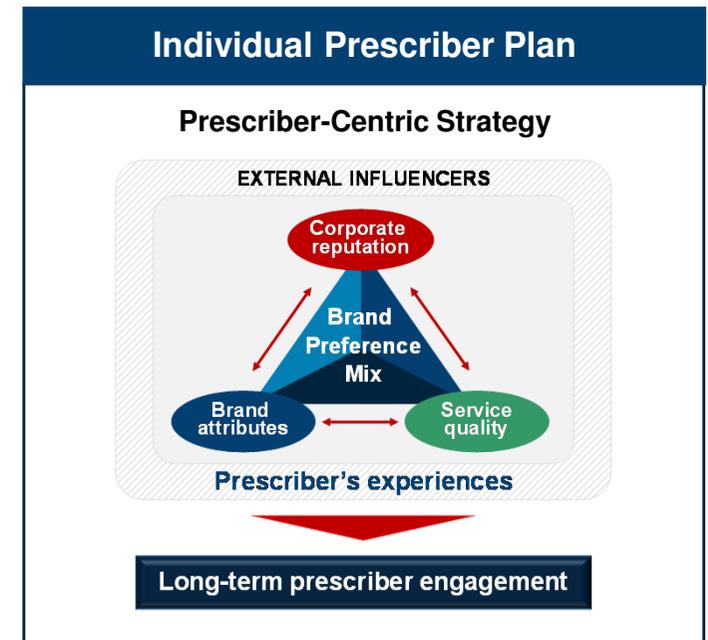
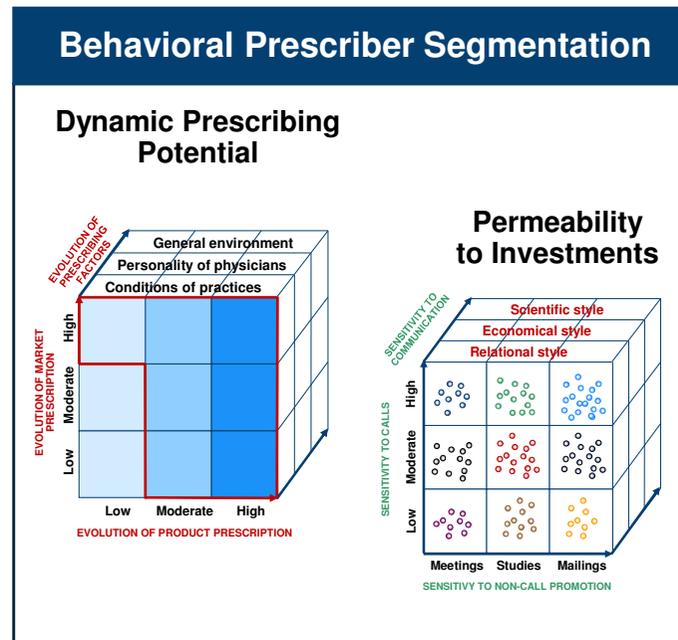
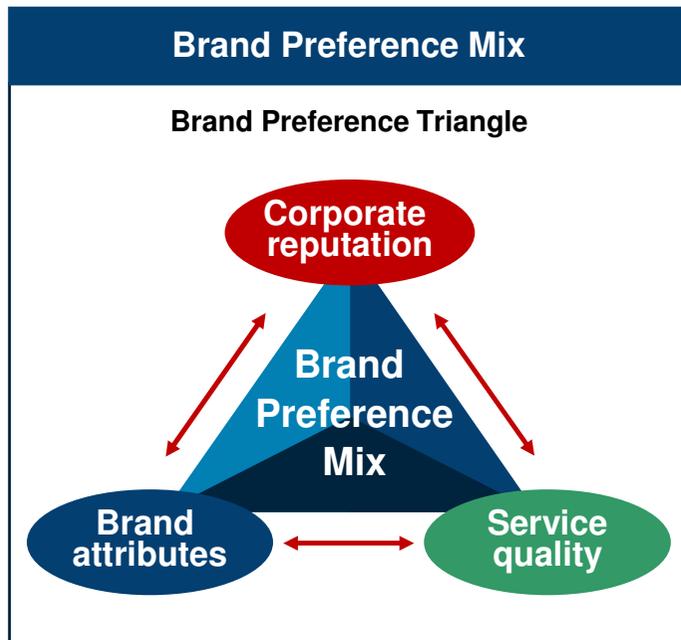


Source: Smart Pharma Consulting

<sup>1</sup> Constant ex-factory prices, excluding VAT

The Brand Booster Program<sup>1</sup> is an innovative strategic model relying on three components that can be combined to efficiently optimize brand performance

**Brand Booster Program: Framework**



- The share of brand prescription is driven by physicians' preference level
- This level can be enhanced by acting on the Brand Preference Mix (BPM), i.e. brand attributes, service quality and corporate reputation

- The Behavioral Prescriber Segmentation is built on 3 dimensions:
  - Factors that drive the dynamics of prescribers' prescriptions<sup>2</sup>
  - Prescribers' personalities
  - Prescribers' permeability to investments<sup>3</sup>

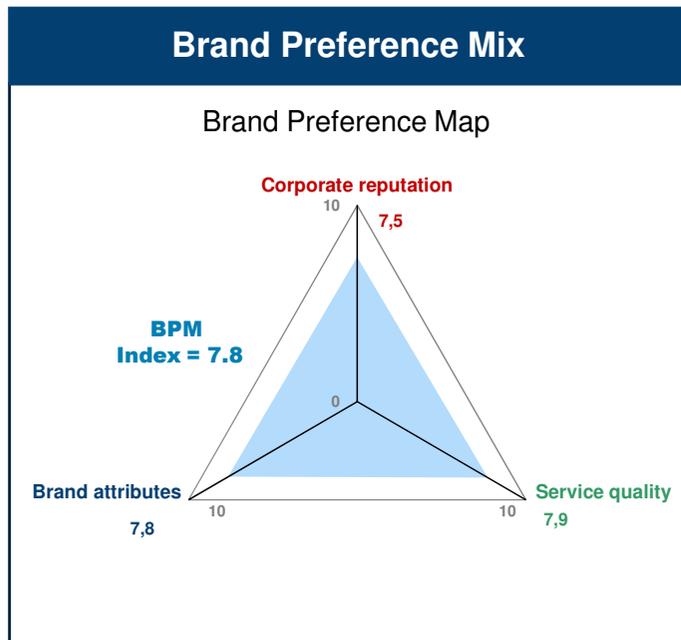
- The cornerstone of the Individual Prescriber Plan is the individual prescriber-centric strategy
- This strategy is about building positive experience with the company, the brand and the services to boost preference

Source: Smart Pharma Consulting

<sup>1</sup> Developed by Smart Pharma Consulting (see position paper "Best-in-Class Pharma Marketers" on: [www.smart-pharma.com](http://www.smart-pharma.com)) –  
<sup>2</sup> By market (competitors + brand) and by brand – <sup>3</sup> Medico-marketing-sales investments

The Brand Booster Program<sup>1</sup> enables to determine the optimal level and nature (channel, message, tone) of operational<sup>2</sup> resources to be allocated per physician

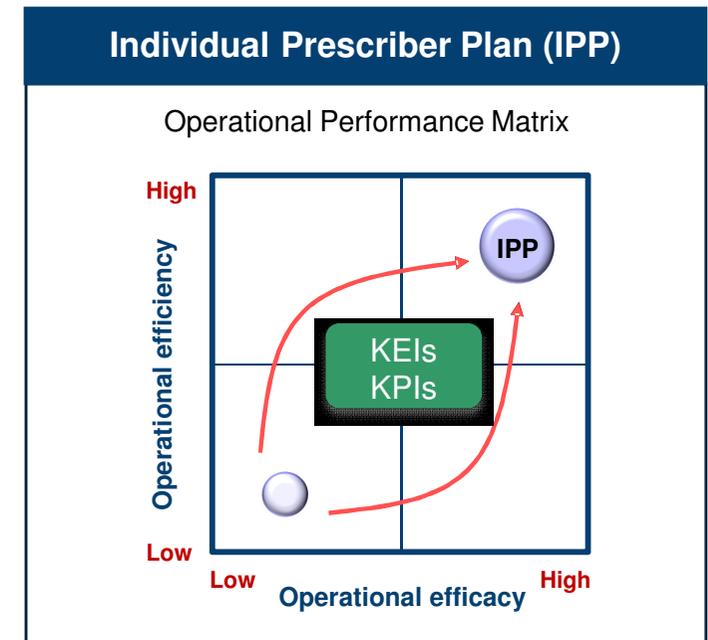
**Brand Booster Program: Benefits**



### Behavioral Prescriber Segmentation

Individual Prescriber Operational<sup>1</sup> Mix

Physicians	# of Calls	# of Meetings	# of Studies	# of Mailings	Messages & Style
A	12	2	0	4	Dialogue Services
B	8	5	0	0	Scientific
C	6	1	2	0	Scientific
D	6	2	1	1	Economic
E	4	1	0	0	Dialogue Services



- In addition to providing the necessary data to measure the Brand Preference Mix Index, interviews will provide information to identify the strategic levers and the key initiatives to implement to reinforce the three dimensions of the Brand Preference Mix

- The Behavioral Prescriber Segmentation provides a behavioral portrait for each prescriber, allowing a more effective/efficient targeting and a customized allocation of operational<sup>2</sup> resources for each prescriber

- The Individual Prescriber Plan improves operational efficacy/efficiency through:
  - A rigorous planning of operational activities
  - A systematic monitoring of the execution and impact of activities with specific indicators (KEIs<sup>3</sup> – KPIs<sup>4</sup>)

Source: Smart Pharma Consulting

<sup>1</sup> Developed by Smart Pharma Consulting (see position paper “Best-in-Class Pharma Marketers” on: [www.smart-pharma.com](http://www.smart-pharma.com)) –  
<sup>2</sup> Medico-marketing-sales – <sup>3</sup> Key Execution Indicators – <sup>4</sup> Key Performance Indicators

**As the author of the Brand Booster Program<sup>1</sup>, Smart Pharma Consulting is the best positioned to ensure its smooth and efficient implementation by pharma companies**

**Brand Booster Program: Implementation**

**Brand Preference Mix**

- Design and implementation of national studies to measure the Brand Preference Mix Index
- Design and facilitation of the implementation of Brand Preference Mix Index measurement at hospital/department and at prescriber levels through sales forces

**Behavioral Prescriber Segmentation**

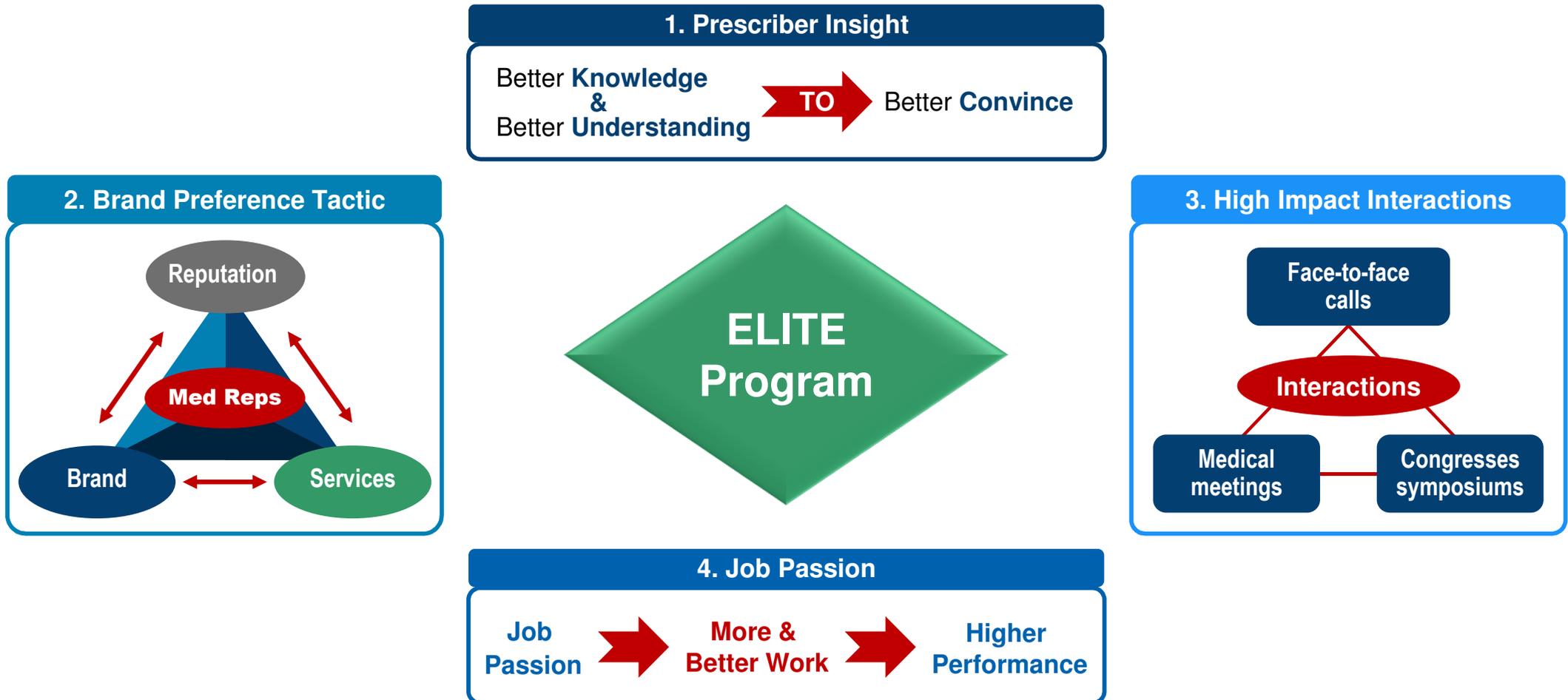
- Presentation and training of the medico-marketing-sales departments to learn how to:
  - Collect prescriber insight to define an Individual Prescriber Portrait
  - Quantitatively and qualitatively adjust operational efforts for each targeted prescriber

**Individual Prescriber Plan**

- Design of an Individual Prescriber Plan structure, including monitoring tools
- Training of marketers and other collaborators to correctly prepare Individual Prescriber Plans
- Challenge of teams involved in the preparation and development of Individual Prescriber Plans

The ELITE Program<sup>1</sup> is based on 4 pillars enabling med reps to interact more efficiently with prescribers and to optimize the prescription share of the brands they promote

**ELITE Program: Framework**

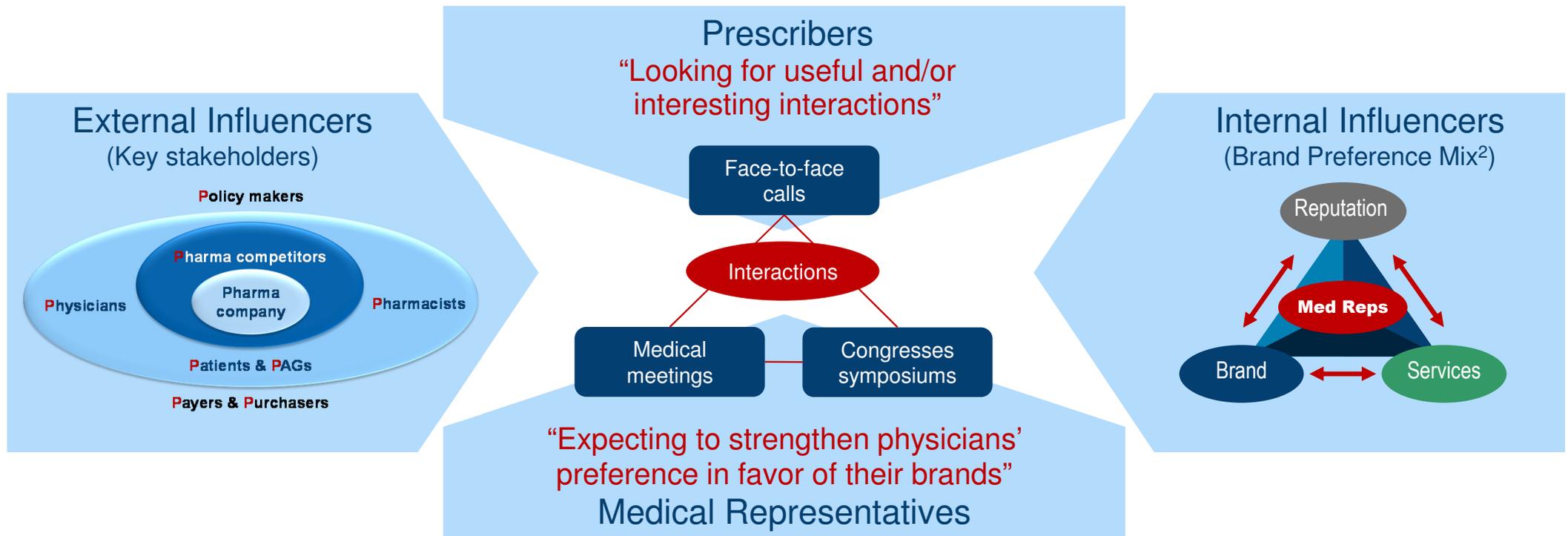


Source: Smart Pharma Consulting

<sup>1</sup> Developed by Smart Pharma Consulting (see position paper "Best-in-Class Medical Reps" on: [www.smart-pharma.com](http://www.smart-pharma.com))

The ELITE Program<sup>1</sup> can help med reps create interactions that are better valued by their customers and thus contribute to strengthen the preference for their promoted brands

**ELITE Program: Benefits**



The ELITE Program assumes that prescribers opinion and corresponding prescribing behavior depend on:

- External influencers (key stakeholders)
- Internal influencers (Brand Preference Mix)
- Their willingness to interact with med reps
- Med reps ability to create highly valued interactions

Source: Smart Pharma Consulting

<sup>1</sup> Developed by Smart Pharma Consulting (see position paper "Best-in-Class Medical Reps" on: [www.smart-pharma.com](http://www.smart-pharma.com)) –

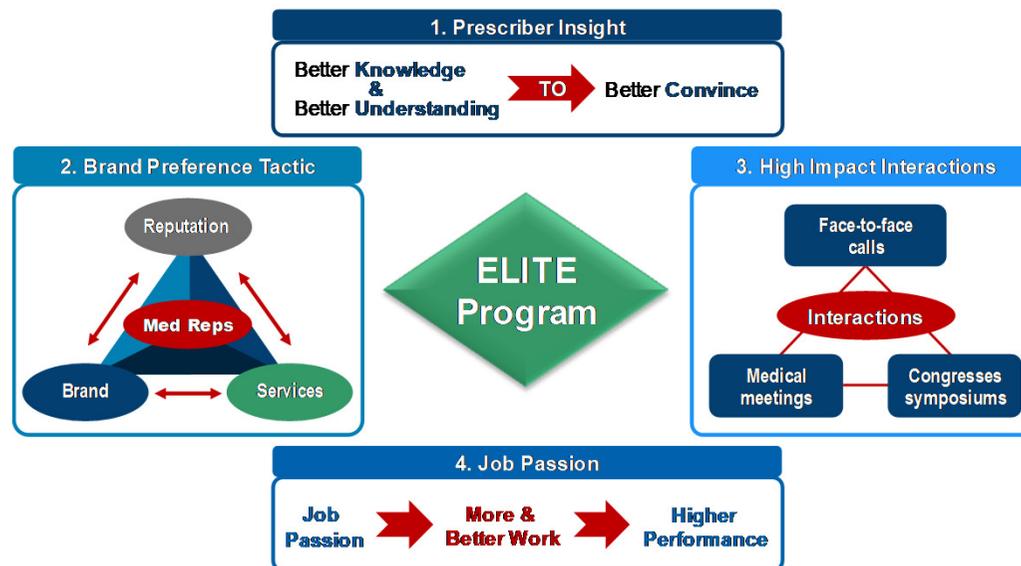
<sup>2</sup> Corresponds to the three levers (i.e. product attributes, corporate reputation and quality of services) that can be activated by med reps to influence the prescribers

# Smart Pharma consultants have facilitated the implementation of the ELITE Program<sup>1</sup> for several pharma companies since they developed its concept and related tools

## ELITE Program: Implementation

- Smart Pharma Consulting has an **in-depth expertise** in **improving sales force efficiency** coming from:
  - General management experiences in France and abroad for pharma companies
  - Numerous sales force effectiveness consulting projects carried out since 2001
- The ELITE Program which has been developed by Smart Pharma Consulting proposes an **holistic** and **practical** approach to **obtain** a significant **improvement** of **med reps efficiency** and **efficacy**
- Smart Pharma Consulting can help pharma companies implement the ELITE Program as follows:

- Craft** a **communication strategy** demonstrating to **med reps** the benefits they will draw from the **program**
- Design** a **framework** that fits the company **ambition** and takes into account its **current situation**
- Create** specific and user-friendly **tools** to **facilitate** the **execution** of the **four pillars** of the **ELITE Program** by the med reps



- Develop** specific **training modules<sup>2</sup>** for **med reps** and their **managers** to help them master:
  - The concepts
  - The methods
  - The tools
 related to each of the four pillars that constitute the ELITE Program
- Adjust** the **organization** to best support the execution of the ELITE Program

Source: Smart Pharma Consulting

<sup>1</sup> Developed by Smart Pharma Consulting (see position paper "Best-in-Class Medical Reps" on: [www.smart-pharma.com](http://www.smart-pharma.com)) – <sup>2</sup> The Smart Pharma Institute of Management, which is the training department of Smart Pharma Consulting, is registered since 2002

# The “Market Analysis & Forecasting” masterclass has been designed for participants looking for robust and simple tools, and wishing to strengthen their analytical skills

## Masterclass<sup>1</sup>: Market Analysis & Forecasting Excellence

### Day 1: Market Analysis

- 9:00 Introduction to the masterclass
- 9:10 Review and discussion of analytical concepts, methods and tools sent to participants as a pre-read
- 10:30 Lecture by and discussion with an expert:  
“Review of the most advanced market analyses – Lessons from non pharma markets“
- 11:45 *Break*
- 12:00 Case study #1: **Market & brand dynamics evaluation:**
  - Stakeholders behaviors analysis<sup>2</sup>
  - Key market drivers & barriers analysis
  - Sensitivity of brands to operational<sup>3</sup> investments
  - From data analysis to decision making
- 13:00 *Lunch*
- 14:00 Case study #1: cont.
- 16:00 *Break*
- 16:15 Presentation of the case study outputs, discussion and agreement on key learnings
- 17:45 End of the 1<sup>st</sup> day

### Day 2: Forecasting

- 8:30 Introduction to the 2<sup>nd</sup> day
- 8:40 Review and discussion of sales forecasting concepts, methods and tools sent to participants as a pre-read
- 10:00 *Break*
- 10:15 Case study #2 part 1: **Baseline & scenario building:**
  - Historical trends evaluation
  - Determination of future events and of their impact
- 12:30 Lecture by and discussion with an expert:  
“What is the business value of sales forecasting?“
- 13:00 *Lunch*
- 14:00 Case study #2 part 2: **Sales forecast modeling:**
  - Patient-based forecasting
  - Lifecycle based forecasting (new, growing, mature)
- 15:30 *Break*
- 15:45 Presentation of the case study (parts 1 & 2) outputs, discussion and agreement on key learnings
- 16:45 Co-development with participants of key learnings
- 17:45 End of the masterclass



**Best-in-Class  
Pharma Field Force  
Organization**

**Concepts  
Methods  
Tools**

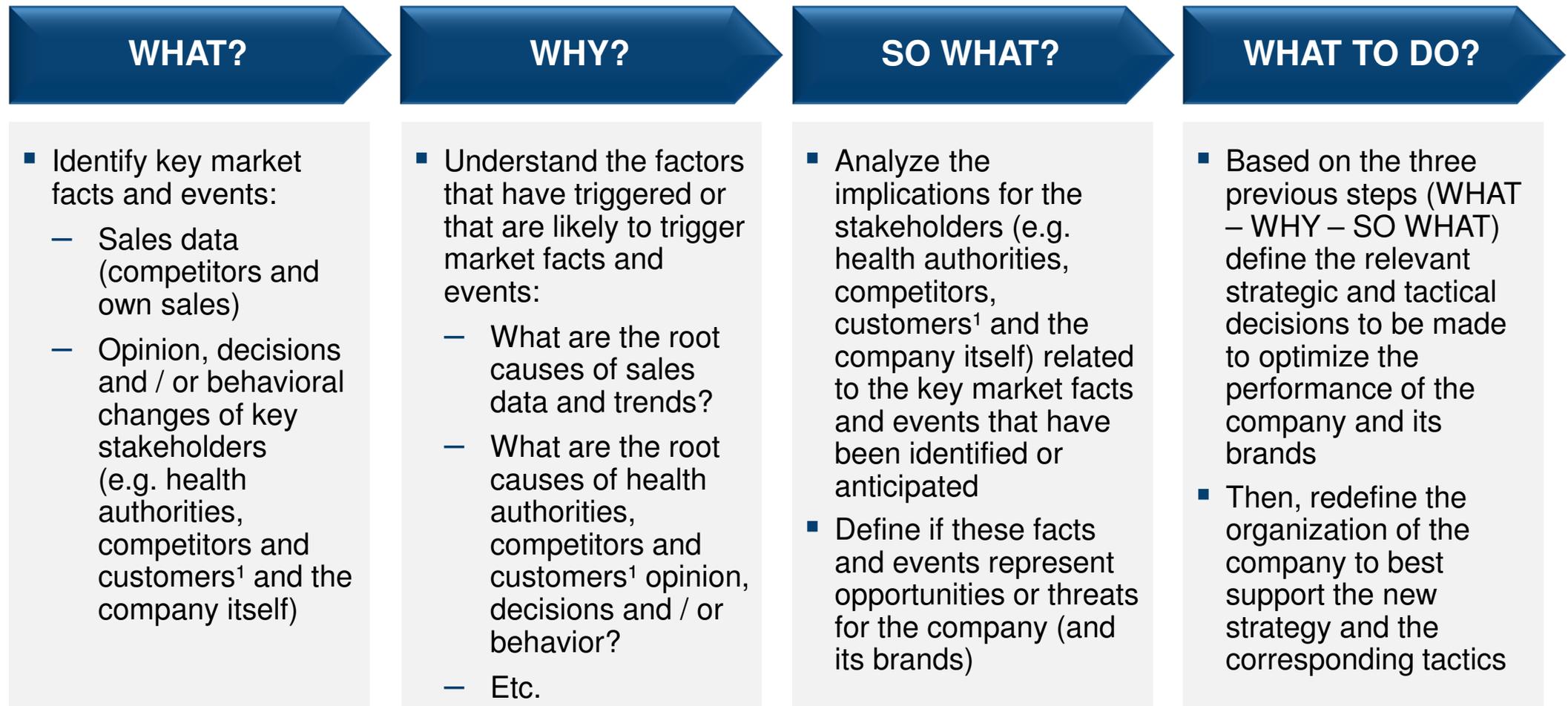
**The Smart Field Force  
Framework**

April 2018

  
**Smart Pharma  
Consulting**

**Smart Pharma Consulting applies systematically the 4 Ws approach which enables to make evidence-based decisions and therefore to improve their relevance**

**The 4 Ws approach**



Source: Smart Pharma Consulting

<sup>1</sup> Distributors, nurses, patients, payers, patients advocacy groups, pharmacists, physicians, etc.

Smart Pharma Consulting publishes regularly well-documented reports, including thoughtful analyses to help pharma companies make more robust decisions

**Selected publications related to Pharma Field Force Organization**

### Best-in-Class Medical Reps...

... apply the **ELITE Program**

- Prescriber Insight
- Brand Preference Tactic
- High Impact Interactions
- Job Passion

Concepts  
Methods  
Tools

*"Best-in-class med reps make each physician feel unique"*



### 2020 Pharma Trends & Marketing Challenges

Recommendations for Pharma Companies  
November 2017

**Smart Pharma Consulting**  
1 rue Marcel Schwob - 1202 Paris - France  
Tel: +33 6 91 96 23 78 - Fax: +33 6 45 37 42 29  
E-mail: [paper@smartpharma.com](mailto:paper@smartpharma.com) - Website: [www.smartpharma.com](http://www.smartpharma.com)



### Best-in-Class Medical Science Liaisons

How to Boost Medical Science Liaisons Competence & Performance

Methods  
Tools  
Advice

Position Paper  
February 2017



### Best-in-Class Hospital KAM

Apply the **KAM EXPERT Program**

Targeting  
Strategy  
Tactics  
Monitoring

Concepts  
Methods  
Tools




### Best-in-Class Pharma Marketers...

... apply the **Brand Booster Program**

- Brand Preference Strategy
- Behavioral Segmentation
- Individual Prescriber Plans

Concepts  
Methods  
Tools

*"Marketing is all about strengthening customers preference"*



Source: Smart Pharma Consulting

# The Pharma Field Force Organization relates to the way the in-field collaborators who meet customers should work and be organized to be effective and efficient

## Introduction: Working definitions

### Pharma Field Force

Are the people of a pharma company who work in the “field” to contribute – directly or indirectly – to generate sales

### Pharma Field Force People

May Include: medical reps, pharma reps, MSLs<sup>1</sup>, KAMs<sup>2</sup>, KIM<sup>3</sup>, regional market access managers, area managers<sup>4</sup>



### Field Force Organization

Is based on 4 key pillars:

- Activities
- Structure
- Processes
- Culture

### Field Force Reorganization

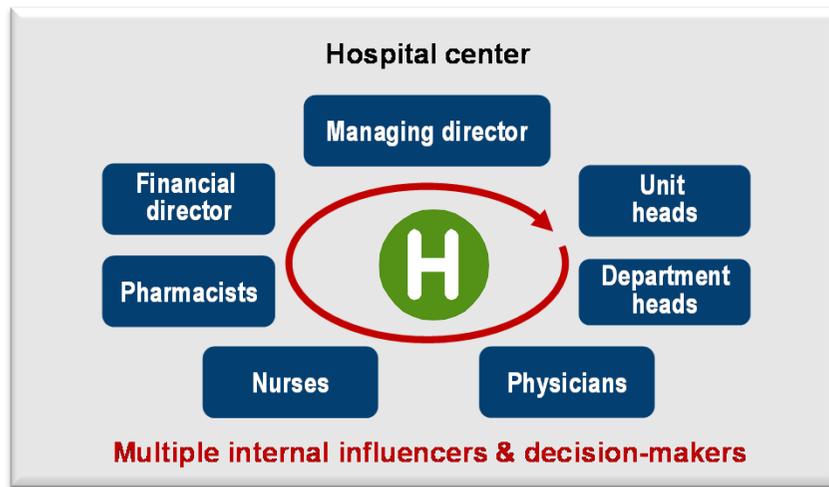
Consists in readjusting people activities, structure, processes and culture to boost the efficacy and efficiency of the company

*“A successful Field Force Organization is the one which supports effectively and efficiently the strategy”*

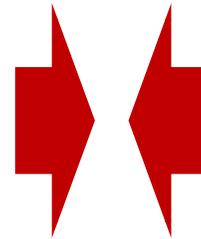
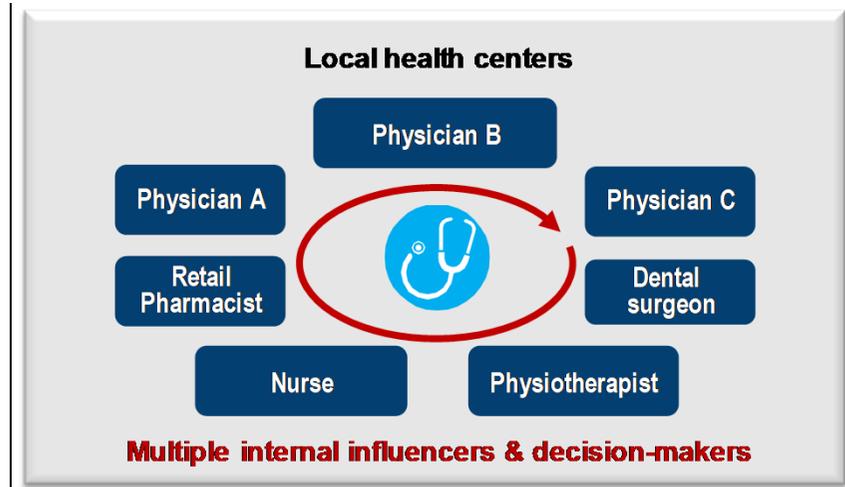
**Field Force Teams access to customers has become more difficult due to lack of time and interest, and influencing them more complex due to multiple decision-makers**

**Introduction: Pharma Environment Mega-trends**

**Hospital market segment**



**Open care market segment**



- The access to HCPs and other customers by the Field Force Teams is more and more controlled, if not forbidden
- Within hospital centers, physician prescribing decisions are more and more made in concertation, following protocols, and through the influence and pressure of various stakeholders, incl. payers, regional health authorities, etc.
- Hospital centers are also regrouping themselves which increases their business importance and bargaining power

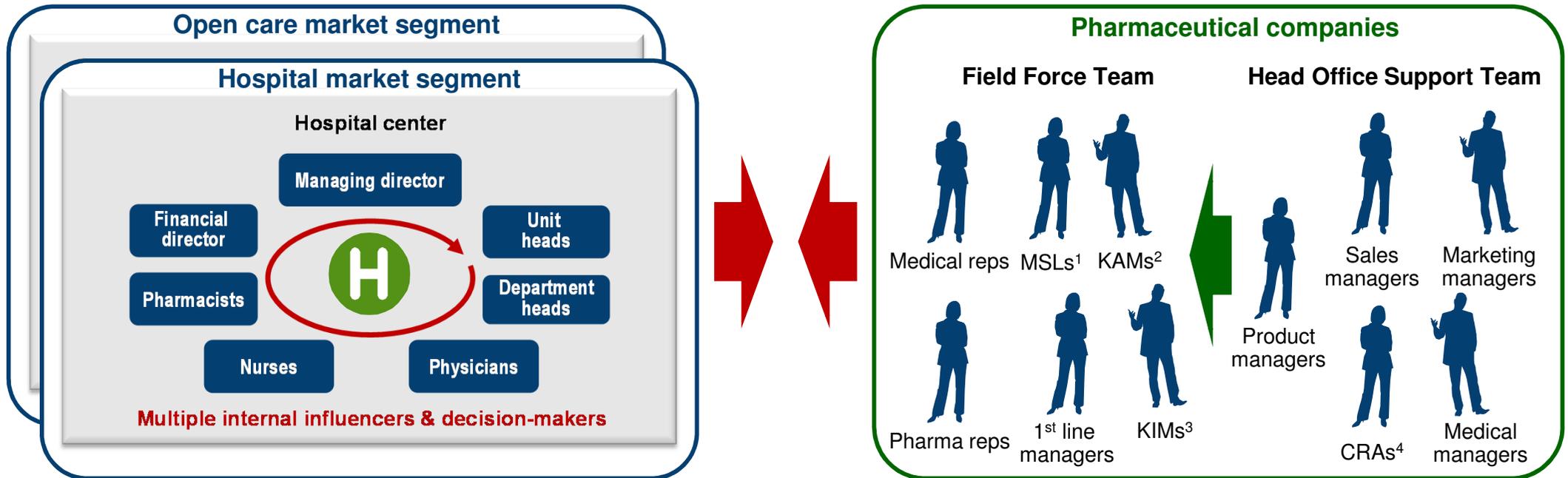
- Access to HCPs on the open care market segment has become a major issue for Field Force Teams
- More and more office-based physicians work in group practice for better efficiency and practicality
- Their prescribing behavior is more and more under the influence of health authorities, payers or other HCPs
- The increasing concentration of retail pharmacies<sup>1</sup>, has an impact on their interactions with Field Force Teams

Source: Smart Pharma Consulting, adapted after Strategor 2016

<sup>1</sup> Regrouped in chains or VTOs (Voluntary Trade Organizations) adopting purchasing behaviors similar to those observed in the FMCG (Fast-Moving Consumer Goods) sector, with an increasing pressure to get better prices and services

# Pharma companies must rethink their Field Force Team organization to secure their access to customers and manage to get their products preferred

## Introduction: Impact of Pharma Environment on Field Force Teams



- The grouping of hospital centers and office-based physicians have led pharma companies to deal with bigger accounts benefiting from a stronger bargaining power...
- ... in a context of economic pressure, making customers more price-sensitive than ever

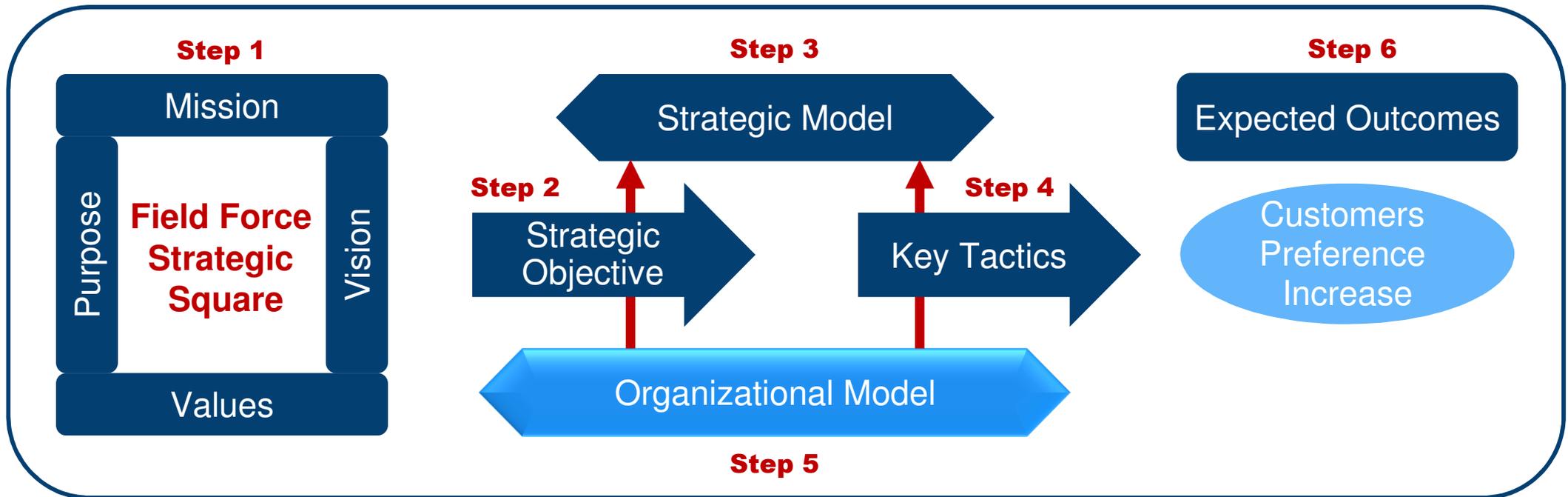
- Pharma companies have to address two key issues:
  - To protect, as much as possible, the price of their drugs
  - To move from a B-to-C to a B-to-B business model in which the prescribing decision is made by multiple stakeholders having different views and objectives

Source: Smart Pharma Consulting, adapted after Strategor 2016

<sup>1</sup> Medical Science Liaisons – <sup>2</sup> Key Account Managers – <sup>3</sup> Key Institution Managers who are in contact with regional health authorities and payers and who can propose hospital centers to participate, for instance, to a local public health initiative on a given pathology – <sup>4</sup> Clinical Research Assistants

The Smart Field Force Framework will help pharma companies design the best organizational model to support the right strategy and tactics

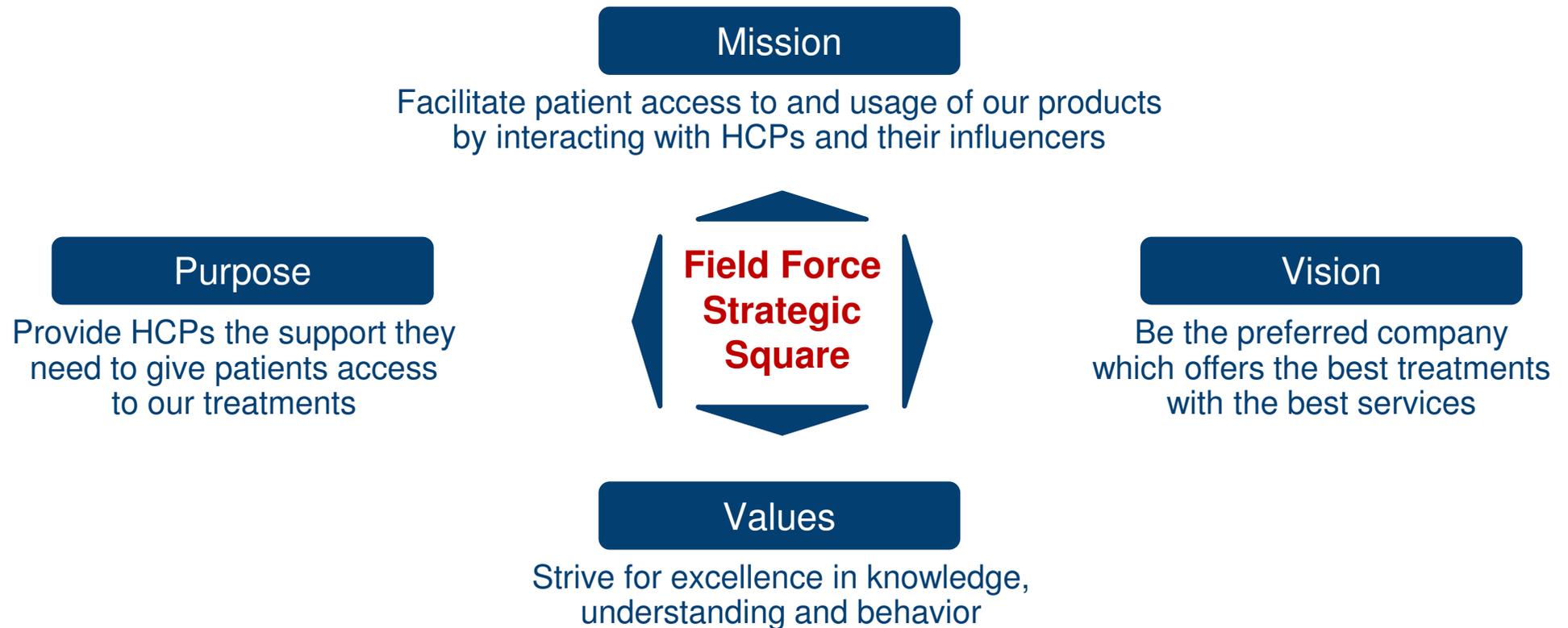
**Methodology: Smart Field Force Framework**



- The Smart Field Force Framework, developed by Smart Pharma Consulting, should enable pharma companies to align their “Strategic Square” to their strategic objective and then craft the best strategy and the corresponding tactics to meet this objective
- The organizational model will be designed accordingly to support effectively and efficiently the strategy and the tactics

Once the purpose, mission, vision and values have been set and shared, the Field Force should contribute to create the highest value for customers

**Step 1: Strategic Square**



- **Purpose:** Why do we exist?
- **Mission:** What do we do and for whom?

- **Vision:** What do we aspire to become?
- **Values:** What do we believe in and how do we behave?

The optimal design of a Field Force organization should start with an in-depth analysis of the evolution of the competitive landscape and of the company assets

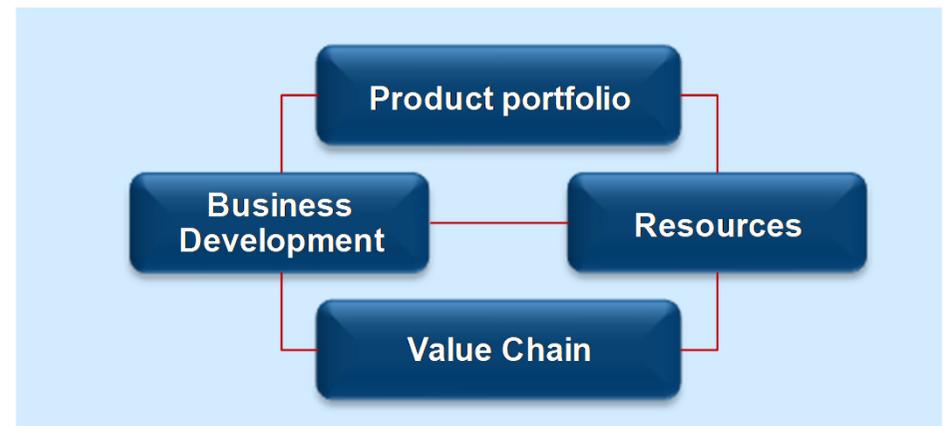
**Step 2: Strategic Objective – Situation & Trends Analysis**

Competitive Landscape Analysis



- The target Field Force organization will depend on the competitive landscape which can be analyzed with the 7Ps method<sup>1</sup> which, stakeholder by stakeholder, defines:
  - Behavioral trends (What?)
  - Driving forces (Why?)
  - Implications (so What?)
  - Strategic priorities (What to do?)

Company Assets Assessment



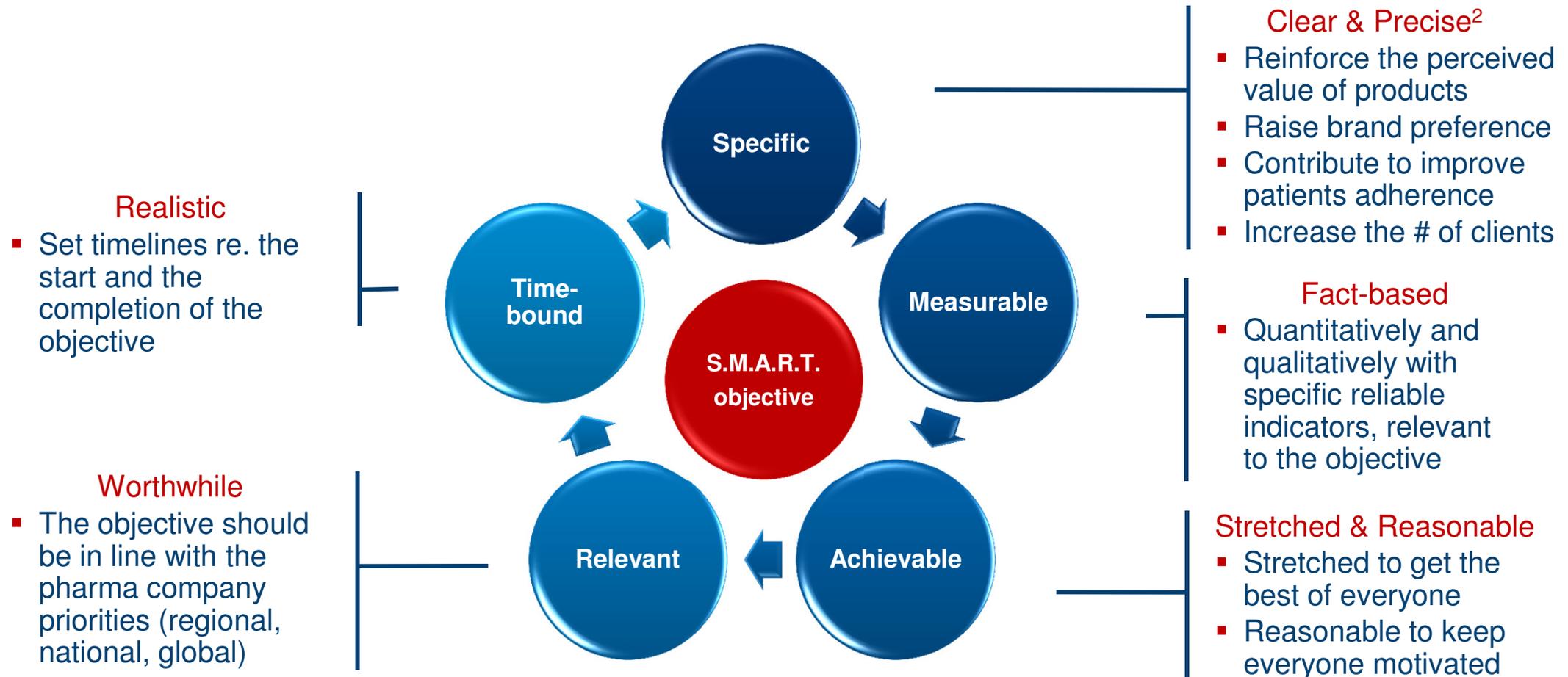
- To define a target organization, the company assets should also be assessed:
  - The current and future product portfolios
  - The tangible<sup>2</sup> and intangible<sup>3</sup> resources
  - The components of the value chain, including the support functions
  - The business development initiatives going on

Source: Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting Report “The French Pharma Market 2016 – 2022 Prospects” – <sup>2</sup> Physical and financial – <sup>3</sup> Reputation, technology, people, culture – <sup>4</sup> Regulatory, legal, HR, finance, IT

The strategic objective should be set according to the S.M.A.R.T. rule, well-explained and understood by all members of the Field Force<sup>1</sup> to maximize their adherence to it

**Step 2: Strategic Objective – Objective Setting**



Source: Smart Pharma Consulting

<sup>1</sup> Irrespective of their function –<sup>2</sup> Illustrative examples

The strategy should be crafted according to the analyzed situation and trends, and the strategic objective set, prior to the design of the Field Force organization

**Step 3: Strategic Model – Strategy Crafting**

**1. Situation & Trends Analysis**

**2. Strategic Objective**

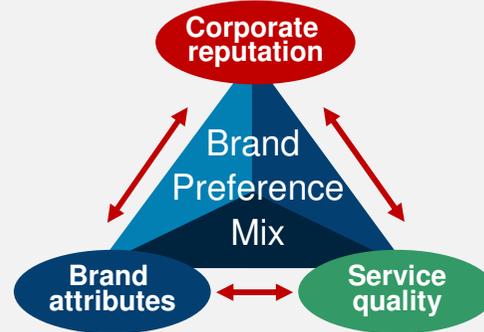
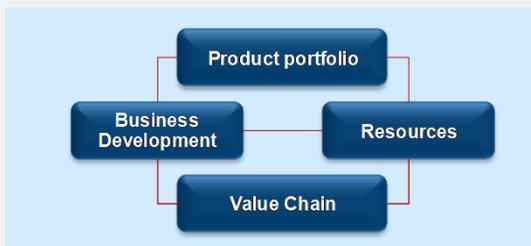
**3. Strategy Crafting**

**4. Organization Design**

**Competitive Landscape Analysis**

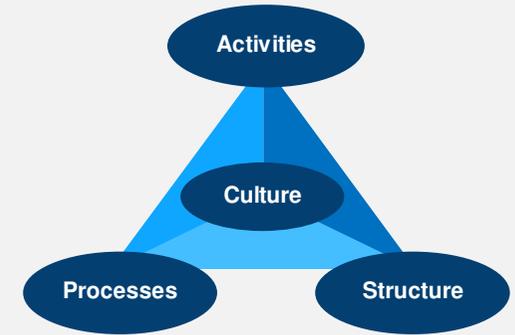


**Company Assets Assessment**



The Pharma Company strategy<sup>1</sup> related to Field Force activities will attempt to raise customer preference and create a long-lasting competitive advantage by:

- Seizing market opportunities
- Combating market threats
- Taking advantage of competitive strengths
- Addressing competitive weaknesses



The Field Force organization should be designed to support effectively and efficiently the crafted strategy

Four dimensions should be considered:

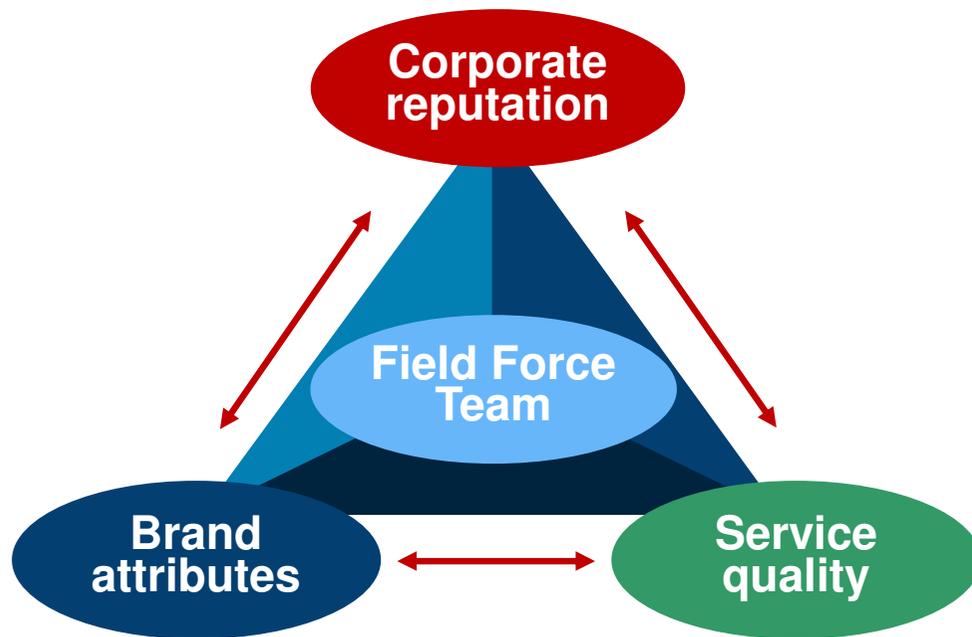
- Activities (and competencies)
- Structure (FTEs, organization chart)
- Processes (coordination, decision-making, information sharing, etc.)
- Culture (working conditions, etc.)

Source: Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper "Best-in-Class Pharma Strategy" published in March 2018

The utmost strategic priority of the Field Force Team is to strive to strengthen the preference of their customers for the products marketed by their company

**Step 3: Strategic Model – The Brand Preference Mix (BPM)<sup>1</sup>**



*“The Brand Preference Mix concept is a powerful means to enhance customer preference to marketed brands”*

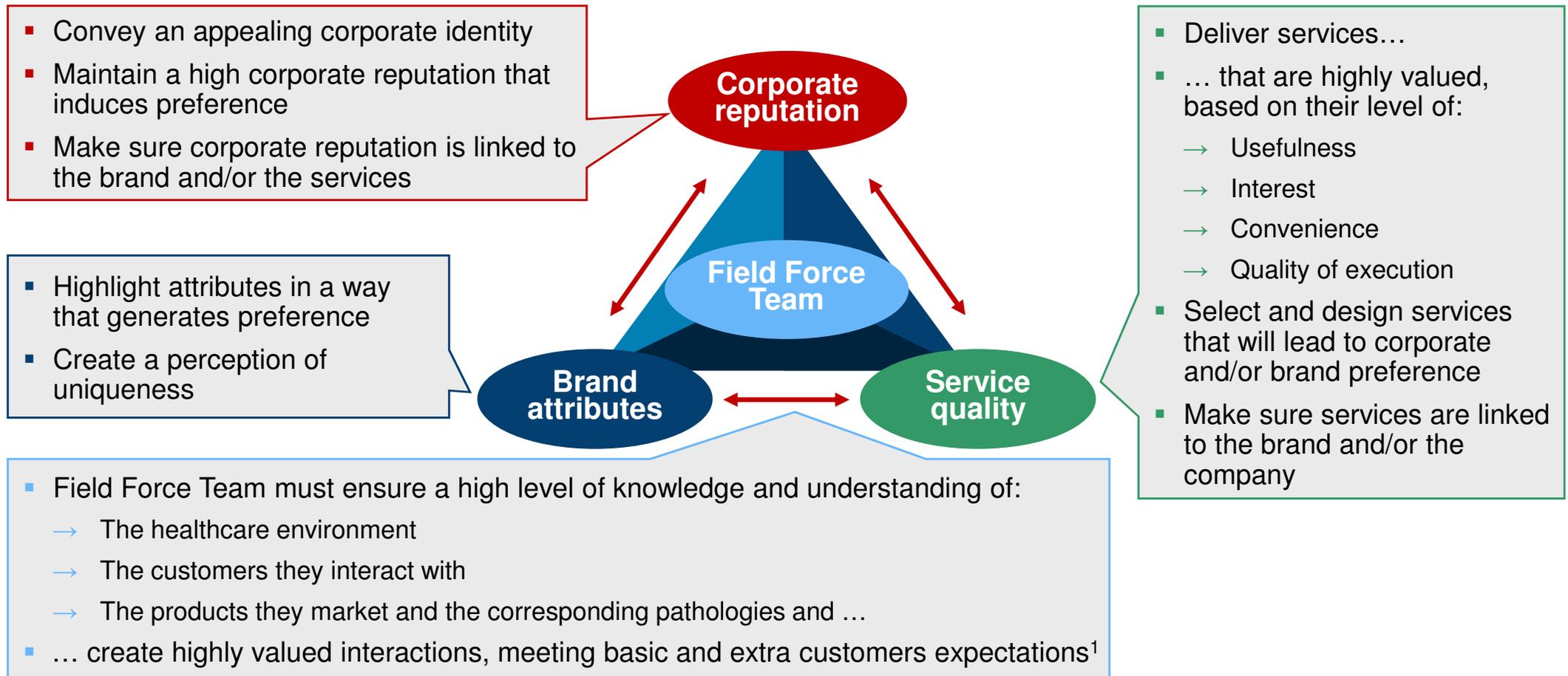
- Preference is the most relevant concept – far better than satisfaction – to boost market share growth, and thus the performance of pharma companies
- To raise customers’ preference for their products, pharma companies can act on three components:
  - Corporate reputation
  - The perceived quality of proposed services
  - The perceived benefits of brand attributes
- These three components should be strongly linked between themselves by customers
- Field Force Teams play an important role to leverage these three components

Source: “Building prescriber loyalty”, J.-M. Peny et al., SCRIP Magazine, September 1993 – Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper “Best-in-Class Medical Reps” published in April 2017 and “Best-in-Class Pharma Marketers” published in March 2017

## To boost the preference of physicians for their marketed brands, Pharma Marketers can leverage the three components of their Brand Preference Mix (BPM)

### Step 3: Strategic Model – Activation of BPM levers

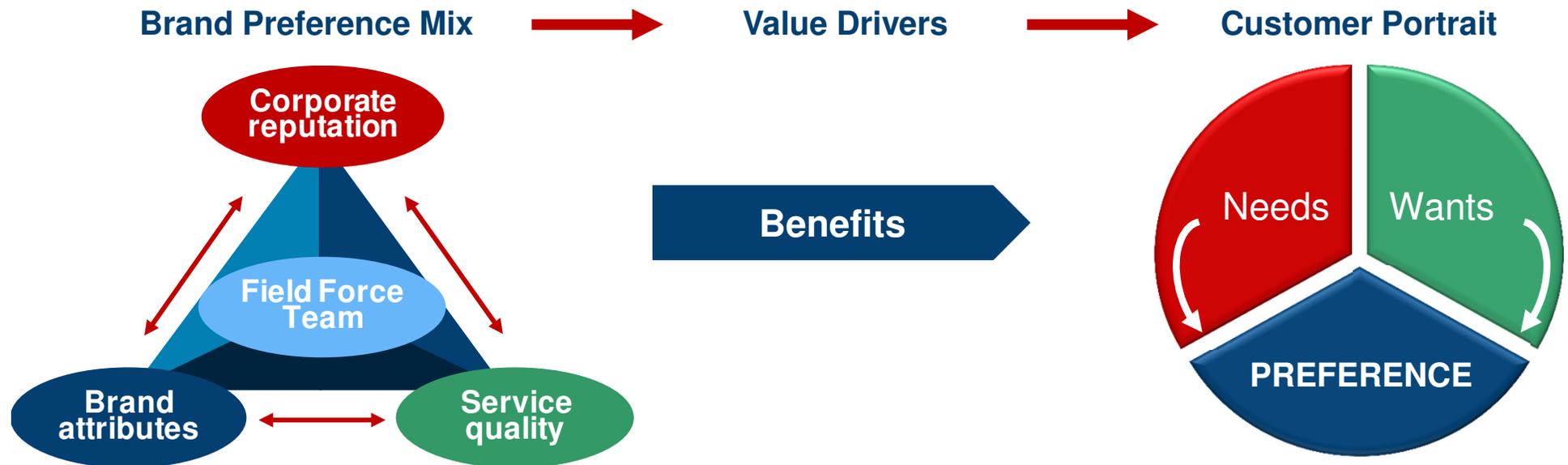


Source: "Building prescriber loyalty", J.-M. Peny et al., SCRIP Magazine, September 1993 – Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper "Best-in-Class Medical Reps" published in April 2017

**Field Force Teams must put into perspective the value drivers related to the three components of the Brand Preference Mix to gain/strengthen customers preference**

**Step 4: Key Tactics – Principles**



- The 3 components of the Brand Preference Mix are characterized by **features** which provide the “**reasons to believe**”
- These **features** must bring **unique** and **valuable benefits** to customers
- The **Field Force Team purpose** is to **make** customers **aware** of these **benefits** so that **they properly use** their **products**

Customers preference will be **driven by** their:

- **Needs:** “I need a treatment for this disease that is effective and safe” [**fact-based**]
- **Wants:** “I want to prescribe the treatment because I feel more secure” [**emotional**]

But **limited by** their:

- **Fears:** “I am used to another treatment and don’t wish to change my habits” [**fact-based & emotional**]

Source: Smart Pharma Consulting, adapted from the book “Pharma Marketing Tool Box” 2015

**Features of each component of the Brand Preference Mix should be expressed as benefits to customers in order to strengthen their preference to the brand**

**Step 4: Key Tactics – Customers Preference Path (1/3)**

Brand Preference Mix (BPM)	Features of the BPM component	Benefits to customers
<p>Corporate reputation</p> <p>Brand attributes</p> <p>Service quality</p>	<ul style="list-style-type: none"> <li>• What to say and what to do to build an appealing image (e.g. values, initiatives, achievements, strategic priorities, etc.) and establish the company as a reliable player?</li> <li>• How should these initiatives be carried out?</li> <li>• How to make the brand perceived positively different from competition?</li> <li>• How to highlight these attributes in an effective and efficient way?</li> <li>• To whom these differentiating points should be communicated?</li> <li>• What services should be developed to create a strong positive difference vs. competition?</li> <li>• How to make sure these services are highly valued by customers? <i>[Are they useful / interesting / convenient / well executed?]</i></li> <li>• How should these services be implemented in an optimal manner? <i>[How to ensure the in-field people collaborate effectively and efficiently to deliver highly valued services?]</i></li> </ul>	<p>The benefits the customers are likely to draw<sup>1</sup> should be identified for each feature of each component of the Brand Preference Mix,</p>

Source: Smart Pharma Consulting, adapted from the book "Pharma Marketing Tool Box" 2015

<sup>1</sup> Benefits could be: functional, financial, emotional and/or self-expressive

**Field Force Teams must contribute to enhance customers preference to their brands by positively differentiating the components of the BPM they value the most**

**Step 4: Key Tactics – Customers Preference Path (2/3)**

Brand Preference Mix (BPM)	Features of the BPM components	Benefits to customers	Desirability level <sup>1</sup>	Exclusivity level <sup>1</sup>
Corporate reputation (CR)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
Brand attributes (BA)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
Service quality (SQ)			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total
			<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> None <input type="checkbox"/> Partial <input type="checkbox"/> Total

Source: Smart Pharma Consulting, adapted from the book "Pharma Marketing Tool Box" 2015

<sup>1</sup> Should be selected only the benefits that are at least moderately desirable and partially exclusive

The exclusive and desirable benefits associated to the components of the BPM should be expressed by customer type or, even better, by individual customer

**Step 4: Key Tactics – Customers Preference Path (3/3)**

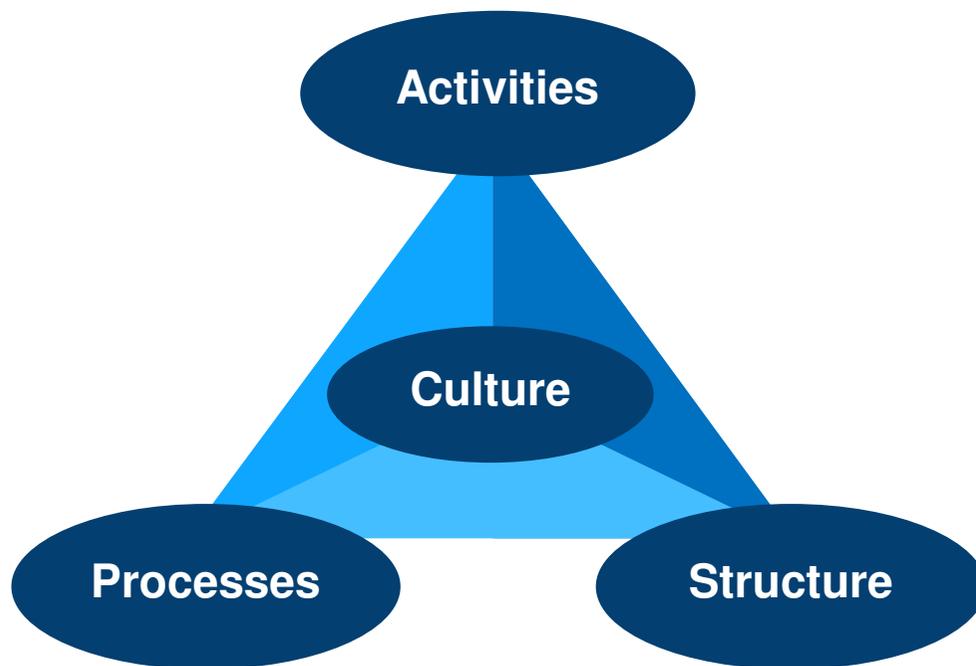
Customer type <sup>1</sup>	BPM <sup>2</sup>	Value proposition (exclusive & desirable benefits)
	Corporate Reputation	
	Brand Attributes	
	Service Quality	
	Corporate Reputation	
	Brand Attributes	
	Service Quality	
	Corporate Reputation	
	Brand Attributes	
	Service Quality	

Source: Smart Pharma Consulting, adapted from the book "Pharma Marketing Tool Box" 2015

<sup>1</sup> Physicians, Pharmacists, Patients, Payers, Policy makers, Patient advocacy groups, etc.  
<sup>2</sup> Indicate on which component of the BPM (corporate reputation, brand attributes, service quality) the value proposition is built

The Field Force organization model should be designed so as to support the execution of the crafted strategy and tactics in the most effective and efficient way

**Step 5: Organizational Model – The Organizational Triangle**



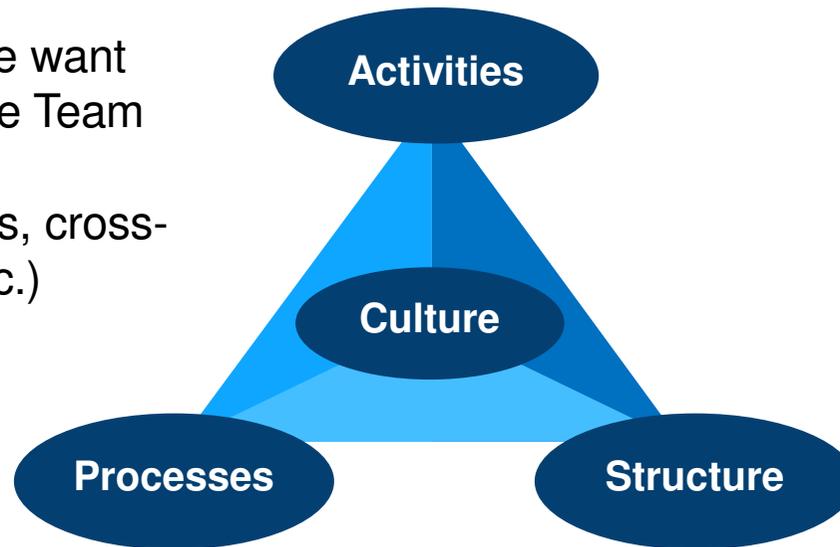
- The **organization model** should be designed to best **support** the implementation of the **strategy** and the corresponding **tactics**
- The organizational model developed by Smart Pharma Consulting is built on four dimensions:
  - **Activities** of collaborators
  - **Structure** and **headcount**
  - **Key processes**
  - **Cultural traits**
- These **four dimensions** should be **consistent** and regularly **adjusted**, qualitatively and quantitatively, to ensure an **optimal support of the strategy**

The organization must be designed to enable quick and easy adjustments to environment changes, and to get collaborators aligned to boost customer preference

**Step 5: Organizational Model – Activation of the four levers**

**Lever #1:** What should be the Field Force Team key **activities** (and the required competencies)?

**Lever #4:** What **culture** do we want to create within the Field Force Team (e.g. pragmatism, proactivity, empowerment, tangible results, cross-functional working method, etc.)



**Lever #3:** What are the key business **processes** (interactions, decision making, execution and performance monitoring) and are they efficient?

**Lever #2:** What **structure** (organigram & FTEs)<sup>1</sup> will best support Field Force Teams to achieve their tasks efficiently?

Source: Smart Pharma Consulting

<sup>1</sup> Including chain of command and span of control dimensions

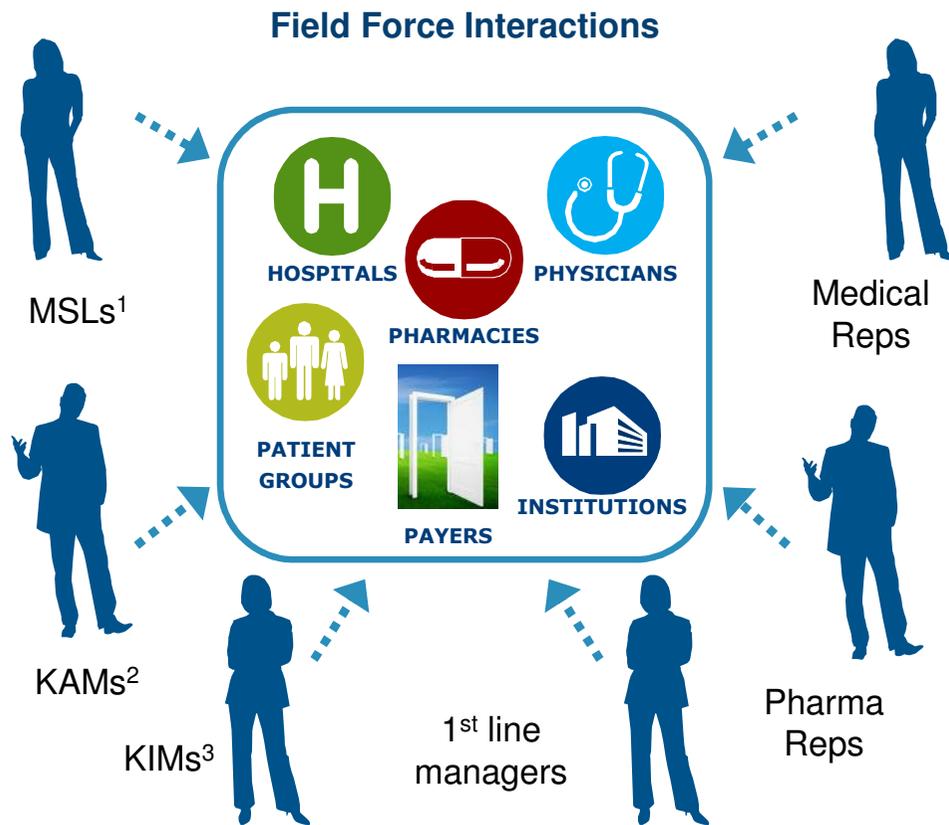
**Field Force Teams activities should be regularly adjusted to secure a regular access to customers and to boost their preference to the brands marketed by the company**

**Step 5: Organizational Model – Key activities (1/2)**



**Principles**

- Activities of Field Force Teams should be systematically streamlined:
  - Activities having no significant impact to raise the value of the marketed brands should be stopped
  - Customers shared by different Field Force functions (e.g. MSLs and medical reps) would require a clear co-positioning to avoid duplication and a thoughtful coordination of activities to leverage potential synergies which will be driven by sharing competencies, and/or costs
- To secure access to customers and influence them, Field Force Teams should, better than competitors:
  - Acquire a high level of market insights<sup>4</sup>
  - Highlight the image<sup>5</sup> of the company they work for
  - Propose and deliver highly valued services
  - Exhibit the benefits offered by the marketed brands
  - Use customers preferred communication channels
- Ambitious capability building programs would be required



Source: Smart Pharma Consulting

<sup>1</sup> Medical Science Liaison – <sup>2</sup> Key Account Managers – <sup>3</sup> Key Institution Managers – <sup>4</sup> Meaning: have an excellent knowledge and a good understanding of the healthcare system, the key market stakeholders (health authorities, competitors, customers) – <sup>5</sup> See Smart Pharma Consulting position paper “How to create a superior Pharma Corporate reputation” published in August 2016

The development of Field Force Teams competencies can be structured and prioritized with the help of the Smart Index tool

**Step 5: Organizational Model – Key activities (2/2)**



The Smart Index

- The **Smart Index** is a tool which structures the development of competencies around 3 components:

$$\text{Smart index} = \text{Knowing} \times \text{Understanding} \times \text{Behaving}$$

**Knowing**

**Precise – Reliable – Relevant**

knowledge of facts & figures re. the market, the company, with a special emphasis on customers and their influencers

**Understanding**

**In-depth & Robust**

analytical skills and fact-based decision making

**Behaving**

**Planning, Organizing, Directing & Monitoring**

to guarantee the quality of execution, leverage potential synergies and keep colleagues engaged

*“Any fool can know. The point is to understand” – Albert Einstein*

Source: Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper “Be a Smart Manager, Not just a Good one” published in June 2017

**There is no magic numbers, the Field Force size depends on external and internal factors, the impacts of which are specific to each company and each product**

**Step 5: Organizational Model – Structure (1/3)**



**Field Force sizing: Driving Factors**

**External factors**

**Authorities**

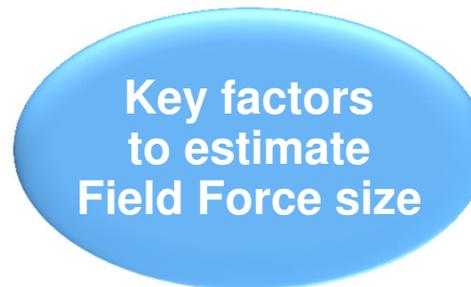
- Regulations re. Field Force activities (charter)
- Limitation of interactions with HCPs
- Refusal of institutions to interact with pharma companies

**Customers**

- Number of HCPs and other customers (e.g. influencers such as PAGs, patients, payers)
- Opinion and behavior vis-à-vis the company, its products and services
- Inclination of customers to change their opinion and behavior under the influence of Field Force Teams

**Competition**

- Number of targeted customers
- Types, content and frequency of interactions per targeted customer
- Number of in-field FTEs



**Internal factors**

**Products**

- Number of brands for presentation
- Product life cycle stage (pre-launch, launch, growth, maturity, decline)

**Organization**

- Number of field days
- Types, content and frequency of interactions<sup>1</sup>
- Number of daily interactions
- Number of interactions per customers
- Cost per in-field collaborator and per interaction

**Skills**

- Quality of contact
- Contact productivity
- Territory management

Source: Smart Pharma Consulting based on "Pharma Marketing Tool Box" published in 2016

<sup>1</sup> Including: face-to-face calls, mailings and e-mailings, contacts during medical meetings, congresses, project collaborations, etc.

# The Smart Simulator helps to estimate the optimal Field Force resources and the best structure by adjusting coverage and frequency by customer and by product

## Step 5: Organizational Model – Structure (2/3)



### Field Force sizing: The Smart Simulator

Overview	Smart Simulator: Hospital and retail lines activity	
	FTE 2018*	FTE after simulation
Overview		
GPs	78	79
Diabetologists	5	6
Neurologists	24	24
Hospital pharmacists	7	5
Retail pharmacists	37	11
Nurses	1	2
<b>Total FTE</b>	<b>152</b>	<b>128</b>
<b>Simulation vs. 2018:</b>		<b>-24</b>

\*Based on the number of calls planned by the company in 2018 (assuming 900 calls per year per sales rep)

- The Smart Simulator is an enabling tool to help pharma companies evaluate the impact of external and internal factors, either qualitative or quantitative, which will influence the size of their Field Force
- Thus, the sizing, expressed as FTEs, will depend on:
  - The number of customers for whom interactions with the Field Force is likely to have a significant positive impact on the performance of marketed products
  - The types of interactions customers are open to
  - The optimal number of interactions to be carried out for each customer
  - The time related to the implementation of these interactions
  - The combined activities, and possible synergies amongst different in-field collaborators<sup>1</sup>
- The Smart Simulator, as any simulator, gives a preliminary estimate which must be completed by a qualitative analysis, customer by customer

Source: Smart Pharma Consulting

<sup>1</sup> Medical reps, MSLs, KAMs, KIMs, Pharma reps, etc.

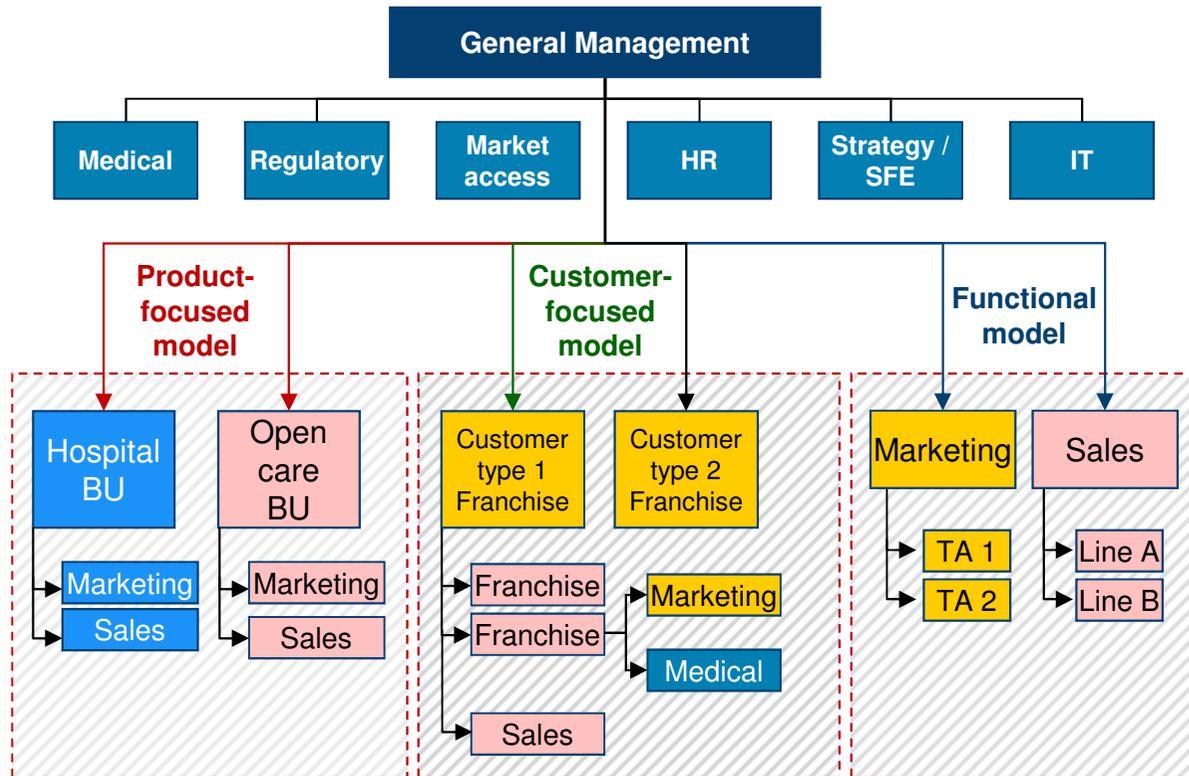
The preferred structure should be built around customers, remain lean and agile, favoring collaborations across departments and with the support functions

**Step 5: Organizational Model – Structure (3/3)**



**Organization Chart**

Typical structure of pharmaceutical companies



- In the **Product-focused model**, products drive the structure:
  - For “strict” hospital use, activities are organized in BUs or franchises, gathered or not under a common “Hospital Management” structure, and covering different therapeutic areas (TAs)
  - For mix products, companies display hospital dedicated med reps, reporting to open care BUs, and supporting detailing of open care products at hospital
  - Hospital and open care organizations are operationally independent, but share common supporting resources
- The **Customer-focused model** is shaped around customers by franchise, each of them containing marketing and medical resources, supported by sales forces
- The **functional model** is less frequent among pharma companies, irrespective of their size

Source: Smart Pharma Consulting benchmark study

High market sensitivity, simple and short processes, cross-departments coordination and cooperation will contribute to better serve customers

**Step 5: Organizational Model – Processes (1/3)**



**Customer-centricity Organization: The 4 Cs**

- Customer-focused organization (silos around customers vs. brands)
- Knowledge- and experience-sharing
- Harmonization of activities

- Skills to develop and deliver high value solutions
- Ability to explore and discover customer insights (deep knowledge of their needs, wants, behaviors)
- Motivated and empowered collaborators



- Project teams including members from various departments centered around customers
- Shared customer database
- Introduction of metrics to foster cultural change

- Partnership with external players to propose unique and highly valued offerings to customers

Sources: Adapted from R. Gulati (HBR 2007) - Smart Pharma Consulting analyses

To create value for field forces, and therefore for the company, head office functions should maintain a business-driven balance between support and control

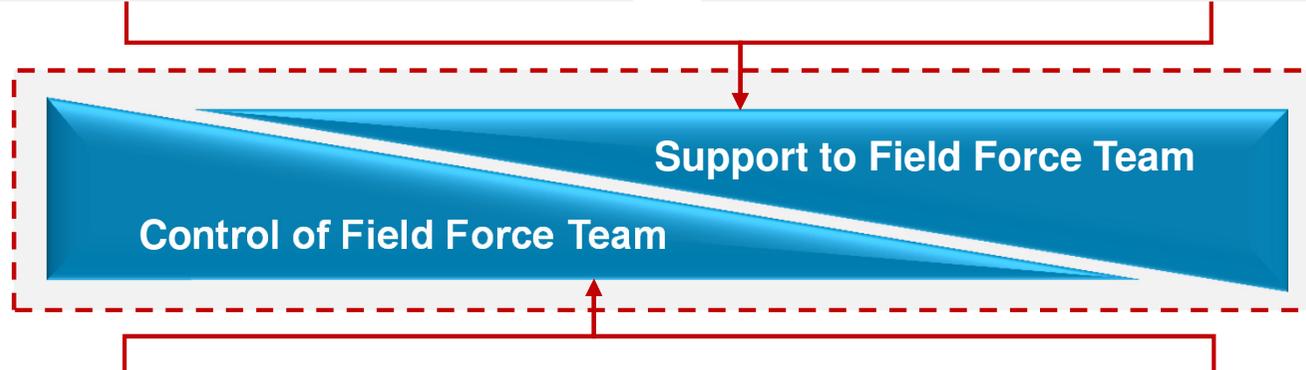
**Step 5: Organizational Model – Processes (2/3)**



**Balanced Support & Control of Field Force Teams**

- *Ad hoc* capabilities missing at Field Force level
- Complementary resources (e.g. if understaffing)
- Strategic directions and priorities, whenever required

- Support to facilitate in-field activities, to address scientific, legal, HR issues, etc.
- Competence and experience sharing across BUs and from head office to in-field functions



- Business-relevant metrics (automation, dashboards, standardized score cards)
- Selected number of KPIs (key performance indicators) and KEIs (key execution indicators)

- Monitoring of compliance (e.g. HR policy, people management, marketing & sales practices, etc.)
- Monitoring of the level of organizational agility and suggestions of solutions to fill up the gaps (if any)

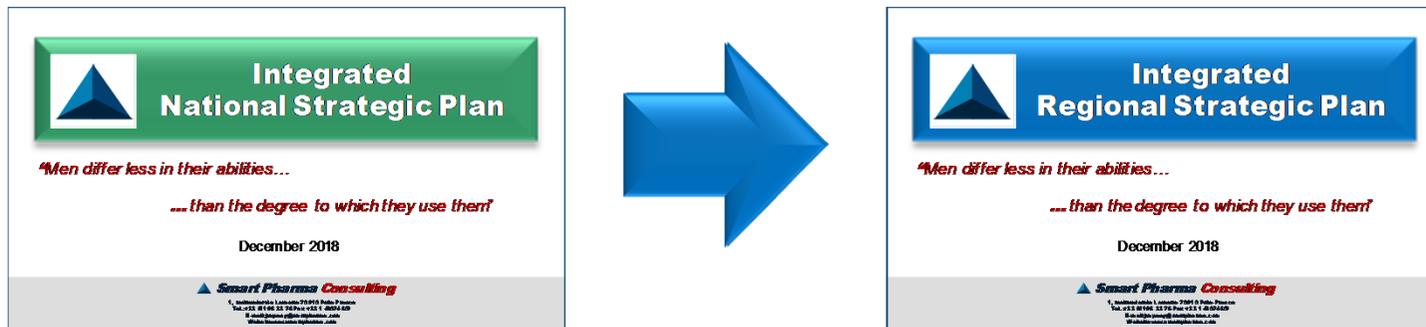
Sources: Smart Pharma Consulting analyses

The activities of in-field collaborators interacting with the same customers should be integrated in a single strategic plan, including separated sections

**Step 5: Organizational Model – Processes (3/3)**



**Integrated Regional Strategic Plan**



**Medical Section**

- **Collaborators:** MSLs
- **Key clients:** national and regional KOLs
- **Key objectives:** build strong and sustainable relationships with KOLs to develop advocacy
- **Key activities:** interactions with KOLs, scientific lectures at congresses, symposia, staff meetings, support of research clinical trials, training of speakers and collaborators from marketing and sales teams, support of Key Institution Managers (KIMs) and Key Account Managers (KAMs) while meeting their clients, competitive intelligence initiatives

**Marketing & Sales Section**

- **Collaborators:** brand managers, area managers, medical representatives
- **Key clients:** physicians, retail and hospital pharmacists
- **Key objectives:** strengthen brand preference
- **Key activities:**
  - **Marketers:** crafting of a brand preference strategy leveraging: brand attributes, perceived quality of associated services and corporate reputation
  - **Sales forces:** medical calls, invitations to medical meetings, congresses and proposal for services likely to strengthen brand preference

**Access & Adherence Section**

- **Collaborators:** Key Account Managers (KAMs) and Key Institution Managers (KIMs)
- **Key clients:** regional health authorities, regional payers, hospital directors, hospital purchase managers, PAGs<sup>2</sup>, etc.
- **Key objectives:** facilitate the hospital listing, and improve patient adherence
- **Key activities:** development of medico-economic studies to facilitate the market access of brands and support of projects to improve patients adherence, to promote the proper use of drugs

Sources: Smart Pharma Consulting analyses

<sup>1</sup> In compliance with the national regulations and the companies' internal policies – <sup>2</sup> Patient Advocacy Groups

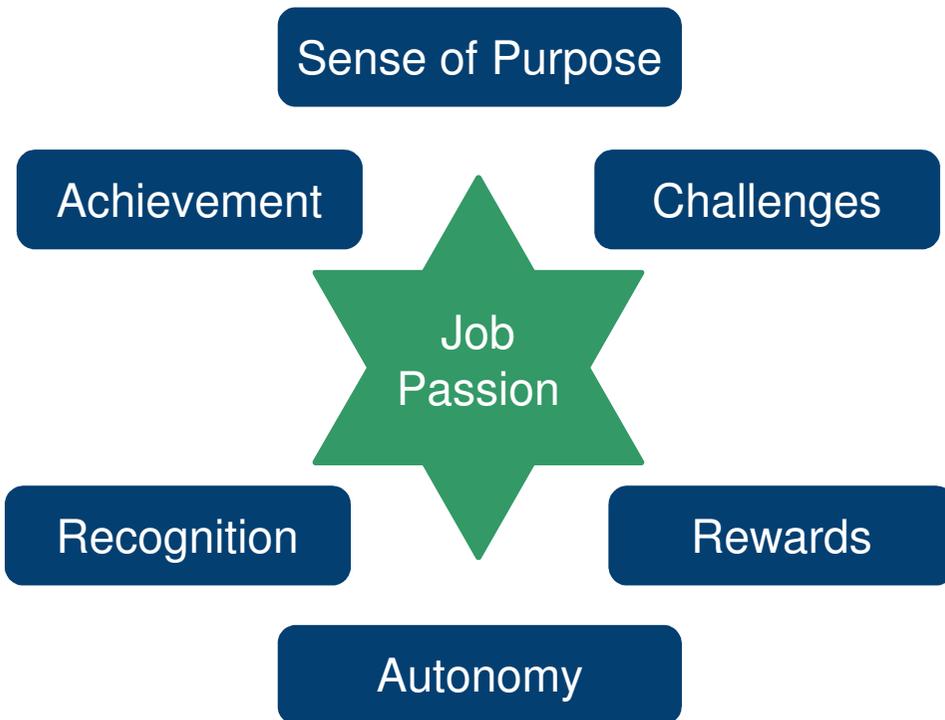
Stimulating Field Force members passion for their job is a key performance driver, especially in a context where customers are increasingly reluctant to meet them

**Step 5: Organizational Model – Culture (1/2)**



**Stimulation of Job Passion<sup>1</sup>**

Job passion is influenced by six key drivers:



Passion is expressed by:



*“Pleasure in the job puts perfection in the work” - Aristotle*

Source: Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper “Be a Smart Manager, Not just a Good one” published in June 2017

**Managing by mutual benefits will give Field Force Teams a sense of purpose which will increase the probability to get their full and sustainable engagement**

**Step 5: Organizational Model – Culture (2/2)**



**Management by Mutual Benefits<sup>1</sup>**

**MBO<sup>2</sup>**  
**(Management By Objectives)**

- Definition of objectives agreed by both management and employees
- Well-adapted to vertical management models
- However, by focusing on results, the way to achieve them (the planning) can be overlooked and lead to suboptimal efficiency
- Does not favor innovation nor flexibility



**MBMB**  
**(Management By Mutual Benefits)**

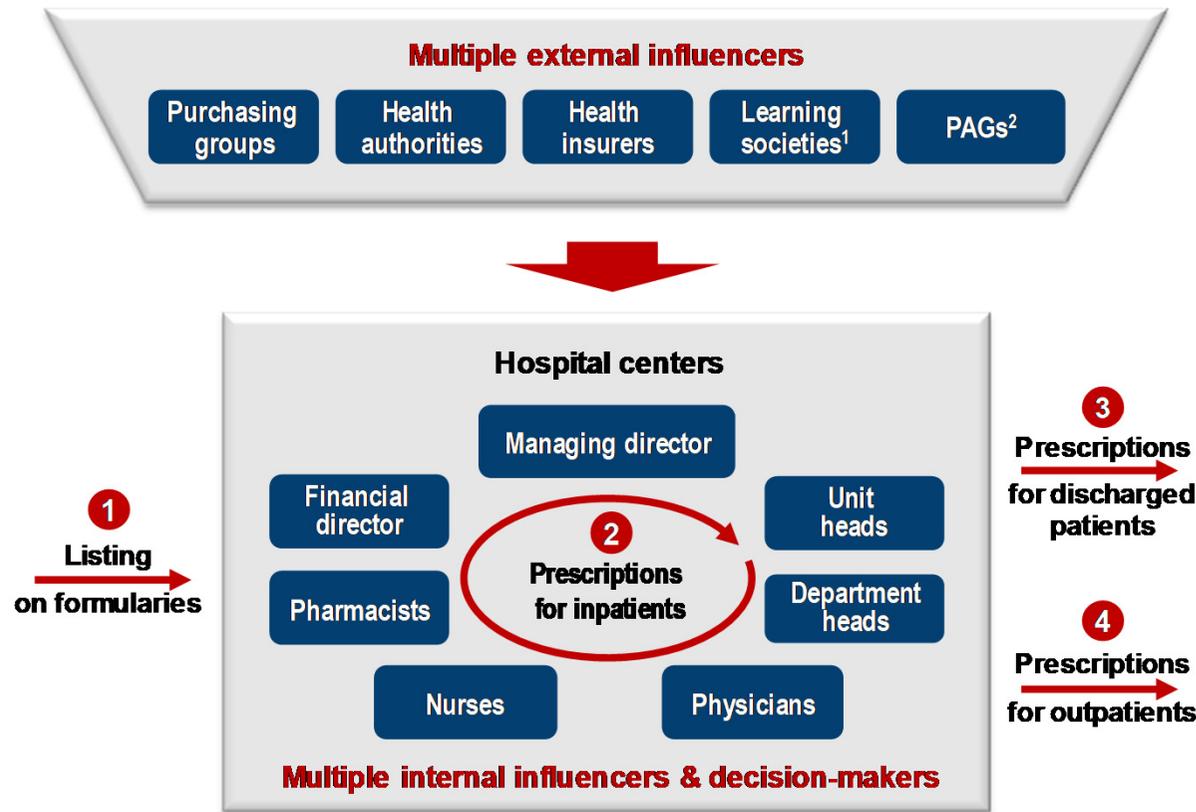
- Creates mutual benefits and value by fulfilling the respective expectations of employees and employers
- Maximize the probability to obtain the full engagement of employees
- Requires from managers to (better) satisfy collaborators ...
- ... to create favorable conditions to secure a higher quality of execution that will lead to better results

Source: Smart Pharma Consulting

<sup>1</sup> See Smart Pharma Consulting position paper "Be a Smart Manager, Not just a Good one" published in June 2017 – <sup>2</sup> The term was coined by Peter Drucker in 1954 in the book "The practice of Management"

The Field Force strategy and organization must have a favorable impact on one or several of the key performance drivers of products prescribed at hospital level

**Step 6: Expected Outcomes – Hospital Market Segment**



- The expected results from the Field Force strategy, its related tactics and supporting organization will come from their – direct or indirect – positive impact on the following performance drivers:
  1. Listing on formularies<sup>3</sup>
  2. Prescription for inpatients<sup>4</sup>
  3. Prescription for discharged patients<sup>4</sup>
  4. Prescription for outpatients<sup>4</sup>
- Maintaining access to HCPs is a key challenge that must be addressed by ensuring high quality interaction, from customers perspective
- The actions to activate these drivers will depend on:
  - Each hospital specificities (e.g. strategic priorities, procurement process and policy, degree of complexity, power games)
  - Product portfolio competitive position
  - Value of services offered to date
  - Corporate reputation

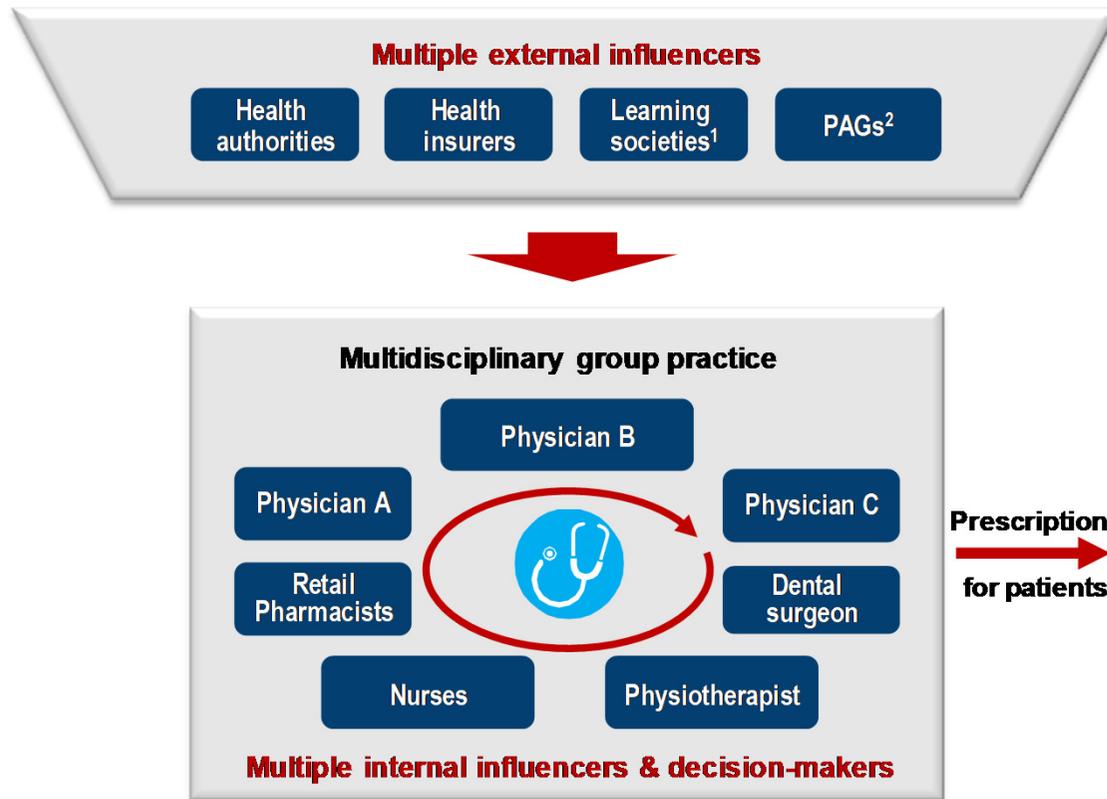
● Key performance drivers for pharma companies

Source: Smart Pharma Consulting

<sup>1</sup> Through the therapeutic guidelines they may publish – <sup>2</sup> Patient Advocacy Groups – <sup>3</sup> Under the direct responsibility of KAMs – <sup>4</sup> Under the direct responsibility of medical reps

**Field Force Teams operating on the open care market must secure access to customers and raise their brand preference by ensuring highly valued interactions**

**Step 6: Expected Outcomes – Open care Market Segment**



- On the open care market, the expected outcome from the implementation of the customer strategy and of the supporting Field Force organization is to:
  - Secure a regular access to health care professionals (HCPs) which has become more and more difficult, especially in health centers
  - Raise the preference of HCPs in favor of the marketed products by leveraging the three components of the Brand Preference Mix<sup>3</sup>
  - Maintain a favorable opinion and behavior of stakeholders who are likely to influence HCPs and patients
- To address these challenges, the Field Force Team members will have to:
  - Ensure high value interactions
  - Coordinate their activities to leverage potential synergies
  - Be flexible enough to adjust themselves to the external and internal changes

Source: Smart Pharma Consulting

<sup>1</sup> Through the therapeutic guidelines they may publish – <sup>2</sup> Patient Advocacy Groups – <sup>3</sup> See Smart Pharma Consulting position paper "Best-in-Class Pharma Marketers" published in March 2017

To measure the efficacy and efficiency of a Field Force Team, it is recommended to monitor the activities they carry out with KEIs<sup>1</sup> and their related impact with KPIs<sup>2</sup>

**Step 6: Expected Outcomes – Measurement Tools**

Illustrative

1 What is the objective?	2 What is the target?	3 KEIs <sup>1</sup>	4 KPIs <sup>2</sup>
<ul style="list-style-type: none"> <li>▪ Create / reinforce awareness</li> <li>▪ Generate interest</li> <li>▪ Develop brand preference</li> <li>▪ Increase share of prescription</li> <li>▪ Increase compliance</li> <li>▪ Limit substitution rate</li> <li>▪ Get the brand listed</li> <li>▪ Fine tune the profile of the customer</li> </ul>	<ul style="list-style-type: none"> <li>▪ Physicians (e.g. KOLs, specialists, GPs)</li> <li>▪ Pharmacists (e.g. retail or hospital)</li> <li>▪ Patients</li> <li>▪ Nurses</li> <li>▪ Influencers (e.g. health authorities, “politics”, patient advocacy groups, public health insurance, private health insurance, professional associations)</li> </ul>	<ul style="list-style-type: none"> <li>▪ % of the target covered by the Field Force Team</li> <li>▪ % of the target influenced by the Field Force Team</li> <li>▪ % of the target having a positive opinion of the services offered<sup>3</sup></li> <li>▪ Number of interactions (e.g. by customer, by in-field collaborator)</li> <li>▪ Implementation time required vs. planned</li> <li>▪ Actual vs. budgeted cost</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand Preference Mix index (i.e. corporate reputation, product attributes, service quality)</li> <li>▪ % of hospitals having listed the brand</li> <li>▪ Price negotiation</li> <li>▪ Sales level and evolution</li> <li>▪ Share of prescription</li> <li>▪ Change in the number of treatment initiations</li> <li>▪ Return on investment</li> </ul>

*“If it cannot be measured, it cannot be managed” – Peter Drucker*

Source: Smart Pharma Consulting based on “Pharma Marketing Tool Box” published in 2016

<sup>1</sup> Key Execution Indicators – <sup>2</sup> Key Performance Indicators – <sup>3</sup> Based on: usefulness, interest, convenience, quality of execution

Pharma companies having no choice but to transform themselves to boost their performance, they can follow the 8-step process for leading change

**The 8-Step Process for Leading Change – Principle**



Source: Adapted by Smart Pharma Consulting from John P. Kotter 1996 and 2016, Richard L. Daft 2016

## The careful implementation of these eight steps is important because it provides pharma companies with a robust framework to facilitate the change process

### The 8-Step Process for Leading Change – Implementation

#### 1. Create a sense of urgency

- From competitive environment and company performance, people must see (facts) and feel (emotions) the necessity to transform the company
- Most managers must be able to describe opportunities for collaborators

#### 2. Build a guiding coalition

- A “transformation team” with a strong leader must be set up
- This “guiding coalition” must be strongly convinced of the need to change...
- ... and form a powerful close-knit group in terms of reputation, influence, etc.

#### 3. Create a vision and craft a strategy

- A clear vision people adhere to and...
- ... a good understanding of the strategy to make it a reality will help envision the benefits of the change for individuals and the company
- Leaders play a key role at this stage

#### 4. Enlist volunteer team

- To make change happen, a large team of advocate and role models who “walk the talk” and drive in the same direction to achieve the vision, must be built

#### 5. Enable actions by removing barriers

- Structures and processes that obstruct the change effort should be removed
- Risk taking and innovative ideas should be encouraged

#### 6. Generate quick-wins

- Quick wins are essential to boost the credibility of the change process and keep the momentum going

#### 7. Sustain acceleration

- Activities, structures, processes and cultural traits which do not fit with the new vision must be changed
- Change leaders should be hired, promoted, developed

#### 8. Institute change

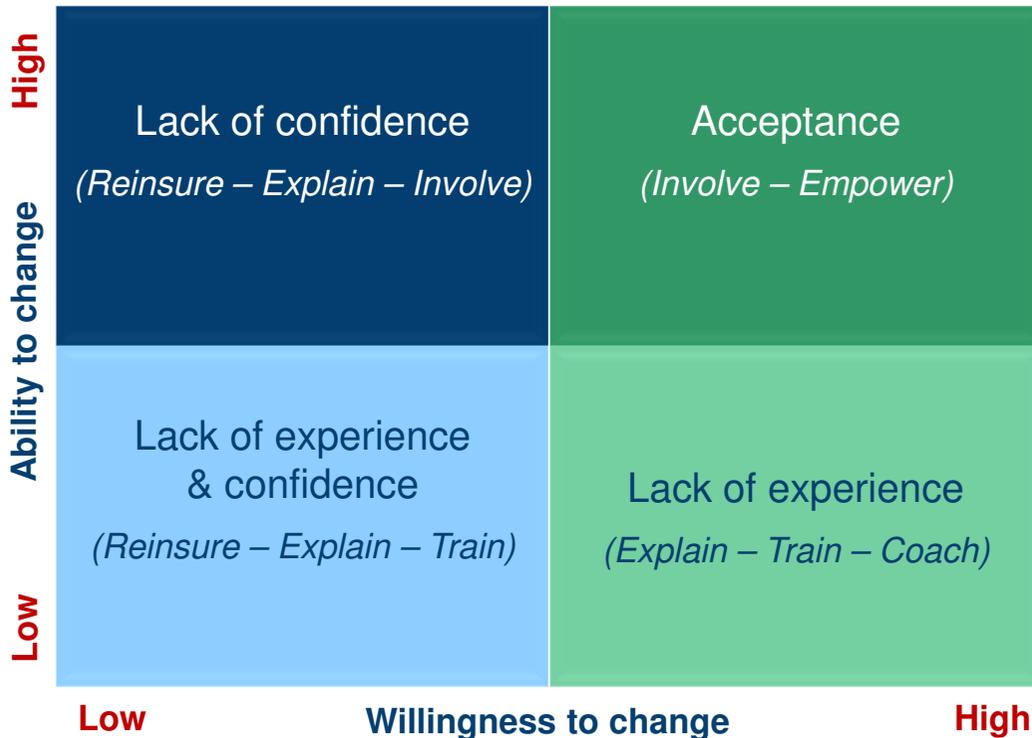
- How new activities, structures, processes and cultural traits have helped improve performance should be shown and institutionalized to make the change stick

Source: Adapted by Smart Pharma Consulting from John P. Kotter 1996 and 2016, Richard L. Daft 2016

**Change management requires to pay a special attention to resisters and apply the appropriate techniques to address the root causes of their resistance**

**Management of Resistance to Change**

Resistance to Change Matrix



Techniques for Reducing Resistance to Change

- **Education & communication**
  - In case of misinformation, but may not work if lack of trust and credibility
- **Participation**
  - When resisters are able to contribute
- **Facilitation & support**
  - When resisters are fearful and anxious
- **Negotiation**
  - When resistance comes from a powerful group, but can open doors for others to apply pressure too
- **Manipulation & co-optation**
  - When a powerful group endorsement is needed, but can backfire and cause to lose credibility
- **Coercion**
  - When a powerful group endorsement is needed, but may be illegal, backfire and cause to lose credibility

Source: Source: Smart Pharma Consulting – Stephen P. Robbins et al 2017

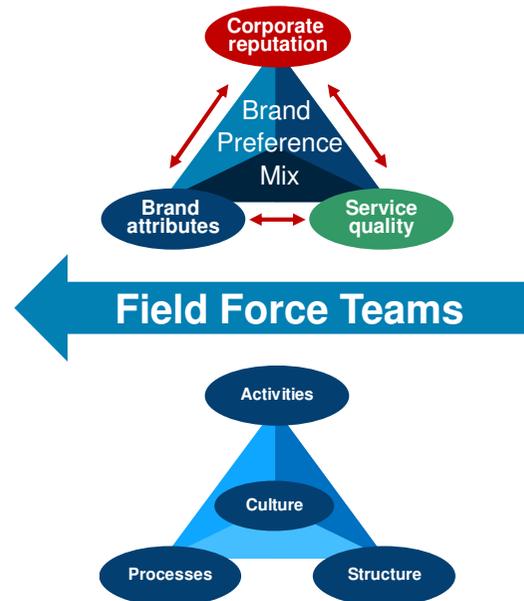
# The Smart Field Force Framework helps pharma companies better align their strategy and their organization to optimize their performance

## Smart Field Force Framework Recommendations

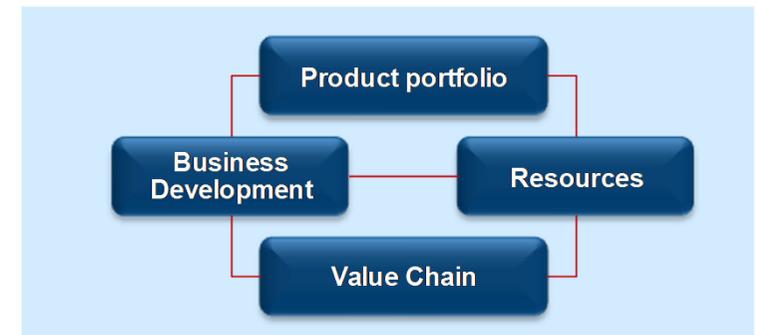
### Competitive Landscape Analysis



- Policy makers want to develop a more effective and efficient healthcare system
- Payers priority is to better control healthcare expenditure by cutting prices and limiting access to patients
- PAGs fight to get an earlier and broader access to innovative treatments and get better therapeutic outcomes
- HCPs need more time to treat patients and to remain well informed of innovations and new medical practices



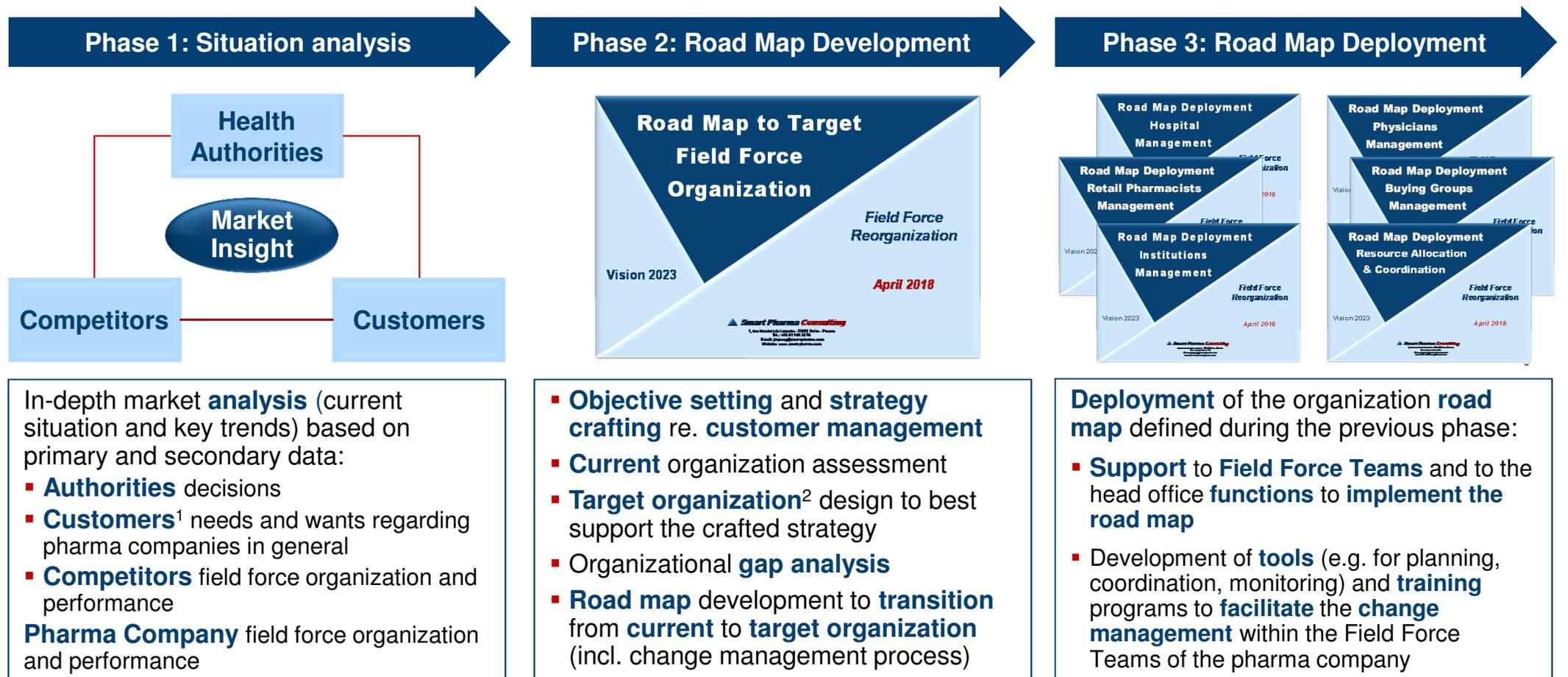
### Company Assets Assessment



- Strategy should be focused at enhancing customers preference to their brands with the help of the Brand Preference Mix
- Organization should be designed so that:
  - Activities are carried out by highly competent people working in multidisciplinary teams
  - Field Force Teams are structured around customers / customer groups
  - Processes are kept simple to guarantee agility, flexibility and leanness
  - Passion for their job is developed and cultivated amongst Field Force Teams

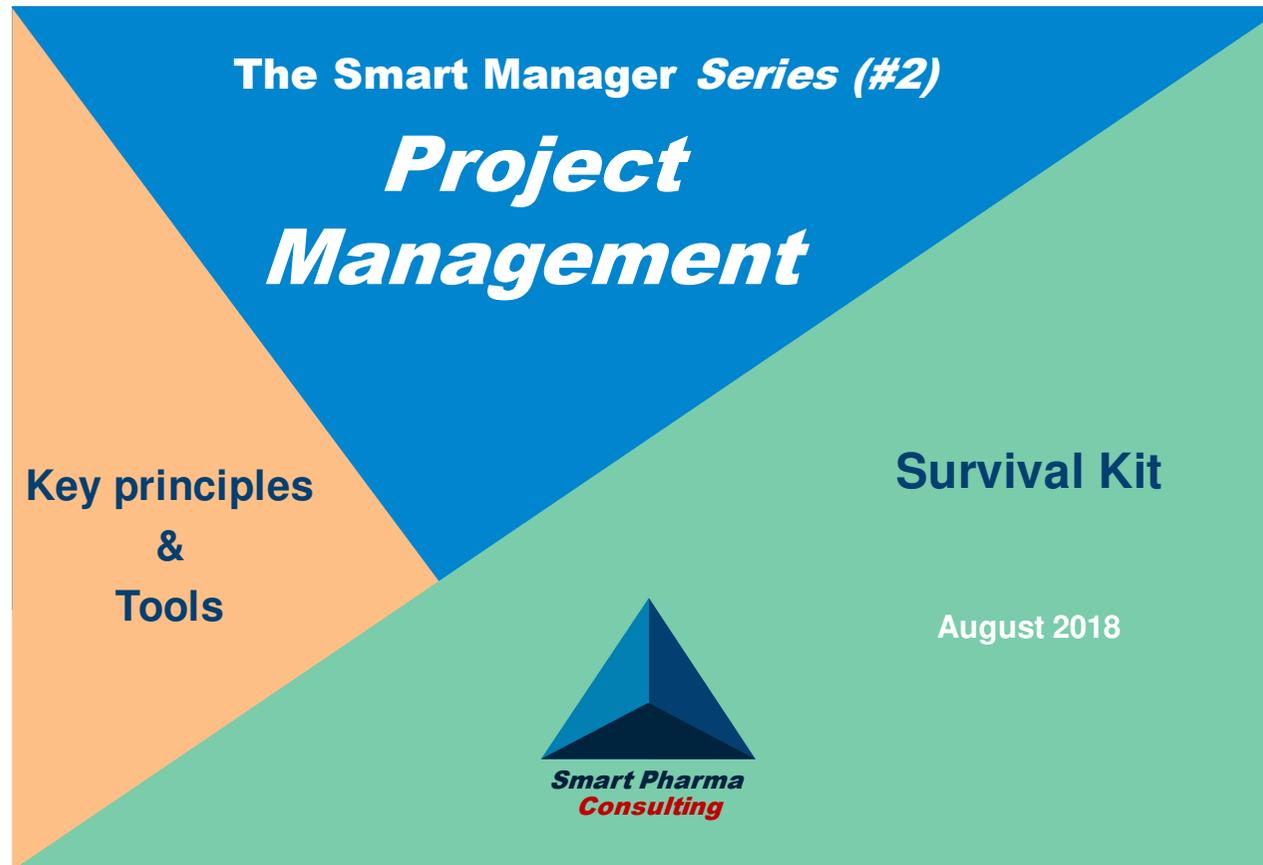
The following method to reorganize Field Force Teams is one example of the services proposed by Smart Pharma Consulting to help pharma companies

**Example of Method to Reorganize of Field Force Teams**



Source: Smart Pharma Consulting

<sup>1</sup> Including: hospital and retail pharmacists, hospital and office-based physicians (specialists or GPs), PAGs, regional health authorities / payers – <sup>2</sup> Taking into account the four following dimensions: Activities – Processes – Structure – Culture



## Introduction

**This Survival Kit reviews key principles and tools to manage projects efficiently**

- The purpose of this document is to review:

- Clearly
- Precisely
- Concisely

the key principles and tools that enable to manage projects in an effective and efficient way

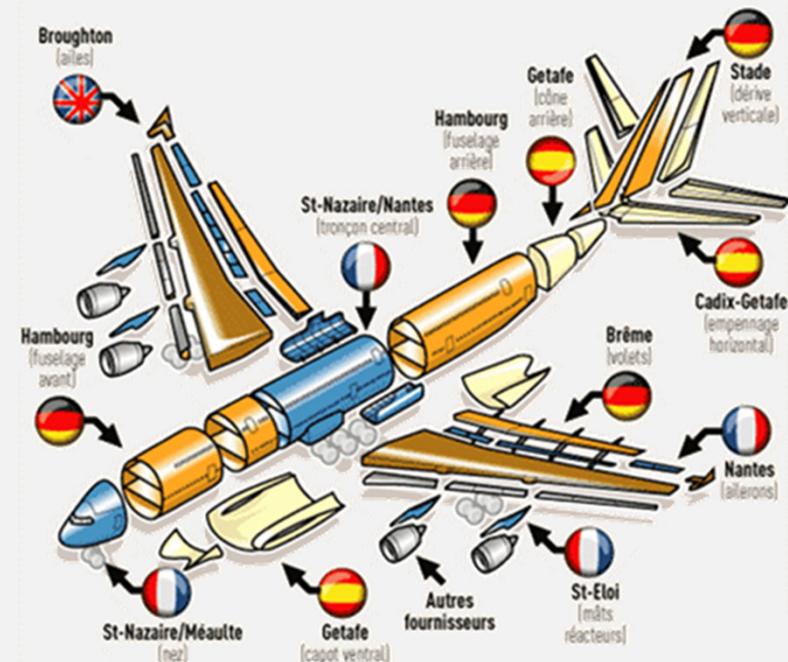
- These principles and tools can be useful to manage both simple and complex projects for personal or professional purposes
- The most important steps of the project management will be illustrated

## Project Definition (1/2)

**A project combines activities, carried out within a set time frame, to achieve a defined result**

- The term “project” refers to a number of non repetitive and temporary activities that are carried out to produce:
  - A product
  - A service
  - A unique result
- A project can:
  - Last from a couple of hours to several years
  - Involve one or thousands of people
  - Cost from a few to billions of euros
  - Be of a professional or personal nature

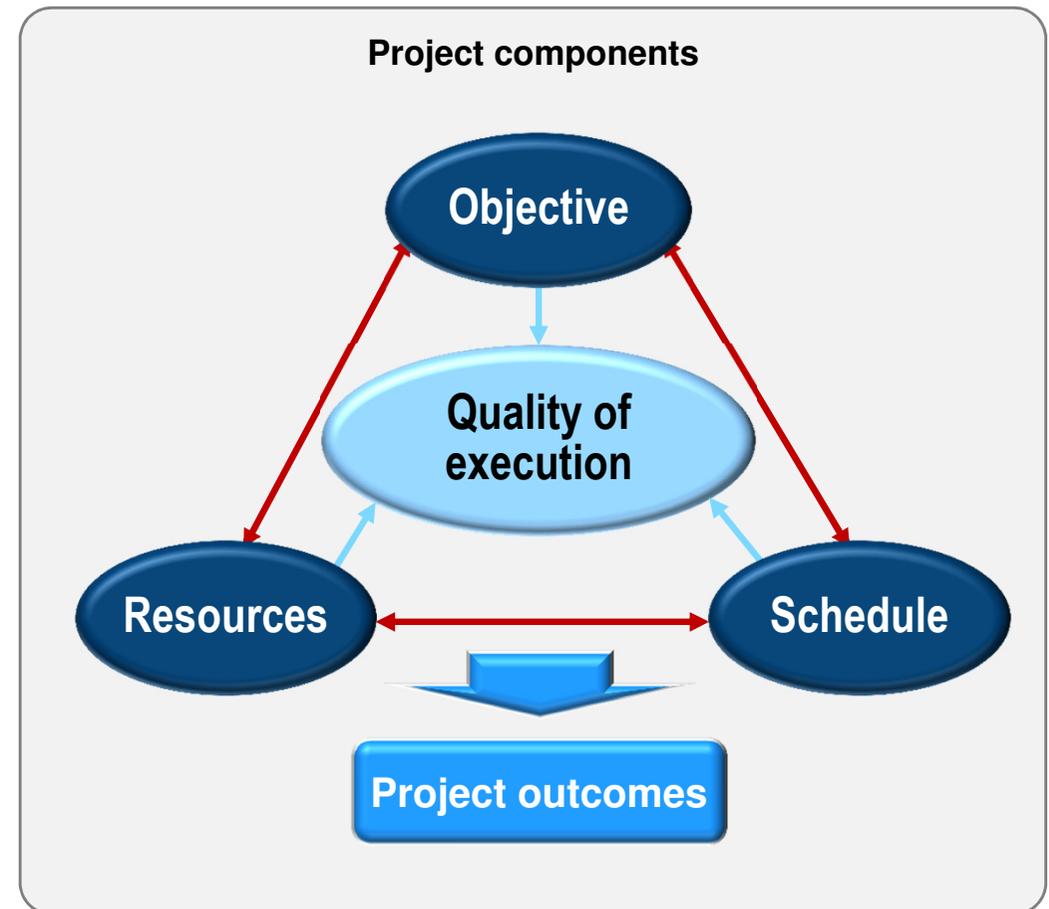
### Illustration of a complex project



Project Definition (2/2)

A project has 3 components: its objective, a schedule, and the required resources to complete it

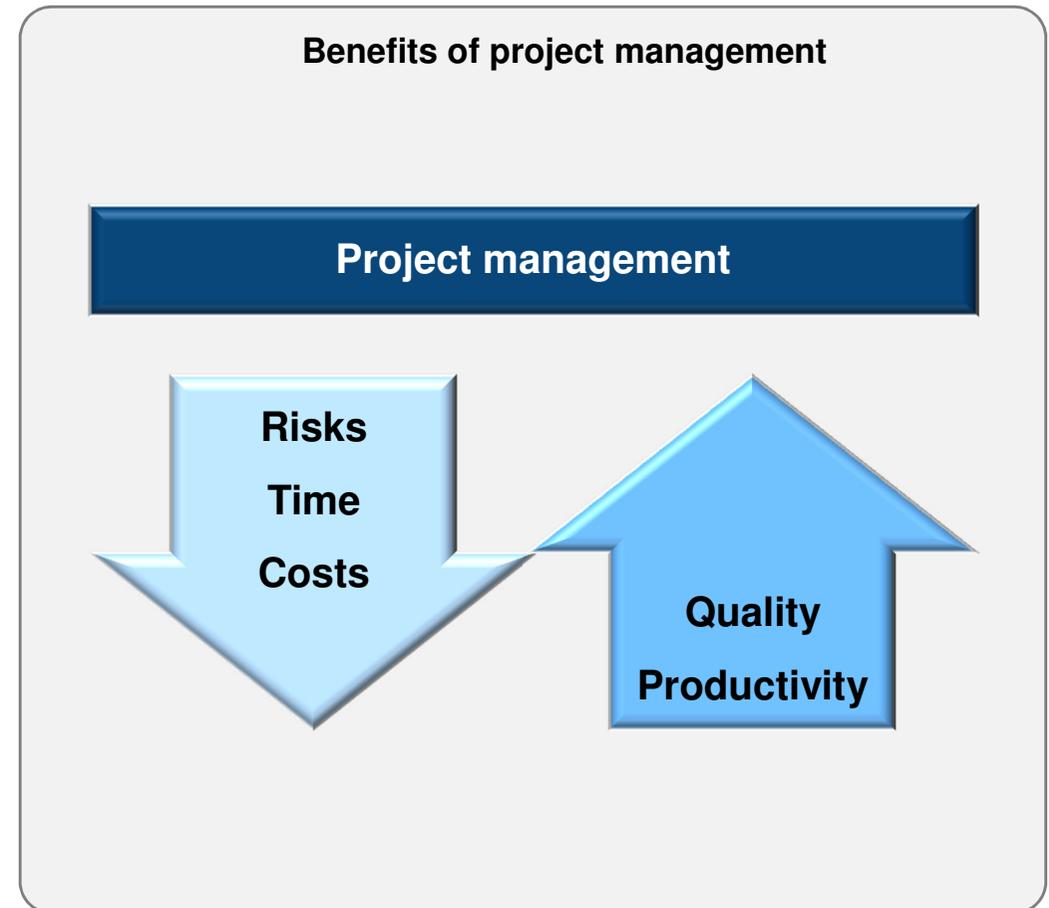
- A project can be defined by three components:
  - Its **objective**: purpose and desired outcome
  - The **schedule**: timetable and milestones, including its start and completion dates
  - The **resources** available to conduct the project: people, technical and financial resources
- The 3 components impact the quality of execution and the outcome of the project
- They are intertwined and influence each other:
  - A change in desired outcome will impact the cost and schedule
  - A shortening of the deadline could have an impact on costs and the quality of the outcome
  - A reduction in the budget can modify the quality of the outcome and the deadline



## Project Management Benefits

**The proper management of projects improves their probability of success**

- Using a project management methodology allows a project manager to:
  - Set adequate expectations for the project
  - Improve the quality of deliverables
  - Increase productivity / efficiency
  - Reduce scope creep
  - Avoid cost overruns
  - Meet the agreed deadlines
  - Prevent risks
  - Promote communication between the project team and the project stakeholders
  - Build on experience
  - Reduce the number of projects that fail



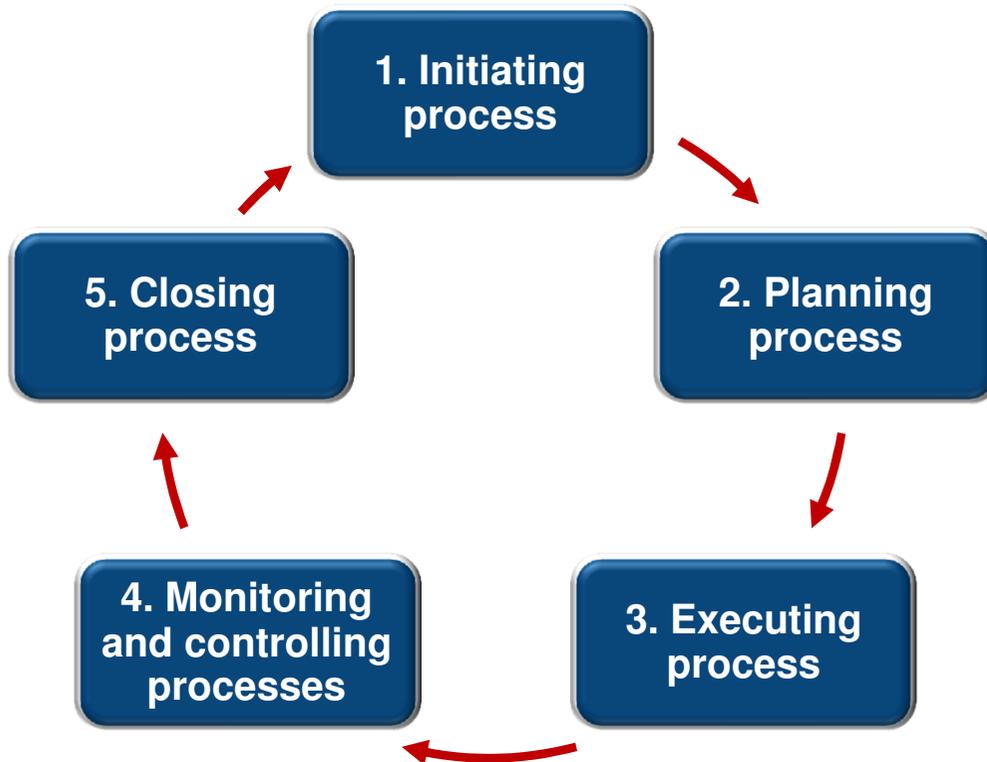
## Key Principles of Project Management

These questions will help ensure the proper unfolding of a project and limit the risk of failure

- 1 What is the objective? What will be the project outcome(s)?
- 2 How can this objective be achieved? What is the action plan?
- 3 What are the required resources in terms of time and money?
- 4 What are the risks associated with the project?
- 5 How will the progress and success of the project be measured?

## Key Steps of a Project

Every project goes through five different steps



1. The initiating process includes a **cost-benefit analysis** and evaluating the **feasibility** of the project from a **technical** and **resource** point of view
2. The planning process **ensures** a **smooth execution** and **increases** the **chance of success**
3. The executing process is the part where **works get done** and where people skills and team-work are most important
4. The implementation of the project needs to be **monitored** and **controlled** to **ensure** that **everything** is carried out **according to the plan**
5. The closing process comes after the project has been completed and is **meant to build** on the **project experience**

## Step 1: Initiating Process

### The initiating process avoids pursuing projects that are bound to fail

The initiating process answers two key questions:

#### 1. Should the project be done?

- Are the expected benefits worth the expected costs of the project?
- Can the issue be approached in a better way?
- Can the expected outcome be achieved in a better way?

#### 2. Can the project be done?

- Is the project technically feasible?
- Are the required resources (people, money, time) available?

#### Cost-benefit analysis

A **cost-benefit analysis** is a systematic process for calculating and comparing the costs and benefits of a project **to determine** if the project **should be undertaken** (benefits > costs) or to choose among several potential projects



## Step 2: Planning Process: Introduction

### Project planning will reduce risks and mistakes

The project management plan should include:

- An overview of the **reasons for the project** and a detailed description of **intended results**
- A list of all **constraints, assumptions** and **required works** related to the project
- A breakdown of the **roles** and **responsibilities** of the project management and team members
- A detailed project **schedule**
- **Resources needs** (personnel, funds, equipment, facilities, information, etc.)
- A description of how significant **risks** and **uncertainties** will be managed
- Plans for **project communications**
- Plans for ensuring **project quality**

A scope statement precisizing the following points must be written:

- **Rationale:** how and why the project came to be, the business need addressed, the scope of work, how it will interfere with other activities
- **Objectives:** deliverables of the project
- **Scope description:** features and functions of the deliverables
- **Acceptance criteria:** process and criteria for accepting the completed deliverables
- **Constraints:** restrictions limiting what can be achieved, the manner and deadlines within which they can be achieved, and the cost of achieving it
- **Assumptions:** way in which uncertainty related to the project will be addressed

## Step 2: Planning Process: Objectives & Constraints

Success will depend on the quality of objective set and the proper management of constraints

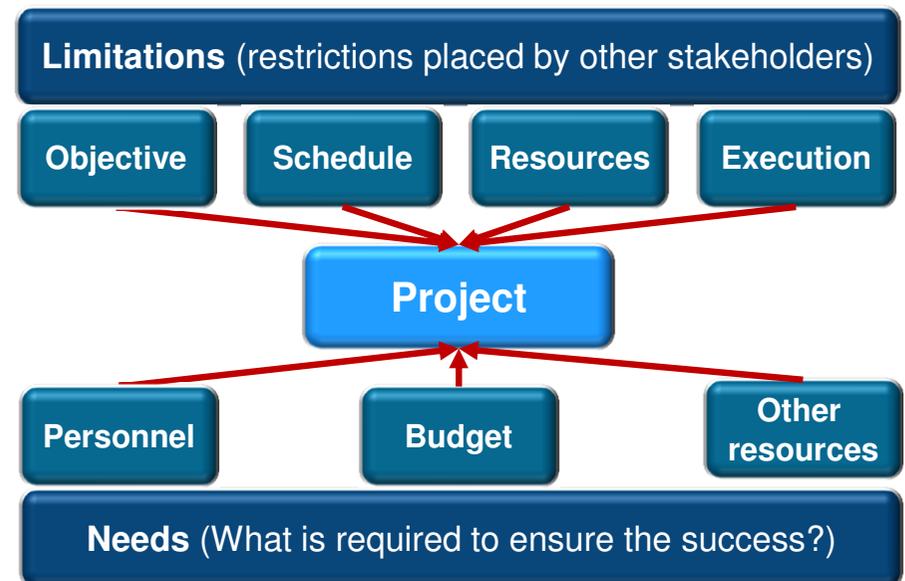
### Objectives

The project objectives should be:

- **Brief** and **simple to understand** (no jargon)
- **Accepted** by the project stakeholders
- **Controllable**: the project team should be able to influence the success of each objective
- **SMART**:
  - **Specific**: clear and detailed target
  - **Measurable**: specified performance indicators<sup>1</sup>
  - **Achievable**: challenging but attainable
  - **Rewarded**: benefits that people will get for attaining the set objective
  - **Time-bound**: including deadlines

### Constraints

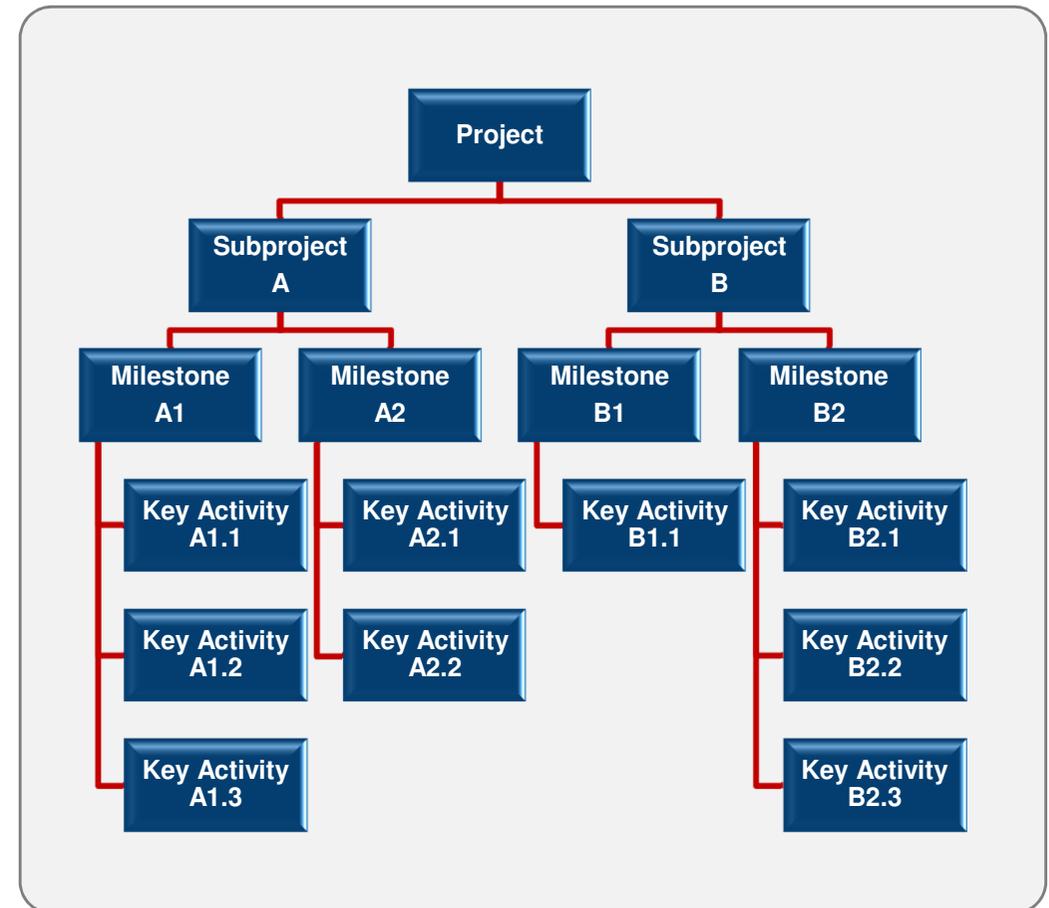
Every project must be achieved within a defined set of constraints influencing its duration, cost and quality



## Step 2: Planning Process: Work Breakdown Structure

**A WBS makes work sequences both identifiable and understood by breaking a project down**

- A work breakdown structure (WBS) breaks down a full project into several manageable units:
  - **Subprojects**
  - **Milestones:** completion of an important set of work packages
  - **Key activities:** summary tasks
  - **Work packages:** tasks, activities, work elements
  
- A work breakdown structure (WBS) helps to:
  - Identify all the work that needs to be done
  - Logically organize work so that it can be scheduled
  - Assign work to team members
  - Identify the needed resources
  - Communicate what has to be done
  - Organize work using milestones



## Step 2: Planning Process: Roles & Responsibilities

### Roles & Responsibilities must be transparent and widely available for reference

- Roles depend on actions and activities assigned
- Each role is associated with some responsibilities
- Team members relate to each others as follows<sup>1</sup>:
  - **Authority:** ability to make binding decisions
  - **Responsibility:** commitment to achieve results
  - **Accountability:** consequences of own performance
- Delegating involves transferring authority<sup>2</sup>
- Defining and sharing roles and responsibilities upfront can help improve performance and identify potential difficulties during a project
- A Responsibility Assignment Matrix (RAM) can be used to display the team roles and responsibilities:
  - A RAM depicts each project audience role in the performance of different project activities
  - There is no standard format for a RAM

#### Responsibility Assignment Matrix (RAM)

WBS code	Key activities and milestones	People			
		Project manager	Task Leader	Employee A	Employee B
3.1.	Design of a questionnaire	A	P		
3.2.	Look out for potential respondents			P	
3.3.	Carry out the interviews		A		P
3.4.	Summarize and analyze the answers	A	S, A	P	S

P = Primary responsibility  
 S = Secondary responsibility  
 A = Approval required

## Step 2: Planning Process: Schedule – Introduction

The initial project schedule aims at determining the time it will take to complete the project

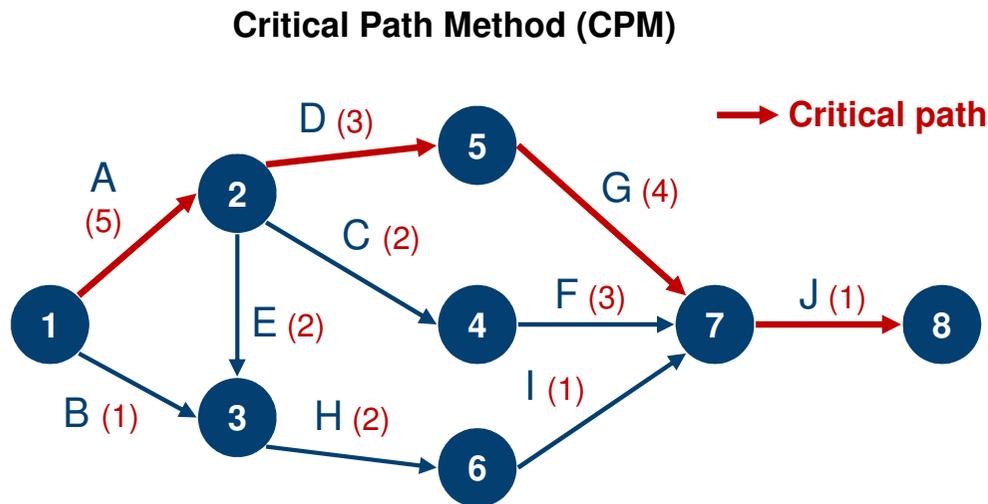
- Two pieces of information are needed to determine the amount of time required to complete a project:
  - **Sequence:** the order in which activities need to be performed
  - **Duration:** the time each activity will last
- Network diagrams can be used to illustrate the order in which project activities are to be performed:
  - Activities-on-arrow diagrams
  - Activities-on-node diagrams
- Network diagrams display:
  - Activities required to complete the project (i.e. work breakdown structure) and their dependencies
  - The time that each activity will take to complete
  - The milestones (or events) which are important but take no time and consume no resources mark the start or the end of one or more activities

### Scheduling vocabulary

<b>Critical path</b>	A sequence of activities that takes the longest time to complete
<b>Noncritical path</b>	A sequence of activities in which some activities can be delayed without moving back the project completion date
<b>Slack time/float</b>	The maximum amount of time an activity can be delayed w/o moving back the completion date
<b>Earliest start date</b>	The earliest date an activity can be started
<b>Earliest finish date</b>	The earliest date an activity can be finished
<b>Latest start date</b>	The latest date an activity can be started without moving back project completion date
<b>Latest finish date</b>	The latest date an activity can be finished without moving back the project completion date

Step 2: Planning Process: Schedule – Activities-on-arrow Diagram

CPM displays the sequencing of activities and helps find the critical path of the project



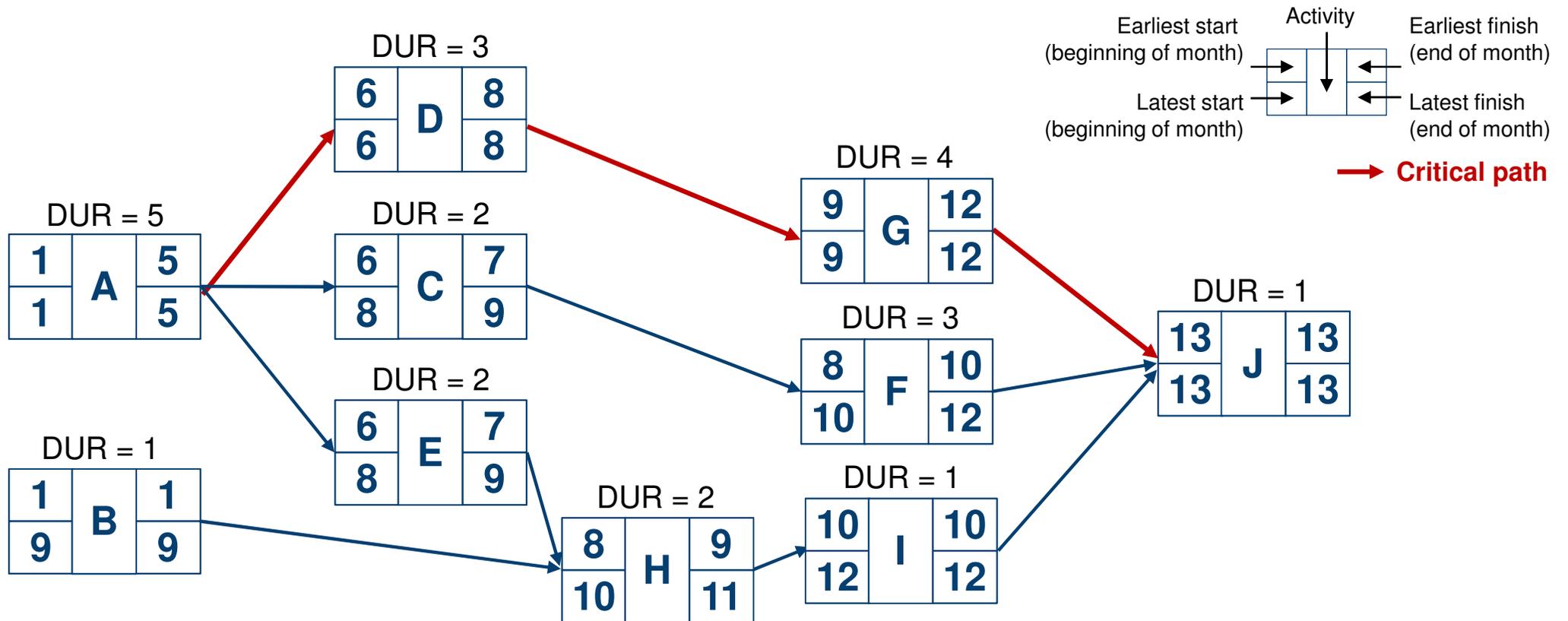
- The critical path is the path that takes the longest to complete (A-D-G-J)
- The time a project takes is equal to the time of its critical path (5+3+4+1), which in this case is 13 months if everything is done on schedule with no delays
- Other paths are not critical because they can waste some time without slowing the project (i.e. activity C can take up to two extra months and not hold up the project)

**Activities**

Activity	Description	Required Predecessor	Duration (months)
A	Product design	(None)	5
B	Market research	(None)	1
C	Production analysis	A	2
D	Product model	A	3
E	Sales brochure	A	2
F	Cost analysis	C	3
G	Product testing	D	4
H	Sales training	B, E	2
I	Pricing	H	1
J	Project report	F, G, I	1

Step 2: Planning Process: Schedule – Activities-on-node Diagram

The activities-on-node diagrams are more used than those displaying activities on the arrows

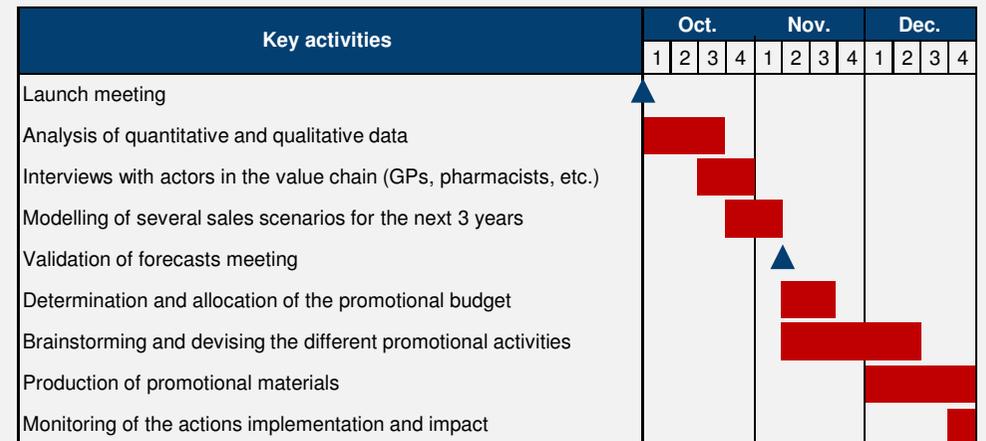


## Step 2: Planning Process: Schedule – Gantt Chart

The Gantt chart allows to visualize the start and completion dates of a sequence of tasks

- The Gantt chart is a planning tool that displays the dates by which a series of activities should be completed as well as the expected duration of those activities
- To create a Gantt chart, it is previously necessary to have determined:
  - A list of all activities required to complete the project (i.e. the work breakdown structure)
  - The time that each activity will take to complete
  - The dependencies between the activities (i.e. some activities can't be started before others are finished)
  - The milestones (events)
- Gantt charts provide a good presentation tool for illustrating milestones and the planned duration of activities, however they provide less information than network diagrams

**Illustration of a Gantt chart  
Marketing plan product X**



▲ Meeting  
■ Planned duration

## Step 2: Planning Process: Schedule – Human Resources Allocation

### Matching people to the most suitable tasks can save time and increase the quality of the outcome

- Planning for the personnel needed for a project raises the probability of success by enabling the project manager to:
  - Ensure the best qualified people available are assigned to each task
  - Explain more effectively to team members what contribution to the project is expected from them
  - Develop more accurate and realistic schedules
  - Ensure that people are on hand when they're needed
  - Monitor resources expenditure to identify and address possible overruns or underruns
- A Skills Matrix can be used to display people proficiency in specified skills and knowledge, as well as their interest in working on assignments using these skills and knowledge

#### Skills Matrix

	Employee A			Employee B		
	Level of skill or knowledge	Level of responsibility applying it	Interest	Level of skill or knowledge	Level of responsibility applying it	Interest
Writing skills	0	2	0	2	1	1
Quantitative skills	3	3	1	1	1	0
Communication skills	2	1	1	3	2	1

Level of skill or knowledge	Level of responsibility applying the skill or knowledge	Interest
0 = no capability	1 = must work under supervision	0 = no interest in applying this skill or knowledge
1 = basic level	2 = can work independently with little or no direct supervision	1 = interested in applying this skill or knowledge
2 = intermediate level	3 = can manage others applying the skill or knowledge	
3 = advanced level		

## Step 2: Planning Process: Budget

The planning phase budget is a more detailed version of the one calculated at project initiation

- Estimating a project costs is important for three key reasons:
  - It is a way to weigh the anticipated benefits vs. costs to see whether the project makes sense
  - It allows to determine whether the necessary funds are available to support the project
  - It serves as a guideline to help ensure that sufficient funds are available to complete the project
- A project costs can be divided into:
  - Direct costs on the project:
    - Salaries for team members
    - Specific materials, supplies, and equipment
    - Travel to perform work
    - Subcontracts that provide support<sup>1</sup>
  - Indirect costs on the project:
    - Overhead costs<sup>2</sup>
    - General and administrative costs<sup>3</sup>

### Detailed project estimates

#### Bottom-up approach

- Determine detailed cost estimates for each lowest-level activity/task
- Aggregate these estimates to obtain the total project budget estimates

#### Top-down approach

- Set a target budget for the entire project
- Apportion this budget among all Level 2 components in the WBS
- Apportion the budget for each of the Level 2 components among its Level 3 components

Sources: Smart Pharma Consulting

<sup>1</sup> Consultants, advertising agency, etc. – <sup>2</sup> Office space rent, equipment, etc. – <sup>3</sup> Finance, accounting, etc.

## Step 2: Planning Process: Communication

**Effective communication is critical in that it ensures that everyone is on the same page**

- Effective communication consists in:
  - Sharing the **right message**....
  - ... with the **right people**...
  - ... in a **timely manner**...
  - ... through the **right communication channels**
  
- Informative communication supports the following:
  - Continued buy-in and support from key audiences and team members
  - Prompt problem identification and decision-making
  - A clear project focus
  - Ongoing recognition of project achievements
  - Productive working relationships among team members

### Communication Management Plan

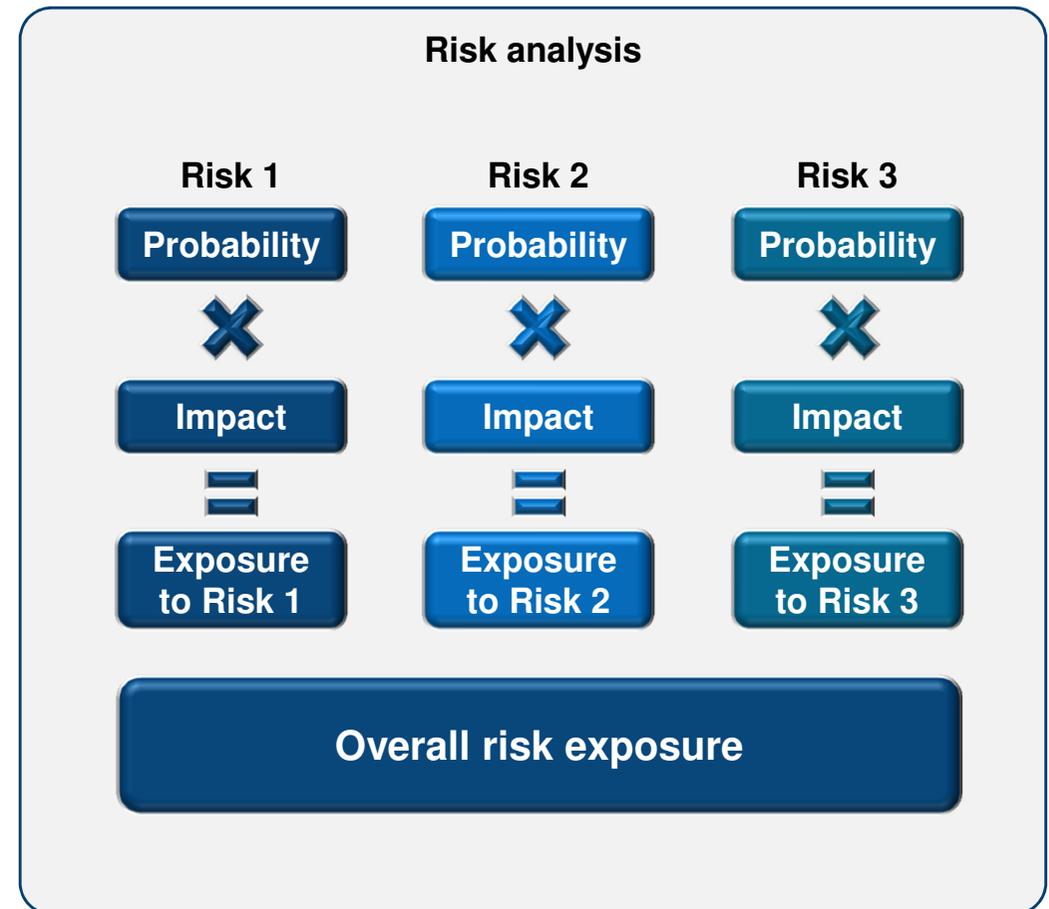
It is a document that specifies all communications generated throughout the project. At a minimum, it should include:

<b>Target audience</b>	The people whose information needs are addressed through the project communication
<b>Information needs</b>	The information that the target audience wants and/or needs
<b>Information-sharing activity</b>	The specific type of activity to be used to transmit information to the audience
<b>Content</b>	The specific data to be shared in the project communication
<b>Frequency</b>	When the information-sharing activity occurs (regular schedules vs. ad hoc)
<b>Data collection</b>	How and when the data for the report are collected

## Step 2: Planning Process: Risk Assessment

Risks that could come up during the project should be identified, assessed and dealt with

- They are four ways to deal with a risk:
  - **Accept:** incur the chance of a negative impact
  - **Avoid:** adapt plans to circumvent the problem
  - **Mitigate:** reduce the impact through implementation of actions
  - **Transfer:** outsource the risk to a third party that is used to or prepared to manage the outcome
- When assessing how to deal with a risk, two criteria must be considered:
  - **Probability:** the likelihood that the risk will materialize
  - **Impact:** the consequences that will affect the project

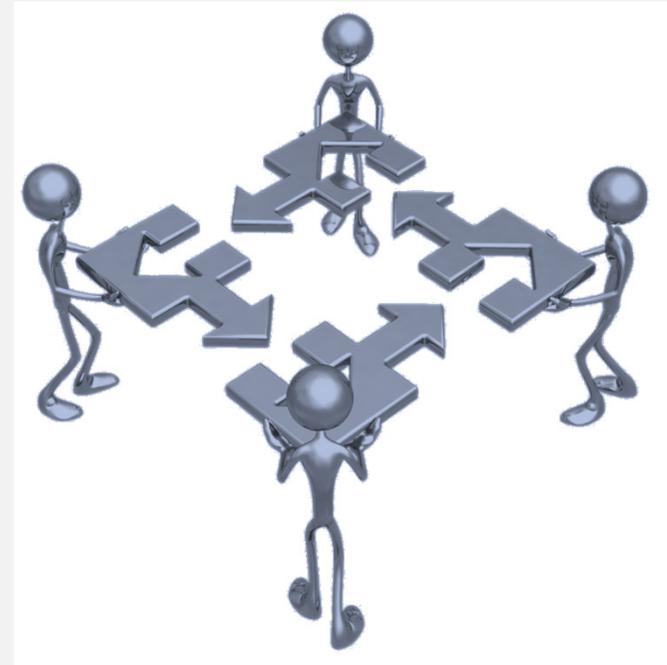


## Step 3: Executing Process

The executing process is where works get done and people skills and team-work are key

The executing process can be split between:

- **The preparation phase**
  - Assigning people to all project roles
  - Introducing team members
  - Giving and explaining tasks to team members
  - Defining how the team will perform
  - Setting up necessary tracking systems
  - Announcing the project to the organization
  
- **The execution phase**
  - Doing the work that is in the plan
  - Assuring quality
  - Managing the team (assignment, review, etc.)
  - Developing the team (training and mentoring)
  - Sharing information



## Step 4: Monitoring and Controlling Processes: Introduction

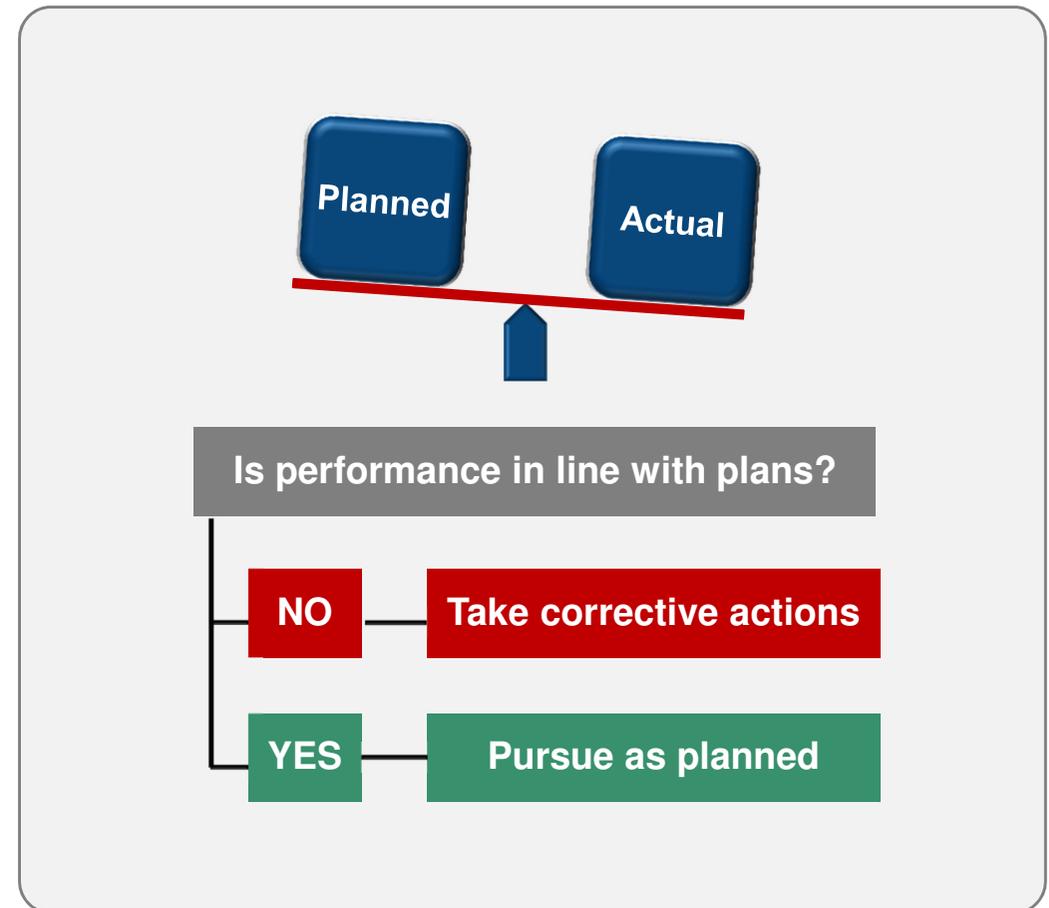
**Monitoring and controlling processes are used to bring a project to a successful close**

Monitoring and controlling processes are used to bring a project to a successful close, and they involve:

- Reconfirming the plan and team members commitment
- Assessing performance
- Comparing performance with plans
- Taking corrective actions and fixing problems
- Keeping everyone informed

Projects progress can be measured by tools such as:

- Gantt charts to control achievement vs. plan
- Labor report to show how resources have been initially allocated and how they are being used



## Step 4: Monitoring and Controlling Processes: Labor report

The workload chart summarizes how resources are used and organized during a project

- The labor report shows how resources have been initially allocated and how they are being used on the project
- This tool is a way to plan for the workload (in hours, days, etc.) of the different members of the team for each of the activities that constitute the project
- The labor chart shows the number of days of work allocated to each activity (e.g.: forecast, remaining, revised, realized)

### Illustration of a labor report

Employee A is spending less time than planned at the beginning but ends up working slightly more than what was planned

Work break-down code	Description of key activity	Employee		Budget	Week 1	Week 2	Week 3
2.1	Analysis of quantitative and qualitative data	A	Planned	150 hrs	50 hrs	50 hrs	50 hrs
			Actual		40 hrs	50 hrs	70 hrs
			Remaining	150 hrs	110 hrs	60 hrs	0 hrs
			Difference		-10 hrs	-10 hrs	+10 hrs
2.1	Analysis of quantitative and qualitative data	B	Planned	75 hrs	0 hrs	40 hrs	35 hrs
			Actual		0 hrs	30 hrs	20 hrs
			Remaining	75 hrs	75 hrs	45 hrs	25 hrs
			Difference		0 hrs	-10 hrs	-25 hrs

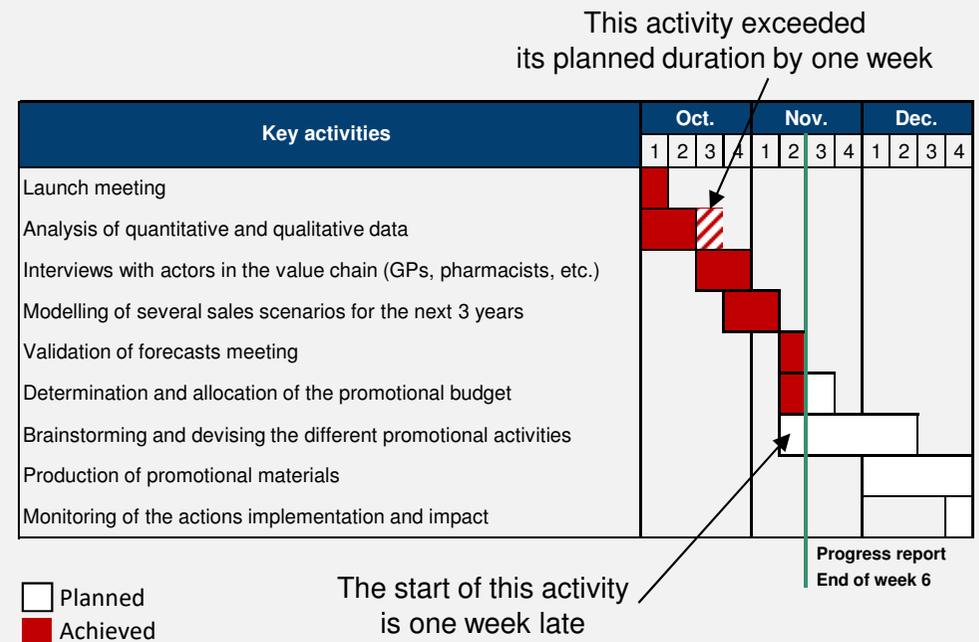
Employee B is spending less time than planned on the activity, which needs to be investigated: he might be working faster than anticipated or he might be working on some other activities/projects

## Step 4: Monitoring and Controlling Processes: Gantt chart

Besides its use for planning purposes, the Gantt chart can also be used as a controlling tool

- The Gantt chart is also used for controlling purposes as this tool can display on the same chart the dates by which a series of activities should be completed and the status of their effective achievement
- It is therefore possible to distinguish what remains to be done to complete a certain task or project, and to determine if work is ahead, late, or in line with the planned timetable
- The Gantt chart allows to measure the gaps between the actual and expected dates of completion of tasks or activities
- As such, when a gap is recorded, the project manager can decide whether he needs to implement a corrective action to catch up for the delay or prevent the delay from expanding

### Illustration of a Gantt chart Marketing plan product X



## Step 4: Monitoring and Controlling Processes: Dashboards

### Dashboards depict key indicators of project performance in a visual way

Designing a dashboard requires to follow 3 steps:

1. Select the major categories of information:
  - Results (outcome of the project or KPI<sup>1</sup>)
  - Performance to schedule<sup>2</sup> and resource budgets
  - Risk management (current status of risk factors)
2. Choose specific indicators for each information
  - Results (e.g. Patient adherence increase by 9%)
  - Performance to schedule (e.g. # of milestones met vs. missed) and to resource budgets (e.g. ratio of funds used to budget)
  - Risk management (e.g. # of risks likely to occur)
3. Select the format for each indicator
  - Table, bar graph, pie chart, traffic lights, etc.

#### Scheduled status of activities in progress



# activities

2

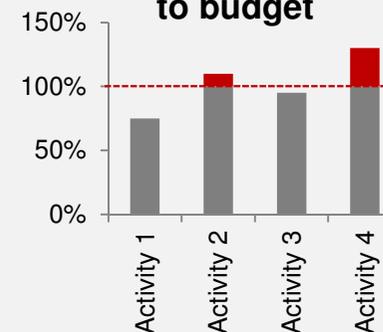
4

10

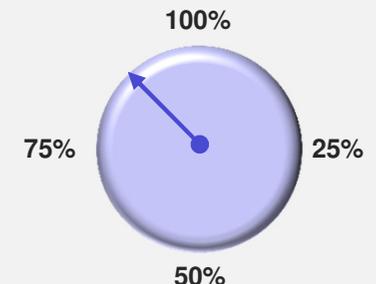
Legend

- Red light:** one or more serious situation(s) requiring urgent attention
- Yellow light:** one or more minor problem(s) existing
- Green light:** the element is proceeding according to plan

#### Ratio of expenditure to budget



#### Percentage of milestones reached on time to date



## Step 5: Closing Process

### The closing process is meant to build on the project experience

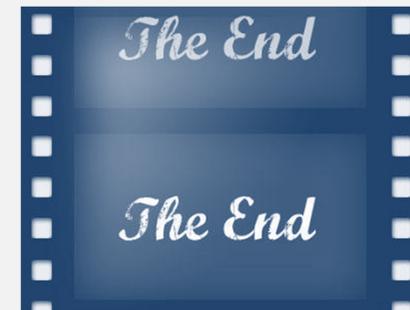
The closing process involves a number of activities that must be carried out after the project has been completed:

- Closing all project accounts
- Performing a post-implementation review
- Holding a post-project evaluation with the project team to recognize project achievements and discuss lessons that can be applied to the next project
- Providing performance feedbacks and help team members move on to their next assignments
- Delivering project completion report

#### Post-project evaluation

A **post-project evaluation** is an assessment of the results, activities, and processes that allows the project manager to:

- Recognize achievements and acknowledge people work
- Identify techniques and approaches that worked, and devise steps to ensure they're used in the future
- Identify techniques and approaches that didn't work, and devise steps to ensure they aren't used again in the future



## Summary of Project Key Steps

The 5 steps of project management include activities essential to maximize chances of success

### 1. Initiating process

- ⑩ Clarification of the business need(s)
- ⑩ Definition of the high-level expectations and resource budgets
- ⑩ Identification of the audiences that may play a role in the project

### 2. Planning process

- ⑩ Detail of the project scope, time frames, resources, risks, quality, etc.

### 3. Executing process

- ⑩ Establishment and management of the project team
- ⑩ Communication with and management of project audiences
- ⑩ Implementation of project plans

### 4. Monitoring and controlling processes

- ⑩ Tracking of the project developments (time frames, costs and quality)
- ⑩ Introduction of the necessary actions to ensure project plans are successfully implemented and the desired results achieved

### 5. Closing process

- ⑩ Evaluation of the achieved outcome
- ⑩ Final evaluation (feedback with the project team)

## The Project Manager (1/2)

### The project manager specifies, organizes and plans a project from conception to realization

#### The project manager:

- Defines and implements the execution plans (schedules and deadlines, workloads, budget and funding, quality and risks)
- Keeps tracks of, and control, the progress, the execution of the plans and the meeting of budgets
- Animates the team (roles and responsibilities definition, consciousness raising, mobilization, communication, delegation, control)
- Communicates internally on the project progress
- Is both a manager and a leader
- Is responsible for the outcomes of the project

#### The ideal project manager should have:

- Enthusiasm for the project
- Team-building and negotiation skills
- Ability to manage change effectively
- A tolerant attitude toward ambiguity
- A customer-focused orientation
- Adherence to the priorities of business
- Knowledge of the industry or technology

## The Project Manager (2/2)

**A key role of the project manager is to create and sustain the motivation of team members**

To foster team members motivation and commitment to a project success, the project manager must:

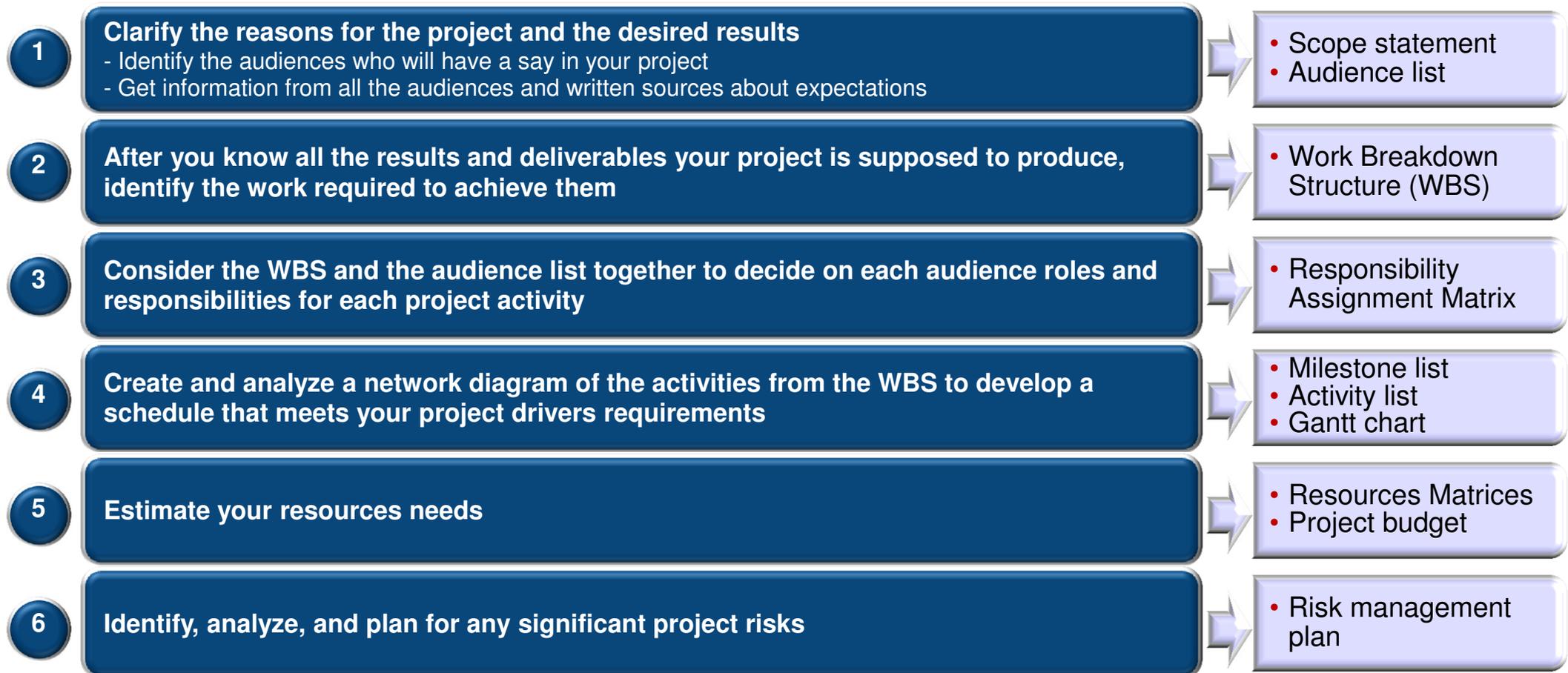
- **Raise commitment by clarifying project benefits**
  - To the organization, its employees, its clients and to each team member
- **Encourage persistence by demonstrating feasibility**
  - Involve team members in the planning process
  - Explain why targets and plans are feasible
  - Develop responsive risk-management plans
- **Let people know how they are doing**
  - Establish meaningful and frequent milestones
  - Continually assess people performance
  - Frequently reinforce the project potential benefits
- **Provide rewards for work well-done**
  - Talk with the concerned person and express appreciation for the work done

### Leadership and Management approaches to project activities

	Leadership approach	Management approach
Planning	Create and share visions and strategies	Specify objectives, schedules, and budgets
Organizing	Elicit commitments from members	Assign people to the team, and define roles of members
Performing	Motivate team members	Monitor and report on progress

**Key Learnings: Preparing a Project Plan (1/2)**

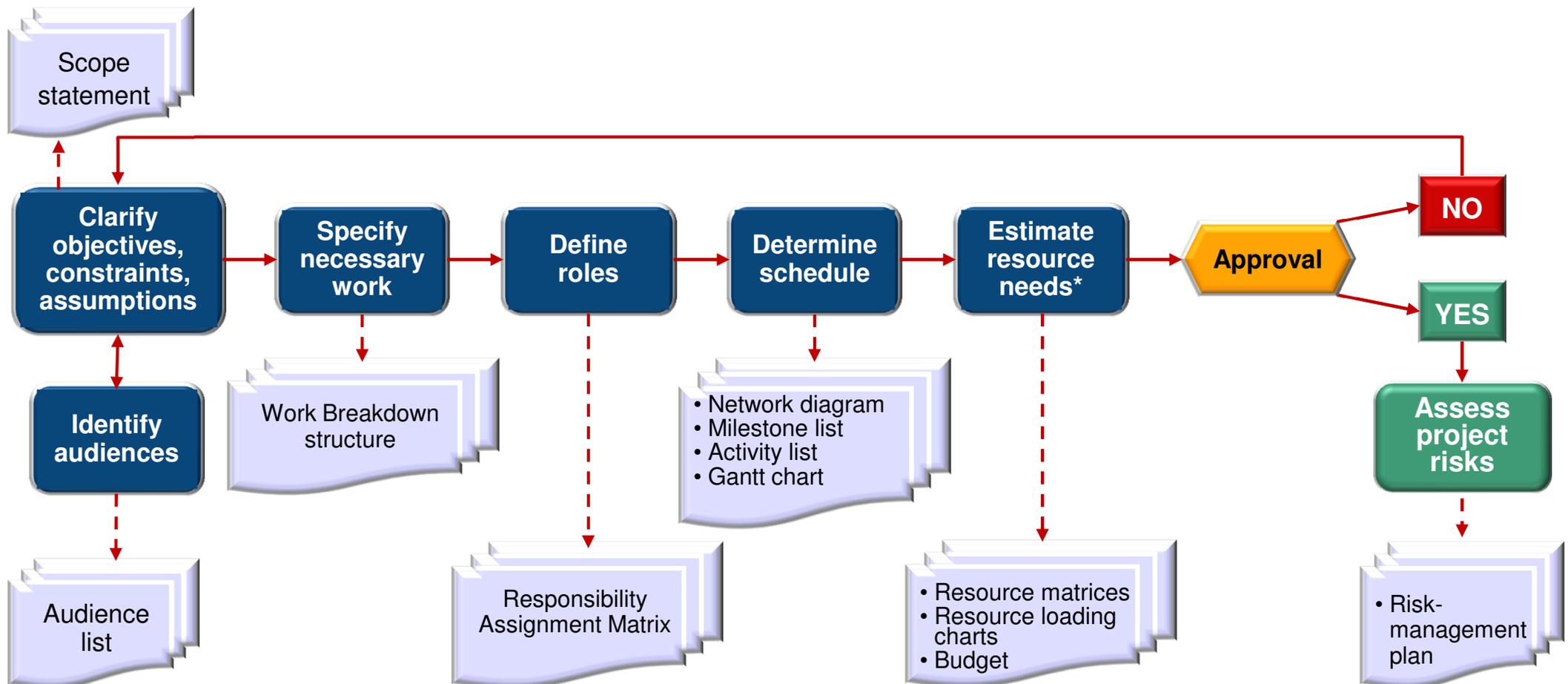
**Project planning involves several steps for which several sections of the plan are produced**



Sources: Smart Pharma Consulting

Key Learnings: Preparing a Project Plan (2/2)

These steps should be adjusted until drivers and supporters agree with and support the results



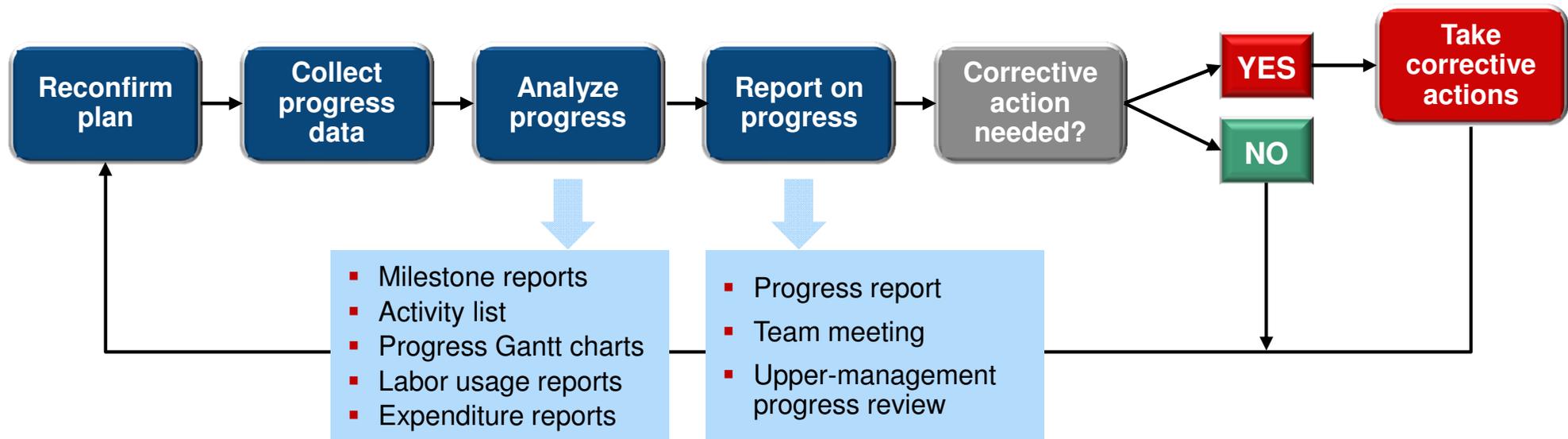
\* Personnel, equipment, raw materials, facilities, information, funds

Sources: Smart Pharma Consulting, adapted from S. E. Portny

## Key Learnings: Controlling Project Execution

### Tracking, assessing and reporting project performance requires to apply specific activities

- At the start of each performance period, people and resources availability must be confirmed and scheduled
- At the end of each performance period, activities performed, milestones dates, resource expenditure and quality should be assessed vs. project plan; issues or problems should identified and necessary corrective actions taken



Sources: Smart Pharma Consulting, adapted from S. E. Portny

## Training Program – Intra-company

**One-day program (or longer) to manage effectively and efficiently projects, more or less complex**

### Content & Organization

- The program will include basic principles, key tools, practical exercises and case studies relative to the pharmaceutical industry
- The program content will be customized according to the specific needs of the clients
- The program duration will be of one day, a day and a half or two days, according to the clients desire

### Target Audience

- Any collaborators from pharmaceutical companies having the responsibility to manage projects that are more or less complex
- Participant can be part of the medical, marketing, commercial, market research, strategic,... departments

### Example of a One-Day Program

9:00	Introduction to the program
9:10	Review of the basic principles and key tools to properly manage projects
10:40	<i>Break</i>
11:00	Exercises: Familiarization with the key tools
12:30	<i>Lunch</i>
13:30	Case study #1: Application to a simple project
15:00	<i>Break</i>
15:20	Case study #2: Application to a moderately complex project
16:50	Conclusion and key takeaways
17:30	End of the program



## 1. Introduction

### KPIs & KEIs are both essential to optimize the business performance over time

- The purpose of business indicators is to help improve performance through enhanced efficacy and efficiency
- “KPIs & KEIs for Success” highlights the value of measuring:
  - **Key Performance Indicators** (KPIs) related to objectives achievement
  - **Key Execution Indicators** (KEIs) related to activities to be carried out to reach these objectives
- In this document, we propose a method, tools and practical examples to facilitate the proper use of KPIs and KEIs in the context of the pharmaceutical industry

*“If you can’t measure it, you can’t manage it” – Peter Drucker*

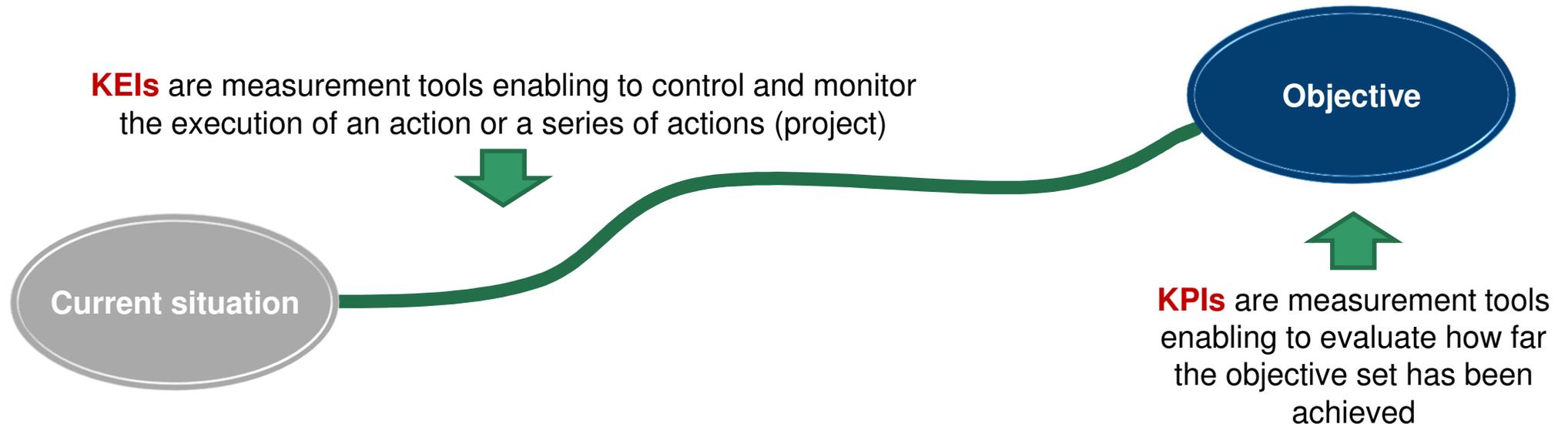
## 2. Definitions

**KPIs measure the degree of objective achievement and KEIs the excellence in execution**

### KPIs vs. KEIs

For purposes of clarity and efficacy, it is essential to differentiate:

- **Key Performance Indicators (KPIs)** which measure the outcome of an activity or a project
- **Key Execution Indicators (KEIs)** which measure the quality of execution of an activity or of a project



## 2. Definitions

**KPIs and KEIs are metrics whose measurement is of great importance for a given activity or project**

KPIs – Metrics – KEIs

### KPIs

- A KPI is a metric
- KPIs measure the level of achievement of a set objective either strategic, tactical or specific
- KPIs change when objectives are met or if management focus shifts

### Metrics

- Metrics represent anything that is measurable, but not necessarily important
- They are the detailed measures that feed KPIs and KEIs
- All metrics are not KPIs or KEIs, only the most important ones are

### KEIs

- A KEI is a metric which measures the quality of execution of an activity or a project expected to lead to a set objective
- An optimal execution will ensure the attainment of the objective in a more effective and efficient way

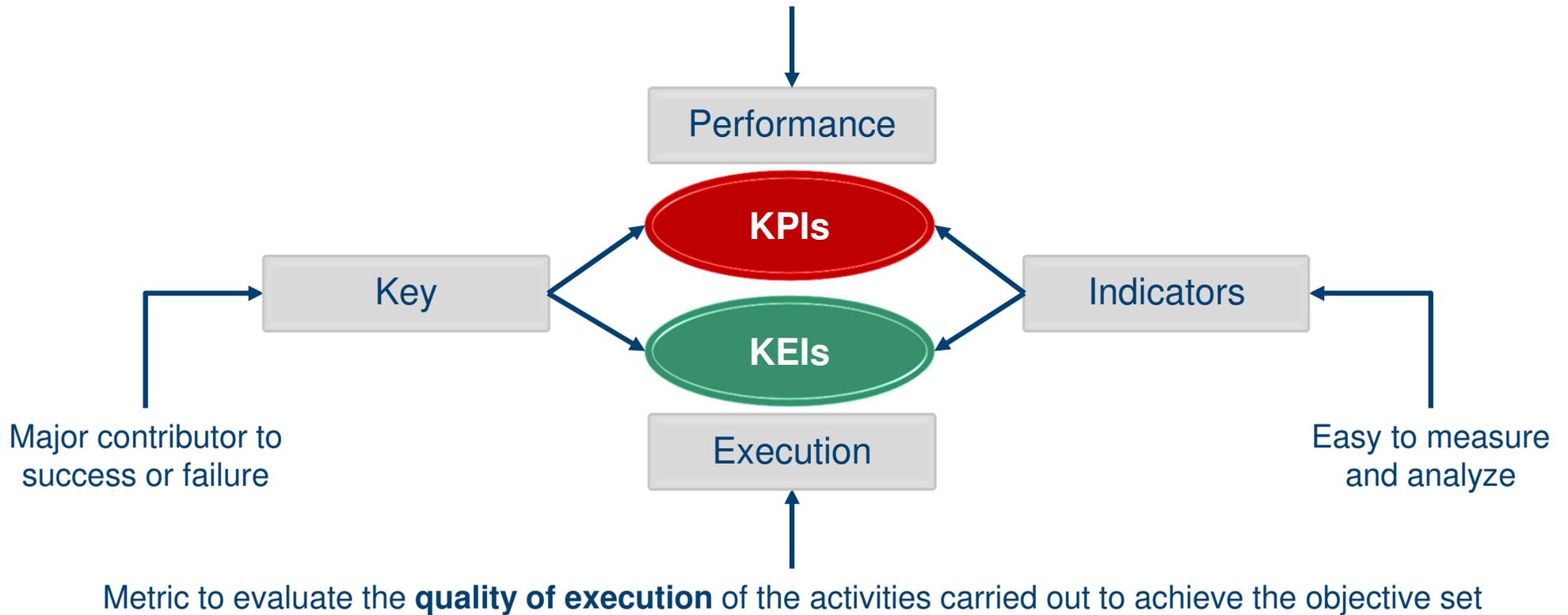
*“KEIs check that you are on the right track and KPIs check that you arrive at destination”*

## 2. Definitions

**KPIs & KEIs are complementary and should be limited to the most important activities**

### Key Indicators vs. Indicators

Metric to evaluate the **degree of achievement of the objective set**



2. Definitions

KPIs and KEIs can be quantitative and/or qualitative

Examples of KPIs & KEIs



- Number of new customers
- Average # of prescriptions per customer
- Sales dynamics
- Return on investment

- % of targeted customers covered
- Number of interactions with customers
- Number of projects carried out
- Level of resources allocated to customers



- Brand Preference Mix Index<sup>1</sup>
- Corporate reputation improvement
- Perceived quality of products / portfolio
- Perceived value of services offered

- Quality of interactions with customers
- Level of market insights
- Proper management of projects, from the customer perspective

Sources: Smart Pharma Consulting

<sup>1</sup> Corporate reputation x products image x perceived service quality: see Smart Pharma Consulting website

## 2. Definitions

**Business departments use different KPIs to measure their success and KEIs to monitor the manner to achieve it**

Examples of Potential Indicators by Business Activity

*Illustrative*

### Customer-focused

- Number of customers
- Brand Preference Mix (BPM)
- Net Promoter Score (NPS)
- Reputational Index

*“KPIs should reflect the priorities of the business departments”*



### Employee-focused

- Staff advocacy score
- 360-degree feedback score
- Absenteeism rate
- Employee engagement index

### Financed-focused

- Sales growth
- Net profit (€)
- Net profit margin (% of sales)
- Return on Investment (ROI)

*“KEIs should help do the right things to meet objectives”*



### Organization-focused

- Time to market
- Compliance to deadlines
- Delivery in full, on time rate<sup>1</sup>
- Quality level (product / service)

## 2. Definitions

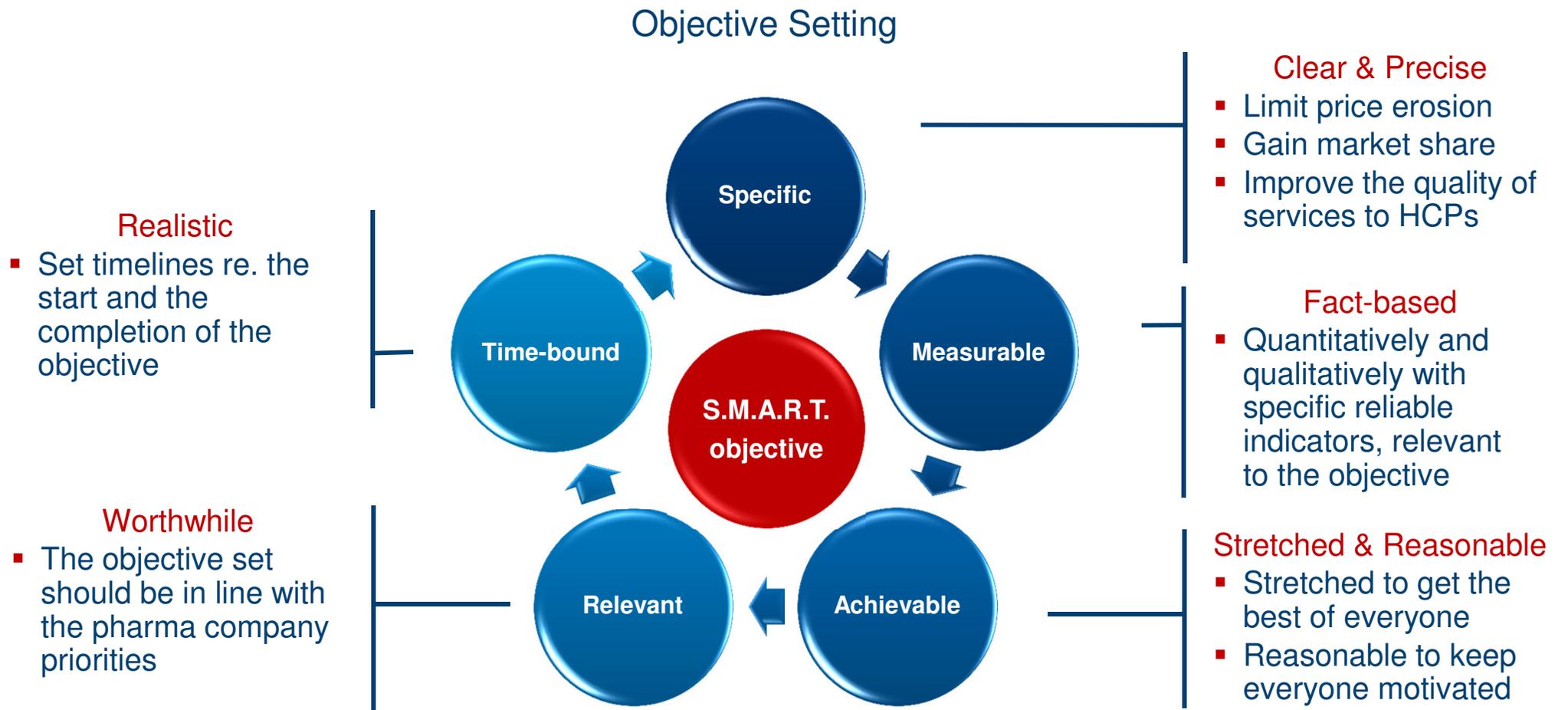
### KPIs and KEIs may be very different in nature

#### Typology of KPIs & KEIs

Typology	Definitions	Examples of KPIs	Examples of KEIs
<b>Quantitative</b>	Measure by counting, averaging numbers, calculating rates, ratios, etc.	Units sold per month	Number of customers met
<b>Qualitative</b>	Express opinions, traits, characteristics	Customers satisfaction survey	Opinion of customers
<b>Process</b>	Measure the efficiency or productivity of a business process	Days of hospitalization to treat a patient with appendicitis	Compliance with project deadlines
<b>Input</b>	Measure assets and resources invested in or used to generate business results	Investments in a project to improve patient care	Actual vs. budgeted investment
<b>Output</b>	Measure the financial and non-financial results of business activities	Revenues – Numbers of new clients	Number of clients having a positive opinion of products
<b>Leading</b>	Measure activities that will have a significant impact on future performance	Pricing negotiated with payers	Quality of tendering planning
<b>Lagging</b>	Measure the output (success or failure) of past activities	ROI – profitability	Number of applications sent on time for tenders

## 2. Definitions

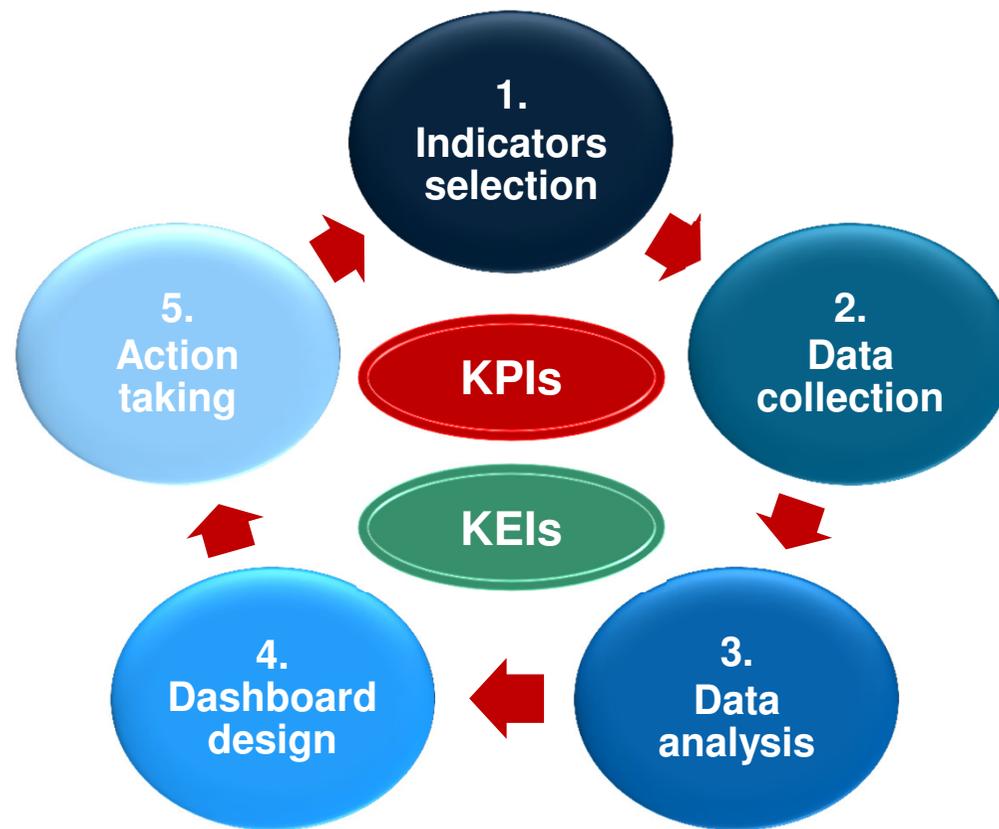
While defining KPIs and KEIs, target performance and execution objectives should be S.M.A.R.T



3. How to choose the right indicators?

The following wheel defines the key steps to make the best use of KPIs & KEIs

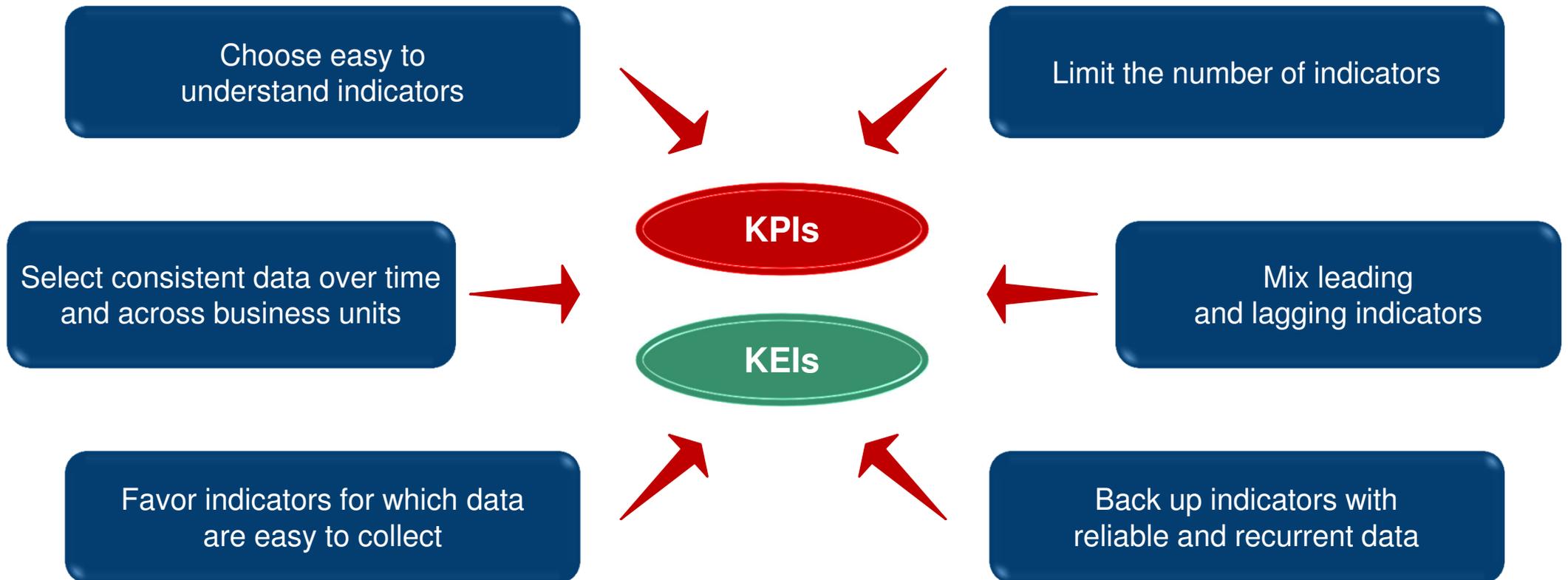
From Selection to Action: **Introduction**



### 3. How to choose the right indicators?

The following tips will help select the metrics that make the best KEIs & KPIs

#### From Selection to Action: 1- Indicators selection (1/3)



### 3. How to choose the right indicators?

**Selection of KPIs & KEIs should be clearly put in the context of the objectives they are related to**

From Selection to Action: 1- Indicators selection (2/3)

To select effective KPIs and KEIs, the following questions should be answered

#### Key questions

- What is the objective the KPIs & KEIs relate to?
- What is the performance issue to be addressed?
- What is the audience for the KPIs and KEIs?
- How will these indicators be used?

#### Examples

- ➔ ▪ *Improve customer preference to company products*
- ➔ ▪ *The degree of our customer preference*
- ➔ ▪ *Management committee / Market access team*
- ➔ ▪ *The KPIs & KEIs will be used to assess and report the impact of services on customer preference*

### 3. How to choose the right indicators?

**Selected KEIs & KPIs must reflect progress on specific challenges to be addressed**

From Selection to Action: 1- Indicators selection (3/3)

*Illustrative*

Indicators	Formula	Insight	When to apply
<b>Brand Preference Mix<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Average response on a 10-point scale re. corporate reputation, brand image and perceived quality of associated services</li> </ul>	<ul style="list-style-type: none"> <li>Provides a measure of customer level of preference</li> </ul>	<ul style="list-style-type: none"> <li>Once or twice a year depending on the activity</li> </ul>
<b>Net Promoter Score</b>	<ul style="list-style-type: none"> <li>Average response on a 10-point scale to the question “Would you recommend this service or product to a friend?”</li> </ul>	<ul style="list-style-type: none"> <li>Provides a measure of customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Once or twice a year depending on the activity</li> </ul>
<b>Trust &amp; Value</b>	<ul style="list-style-type: none"> <li>Multivariate formula measuring perception on a visual analog scale</li> </ul>	<ul style="list-style-type: none"> <li>Understanding of what drives Trust &amp; Value with HCPs and how the company performs</li> </ul>	<ul style="list-style-type: none"> <li>Once a year</li> </ul>
<b>Number of client hospitals</b>	<ul style="list-style-type: none"> <li>Number of hospital where products are listed vs. the total number of targeted hospitals</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation of the performance vs. objective</li> <li>Measure of the impact of projects carried out with hospitals</li> </ul>	<ul style="list-style-type: none"> <li>On-going measurement</li> </ul>

### 3. How to choose the right indicators?

**Data collected should be reliable, actionable and reflect the priorities of the company**

#### From Selection to Action: 2 - Data Collection (1/2)

To collect data (qualitative or quantitative), the following questions should be properly answered

#### Key questions

- What are the data to be collected?
- What are the sources of data to be collected?
- How will the data be collected?
- How will the performance level be determined?
- What are the targets and performance thresholds?
- How often should the data be collected and reported?

#### Examples

- ➔ ▪ *Opinion of customers re. corporate reputation, service quality and product attributes*
- ➔ ▪ *Survey of customers having benefited from a service in 2018*
- ➔ ▪ *Through face-to-face customers interviews by a market research agency*
- ➔ ▪ *With a 10-point visual analog scale*
- ➔ ▪ *Gain 2 points in 2018 vs. 2017*
- ➔ ▪ *Data collected twice a year and reported once a year*

3. How to choose the right indicators?

For each indicator, the measure, the target, the source and the frequency should be defined

From Selection to Action: 2 - Data Collection (2/2)

*Illustrative*

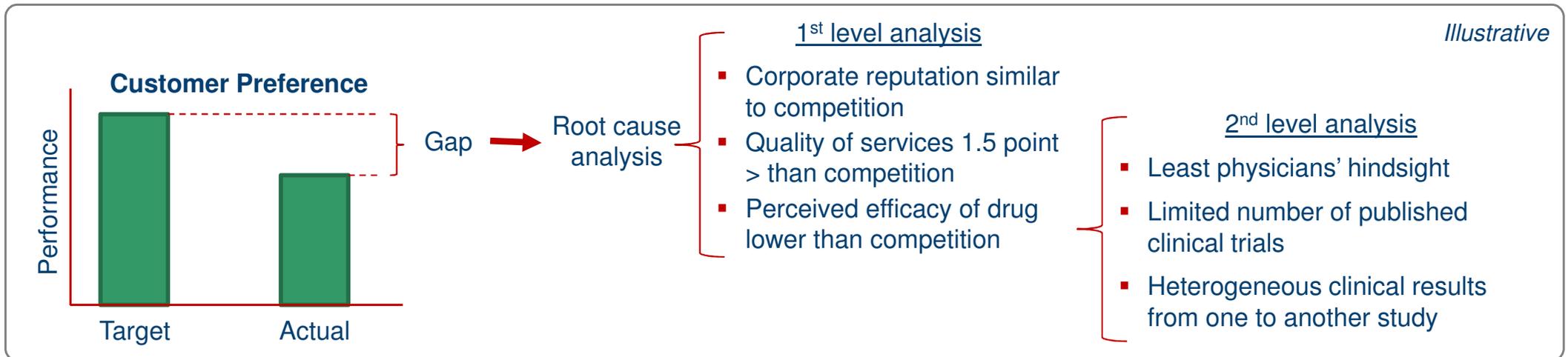


### 3. How to choose the right indicators?

## Analysis of data related to KEIs & KPIs enables to extract business insights

### From Selection to Action: 3 - Data analysis

- The proper analysis of KPIs & KEIs will require to link the collected data to the objective to be achieved or the industry benchmarks, respectively in terms of performance and quality of execution
- One of the generic approach consists to:
  - Compare actual to target performances
  - Measure and analyze the potential differences (either positive or negative): **gap analysis**
  - Look for the factors responsible for these gaps: **root cause analysis**<sup>1</sup>



Sources: Smart Pharma Consulting

<sup>1</sup> With the help of the Ishikawa diagram, also called fishbone or cause-and-effect diagrams

### 3. How to choose the right indicators?

#### Display types will depend on analyses, audience and messages

##### From Selection to Action: 4 - Dashboard Design (1/3)

- Quantitative and qualitative data should be carefully analyzed before choosing the type of graphics
- The choice of graphical display will depend on the analysis carried out, on the audience and on the message to be conveyed:
  - Type 1 : Composition => Share of business...
  - Type 2 : Ranking => Ranking of regions based on number of hospital where products are listed...
  - Type 3 : Evolution => Number of tenders won...
  - Type 4 : Distribution => Business distribution by region...
  - Type 5 : Correlation => Relation between projects carried out in hospitals and product listing...

### 3. How to choose the right indicators?

The selection of displays should be done in an easy to interpret manner

#### From Selection to Action: 4 - Dashboard Design (2/3)

Type	Model 1	Model 2	Model 3	Model 4	Model 5
Composition					
Ranking					
Evolution					
Distribution					
Correlation					

### 3. How to choose the right indicators?

**A dashboard is an efficient way of displaying multiple KPIs & KEIs in a singular view**

### From Selection to Action: 4 - Dashboard Design (3/3)

*Illustrative*



- Dashboards provide at-a-glance views of indicators
- They contain series of graphics, charts, gauges and other visual indicators that can be monitored and interpreted
- The visualizations on a dashboard may come from one underlying dataset or many, and from one underlying report or many
- Dashboards should comply with 3 elements:
  1. Display “need-to-have” data only, to avoid distraction and remain focused on what is essential to perform
  2. Be well-structured, in a logical manner
  3. Easy to read and to interpret

Sources: Smart Pharma Consulting

### 3. How to choose the right indicators?

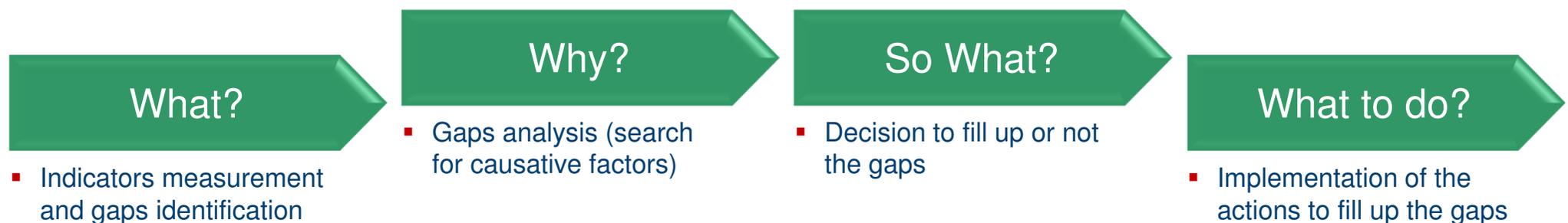
#### A dashboard is an enabler to make decisions



#### From Selection to Action: 5 - Action Taking

- If KPIs show that performance is progressing as per plan, actions should be taken to secure the momentum or outperform the preset objective
- If the performance is below expectation, and the causative factors have been determined with the help of KEIs, the management should take actions to fill up the gaps
- If judged as non-attainable, the performance target may be revised

#### From observation to action



*“KPIs change when objectives are met or if management focus shifts”*

### 3. How to choose the right indicators?

Selecting and using KPIs & KEIs is a difficult process requiring a deep thought

#### Problems & Issues related to KPIs & KEIs

KPIs & KEIs may not yield what they were meant to provide for various reasons:

- The indicator is not related or relevant to the work being performed
- The rate of change in the indicator is too slow to produce a result that is actionable
- Turnaround time for actions needed to correct low performing indicators takes too long
- The responses or the processes needed to deal with indicators indicating a problem either do not exist or are inadequate
- The indicators are only loosely monitored by front line managers as opposed to being shared with the team as a whole
- Too many KPIs & KEIs selected leading to confusion and “noise”



## 4. Key learnings

### KPIs & KEIs play the role of a compass to help companies achieve their objective, efficiently

- Targeted KPIs are an effective tool for driving project objective realization
- KEIs will help keeping activities (projects) on track to deliver the expected value (performance)
- Although industry standards matter, companies may choose different KPIs & KEIs from their competitors; what matters is how relevant the indicators are to the business
- Companies should also review their objectives and strategies regularly and make necessary adjustments on their KPIs & KEIs
- KPIs are important to help focus on common objectives...
- ... and ensure they stay aligned within the company priorities
- A well-designed set of KPIs should provide a clear indication of current levels of performance and help make better decisions that bring the business closer to achieving its strategic objectives

## 5. Training program – Intra-company

### One-day program to define relevant KPIs & KEIs for a better efficacy and efficiency

#### Content & Organization

- The program will include basic definitions, recommendations, key tools, practical exercises and case studies relative to the pharmaceutical industry
- The program content will be customized according to the specific needs of the clients
- The program duration will be of one day, one day and a half or two days, according to the client needs and desire

#### Target Audience

- Any collaborators from pharmaceutical companies, whatever their level of responsibility and seniority
- Participant can be part of the medical, marketing, commercial, market research, strategic,... departments

#### Example of a One-Day Program

9:00	Introduction to the program
9:10	Review definitions and basic principles related to KPIs and KEIs, in general and in the context of the pharma business
10:40	<i>Break</i>
11:00	Exercises: Indicators selection – data collection – data analysis – dashboard design – action taking
12:30	<i>Lunch</i>
13:30	Case study #1: Practical implementation
15:00	<i>Break</i>
15:20	Case study #2: Practical implementation
16:50	Conclusion and key takeaways
17:30	End of the program



**Smart Pharma  
Care**

Sharing & Caring  
is in our DNA

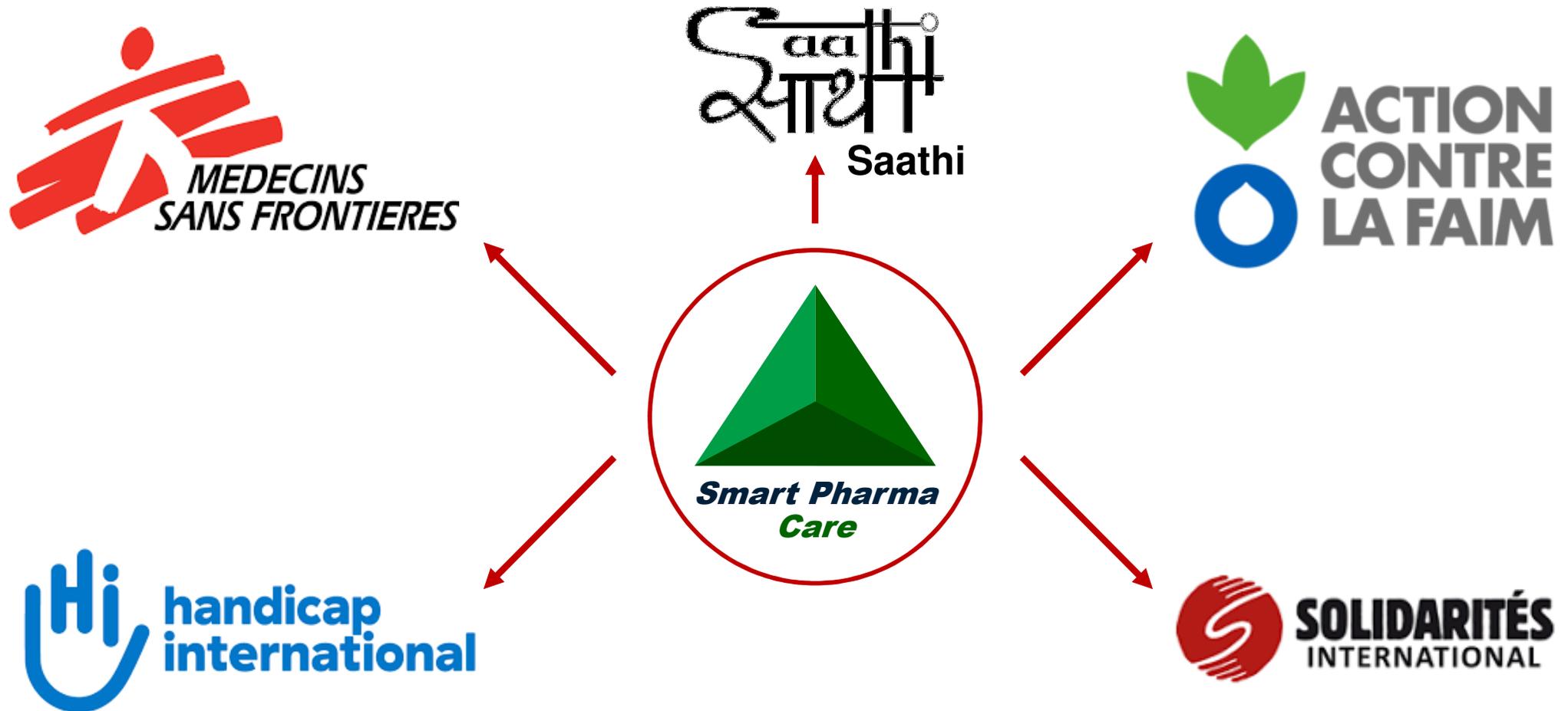
**The Hidden Part  
of Smart Pharma**

Presentation  
June 2018

  
**By Smart Pharma Consulting**

Smart Pharma Consulting has been partnering with four reputable NGOs on projects located in Africa and with the Nepalese NGO Saathi for 13 years

**Smart Pharma Consulting – The hidden part**



Source: Smart Pharma Consulting

The projects we support in Africa focus on children, protecting them against violence, diseases, and securing their access to water and food



**Projects supported in Africa**



- Protection of **disabled children** in general and **against sexual violence** in particular (Kenya)
- Support to facilitate the **integration of disabled children** in schools and to equip them with orthopedic prosthesis (Rwanda)
- Project to support the **protection of children** in Algeria and Morocco



- **HIV pediatric treatments** (Kenya & Malawi)
- **Food supplements** against malnutrition (Mali)
- **Prevention** campaigns against **malaria** (Mali and Chad)



- **Infrastructures** building to secure safe **water** supply, **training** of mothers and children re. **hygiene** (Niger, Kenya, South Soudan)
- Program to protect against **cholera** in DRC<sup>1</sup>
- Emergency program to ensure **nutrition, hygiene, water access** in Somalia



- **Prevention and child mortality reduction** due to malnutrition through **technical support** to local health authorities (Central African Republic)
- Set up of a center to **treat cholera** patients in Somalia
- Project to **feed newborns and young children** in Somalia

Source: Smart Pharma Consulting

<sup>1</sup> Democratic Republic of Congo

Smart Pharma Consulting has developed the “Children Protection Project in Nepal” in one of the poorest countries in the world



**Children Protection Project in Nepal**



**Country Background**



- Population: 31 million
- A multilingual (123) and multiethnic (125) country
- Life expectancy at birth: 70 years
- Devasted by an **earthquake** in 2015, killing **>8,000 people**

- A **civil war** between the Communist Party of Nepal (Maoist) and the government of Nepal, lasted from 1996 to 2006, killing **19,000** people, including civilians...
- ... leading to the **abolishment of the monarchy** in 2008
- The Nepal is amongst **the 30 poorest countries** in the world, with a GDP per capita of \$ 920 (IMF 2018)



The roots of this project go back to the early 80', at the time the current President of Smart Pharma Consulting set up a medical mission in the Himalayas



**Children Protection Project in Nepal**



**Project Genesis**

1982



Internship at the **Royal Drug research laboratory** of Kathmandu during the Spring (research on ayurvedic medicine)

1982



Set up of an **exploratory healthcare mission** in the Annapurna valley during the Summer

1983

Set up of one **health post** in the **Annapurna valley** with a French physician and nurse



Smart Pharma Consulting has been partnering for 12 years with the Nepalese NGO Saathi and takes care of 188 children in Kathmandu valley



**Children Protection Project in Nepal**



**Project launch & Development**

2006



We have signed a **partnership** with Pramada Shah, who was the President of the **NGO Saathi Nepal**, to support **15 children**

2018



As of June, Smart Pharma Consulting ensures the **full support**<sup>1</sup> of **188 children**

Source: Smart Pharma Consulting

<sup>1</sup> Since 2013, in collaboration with FSNB Health & Care, another French consulting firm

Smart Pharma Consulting is committed to support each child until he becomes psychologically and financially autonomous



**Children Protection Project in Nepal**



**Principles & Organization (1/2)**

- The “**Children Protection Project in Nepal**” is **managed** and **funded** by Smart Pharma Consulting with the operational collaboration of the Nepalese NGO Saathi

- Our mission:

*“To give children protection, education and healthcare and to maximize their chance to become financially & psychologically autonomous”*

- Our organization:

- We **rescue** street children, orphans and/or abused **children**
- We **employ 26 staff members** to look over them
- Children **go to school** or to **university**, receive non-formal or **professional education**, depending on their individual situation



*“We support them as long as they need us, as would do any parents for their own children”*

We provide children with psychological support, regular medical screenings and organize sport and cultural activities for them



**Children Protection Project in Nepal**



**Principles & Organization (2/2)**

■ Our organization (cont.):

- We **rent four houses** for the children going to school (160) and **rooms** for those going to university (28)



- We provide them with **psychological counselling, medical support** (two medical and dental camps per year) and **hygiene education**

- They participate to **sport** and **cultural** (e.g. music, singing, theatre) **activities**



**“Their success is our pride; their success is our unique reward”**



**Children Protection Project in Nepal**



**Our Success Stories (1/2)**



- **Tsering** was rescued from the street when he was at high risk
- He has been with Saathi since 2001
- He has a BA in Fine Arts
- He works in his own school as an art teacher



- **Chandramaya** was rescued in 2007 while she was at high risk
- She has a bachelor degree in nursing and still studies to get a master degree
- She got married this year
- She is a role model for her younger “sisters”

Source: Smart Pharma Consulting

**“Their success is our pride, their success is our unique reward”**

साथी  
साथी

**Children Protection Project in Nepal**



**Our Success Stories (2/2)**



- **Reshma** father was killed while her mother was living in an unsafe environment
- She joined us in 2006
- She started to study social work and then moved recently to Australia to get a diploma at the Software Development College



- **Rajkumar** is orphan and was rescued from the street in 2007
- He studies business management and takes chartered accountant course
- He is strongly involved in social works

To secure the sustainability of its “Children Protection Project in Nepal”  
Smart Pharma Consulting is studying different funding models



**Children Protection Project in Nepal**



What Future?

How to ensure the **sustainability** of the “Children Protection Project in Nepal”?

Examples of possible options

**Create a foundation**

- A **foundation**, independent from Smart Pharma Consulting, could **receive donations** from **corporations, institutions, individuals** to keep on **funding projects** to protect and give a better future to underprivileged children
- Such a foundation **could** also **carry out specific events** and **actions to raise funds**



**Transfer to Karuna-Schechen**

- The funding of the “Children Protection Project in Nepal” **could be transferred** to **this NGO**, headquartered in Kathmandu, which was **co-founded** by **Matthieu Ricard** in the mid 80’
- It **supports** programs in **health, education...**
- ... to improve **Himalayan people** life

Sharing and caring being in Smart Pharma Consulting DNA,  
we will keep on working hard to maintain, and even reinforce our action

**Smart Pharma Care – In a nutshell**



**Key facts & figures**

- **13 years** of commitment to “**save our children**”
- Support of programs carried out in **Africa for 4 well-known NGOs**:
  - Médecins Sans Frontières since 2005
  - Action contre la Faim, Handicap International and Solidarités International since 2007
- **Management** of the “**Children Protection Project in Nepal**” with the operational support of the local NGO Saathi since 2006, and the financial support of FSNB Health & Care for the last 5 years
- **We manage** the “Children Protection Project in Nepal” **like a “business”** with an objective, a strategy, an annual budget, KPIs and a reporting process
- The **overall investment** of Smart Pharma Care since 2005 has amounted to a total of **~€4M**, representing **16%** of our sales



## The Smart Pharma Publications

- Our publications have in common to:
  - Be well-documented and propose in-depth analyses
  - Share innovative concepts, methods and tools

## The Best of Smart Pharma 2018

- This e-book is the “best-of” our 2018 publications which have been dedicated to the development of executives
- Thus, we have published six new position papers:
  - 1 position paper in the “Perspectives Series”:
    - Pharma Market Perspectives 2023
  - 3 position papers in the “Best-in-Class Series”:
    - Pharma Market Research
    - Pharma Strategy Crafting
    - Field Force Organization
  - 2 position papers in the “Smart Manager Series”:
    - Project Management
    - KPIs & KEIs for Success
  - 1 presentation of Smart Pharma CSR programs:
    - Smart Pharma Care  
(*The Hidden Part of Smart Pharma*)

## Smart Pharma Consulting Editions



- Besides our consulting activities which take 85% of our time, we are engaged in sharing our knowledge and thoughts through our:
    - Publication of articles, booklets, books and business reports
    - Teaching and training activities
  - Smart Pharma Consulting has published;
    - 17 business reports regarding:
      - The French healthcare system and pharma market
      - The French generics and biosimilar markets
      - The French pharma distribution
      - The French OTC market
      - The market access and drug valuation
      - The global biosimilars drugs market
      - The best performing pharma companies
      - The pharma digital marketing
    - 42 articles dedicated to pharma business issues
    - >70 position papers incl. Concepts, Methods and Tools
- Best regards,  
Jean-Michel Peny